Exhibit Book
MTA Board Meeting
5/24/2023

Table of Contents:

Metropolitan Transportation Authority

ANNUAL INVESTMENT REPORT

January 1, 2022 to December 31, 2022

MTA Treasury Department

Metropolitan Transportation Authority

ANNUAL INVESTMENT REPORT

January 1, 2022 to December 31, 2022

Metropolitan Transportation Authority

Investment Performance by Type of Fund
For the Period January 1, 2022 to March 31, 2022
(Only funds actively managed by MTA Treasury)

Type of Fund	Net Earnings this Period	Average Daily Portfolio Balance	End of Period Portfolio Balance	Weighted Average Yield % at End of Period	Weighted Average Days to Maturity	Net Portfolio Yield %, 365-day Basis
All Agency Investments	$ 104,751,895	$ 6,170,886,370	$ 8,080,968,349	3.42	105	1.70
MTA Special Assistance Fund	5,296,338	265,508,825	34,445,849	3.00	56	1.99
TBTA Investments	4,230,518	239,445,025	255,475,439	3.76	34	1.77
MTA Finance and PMT Funds	1,266,605	38,481,871	10,078,161	3.80	25	1.83
MTA Transportation Resolution Funds	35,136,175	2,648,356,650	2,235,332,780	3.76	50	1.33
MTA Hudson Rail Yards Fund	11,537,753	166,230,425	141,122,819	4.86	7,538	6.94
State Service Contract Debt Service Fund	470	40,835	40,853	3.71	33	1.15
MTA Dedicated Tax Fund Resolution Funds	2,145,378	188,382,671	53,697,311	4.33	85	1.12
TBTA General Purpose Resolution Funds	6,240,647	367,276,571	345,218,533	3.73	59	1.70
TBTA Subordinate Resolution Funds	614,605	34,192,951	13,054,975	4.53	135	-
TBTA City Sales Tax	6,865,138	238,797,071	306,210,084	3.44	28	1.28
MTA PMT Tax Exempt Working Capital	45,015,655	2,907,933,810	2,908,734,674	3.39	714	1.55
TBTA PMT Funds	9,768,741	597,233,193	1,244,767,437	3.85	42	1.61
Other Restricted Funds	11,537,126	792,384,682	877,727,865	3.69	43	1.45
Grant Anticipation Notes	70,719	342,454,752	3,952	2.83	12	0.00
Central Business District Tolling Program	780,834	64,646,824	52,559,422	3.69	18	1.21
	$ 245,258,598	***$ 15,062,252,525***	***$ 16,559,438,503***	***3.54%***	***256***	***1.59%***

Average Yield on 1-month Generic Treasury Bill (1/2/22 – 12/31/22)	**1.43%**
Average Yield on 3-month Generic Treasury Bill (1/2/22– 12/31/22)	**1.85%**
Average Yield on 6-month Generic Treasury Bill (1/2/22– 12/31/22)	**2.29%**
Average Yield on 12-month Generic Treasury Bill (1/2/22 – 12/31/22)	**2.55%**

Note 1: Table above only includes information on funds actively managed by MTA Treasury in accordance with the Board approved Investment Guidelines. It does not include defeasance investments for tax benefit lease transactions or insurance set asides, 270 Park Avenue Fund, NYS MOU Fund.

Note 2: MTA Transportation Resolution Funds include TRB Capitalized Interest, MTA TRB BAN (Tax-exempt), and RRIF Loan and RAN LOC.

Note 3: 'Other Restricted Funds' includes: MTA Moynihan Train Hall Stab
Fulton Street Maintenance, Hudson Yard ERY/WRY - From Related, Hudson Yard Infra Corp.,
MTA Real Estate and Advertising Revenue, Relocation from Madison Ave., SIRTOA-Capital.

Note 4: MTA PMT Tax Exempt Working Capital includes BAN Proceeds and COI.

Note 5: MTA is the bondholder of the Hudson Yards 2020A bonds.

Portfolio Statistics by Instrument Type

As of: 12/31/2022

Instrument Type	Wtd Avg Rate	Wtd Avg Yield	Wtd Avg Days to Mat	Scheduled Par Value	Scheduled Book Value
Commercial Paper	0%	3.97%	8	$ 300,000,000	$ 299,648,806
Federal Farm Credit Bank Discount Notes	-	4.21	58	154,000,000	152,385,778
Hudson Rail Yards Investment	5.00	5.00	8,720	121,855,000	121,855,000
Repurchase Agreement - Interest	4.22	4.22	3	248,820,000	248,820,000
State and Local Government Series (SLGS)	-	-	1,492	2,907,280,000	2,907,280,000
US Treasury Bill	-	3.71	54	10,919,627,000	10,792,817,513
US Treasury Notes Middle of Month	0.69	2.57	244	2,055,864,000	2,016,624,921
US Treasury Strips	-	2.18	319	22,753,000	20,006,485
Grand Total	***0.18%***	***2.94%***	***392***	***$ 16,730,199,000***	***$ 16,559,438,503***

Broker Activity Distribution

From: 1/1/2022
To: 12/31/2022

Broker	Total Trans Count	Purchase of Securities	% Purchases	Sale of Securities	% Sales	REPOS	% REPOS	Total
Daiwa Securities Co. Ltd.	2,404	$ 47,783,952,844	29.7%	$ 2,714,968,117	59.0%	$ 28,273,054,000	99.4%	$ 78,771,974,961
Loop Capital Markets LLC	356	13,817,296,026	8.6	151,898,987	3.3	-	0.0	13,969,195,013
Merril Lynch	159	6,685,536,028	4.2	12,706,952	0.3	-	0.0	6,698,242,980
Mizuho Securities	337	9,792,154,844	6.1	386,164,510	8.4	105,000,000	0.4	10,283,319,354
MTA	14	3,055,995,205	1.9	29,878,281	0.6	60,886,000	0.2	3,146,759,485
Royal Bank of Canada	1,679	70,759,274,420	44.0	1,156,190,075	25.1	-	0.0	71,915,464,494
Wells Fargo	260	9,048,899,866	5.6	147,600,323	3.2	-	0.0	9,196,500,189
Total	***5,209***	***$ 160,943,109,231***	***100%***	***$ 4,599,407,245***	***100%***	***$ 28,438,940,000***	***100%***	***$ 193,981,456,477***

Metropolitan Transportation Authority

Investment Maturity Distribution

As of: 12/31/2022

Maturity Curve	From	To	No. of Secs.		Principal Cost*	%	Cum %
One Day to 1 Month	1/3/2023	1/31/2023	162	$	5,386,410,331	32.55%	32.55%
1 to 2 Months	2/2/2023	2/23/2023	101		3,400,952,300	20.55	53.10
2 to 3 Months	3/2/2023	3/23/2023	47		1,799,967,398	10.88	63.97
3 to 4 Months	4/6/2023	4/27/2023	14		599,058,165	3.62	67.59
4 to 5 Months	5/15/2023	5/15/2023	21		405,564,409	2.45	70.04
5 to 6 Months	6/15/2023	6/15/2023	4		194,872,500	1.18	71.22
6 to 12 Months	8/10/2023	11/15/2023	18		734,366,555	4.44	75.66
12 to 15 Months	1/15/2024	3/15/2024	23		1,000,150,220	6.04	81.70
4+ Years	1/26/2027	1/31/2027	3		2,907,280,000	17.56	99.26
23+ Years	11/15/2046	11/15/2046	1		121,855,000	0.74	100.00%
Grand Total	***1/3/2023***	***11/15/2046***	***394***	***$***	***16,550,476,878***	***100.0%***	

* Principal Cost includes purchase interest not yet received.

LISTING OF PRIMARY GOVERNMENT SECURITIES DEALERS WITH WHOM THE MTA HAS A SIGNED A MASTER REPURCHASE AGREEMENT

Broker Name	Capital Included in Tier Calculation	Tier Level	Balance Sheet Date
Bank of America Securities	$ 276,197,000,000	**1**	12/31/2022
Citigroup Global Markets Inc.	$ 201,189,000,000	**1**	12/31/2022
JP Morgan Securities	$ 43,979,000,000	**1**	12/31/2022
Morgan Stanley & Company Inc.	$ 18,988,000,000	**1**	12/31/2022
BNP Parabis Securities Corp.	$ 3,241,882,000	**1**	12/31/2022
HSBC Securities (USA) Inc.	$ 2,014,000,000	**1**	12/31/2022
Mizuho Securities, USA Inc.	$ 2,150,938,000	**1**	3/31/2022
Daiwa Capital Markets America Inc.	$ 1,405,195,000	**1**	3/31/2022

Repurchase Limit for Tier 1	**300,000,000**
Repurchase Limit for Tier 2	**250,000,000**
Repurchase Limit for Tier 3	**Amount of firm's capital**

Tier levels to determine dealer limits for repurchase agreements	
1st Tier	$1,000.0 million or more in capital
2nd Tier	$200.0 to $999.9 million in capital
3rd Tier	Less tha $200.0 million in capital

Listing of Fees and Commission Paid to Brokers, Agents,
Dealers, Advisers and Asset Managers for Custody Accounts
For the Period 1/1/2022 to 12/31/2022

Investment Administration and Support

The Bank of New York Custody Fees (Note 1)		$896,676.00
Bloomberg Finance L.P. (MTA Treasury Dept)		
*Terminals, Communications and Data Licenses:	$182,120.00	
*PeopleSoft Pricing Data/ Gov't History:	$ 24,000.00	
		$206,120.00
Total Fees		$1,102,796.00
Total Commissions		$ 0.00
Total 2022 Fees and Commissions (Custody):		$1,102,796.00

(Note 1): This does not include Trustee Fees, just Custody Fees.

Metropolitan Transportation Authority

Investment Inventory with Market Value
Sorted by Instrument

As of: 12/31/2022

	Sched Par	Original Settlement Amount	Sched Book Value	Market Value*	Accrued Interest	Accrued (Prem)/Disc	Amortized Book Value	Unrealized Gain	Unrealized Loss	Fair Value Hierarchy Level FVHL
Commercial Paper	$ 300,000,000	$ 299,648,806	$ 299,648,806	$ 299,648,806	$ 66,056	$ -	$ 299,648,806	$ -	$ -	2
Federal Farm Credit Bank Discount Notes	154,000,000	152,385,778	152,385,778	152,800,276	549,639	-	152,385,778	448,498	(34,000)	2
Hudson Yards 2020A Bonds	121,855,000	121,855,000	121,855,000	121,855,000	778,518	-	121,855,000	-	-	2
Repurchase Agreement - Interest	248,820,000	248,820,000	248,820,000	248,820,000	29,171	-	248,820,000	-	-	1
State and Local Government Series (SLGS)	2,907,280,000	2,907,280,000	2,907,280,000	2,952,171,299	8,333,691	-	2,907,280,000	44,891,299	-	2
US Treasury Bills	10,919,627,000	10,792,817,513	10,792,817,513	10,855,707,823	64,027,333	-	10,792,817,513	62,890,310	-	1
US Treasury Notes	2,055,864,000	2,009,145,923	2,016,624,921	1,997,743,540	4,027,543	10,085,583	2,017,203,334	30	(19,459,825)	1
US Treasury Strips	22,753,000	20,006,485	20,006,485	21,858,925	-	2,365,951	22,372,436	-	(513,511)	1
Grand Total	$ 16,730,199,000	$ 16,551,959,504	$ 16,559,438,503	$ 16,650,605,669	$ 77,811,951	$ 12,451,534	$ 16,562,382,867	$ 108,230,138	$ (20,007,336)	

* If no Market Price, then Market Value = Book Value

Metropolitan Transportation Authority

Transaction Report
Summary by Transaction Type

From: 1/1/2022
To: 12/31/2022

Trans Type	No. of Trans.	Par	Book Value*	Prem/(Disc)*	Amort/(Accr)	(Interest)	(Gain) / Loss	Settlement
Amort/(Accr)	2,112	$ -	$ (6,189,662)	$ -	$ 6,189,662	$ -	$ -	$ -
Final Sale	100	(3,612,524,000)	(3,608,773,560)	3,750,440	-	(2,157,764)	134,040	3,610,806,770
Interest	48	-	6,219,205	-	(8,954,633)	(9,574,134)	-	12,309,562
Matured	4,799	(180,684,017,701)	(180,614,494,202)	1,336,610	-	(101,278,278)	-	180,715,772,480
Partial Sale	178	(982,957,000)	(980,666,888)	2,290,112	-	(1,862,635)	134,051	982,395,475
Purchased	4,931	189,627,626,000	189,382,149,231	(245,476,769)	-	-	-	(189,382,149,231)
Grand Total	12,168	$ 4,348,127,299	$ 4,178,244,125	$ (238,099,606)	$ (2,764,971)	$ (114,872,811)	$ 268,091	$ (4,060,864,945)

Deloitte.

Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112
USA
Tel: +1-212-492-4000
Fax: +1-212-489-1687
www.deloitte.com

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Dear Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of the business-type activities of the Metropolitan Transportation Authority (the "Authority"), a component unit of the State of New York, which comprise the statement of net position as of December 31, 2022, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 31, 2023, which expresses an unmodified opinion on those consolidated financial statements and includes an emphasis-of-matter paragraph regarding the Authority requires significant subsidies from other governmental entities.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the Authority's Investment Guidelines, the New York State ("NYS") Comptroller's Investment Guidelines, Section 2925 of the NYS Public Authorities Law, or Section 201.3 of the NYS Public Authorities Law (collectively, the "Investment Guidelines"), insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the Investment Guidelines, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of directors and management of the Authority, and the Office of the New York State Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

May 31, 2023

MTA ALL AGENCY
INVESTMENT GUIDELINES
Operating and Capital Program Funds

WHEREAS the Treasury Department of the Metropolitan Transportation Authority manages the investment of the operating and capital program funds of the Metropolitan Transportation Authority (MTA), The Long Island Rail Road Company (LIRR), the Metro North Commuter Railroad Company (MN), the Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA), the Metropolitan Suburban Bus Authority (MSBA), the New York City Transit Authority (NYCTA), the Staten Island Rapid Transit Authority (SIRTOA), the MTA Bus Company, and the Triborough Bridge and Tunnel Authority (TBTA) (collectively the related entities), and

WHEREAS the investment of funds are regulated by the New York State Public Authorities Law, the State Comptroller's Investment Guidelines for Public Authorities, and in accordance with the Bond Resolutions of the MTA and TBTA ,

BE IT RESOLVED, that the following investment guidelines be adopted by the related entities.

I. GENERAL GUIDELINES

1. The MTA Treasury Department (Treasury) shall be responsible for the execution and management of all operating and capital program investment activity for each of the related entities. The Treasury Department will report to the Chief Financial Officer. The following guidelines do not apply to investments of MTA First Mutual Transportation Assurance Corporation, MTA's Defined Benefit Pension Plan, the MaBSTOA Pension Plan, the MTA Retiree Welfare Benefits Trust or to accounts established to hold employee and employer contributions under the New York State Voluntary Defined Contribution Program – these funds are subject to separately established guidelines. All investment decisions will meet the following requirements:

   a. Safeguard the Investment Principal.
   b. Meet expected cash flow requirements.
   c. Maximize yield.

2. Federal Statutory Requirements, New York State Statutory Requirements, and Bond Resolutions of the related entities supercede these guidelines.

   a. Federal Statutory requirements include compliance with any existing or future statute or administrative ruling that may affect the tax-exempt status of related entities' debt.
   b. New York State statutory requirements include, but are not limited, to the following sections:

      i. Public Authorities Law Sections 1265(4) (MTA), 1204(19) (Transit Authority) and 553(21) (TBTA)
      ii. Public Authorities Law Section 2925 Investment of funds by public authorities and public benefit corporations; general provisions
      iii. State Finance Law Article 15 – EXCELSIOR LINKED DEPOSIT ACT

3. Authorized Investment Obligations will be limited to the following:

   a. obligations of the state or the United States government,
   b. obligations the principal and interest of which are guaranteed by the state or the United States government,
   c. certificates of deposit of banks or trust companies in this state, secured, if the authority shall so require, by obligations of the United States or of the state of New York of a market value equal at all times to the amount of the deposit,
   d. banker's acceptances with a maturity of ninety days or less which are eligible for purchase by the federal reserve banks and whose rating at the time of purchase is in the highest rating category of two nationally recognized independent rating agencies, provided, however, that the amount of banker's acceptances of any one bank shall not exceed five hundred million dollars,

e. obligations of any bank or corporation created under the laws of either the United States or any state of the United States maturing within two hundred seventy days, provided that such obligations receive the highest rating category of two nationally recognized independent rating agencies such as, A1 from Standard and Poor's, P1 from Moody's and F1+ from Fitch Ratings, provided further, that no more than five hundred million dollars may be invested in such obligations of any one bank or corporation,
f. as to any such moneys held in reserve and sinking funds, other securities in which the trustee or trustees of any public retirement system or pension fund has the power to invest the monies thereof pursuant to article four a of the retirement and social security law, each such reserve and sinking fund being treated as a separate fund for the purposes of article four a of the retirement and social security law,
g. notes, bonds, debentures, mortgages and other evidences of indebtedness, issued or guaranteed at the time of the investment by the United States postal service, the federal national mortgage association, the federal home loan mortgage corporation, the student loan marketing association, the federal farm credit system, or any other United States government sponsored agency, provided that at the time of the investment such agency or its obligations are rated and the agency receives, or its obligations receive, the highest rating of all independent rating agencies that rate such agency or its obligations, provided, however, that no more than five hundred million dollars or such greater amount as may be authorized for investment for the state comptroller by section ninety-three of the state finance law may be invested in the obligations of any one agency,
h. general obligation bonds and notes of any state other than the state, provided that such bonds and notes receive the highest rating of at least one independent rating agency, and bonds and notes of any county, town, city, village, fire district or school district of the state, provided that such bonds and notes receive either of the two highest ratings of at least two independent rating agencies,
i. mutual funds registered with the United States securities and exchange commission whose investments are limited to obligations of the state described in paragraph (a) of this subdivision, obligations the principal and interest of which are guaranteed by the state described in paragraph (b) of this subdivision, and those securities described in paragraph (h) of this subdivision and that have received the highest rating of at least one independent rating agency, provided that the aggregate amount invested at any one time in all such mutual funds shall not exceed ten million dollars, and, provided further, that the authority shall not invest such funds, accounts or other monies in any mutual fund for longer than thirty days,
j. financial contracts in a foreign currency entered into for the purpose of minimizing the foreign currency exchange risk of the purchase price of a contract with a vendor chosen through competitive process for the acquisition of capital assets for the benefit of the capital program of the Triborough

Bridge and Tunnel Authority or either the transit or transportation capital programs, and

k. repurchase agreements with any dealer or bank, which agreement is secured by any one or more of the securities described in clauses (a), (b) or (g) above, which securities shall (A) at all times have a market value of not less than the full amount held or invested pursuant to the agreement and (B) be delivered to a Bank as defined in clause (i) or (ii) of the definition thereof, as custodian, that is independent from the dealer or bank with whom the repurchase agreement is executed.

4. Bank shall mean any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank or savings and loan association chartered or organized under the laws of any state of the United States of America, or (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provision of law, or domestic branch or agency of a foreign bank which branch or agency is fully licensed or authorized to do business under the laws of any state or territory of the United States of America.

5. Trading Authorization – The board delegates to the Chairman the power to authorize certain individuals to buy and sell securities and enter into investment agreements on behalf of the related entities. The trading authorization will take the form of attachment A to these guidelines.

6. Investment Limitations – All dollar limitations for investment will be based on the original cost of the investment including accrued interest purchased at the time of investment.

II. CUSTODIAN

1. All Investment Obligations and collateral is to be held by a custodian who is not a party to the Investment Obligation.

2. A custodian must meet one of the following three criteria:

   a. A bank as the term is defined in either clauses (i) or (ii) in section I.4 of these guidelines, and which the MTA Board has adopted a resolution establishing the bank as a depository of the MTA or any of its related entities.
   b. A bank appointed as a trustee under a specific MTA board resolution.
   c. A bank designated as a trustee by an authorized officer who has been delegated the authority by the MTA Board to appoint a custodian as part of a specific transaction.

3. Each bank acting as a custodian, except for a custodian established for a specific transaction, must have the following capabilities;

   a. Daily electronic reporting of all investment and cash activity,
   b. Acceptance of electronic instructions to buy, sell, deliver or receive securities,
   c. Acceptance of electronic instructions to transfer funds, and
   d. Electronic Access to current Investment Inventory position statements.

4. The Treasury Department will maintain at least $100 million of its portfolio (subject to cash flow requirements) with a separate emergency custodian bank. The purpose of this deposit is in the event that the MTA's main custodian cannot execute transactions due to an emergency outside of the custodian's control, the MTA has an immediate alternate source of liquidity. Securities held in the separate emergency custodian bank are subject to the following conditions;

   a. The securities will be included in the MTA portfolio, and
   b. All security activity in the emergency custodian bank will be governed by these guidelines.

III. REPURCHASE AGREEMENTS

1. An executed Master Repurchase Agreement, approved as to form by the MTA General Counsel, must be executed between the dealer or bank and the MTA. The Director of Treasury is authorized to execute the agreement on behalf of the related entities.

   a. A dealer must be listed on the "LIST OF THE GOVERNMENT SECURITIES DEALERS REPORTING TO THE MARKET REPORTS DIVISION OF THE FEDERAL RESERVE BANK OF NEW YORK", published by the Federal Reserve Bank of New York.
   b. Agreements currently signed with firms meeting the requirements contained in the current Investment Guidelines will remain in effect.

2. The market value of the collateral must at all times be not less than the principal amount of the repurchase agreement plus the accrued interest of the repurchase agreement. MTA Treasury will use as its primary source its mark-to-market report based upon the prior day closing prices.

   a. A mark-to- market of the collateral will be done each morning. The market value will include the accrued interest on the collateral securities.
   b. For repurchase agreements having a term of more than 1 business day, if the market value of the collateral is less than 102%, rounded to the nearest 1%, additional collateral must be delivered to the MTA's custodian.
   c. For the purpose of the mark- to- market calculation, the market value for all repurchase agreements with any one dealer, having a maturity of more than 1 business day, may be aggregated against the total collateral requirement for all of the repurchase agreements, having a maturity of more than 1 business day, with the one dealer.
   d. The Treasury Department may waive the requirement for additional collateral if the amount of additional collateral is less than $100,000.00 and the market value, as determined in the daily mark to market referred to in subsection (a) of this section, of the collateral held by the MTA's custodian is greater than the sum of the principal amount of the repurchase agreement plus the accrued interest of the repurchase agreement.
   e. On the purchase date, which is the date on which the repurchase agreement is entered into, the Treasury Department will test a minimum of 20% of the repurchase agreements to ensure that the collateral being delivered is sufficient for the repurchase agreement.
   f. For overnight, including weekends and holidays, repurchase agreements, the Treasury Department will be responsible for monitoring dealer performance and will take corrective action with regard to chronic problems. Such corrective action will consist of notifying in writing the dealer who has developed a pattern of not providing adequate collateral. If the problem

persists, the Treasury Department will discontinue doing business with the dealer.

g. For repurchase agreements longer than overnight, including weekends and holidays, the Treasury Department will contact any under collateralized dealer and require additional collateral or the return of cash as required in the written repurchase agreement. Request for additional collateral should be made by 10:00AM.

i. In the event of a dispute, a revised mark-to-market report may be used based upon current day pricing provided by a 3rd party, such as Bloomberg LLP. Documentation for such a revised report will consist of a screen pricing out of each collateral security at the current bid price plus the accrued interest on the collateral security.

Nothing in these guidelines prohibit entering into 3rd party repurchase agreements if the custodian meets the above criteria and all segregation requirements for the MTA funds are maintained.

3. Dealer limits for repurchase agreements are to be determined by a tier level based on a firm's capital.

   a. The tier levels are:
   1st Tier $1,000.0 million or more in capital
   2nd Tier $200.0 to $999.9 million in capital
   3rd Tier Less than $200.0 million in capital

   b. Capital will be defined as the sum of the firm's equity plus subordinated long-term debt. If the dealer is a wholly owned subsidiary of another dealer, and is included in a consolidated balance sheet of the parent broker, the parent's capital will be the basis for determining the capitalization. If the parent organization is not primarily a dealer/broker type of firm, but does have a major portion of its revenues generated by other than security type transactions, the parent's capital will not be included. This would exclude firms owned by insurance companies, and other non security investment institutions. Only audited financial statements will be used for determining the firm's capital.

      i. Capital for a bank or dealer owned by a bank shall mean the bank's equity only.
      ii. The capital of those holding companies which are foreign based cannot be applied for the purpose of determining capitalization except and unless the holding company has provided an unconditional guarantee in writing and any necessary supporting documents in a form acceptable to the MTA General Counsel against any losses incurred as a result of the domestic subsidiary being unable to fulfill its Contractual Obligations with the MTA.
      iii. Only audited financial statements will be used for determining a firm's capital.

c. The total maximum exposure for repurchase agreements to any Dealer/Banks will be limited by Tier as follows for any one day:
   1st Tier $300.0 million
   2nd Tier $250.0 million
   3rd Tier amount of firm's capital

4. Investment in repurchase agreements will be further governed by the following operational requirements:

   a. The Treasury Department will maintain a record of the results of its monitoring of overnight repurchase agreement collateral for each dealer.
   b. All repurchase agreements shall be in the form of cash versus delivery.
   c. The MTA Treasury Department will determine the final maturity of repurchase agreements based upon cash needs of the Authority.
   d. A minimum of three solicitations will be made prior to the awarding of any repurchase agreement. The award of the investment will be made in order of the highest yields, and in accordance with the exposure constraints established in Section III.3. A written record of the quotes received and awards made will be maintained by the Treasury Department.

IV. SECURITY PURCHASES AND SALES

1. The direct purchase of investment obligations securities covers the purchase of securities listed in sections I.3.a, b, d, e, g and h above.

2. All securities will be delivered to a designated MTA Custodian against cash payment. Delivery instructions will be sent to the MTA Custodian electronically or via telecopied letter signed by an authorized signer

3. A minimum of three (3) bids or offers will be solicited for direct purchases or sales of securities. The award will be based on lowest cost for purchases or highest price for sales. A written record of the quotes received will be maintained by the Treasury Department.

4. Nothing in this section prohibits the use of electronic trading screens, provided that the requirements of III.2 and III.3 are met.

5. The authority may participate directly in US Treasury government security auctions. This participation takes the form of placing an order through one of the dealers listed on the "LIST OF THE GOVERNMENT SECURITIES DEALERS REPORTING TO THE MARKET REPORTS DIVISION OF THE FEDERAL RESERVE BANK OF NEW YORK", published by the Federal Reserve Bank of New York. The award of securities is determined by the results of the auction process, and is based on the rates received and the amount of securities offered for sale. The pricing results of the auction are published, and such published notices will be included in the record of the trade.

V. REPORTING REQUIREMENTS

1. The Treasury Department will prepare reports as scheduled by the Finance Committee's work plan, investment reports covering the investment activity of all MTA Treasury Department funds. These reports will contain a detailed listing of all broker activity for the period. A listing of dealers with whom the MTA does repurchase agreements including limits set for each broker, will also be included.

2. An annual investment report shall be submitted to the Finance Committee consisting of the following:

    a. Investment Guidelines and amendments to those guidelines since the last report, and an explanation of the guidelines and amendments.
    b. Investment income for the year.
    c. List of total fees, commissions or other charges paid to each investment banker, broker, agent, dealer, custodian bank and adviser rendering investment associated services to the MTA.

Following receipt of approval of the Board, copies of the annual report shall be submitted to:

1. State Division of the Budget
2. State Department of Audit and Control
3. State Senate Finance Committee
4. Assembly Ways and Means Committee
5. Independent Authority Budget Office

VI. PORTFOLIO MANAGERS

1. Due to the various portfolio requirements of the MTA, it may be advantageous to structure a specific portfolio and contract with outside portfolio managers for the management of these funds. The awarding of a portfolio management contract will be controlled by the MTA's procurement policy covering personal services contracts. The criteria for awarding these contracts will include, but not limited by, the following provisions:

   a. Experience of the portfolio manager.
   b. Concepts and ideas for the management of the funds, including the identification of an appropriate benchmark for the portfolio.
   c. The ability to provide regular and timely reports, consistent with internal reporting requirements of the MTA All Agency Investment Guidelines.
   d. Fees.
   e. Capitalization and financial strength of the firm.

2. Each portfolio manager will be required to operate within the structure of these guidelines except for the reporting requirement of competition with regards to the purchase and sale of securities. This exception is made because it would be impossible to monitor compliance. In addition, an outside manager would also have to comply with the following:

   a. All transactions will be made from an MTA controlled Custody Account on a cash vs. delivery basis.
   b. All Bank Statements and Broker advices will be mailed to the Comptroller for the MTA.
   c. The MTA will designate to the custodian the representatives of the portfolio manager authorized to conduct business on behalf of the MTA.

VII. MISCELLANEOUS

The following guidelines will also be adhered to with regard to the investment of MTA Operating and Capital Program Funds.

1. AUTHORIZATION The Chairman, or any person or persons who may from time to time be designated in writing by the Chairman, may purchase or sell securities and/or enter into repurchase agreements for the MTA and its related entities.

2. BANK RECONCILIATIONS All bank confirmations and statements will be addressed to the Comptroller. The Comptroller will be responsible for all investment custody account reconciliations.

3. INDEPENDENT AUDITOR. The MTA's independent auditor will include as part of its annual audit a statement on the compliance of the investment activity with these investment guidelines.

4. CONFLICTS OF INTEREST. MTA's policy regarding conflicts of interest shall be followed regarding the investment of funds. Business may not be transacted with any institution or dealer of which an MTA Board Member, senior agency official, or any other officer or employee authorized to participate in the selection of such institution or dealer is an officer, a director or a substantial stockholder.

5. BROKER ADVICES. All broker advices will be mailed to the Treasury Department for safekeeping. All broker advices will be made available by the Treasury Department to the Comptroller and Audit Department as requested.

6. STOCK TRANSACTIONS. Due to the reorganization of mutual insurance firms into stock firms, the MTA and its related entities receive stock in reorganized corporations. The Chairman, or any person or persons who may from time to time be designated in writing by Chairman, may sell this stock for the MTA and its related entities.

    a. If the corporation has a stock buy back plan that will purchase the stock, the stock will be sold using the plan.
    b. If the corporation does not have a stock buy bank plan, the Treasury Department will solicit commission fee bids from at least 3 members of the MTA’s senior underwriting management firms. The firm with the smallest commission will be awarded the sale trade. In case of a tie, the trade may be divided among the firms with the same commission fee bid.
    c. Proceeds from the sale of the stock will be distributed back to the related entities in proportion to the shares of securities and/or enter into repurchase agreements originally owned by each of the related entities.

Annual Review of MTA Sponsored Pension & Retirement Funds

As of December 31, 2022

Table of Contents

Executive Summary

MTA Sponsored Pension Plans had negative performance in 2022

- Complex Plans that are conservatively administered (i.e. ADC, Return Assumption)
    - MTA Defined Benefit Plan: $5.8 billion (unaudited): 77.5% Funded (as of 1/1/2022 Valuation)
    - LIRR Additional Plan: $788.5 million (unaudited): 59.7% Funded (as of 1/1/2022 Valuation)
    - MaBSTOA: $3.7 billion (unaudited): 84.4% Funded (as of 1/1/2022 Valuation)

Market volatility was high in 2022, but MTA's conservative posture contributed to strong relative performance

- The Plans' return objective is to outperform its actuarial determined target rate of return of 6.5%
- For 2022:
    - MTA Defined Benefit Plan, LIRR Additional Plan returned -8.1% (net of fees)
    - MaBSTOA returned -7.8% (net of fees)

MTA Deferred Compensation Plan (401(k)/457)

- Ended 2022 at $8.2 billion in assets and 57,094 active participants
- Year over year, assets under management decreased by 12%
- The participation rate of 79.8% is amongst the highest in the public plan peer group
- Plan design and investment line-up are continually reevaluated to maximize the opportunity for participants

Overview – MTA Sponsored and Multi-Employer Plans

Pension Plan	# of Active Members	2022 Pension Contributions - Actual ($ mm)	2023 Pension Cost - Adopted Budget ($ mm)	Unaudited Assets (as of 12/31/2022)
MTA Sponsored Defined Benefit Plans				
MTA DB Plan	18,394	$415	$415	$6.0 billion
MaBSTOA	8,203	$170	$170	$3.3 billion
LIRR Additional Plan	15	$71	$71	$0.7 billion
Total	**26,612**	**$656**	**$656**	**$10.0 billion**
MTA Sponsored Defined Contribution Plans				
MTA Deferred Compensation Program (401k & 457)	56,435	$0	$0	$8.2 billion
MNR 401(k)	369	*$2*	*$2*	
TCU/HQ 401(k)	290	*$1*	*$1*	
Total	**57,094**	**$3**	**$3**	**$8.2 billion**
Other Multi Employer Plans				
NYCERS	38,151	$818	$818	
NYSLRS	1,328	$14	$14	
Voluntary Defined Contribution (Tier 6 option)	207	$2	$2	
Railroad Retirement Board (RRB, Tier II expense only)	N/A	$194	$215	
Total	N/A	$1,028	$1,049	
Total Pension & Retirement Contributions / Expenses		**$1,687**	**$1,708**	

MTA Sponsored Plans - Market Overview

Most traditional asset classes posted negative returns in 2022, driven by tightened monetary policies, heightened inflation and geopolitical tensions

Equities

- Equity markets finished 2022 negative across the board
- U.S. markets underperformed global markets. Across market capitalizations, Large (S&P 500 Index: -18.1%), Mid (S&P 400 Index: -13.1%) and Small (Russell 2000 Index: -20.4%) all posted double digit negative returns. Across styles, Growth (Russell 1000 Growth Index: -29.1%) significantly underperformed Value (Russell 1000 Value Index: -7.5%)
- International markets posted negative returns of -14.5% (MSCI EAFE Index)
- Emerging Markets posted negative returns of -20.1% (MSCI EM Index), led by underperformance in Asian equities and the removal of Russia from the index

Fixed Income

- U.S. Treasury yields drastically increased in 2022 and the yield curve inverted amid elevated inflation and the shift to a hawkish Federal Reserve policy
- Diversified fixed income returned -13.0% (Bloomberg U.S. Aggregate Index), with losses dominated by long U.S. Treasuries at -29.3% (Bloomberg Long Treasury Index) and Credit at -15.3% (Bloomberg Credit Index). Negative returns of -11.8% were realized in Treasury Inflation Protected Securities (Bloomberg TIPS Index) and of -11.2% in High Yield (Bloomberg High Yield Index)

2023 Market Update

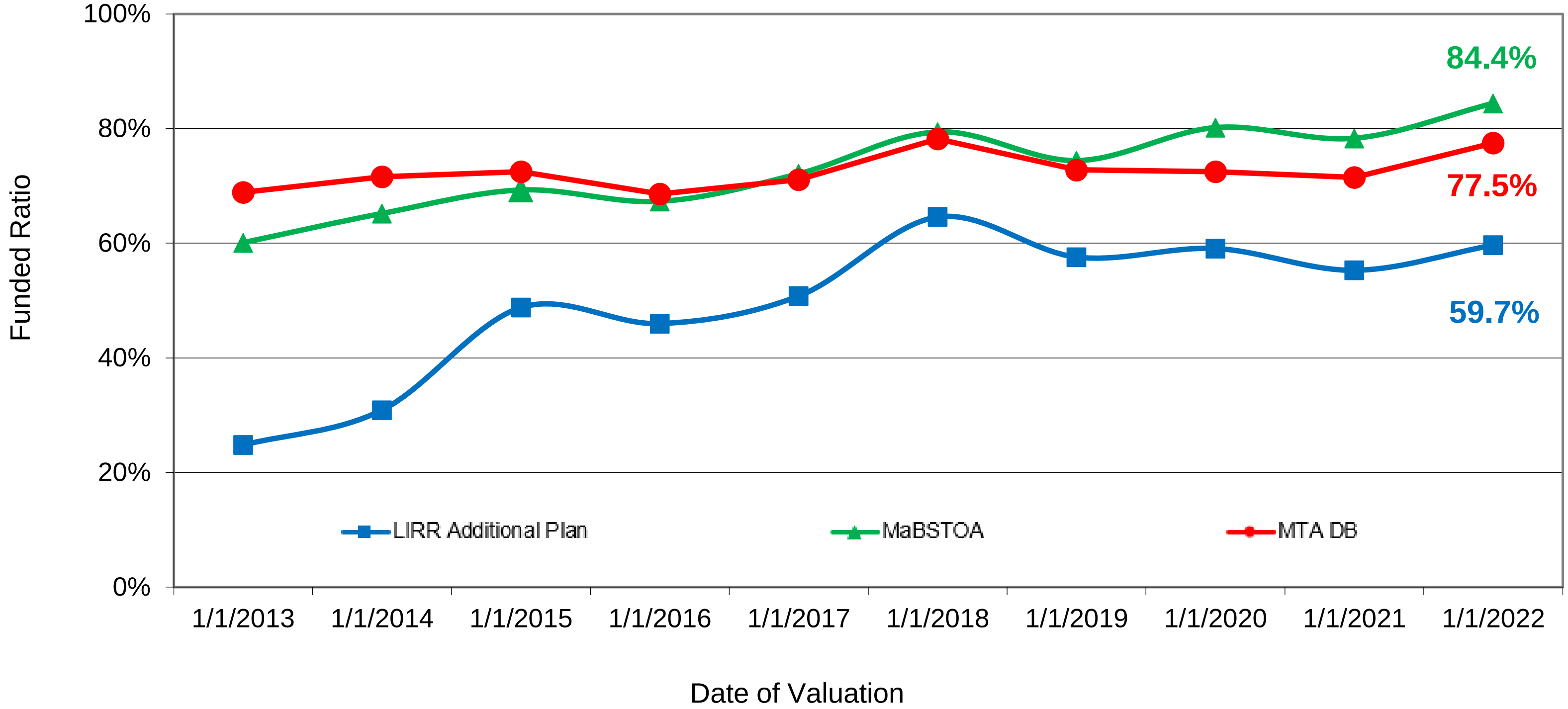
- Through the first quarter of 2023, equity markets were mostly higher with gains in the low to mid-single digits. Growth equities and Developed International equities led the way, recovering some of their 2022 losses. Bond markets were mostly higher with gains in the low single digits. The Fed was still increasing rates, but at a slower pace and the yield curve remains inverted.
- The 2023 macroeconomic backdrop will likely be dominated by recession risk, the Russia-Ukraine war, tight monetary policy, elevated inflation pressure, and the regional banking failures, all of which are expected to impact economic growth negatively.

MTA Sponsored Plans - Investment Rate of Return Assumptions

Target Investment Return (net of fees)

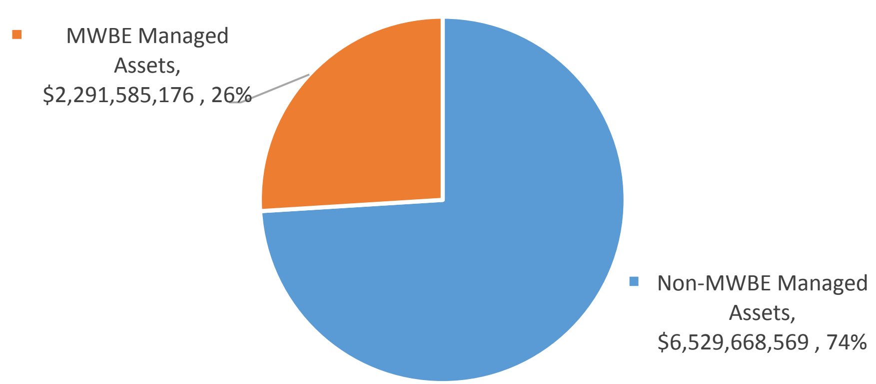
Pension Plan	2017	2018	2019	2020	2021	2022
LIRR - Additional Plan	7.0%	7.0%	7.0%	6.5%	6.5%	6.5%
MaBSTOA	7.0%	7.0%	7.0%	6.5%	6.5%	6.5%
MTA DB Plan	7.0%	7.0%	7.0%	6.5%	6.5%	6.5%
NYSLERS	7.0%	7.0%	7.0%	6.8%	5.9%	5.9%
NYCERS	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%

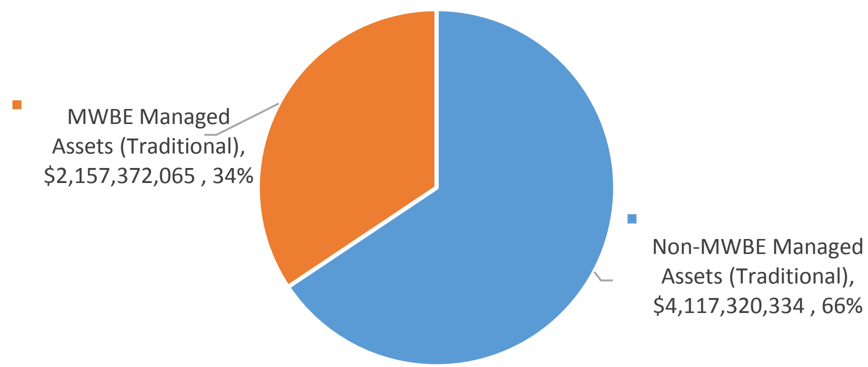
MTA Sponsored Plans - Funding Status

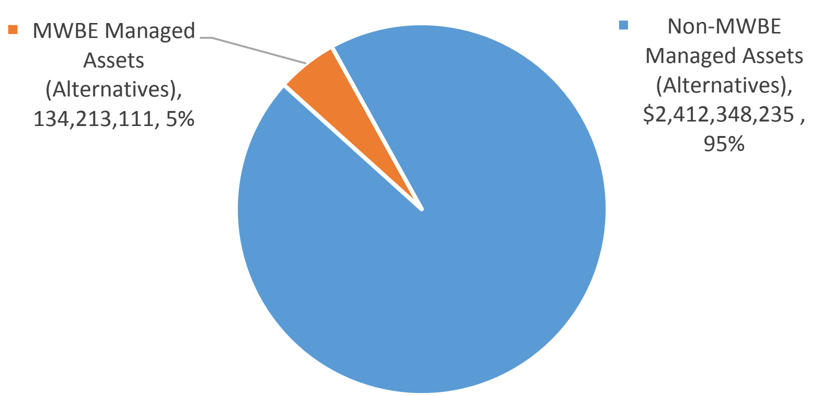


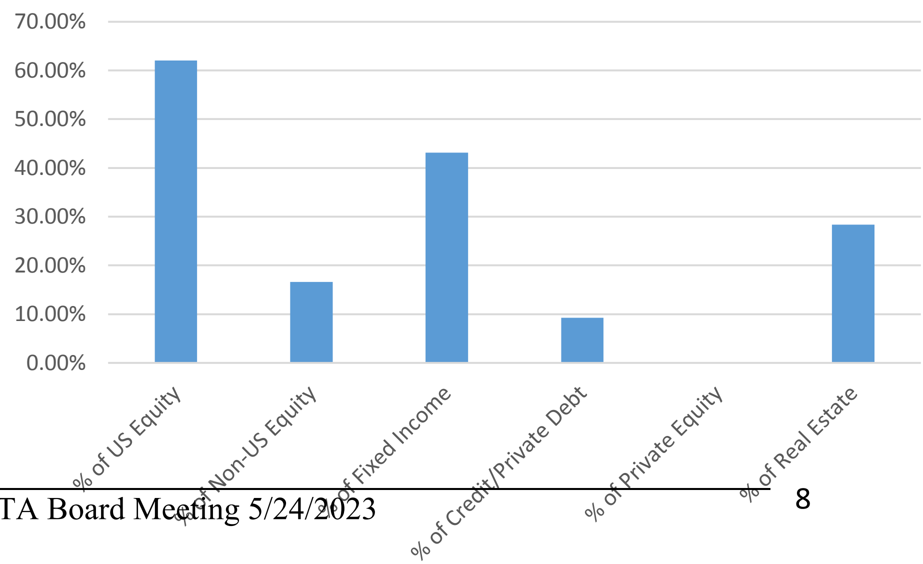
	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022
LIRR Additional Plan	24.8	30.9	48.8	46.0	50.8	64.7	57.6	59.1	55.3	59.7
MaBSTOA	60.1	65.2	69.3	67.3	72.1	79.4	74.4	80.2	78.3	84.4
MTA DB	68.9	71.6	72.5	68.6	71.1	78.2	72.8	72.5	71.5	77.5

MTA Sponsored Plans – MWBE Participation









As of December 2022

MTA Defined Benefit Pension Plan
LIRR Plan for Additional Pensions

Pension Board of Managers

MEMBER	DESIGNEE	MTA TITLE
Chair of the MTA	Margaret Connor, Chair of Pension Board of Managers	Deputy Chief Compensation & Benefits
MTA Labor Relations	Vacant	
MTA Chief Financial Officer	David Keller	Director, Consolidated Analysis
Metro North	James McGovern	Acting Deputy Chief, Controller's Office
Long Island Rail Road	Michael Reilly	Director, Revenue Management
SIRTOA	Vacant	
MTA Bus	Roy Grey-Stewart, Vito Poliseno (alternate)	Deputy Chief, Financial Operations; Deputy Controller General and Technical Accounting
Long Island Bus	VACANT	
TWU Representative	Donald Yates	

MTA Chief Investment Officer (Acting)	Steven Rossiello
Financial Consultant	NEPC, LLC
Actuary	Milliman, USA
Trustee	JPMorgan Chase

MaBSTOA (Manhattan and Bronx Surface Transit Operating Authority) Pension Plan

Investment Committee

MEMBER	DESIGNEE	MTA TITLE
Chair of Employer's (MaBSTOA) Board	William Vazoulas	Director, Payroll Processing
MTA Chief Financial Officer	Joseph Cornwall	Assistant Comptroller, Benefit Plans
President of Transit Authority	Margaret Connor	Deputy Chief Compensation & Benefits
TWU Local 100 (2 representatives)	James Whalen Richard Davis	

MTA Chief Investment Officer (Acting)	Steven Rossiello
Financial Consultant	NEPC, LLC
Actuary	Milliman, USA
Trustee	JPMorgan Chase

MTA Retiree Welfare Benefits Plan
Other Post Employment Benefits (OPEB)

Board of Managers

MEMBER	DESIGNEE	MTA TITLE
Chair of the MTA	Josiane Codio	Director, Cash & Investment
MTA Chief Financial Officer	Kevin Willens, Chair of Welfare Benefits Plan	Chief Financial Officer
MTA Labor Relations	Margaret Connor	Deputy Chief Compensation & Benefits

MTA Chief Investment Officer (Acting)	Steven Rossiello
Financial Consultant	NEPC, LLC
Actuary	Milliman, USA
Trustee	JPMorgan Chase

MTA Deferred Compensation Programs (401(k) and 457)

Deferred Compensation Committee

MEMBER	DESIGNEE	MTA TITLE
Chair of the MTA	Margaret Connor, Chair	Deputy Chief Compensation & Benefits
MTA Labor Relations	Vacant	
MTA Chief Financial Officer	Frances Chou	Deputy Director, Consolidated Analysis
NYCT, President	Vacant	
TBTA, President	Vacant	
Metro North	James McGovern	Acting Deputy Chief, Controller's Office
Long Island Rail Road	Michael Reilly	Director, Revenue Management
MTA Bus	Roy Grey-Stewart	Deputy Chief, Financial Operations
MTA Construction & Development	Vacant	

MTA Chief Investment Officer (Acting)	Steven Rossiello
Financial Consultant	Mercer
Recordkeeper/Trustee	Empower

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY

2023 Annual Board Meeting

May 24, 2023

New York State Insurance Captive of

Metropolitan Transportation Authority
State of New York

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY

ANNUAL BOARD MEETING

May 24, 2023

NOTICE

The 2023 Board of Directors of First Mutual Transportation Assurance Company ("FMTAC") will be held at 2 Broadway, 20th Floor, New York, NY on May 24, 2023.

TABLE OF CONTENTS

TAB 1

FMTAC NEWSLETTER

Metropolitan Transportation Authority
State of New York

First Mutual Transportation Assurance Company 2023 Annual Meeting Update

MTA Risk and Insurance Management presents the following update for First Mutual Transportation Assurance Company ("FMTAC") for the year ended December 31, 2022. The comparative financial statements and supporting schedules as of the same date accompany this report.

REGULATORY COMPLIANCE

CURRENT BUSINESS PLAN – The First Mutual Transportation Assurance Company ("FMTAC") is a New York captive insurance company. FMTAC is approved to insure and reinsure the risks of the Metropolitan Transportation Authority ("MTA") and its family of agencies. FMTAC provides the following lines of coverage to the MTA and its agencies:

- General Liability
- Auto Liability – Paratransit and Non Revenue
- All Agency Protective Liability
- Owner Controlled Insurance Program ("OCIP")
- Stations and Force Liability
- Property and Terrorism
- All Agency Excess Liability
- Builder's Risk

FMTAC CALENDAR:

Description	*Completion / Due Date*	*Comments*
2022 New York Annual Statement	1-Mar-23	Filed with NYSDFS
2022 Loss Reserve Certification	1-Mar-23	Filed with NYSDFS
2022 Audited Financial Statements	TBD	To be filed with NYSDFS
2023 NY Insurance License	In progress	To be filed with NYSDFS
2023 NY Annual Meeting	24-May-23	Scheduled
2023 Actuarial Reserve Review - Initial	30-Sep-23	To be performed by Oliver Wyman
2023 Actuarial Reserve Review - Final	31-Dec-23	To be performed by Oliver Wyman
2023 Policy Issuance	Ongoing	Various Renewal dates
2023 Monthly Accounting Submission	5 days	After Month End
NY Premium Tax Return	N/A	Exempted *
NY Section 206 Assessments	N/A	Exempted *

(*) - FMTAC is excluded from all state premium tax and assessments levied by the New York State Department of Financial Services ("NYSDFS")

TAB 1

FINANCIAL ACTIVITY

Summary of Selected Financial Information
(in thousands), except ratios

Period Ended		12/31/22		12/31/21		12/31/20		12/31/19
Balance Sheet:								
Cash and Invested Assets	$	896,657	$	915,150	$	915,484	$	883,114
Reinsurance Recoverable		91,530		93,215		4,936		12,601
Other Assets		124,602		73,490		65,966		75,213
Total Assets		1,112,789		1,081,855		986,386		970,928
Insurance Reserves		695,211		712,336		538,881		542,709
Other Liabilities		224,949		144,910		160,359		209,515
Total Liabilities		920,160		857,246		699,240		752,224
Total Equity		192,629		224,609		287,146		218,704
Unrealized Gain / (Loss) on Invts		0		0		0		21,844
Income Statement:								
Premium Written	$	266,469	$	157,702	$	124,459	$	115,852
Premium Earned		128,790		103,234		127,024		128,623
Net Investment Income / (Loss)		(78,432)		(8,305)		75,573		24,665
Losses and LAE Incurred Exp		72,786		146,576		103,017		146,434
Other Underwriting and Operating Exp.		9,552		10,890		9,294		16,737
Net Income / (Net Loss)		(31,980)		(62,537)		90,286		(9,883)
Ratios:								
Loss Ratio		56.5%		142.0%		81.1%		113.8%
Expense Ratio		7.4%		10.5%		7.3%		13.0%
Combined Ratio		63.9%		152.5%		88.4%		126.9%

- **Total assets** have increased by $30.9 million (2.9%) and **Total liabilities** have increased by $62.9 million (7.3%) during 2022. The fluctuation in total assets was the result of an increase in premium receivable offset by a decrease in the value of the investments. The increase in liabilities is primarily due to an increase in the unearned premium reserve offset by a decrease in the loss reserves and ceded premium payable.

- **Total equity** was $192.6 million at year end 2022. Total equity decreased $32.0 million (14.2%) from 2021. For 2020 through 2022, the movement in unrealized gain/loss on investments was recorded through the income statement versus equity.

- **Gross premium written** was $266.5 million, which increased $108.8 million (69.0%) from 2021. The increase is primarily due to the new OCIP Mini RFP program. **Premium earned** was $128.8 million for 2022, which was $25.6 million (24.8%) higher than 2021. This was a result of an increase in earned premium from the OCIP programs. The OCIP policies earn premium based on percentage of completion of construction projects.

- **Net investment income** was a $78.4 million net loss for 2022, which was $70.1 million (844.4%) greater than the 2021 net loss. The $78.4 million net loss consisted of $10.0 million of earned investment income and $88.4 million of negative movement in unrealized gain/losses on investments. For 2020 through 2022, the movement in unrealized gain/loss on investments was recorded through the income statement versus equity.

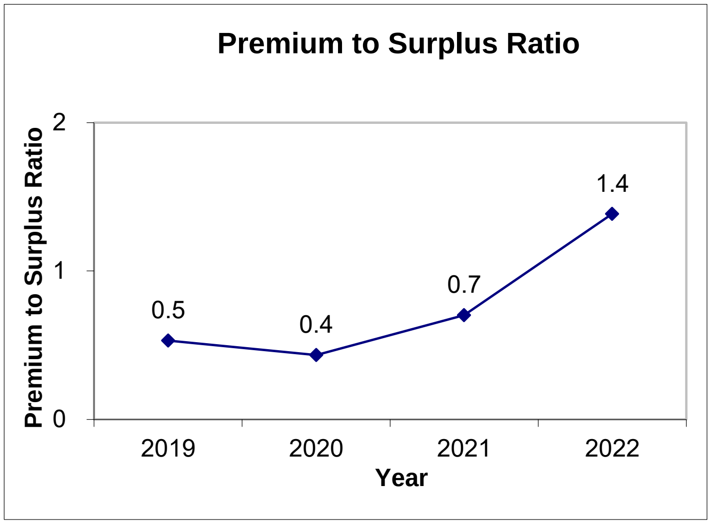
- **Losses and LAE incurred expenses ("incurred expense")** were $72.8 million for 2022 which decreased by $73.8 million (50.3%) when compared to 2021. This was primarily due to a decrease in loss and loss adjustment expenses with the builders risk, OCIP and excess loss programs.

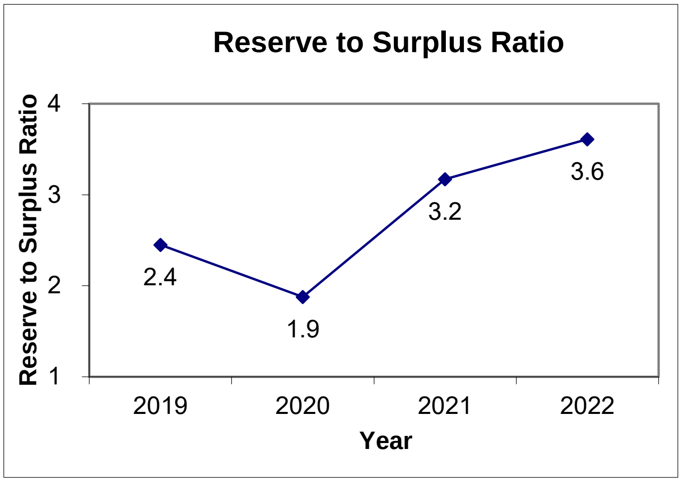
KEY RATIOS

➢ **Premium-to-Surplus Ratio** is a measure of an insurer's financial strength and future solvency. It measures the adequacy of an insurer's surplus, relative to its operating exposure. A 5:1 ratio or lower is suggested in the captive industry. A low ratio indicates there is surplus to support future premium written.

Calculation: Premium Written divided by Total Equity. The terms "Equity" and "Surplus" are used interchangeably.

Conclusion: FMTAC, with a Premium-to-Surplus ratio of 1.4:1 in 2022, is operating well within the industry recommended accepted range of 5:1 or lower.





➢ **Reserves-to-Surplus Ratio** measures how much the insurer's surplus and capital may be impaired if loss reserves are undervalued. A 10:1 ratio or lower is suggested in the captive industry. A low ratio indicates there is surplus to support future negative fluctuations in loss reserves.

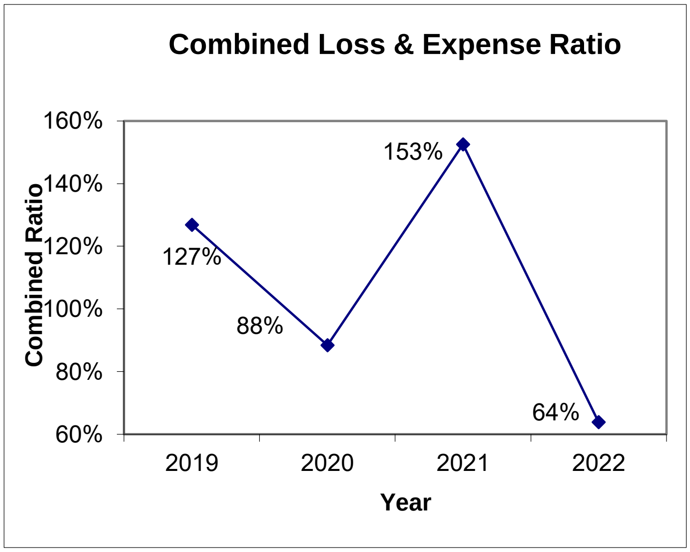
Calculation: Total Insurance Reserves divided by Total Equity.

Conclusion: FMTAC, with a Reserve-to-Surplus ratio of 3.6:1 in 2022, remains within the industry recommended accepted range of 10:1 or lower.

➢ **Combined Claim Loss and Operating Expense Ratio** measures the percentage of premium dollars spent on claim losses and operating expenses. When the combined ratio is under 100%, incurred losses and operating expenses are at or under expected levels. When the ratio is over 100%, incurred losses and operating expenses are higher than expected.

Calculation: Losses and LAE Incurred plus Other Underwriting and Operating Expense divided (numerator) by Premium Earned (denominator).

Conclusion: In 2022, there was a decrease in the ratio to 64%, which is due to a decrease in Losses and LAE Incurred (numerator) and an increase in Premium Earned from OCIP (denominator).



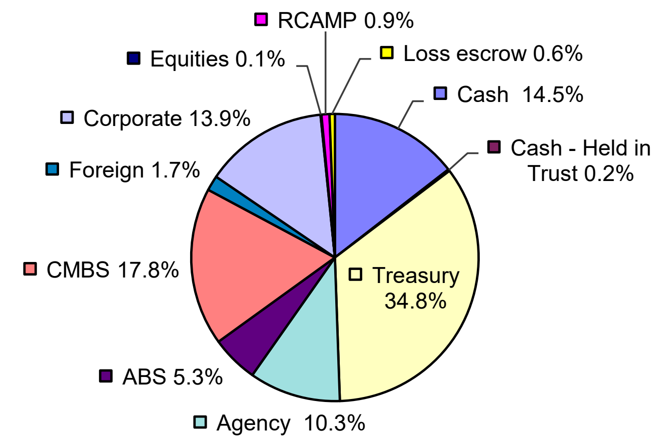
TAB 1

INVESTMENTS

At December 31, 2022, FMTAC held $896.7 million in cash, investments, loss trust or escrow accounts. BlackRock Financial Management, Inc. provides investment advisory services to FMTAC. For a detailed investment report, please see "Investment Report" section of the meeting book.

Investment Type	**MV %**	**Dec 31, 2022 Market Value** (in thousands)
Cash and Cash Equivalents	14.5%	129,594
Cash - Held in Trust	0.2%	1,473
Treasury	34.7%	312,368
Agency	10.3%	92,751
Asset Backed Securities	5.3%	47,927
Commercial Mortgage Backed Securities	17.8%	159,262
Foreign Bonds	1.7%	14,931
Corporate Bonds	13.9%	124,496
Equities	0.1%	480
OCIP Collateral ("RCAMP Trust")	0.9%	7,817
Loss Escrows	0.6%	5,558
Total	**100.0%**	**896,657**

Cash and Invested Assets at 12/31/22 Market Values



TAB 2

FINANCIAL STATEMENTS – MULTI YEAR COMPARATIVES

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(A NEW YORK STATE WHOLLY OWNED INSURANCE SUBSIDARY OF MTA)
COMPARATIVE BALANCE SHEET - AUDITED
FOR THE YEARS ENDED DECEMBER 31, 2022 TO DECEMBER 31, 2019

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
ASSETS				
Cash & Cash Equivalents	$ 65,465,916	$ 39,135,673	$ 60,939,078	89,244,652
Investments & Security Trusts	824,159,974	869,004,787	847,534,908	787,040,286
Premium Receivable	120,313,449	69,470,596	59,719,880	70,833,420
Reinsurance Premium Deposit - MetroCat	1,472,813	1,451,389	1,451,389	1,220,486
Reinsurance Recoverable Reserve	91,530,318	93,214,924	4,935,869	12,601,146
Escrow Paid Loss Deposit Funds	5,558,399	5,558,399	5,558,399	5,608,399
Interest Income Receivable	3,799,100	3,077,339	3,739,270	3,778,815
Deferred Losses Receivable - RCAMP	483,387	938,142	610,778	599,169
Intercompany Receivable - MTA	-	-	1,892,900	-
Deferred Policy Acquisition Costs	5,843	3,775	3,387	1,612
TOTAL ASSETS	**$ 1,112,789,199**	**$ 1,081,855,024**	**$ 986,385,858**	**970,927,985**
LIABILITIES				
IBNR Loss Reserves	$ 279,202,451	$ 312,753,110	$ 290,632,048	283,513,345
Case Loss Reserves	324,477,840	306,367,767	243,312,607	239,338,553
Reserves - Deemed Recoverable	91,530,318	93,214,924	4,935,869	12,601,145
Losses & LAE Payable	2,950,979	1,309,954	7,212,395	7,256,128
Unearned Premium Reserve (net of Deferred Reinsurance Premium)	210,712,303	127,188,490	133,935,177	202,295,243
Other Due	8,903,964	5,340,459	6,042,157	5,711,286
Ceded Premium Payable	1,716,856	11,070,896	13,169,162	1,508,139
Intercompany Payable - MTA	664,988	-	-	-
TOTAL LIABILITIES	920,159,699	857,245,600	699,239,415	752,223,840
STOCKHOLDER'S EQUITY				
Contributed Surplus - Cash	3,000,000	3,000,000	3,000,000	3,000,000
Additional Policyholder Surplus	77,668,919	77,668,919	77,668,919	77,668,919
Retained Earnings	143,940,506	206,477,524	116,191,533	126,074,507
Net Income / (Net Loss)	(31,979,925)	(62,537,019)	90,285,992	(9,882,974)
Unrealized Gain / (Loss) on Investments	* -	* -	* -	21,843,694
TOTAL STOCKHOLDER'S EQUITY	192,629,500	224,609,424	287,146,443	218,704,146
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**$ 1,112,789,199**	**$ 1,081,855,024**	**$ 986,385,858**	**970,927,986**

*In 2020, Unrealized Gain / (Loss) on Investments was moved to the Income Statement from Equity

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(A NEW YORK STATE WHOLLY OWNED INSURANCE SUBSIDARY OF MTA)
COMPARATIVE INCOME STATEMENTS - AUDITED
FOR THE YEARS ENDED DECEMBER 31, 2022 TO DECEMBER 31, 2019

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
UNDERWRITING INCOME				
Gross Written Premiums				
Direct	$ 265,811,857	$ 157,277,598	$ 124,084,672	115,628,466
Assumed	657,147	424,351	374,603	223,488
Total Written Premium	266,469,004	157,701,949	124,459,275	115,851,954
Premium Ceded	(54,112,597)	(61,302,781)	(65,799,212)	(43,075,054)
Net Retained Premium	212,356,407	96,399,168	58,660,063	72,776,900
Change in Unearned Premium - Net	(83,566,098)	6,835,113	68,363,611	55,845,895
Net Earned Premium	128,790,309	103,234,281	127,023,674	128,622,795
LOSS & LOSS ADJUSTMENT EXPENSES:				
Paid Losses & LAE	88,726,200	63,309,407	90,265,149	105,260,223
Change in Case Reserves	16,554,468	61,334,215	5,007,777	(8,190,344)
Change in IBNR Loss Reserves	(32,495,053)	21,932,496	7,744,489	49,364,117
Total Incurred Losses & LAE	72,785,615	146,576,118	103,017,415	146,433,996
UNDERWRITING EXPENSES:				
Safety & Loss Control	2,494,982	3,714,150	4,143,555	9,165,589
Commissions Expense / (Income)	(1,714,025)	(1,711,932)	(1,555,851)	(1,503,773)
Change in Deferred Acquisition Costs	34,079	22,963	18,828	42,470
Total Underwriting Expenses	815,036	2,025,181	2,606,532	7,704,286
NET UNDERWRITING INCOME / (LOSS)	55,189,658	(45,367,019)	21,399,727	(25,515,487)
OTHER EXPENSES				
Risk Management Fees	8,296,977	7,970,029	6,094,061	8,289,431
Other Misc. Charges	440,713	894,750	592,883	742,843
Total Other Expenses	8,737,690	8,864,779	6,686,944	9,032,274
INCOME / (LOSS) BEFORE INVESTMENT INCOME	46,451,968	(54,231,797)	14,712,783	(34,547,761)
INVESTMENT INCOME				
Investment Income	(78,431,894)	(8,305,222) *	75,573,209	24,664,787
Total Investment Income	(78,431,894)	(8,305,222)	75,573,209	24,664,787
NET INCOME / (NET LOSS)	**$ (31,979,925)**	**$ (62,537,019)**	**$ 90,285,992**	**(9,882,974)**
Mov't Unrealized Gain/(Losses) on Investments	-	-	(21,843,694)	22,440,681
Net Income / (Net Loss) per Audited Financial Statements	$ (31,979,925)	$ (62,537,020)	$ 68,442,298	$ 12,557,707

*In 2020, Unrealized Gain / (Loss) on Investments was moved to the Income Statement from Equity

TAB 3

DRAFT AUDITED

FINANCIAL STATEMENTS

TAB 3

First Mutual Transportation Assurance Company

(Component Unit of the Metropolitan Transportation Authority)

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

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

TAB 3

TABLE OF CONTENTS

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction—The following is a narrative overview and analysis of the financial activities of the First Mutual Transportation Assurance Company (the "Company" or "FMTAC") for the years ended December 31, 2022 and 2021. This discussion and analysis is intended to serve as an introduction to the Company's financial statements which have the following components: (1) Management's Discussion and Analysis ("MD&A"), (2) Financial Statements and (3) Notes to the Financial Statements.

Management's Discussion and Analysis—This MD&A provides an assessment of how the Company's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Company's overall financial position. It may contain opinions, assumptions or conclusions by the Company's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements.

The Financial Statements Include—The Statements of Net Position provide information about the nature and amounts of resources with present service capacity that FMTAC presently controls (assets), consumption of net assets by FMTAC that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that FMTAC has little or no discretion to avoid (liabilities), and acquisition of net assets by FMTAC 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 Statements of Revenues, Expenses and Changes in Net Position show how the Company's net position changed during each year and accounts for all of the revenues and expenses, measures the success of the Company's operations from an accounting perspective over the past year, and can be used to determine how the Company has funded its costs.

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

The Notes to the Financial Statements—The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the financial statements.

FINANCIAL REPORTING ENTITY

On December 5, 1997, the Metropolitan Transportation Authority ("MTA") began its operation of its newly incorporated captive insurance company, FMTAC. FMTAC was created by the MTA to engage in the business of acting as a pure captive insurance company under Section 7005, Article 70 of the Insurance Law and Section 1266 Subdivision 5 of the Public Authorities Law of the State of New York. FMTAC's mission is to continue, develop, and improve the insurance and risk management needs as required by the MTA. The MTA is a component unit of the State of New York.

CONDENSED FINANCIAL INFORMATION

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

	As of December 31,			Increase/(Decrease)	
(In thousands)	**2022**	**2021**	**2020**	**2022–2021**	**2021–2020**
ASSETS					
CURRENT ASSETS	$ 368,566	$ 229,578	$ 287,716	$ 138,988	$ (58,138)
NONCURRENT ASSETS	744,222	852,278	698,669	(108,056)	153,609
TOTAL ASSETS	$ 1,112,788	$ 1,081,856	$ 986,385	$ 30,932	$ 95,471

Significant Changes in Assets

December 31, 2022 versus December 31, 2021

Total assets increased by $30,932 or 2.9 percent, from December 31, 2021 to December 31, 2022. The fluctuation in the total assets of FMTAC was the result of increases in premiums receivable and cash and cash equivalents and offset by a decrease in investments. Premium receivable increased due to additional Owner Controlled Insurance Programs ("OCIP") and Builders Risk premiums written in 2022. Cash and cash equivalents increased due to collected premiums exceeding the amount of claims paid. In addition, there were more investments classified as cash equivalents in 2022 compared to 2021. The decrease in investments was due to market fluctuations.

December 31, 2021 versus December 31, 2020

Total assets increased by $95,471 or 9.7 percent, from December 31, 2020 to December 31, 2021. The fluctuation in the total assets of FMTAC was the result of an increase reinsurance recoverable, investments and premium receivable due from affiliates partially offset by a decrease in cash and cash equivalents. Reinsurance recoverable increased due to anticipated recoveries for property damage caused by the remnants of Hurricane Ida. Investments increased as premiums received by the Company were transferred to the investment accounts. The increase in premium receivable due from affiliates was due to additional OCIP and Builders Risk premiums written in 2021. Cash and cash equivalents decreased due to premium refunds to the MTA as well as claim and operating expense payouts.

	As of December 31,			Increase/(Decrease)	
(In thousands)	**2022**	**2021**	**2020**	**2022–2021**	**2021–2020**
LIABILITIES AND RESTRICTED NET POSITION					
CURRENT LIABILITIES	$ 294,576	$ 216,750	$ 208,537	$ 77,826	$ 8,213
NONCURRENT LIABILITIES	625,583	640,496	490,701	(14,913)	149,795
TOTAL LIABILITIES	920,159	857,246	699,238	62,913	158,008
RESTRICTED NET POSITION	192,629	224,610	287,147	(31,981)	(62,537)
TOTAL LIABILITIES AND NET POSITION	$ 1,112,788	$ 1,081,856	$ 986,385	$ 30,932	$ 95,471

Significant Changes in Liabilities

December 31, 2022 versus December 31, 2021

Total liabilities from December 31, 2021 to December 31, 2022 increased by $62,913 or 7.3 percent. The increase in liabilities is due to an increase in unearned premiums and partially offset by a decrease in loss and loss adjustment expense reserves and ceded premiums payable. The increase in unearned premiums was due to additional premium written for the OCIP and builders risk programs. The decrease in loss and loss adjustment expense reserves was due to lower reserves for the all agency protective liability, OCIP and excess loss programs and partially offset by reserve increases in stations and force and builders risk. The decrease in ceded premiums payable was due to the payment of premiums related to the MetroCat bond program.

December 31, 2021 versus December 31, 2020

Total liabilities from December 31, 2020 to December 31, 2021 increased by $158,008 or 22.6 percent. The increase in liabilities is due to an increase in loss and loss adjustment expenses reserves and reinsurance recoverable and partially offset by a decrease in unearned premium. The increase in loss and loss adjustment expense reserves is primarily relating to the Long Island Rail Road ("LIRR") stations, all agency protective liability and excess loss programs. The increase in reserve recoverable is due to property damage caused by the remnants of Hurricane Ida. The decrease in unearned premium was due to additional OCIP premium earned. Earned premium for OCIP casualty programs are based on completion of the project construction.

Significant Changes in Net Position

December 31, 2022 versus December 31, 2021

In 2022, the restricted net position decrease of $31,981 is comprised of operating revenues of $128,790 less non-operating loss of $78,432 and operating expenses of $82,339.

December 31, 2021 versus December 31, 2020

In 2021, the restricted net position decrease of $62,537 is comprised of operating revenues of $103,234 less non-operating loss of $8,305 and operating expenses of $157,466.

Condensed Statements of Revenues, Expenses and Changes in Net Position

				Increase/(Decrease)	
(In thousands)	**2022**	**2021**	**2020**	**2022–2021**	**2021–2020**
OPERATING REVENUES	$ 128,790	$103,234	$127,024	$ 25,556	$ (23,790)
OPERATING EXPENSES	82,339	157,466	112,311	(75,127)	45,155
OPERATING INCOME/(LOSS)	46,451	(54,232)	14,713	100,683	(68,945)
NON-OPERATING (LOSS)/INCOME	(78,432)	(8,305)	53,729	(70,127)	(62,034)
CHANGE IN NET POSITION	(31,981)	(62,537)	68,442	30,556	(130,979)
RESTRICTED NET POSITION—Beginning of year	224,610	287,147	218,705	(62,537)	68,442
RESTRICTED NET POSITION—End of year	$ 192,629	$224,610	$287,147	$ (31,981)	$ (62,537)

Operating Revenues—Operating revenues between 2021 and 2022 increased by $25,556 or 24.8 percent. The increase is primarily due to an increase in earned premium for the OCIP casualty program. Earned premium for OCIP casualty programs are based on completion of the project construction.

Operating revenues between 2020 and 2021 decreased by $23,790 or 18.7 percent. The decrease is primarily due to a decrease in earned premium from the paratransit programs and the OCIP casualty program. Earned premium for OCIP casualty programs are based on completion of the project construction.

Operating Expenses—Operating expenses between 2021 and 2022 decreased by 47.7 percent, or $75,127. The decrease was primarily due to lower builders risk, OCIP and excess loss fund (“ELF”) loss and loss adjustment expenses.

Operating expenses between 2020 and 2021 increased by 40.2 percent, or $45,155. The increase was primarily due to an increase in loss and loss adjustment expenses primarily with the LIRR stations, all agency protective liability, ELF, builders risk and paratransit partially offset by a decrease in OCIP loss and loss adjustment expenses.

Non-operating Income—Non-operating income between 2021 and 2022 decreased by 844.4 percent, or $70,127. This is a result of net unrealized losses and a decrease in interest and realized gain income on investments held by FMTAC.

Non-operating income between 2020 and 2021 decreased by 115.5 percent, or $62,034. This is a result of net unrealized losses and a decrease in interest and realized gain income on investments held by FMTAC.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Results of Operations—Operating as a pure captive insurance company domiciled in the State of New York requires that all business plans and changes to said plans be reviewed and approved by the New York Insurance Department. As of December 31, 2022, all programs administered by FMTAC have been reviewed and approved.

As of December 31, 2022 and 2021, FMTAC received its annual loss reserve certification. The actuary determined that reserves recorded by FMTAC were adequate and no adjustments were deemed necessary.

U.S. Insurance Market—The United States Property/Casuality industry recorded a $26.5 billion net underwriting loss in 2022, down $21.5 billion from the prior year, as 8% growth in net earned premiums and a 21% decline in policyholder dividends were countered by a 14% increase in incurred losses and loss adjustment expenses and a 6% rise in other underwriting expenses. Personal lines losses and the impact of Hurricane Ian caused the industry's combined ratio to deteriorate to 102.7%, with an estimated catastrophe loss impact of 6.9 points. With tax expense down 35% and realized capital gains down 83%, the industry's net income slid 31% to $42.0 billion. Industry surplus declined 7% from the end of 2021 to $951.9 billion.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

MTA Long Island Rail Road—New Hyde Park Collision. On October 8, 2016 while the MTA Long Island Rail Road was conducting track work east of the New Hyde Park Station on track placed out of service, a piece of track equipment derailed fouling live track and was struck by a train carrying passengers, causing the passenger train to derail. The majority of the personal injury claims appear to be soft tissue, with a few fractures and Post Traumatic Stress Disorder claims. The most seriously injured claimant allegedly sustained two fractured legs, requiring five surgeries to date. The current outstanding reserves are $3.3 million; which is in excess of the Force $11 million policy limits and $8.6 million paid by the ELF program.

MTA Long Island Rail Road—Atlantic Terminal Bumper Block Strike. An incident occurred on January 4, 2017 when an MTA Long Island Rail Road Far Rockaway Line train struck a bumper block in the Atlantic Terminal-Brooklyn Station. At this time, there does not appear to be any catastrophic injuries stemming from this incident with worst injuries seen so far are bone fractures and various trauma to the head/neck. If plaintiffs are successful in their claims against MTA Long Island Rail Road, damages could impact FMTAC and excess layers of insurance. The current outstanding reserves are $4.8 million; which is in excess of the Stations $11 million policy limits and $16.5 million paid by the ELF program.

NYCTA Bicycle Case- On April 10, 2016, the Plaintiff rode his bicycle through a cordoned off construction site beneath the elevated BMT line on Broadway in Bushwick, Brooklyn. The MTA New York City Transit Authority was replacing rotted cross ties and lowering them into a designated "drop zone". Plaintiff was hit by a discarded tie that was being dropped to the ground per MTA New York City Transit Authority protocols. Plaintiff sustained severe and permanent injuries including paraplegia. A Kings County jury found the MTA New York City Transit Authority 100% liable and returned a $110 million verdict. The judge reduced the verdict to $69 million. The Authority appealed. Oral Argument has not yet been scheduled by the appellate court. Thus, an appellate decision is not expected until late 2023. The settlement negotiations have not been productive as Plaintiff insists on recovering the entire judgment amount. The case has been reported to ELF which would be responsible for settlement up to $39.3 million or the remaining limits available excess of the Agency's $11 million self-insured retention.

Terrorism Risk Insurance Act—Effective November 26, 2002, the Terrorism Risk Insurance Act ("TRIA") was signed in to law. Effective December 22, 2006, TRIA was extended through December 31, 2007. On December 31, 2007, the U.S. Treasury Department issued Interim Guidance Concerning the Terrorism Risk Insurance Program Reauthorization Act of 2007 ("TRIPRA") which has been extended through December 31, 2014. On January 12, 2015, TRIA was extended through December 31, 2021. In December 2020, TRIA was extended through to December 31, 2027. For additional information, please refer to the property section under Note 5.

Brooklyn NYCT Shooting - On the morning of April 12, 2022, a man committed a mass shooting, which led to an explosion and smoke condition on a Manhattan-bound N train as it travelled between 59th Street and 36th Street subway stations in Brooklyn. To date eight (8) claims have been received, four (4) of which have commenced lawsuits. The case has been reported to the ELF which would be responsible for any amount excess of the $11 million self-insured retention up to the remaining limits available.

BACKGROUND RELATING TO THE GLOBAL CORONAVIRUS PANDEMIC

The coronavirus outbreak continues to have an adverse and severe impact on the MTA's financial condition and operating results. On March 12, 2020, the World Health Organization declared the COVD-19 outbreak to be a pandemic in the face of the global spread of the virus. The COVID-19 pandemic has dramatically altered the behavior of businesses and people in a manner that continues to have negative effects on global and local economies. On March 7, 2020 Governor Cuomo declared a Disaster Emergency in the State of New York and on March 13, 2020 President Donald Trump declared a national state of emergency as a result of the COVID-19 pandemic. The State's NY Forward guidelines promulgated in May 2020 established metrics to implement a staged reopening of the State and progress has been made, particularly with increased availability of vaccines. COVID-19 impacts to the Company are as follows:

- Dramatic declines in MTA public transportation system ridership have had a negative impact on the Company's revenue as some premiums are based on ridership, traffic on platforms and percentage of completion of construction projects. The steep fall in ridership volume, as well as the temporary suspension of certain construction projects reflects impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic.

- Up to this point, there has been no interruption in the MTA paying premiums to the Company.

This financial report is designed to provide our customers and other interested parties with a general overview of FMTAC's finances and to demonstrate FMTAC'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.

* * * * * *

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

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

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 3)	$ 136,625	$ 62,323
Investments (Note 4)	99,900	106,296
Funds held by reinsurer (Note 5)	7,817	7,301
Premiums receivable due from affiliates (Note 7)	120,313	49,971
Interest income receivable (Note 4)	3,799	3,077
Reinsurance receivable	106	606
Other assets	6	4
Total current assets	368,566	229,578
NONCURRENT ASSETS:		
Investments (Note 4)	652,315	739,231
Premiums receivable due from affiliates (Note 7)	-	19,500
Reinsurance recoverable	91,424	92,609
Owner Controlled Insurance Programs asset	483	938
Total noncurrent assets	744,222	852,278
TOTAL ASSETS	$ 1,112,788	$ 1,081,856
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Unearned premiums	$ 210,712	$ 127,188
Ceded premium payable	1,717	11,071
Reinsurance recoverable reserves (Note 6)	106	606
Loss and loss adjustment expense liability (Note 6)	69,521	71,234
Losses payable	2,951	1,310
Due to affiliates	8,165	3,750
Accrued expenses	1,404	1,591
Total current liabilities	294,576	216,750
NONCURRENT LIABILITIES:		
Loss and loss adjustment expense liability (Note 6)	534,159	547,887
Reinsurance recoverable reserves (Note 6)	91,424	92,609
Total noncurrent liabilities	625,583	640,496
Total liabilities	920,159	857,246
RESTRICTED NET POSITION	192,629	224,610
TOTAL LIABILITIES AND NET POSITION	$ 1,112,788	$ 1,081,856

See notes to financial statements.

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

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

	2022	2021
OPERATING REVENUES:		
Gross premiums written	$ 266,469	$ 157,702
Premiums ceded	(54,113)	(61,303)
Change in unearned premiums	(83,566)	6,835
Total operating revenues	128,790	103,234
OPERATING EXPENSES:		
Loss and loss adjustment	72,786	146,576
Underwriting	815	2,025
General and administrative	8,738	8,865
Total operating expenses	82,339	157,466
OPERATING INCOME/(LOSS)	46,451	(54,232)
NON-OPERATING INCOME:		
Net investment loss	(78,432)	(8,305)
Total non-operating loss	(78,432)	(8,305)
CHANGE IN NET POSITION	(31,981)	(62,537)
RESTRICTED NET POSITION—Beginning of year	224,610	287,147
RESTRICTED NET POSITION—End of year	$ 192,629	$ 224,610

See notes to financial statements.

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Premiums and other receipts	$ 152,118	$ 84,638
Payments for claims and other operating expenses	(91,975)	(77,014)
Net cash provided by operating activities	60,143	7,624
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(391,202)	(711,855)
Sales and maturities of investments	385,899	664,729
Earnings on investments	19,462	17,910
Net cash provided/(used)provided by investing activities	14,159	(29,216)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	74,302	(21,592)
CASH AND CASH EQUIVALENTS—Beginning of year	62,323	83,915
CASH AND CASH EQUIVALENTS—End of year	$ 136,625	$ 62,323
RECONCILIATION OF OPERATING (LOSS)/INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income/(loss)	$ 46,451	$ (54,232)
Adjustments to reconcile to net cash used in operating activities:		
Net decrease in accounts payable, accrued expenses and other liabilities	62,248	158,008
Net decrease in receivables	(48,555)	(96,152)
Net cash provided by operating activities	$ 60,144	$ 7,624

See notes to financial statements.

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands, except as noted)

1. BASIS OF PRESENTATION

Reporting Entity—First Mutual Transportation Assurance Company (the "Company"), a component unit of the Metropolitan Transportation Authority ("MTA"), was incorporated under the laws of the State of New York (the "State") as a pure captive insurance company on December 5, 1997, and commenced operations on that date. The Company was established to maximize the flexibility and effectiveness of the MTA's insurance program and is governed by a Board of Directors consisting of members of the MTA. The Company's financial position and results of operations are included in the MTA's Comprehensive Annual Financial Report. The MTA is a component unit of the State of New York and is included in the State of New York's Comprehensive Annual Financial Report of the Comptroller as a public benefit corporation.

FMTAC is operationally and legally independent of the MTA. FMTAC enjoys certain rights typically associated with separate legal status. However, FMTAC is included in the MTA's consolidated financial statements as a blended component unit because of the MTA's financial accountability, and FMTAC is under the direction of the MTA Board (a reference to "MTA Board" means the board of MTA and/or the boards of the FMTAC 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 FMTAC in its consolidated financial statements.

The New York captive insurance statute requires a $250 minimum unimpaired paid-in-capital and surplus be maintained by a pure captive insurance company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Cash and Cash Equivalents—includes highly liquid investments with a maturity of three months or less when purchased. Cash equivalents are stated at amortized cost, which approximates fair value.

Investments—Investments are recorded on the statement of net position at fair value, which is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. All investment income, including changes in the fair value of investments, is reported as revenue (as either net investment income or unrealized gain (loss) on investments) on the statement of revenues, expenses and changes in net position.

Restricted Net Position—Net position is restricted for activities related to the payment of insurance claims.

Operating Revenues

Premiums—Earned premiums are determined over the term of their related policies, which approximates one year, or for certain Owner Controlled Insurance Programs ("OCIP"), as a percent of completed construction costs. Accordingly, an unearned premium liability is established for the portion of premiums written applicable to the unexpired period of policies in force or uncompleted construction projects. The Company does not directly pay premium taxes in accordance with its relationship with New York State.

Premiums ceded—Premiums ceded is where the Company is the named insured, and the insurer is an unrelated third-party re-insurance company. The ceded premiums are expensed over the term of the related policies. This arrangement is explained further in Note 5.

Operating Expenses

Loss and Loss Adjustment Expenses—Loss and loss adjustment expenses are established for amounts estimated to settle incurred losses on individual cases and estimates for losses incurred but not reported.

Loss and loss adjustment expenses are based on loss estimates for individual claims and actuarial estimates and, therefore, the ultimate liabilities may vary from such estimates. Any adjustments to these estimates, which could be significant, will be reflected in income in the period in which the estimates are changed or payments are made.

Non-Operating Revenues and Expenses—Investment income and unrealized gain (loss) on investments account for FMTAC's non-operating revenues and expenses.

Income Taxes—The Company is not subject to income taxes arising on profits since it is a component unit of the MTA. The MTA and its subsidiaries are exempt from income taxes.

3. CASH AND CASH EQUIVALENTS

At December 31, 2022 and 2021, cash and cash equivalents consisted of (in thousands):

	2022		2021	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits	$ 250	$ 250	$ 250	$ 250
Loss escrows	7,031	7,031	7,009	7,009
Uninsured deposits	129,344	129,344	55,064	55,064
	$ 136,625	$ 136,625	$ 62,323	$ 62,323

The Company is required to set aside funds in escrow accounts that are used to settle claims on behalf of the Company. The account balances of the loss escrow are $7,031 and $7,009 as of December 31, 2022 and 2021, respectively.

All other funds are invested by the Company as described in Note 4.

4. INVESTMENTS

The fair value and cost basis of investments consist of the following at December 31, 2022 and 2021 (in thousands):

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Funds for claim payments	$ 449,382	$ 505,885	$ 513,632	$ 505,836
Security trust funds	302,833	319,753	331,895	324,741
	$ 752,215	$ 825,638	$ 845,527	$ 830,577

All investments are registered and held by the Company or its agent in the Company's name.

The Company makes funds available to claims processors to allow for adequate funding for submitted claims. The funds, in the above table, are invested primarily in fixed income investments such as U.S. Government Bonds. All investments outlined above are restricted per the Statement of Net Position and are to be used to pay claims or pay administration expenses of the Company or as collateral for letter of credit obligations.

All funds of the Company not held as cash and cash equivalents are invested by the Company in accordance with the Company's investment guidelines. Investments may be further limited by individual security trust agreements. The Company's investment policies comply with the New York State Comptroller's guidelines for such policies. Those policies permit investments in fixed income securities that are investment grade or higher and the policy also allows for the investment in equities.

All investments are recorded on the Statements of Net Position at fair value and all investment income, including changes in the fair value of investments, is reported as revenue/(expense) on the Statements of Revenues, Expenses and Changes in Net Position. Fair values have been determined using quoted market values at December 31, 2022 and 2021.

The yield to maturity rate was 4.61% for the year ended December 31, 2022, and 1.41% for the year ended December 31, 2021. For the year ended December 31, 2022, the Company had realized gains of $8,828 and had unrealized losses of $88,373. For the year ended December 31, 2021, the Company had realized gains of $21,205 and had unrealized losses of $29,535. Additional investment income was earned from the RCAMP investments and the money market fund. Income from these sources were $1,113 and $25 for the years ended December 31, 2022 and 2021, respectively.

Interest Rate Risk and Investments at Fair Value

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Duration is a measure of interest rate risk. The greater the duration of a bond or portfolio of bonds, the greater its price volatility will be in response to a change in interest rate risk and vice versa. Duration is an indicator of a bond price's sensitivity to 100 basis point change in interest rates. Duration is expressed as a number of years.

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the Company's investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Listed below are the recurring fair value measurements as of December 31, 2022 and 2021. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors for those securities.

(In thousands)	2022		2022			
				Fair Value Measurements		
Investment Type	Fair Value	Duration (years)	Total	Level 1	Level 2	Level 3
Treasury [1]	$ 313,764	3.82	$ 313,764	$ -	$ 313,764	$ -
Agency [2]	93,094	5.63	93,094	-	93,094	-
Asset backed securities	48,116	3.59	48,116	-	48,116	-
Commercial mortgage backed securities	159,729	5.07	159,729	-	159,729	-
Foreign bonds	15,101	5.77	15,101	15,101	-	-
Corporate bonds	125,714	5.81	125,714	125,714	-	-
Equities	480		480	480	-	-
Total	755,998		755,998	$ 141,295	$ 614,703	$ -
Less accrued interest	(3,783)		(3,783)			
Total investments	$ 752,215		$ 752,215			

Including but not limited to:

(1) U.S. Treasury Notes

(2) Fannie Mae, Freddie Mac, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation

TAB 3

(In thousands)	2021		2021			
				Fair Value Measurements		
Investment Type	Fair Value	Duration (years)	Total	Level 1	Level 2	Level 3
Treasury [1]	$ 369,687	5.13	$ 369,687	$ -	$ 369,687	$ -
Agency [2]	132,558	5.67	132,558	-	132,558	-
Asset backed securities	23,263	3.83	23,263	-	23,263	-
Commercial mortgage backed securities	166,035	4.29	166,035	-	166,035	-
Foreign bonds	20,026	7.08	20,026	20,026	-	-
Corporate bonds	136,446	6.92	136,446	136,446	-	-
Equities	589		589	589	-	-
Total	848,604		848,604	$ 157,061	$ 691,543	$ -
Less accrued interest	(3,077)		(3,077)			
Total investments	$ 845,527		$ 845,527			

Including but not limited to:
(1) U.S. Treasury Notes
(2) Fannie Mae, Freddie Mac, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation

Credit Risk—At December 31, 2022, the following credit quality rating has been assigned by a nationally recognized rating organization (in thousands):

Quality Rating	Fair Value	Percentage of Fixed Income Portfolio
AAA	$ 217,798	28.8
AA	33,730	4.5
A	69,051	9.1
BBB	47,058	6.2
Not rated	74,117	9.8
Credit risk debt securities	441,754	58.4
U.S. Government Notes	313,764	41.5
Total fixed income securities	755,518	100 %
Equities	480	
Less accrued interest	(3,783)	
Total investments	$ 752,215	

Credit Risk—At December 31, 2021, the following credit quality rating has been assigned by a nationally recognized rating organization (in thousands):

Quality Rating	Fair Value	Percentage of Fixed Income Portfolio
AAA	$ 304,736	35.9
AA	29,041	3.4
A	72,108	8.5
BBB	60,036	7.1
Not rated	12,407	1.5
Credit risk debt securities	478,328	56.4
U.S. Government bonds	369,687	43.6
Total fixed income securities	848,015	100 %
Equities	589	
Less accrued interest	(3,077)	
Total investments	$ 845,527	

5. INSURANCE PROGRAMS

Property Program—Effective May 1, 2022, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, FMTAC directly insures property damage claims of the other MTA Group entities in excess of a $25,000 per occurrence deductible, subject to an annual $75,000 aggregate as well as certain exceptions summarized below. The total program is $500,000 per occurrence covering property of the related entities collectively. FMTAC is reinsured in the domestic, Asian, London, European, and Bermuda marketplaces for this coverage. Losses occurring after the annual aggregate is exceeded are subject to a deductible of $7,500 per occurrence. 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. On May 1, 2023, the program renewed until May 1, 2024 with continuation of the expiring limits.

FMTAC's property insurance program has been expanded to include a further layer of $100,000 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.

On May 19, 2023, the program renewed until April 30, 2026 with continuation of the $100,000 layer and storm surges trigger.

Terrorism Program—Effective May 1, 2021, FMTAC extended its prior period terrorism program. Commencing May 1, FMTAC directly insures certified terrorism claims of the other MTA Group entities in excess of a $25,000 per occurrence self-insured retention, subject to an annual $75,000 aggregate as well as certain exceptions summarized below. The total program is $1,075,000 per occurrence covering property of the related entities collectively. FMTAC is reinsured in the domestic, London, and European marketplaces for this coverage. Losses occurring after the retention aggregate is exceeded are subject to a deductible of $7,500 per occurrence. The direct and reinsurance policies are effective from May 1, 2021 to May 1, 2023. On May 1, 2023, the program renewed until May 1, 2025 with continuation of the expiring limits.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of "certified" losses in 2022, as covered by the Terrorism Risk Insurance Act ("TRIA") of 2019 (originally introduced in 2002). Under the 2020 extension, terrorism acts sponsored by both foreign and domestic organizations are covered. The remaining 20% of MTA Group losses arising from an act of terrorism would be covered under the additional terrorism policy described below. Additionally, no federal compensation will be paid unless the aggregate industry insured losses exceed $200,000 ("trigger") for 2022. There were no certified losses by the United States Government in 2022 that exceeded the trigger. In December 2020, the United States government's reinsurance of TRIA was extended until December 31, 2027.

To supplement the reinsurance to FMTAC through the 2019 Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") program, FMTAC 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 in 2021—up to a maximum recovery of $215,000 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 20% "certified" acts of terrorism insurance in 2022 or (3) 100% of any "certified" terrorism loss which exceeds $5,000 and less than the $200,000 TRIPRA trigger—up to a maximum recovery of $200,000 for any occurrence and in the annual aggregate.

Excess Loss Fund ("ELF")—On October 31, 2003, the Company assumed the existing ELF program on both a retrospective and prospective basis. 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. The coverage limit will remain $50,000 per occurrence or the proceeds of the program whichever is less. On a prospective basis, effective October 31, 2003, the Company issued insurance policies indemnifying the MTA, its subsidiaries and affiliates above their specifically assigned Self-Insured Retention with a limit of $50,000 per occurrence with $50,000 annual aggregate. The balance of the ELF, $77,000 was transferred to and invested by the Company in order to secure any claims assumed from the ELF, as well as to capitalize the prospective programs and insure current and future claims. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. Effective October 31, 2022, FMTAC also provides an All-Agency Excess Liability Policy to the MTA and its subsidiaries and affiliates with the limits: i) $65,000 (65%) of $100,000 excess $95,000 and ii) 100,000 (91%) of $110,000 excess $195,000 and iii) $100,000 (97.6%) of $102,500 excess $305,000. The limits are fully reinsured in the domestic, London, European and Bermuda marketplaces. The limits also exclude claims arising from acts of terrorism.

Stations and Force Liability—Effective December 15, 2022, the Company renewed its direct insurance for the first $11,000 per occurrence losses for Long Island Rail Road Company ("LIRR") and Metro-North Commuter Railroad Company ("MNCR") with no aggregate stop loss protection.

All Agency Protective Liability—The Company issued a policy to cover MTA's All Agency Protective Liability Program ("AAPL"), which is designed to protect the MTA and its agencies against the potential liability arising from independent contractors working on capital and noncapital projects. Effective June 1, 2022, the net retention to the Company is $2,000 per occurrence. The Company also issued a policy for $9,000 excess of $2,000 per occurrence with an $18,000 annual aggregate.

Paratransit— Effective March 1, 2022, the Company renewed with the MTA, a self-insured retention reimbursement policy for the auto liability on the New York City Transit ("NYCT") Paratransit operations. The Company is responsible for the first $2,000 per occurrence. This program renewed on March 1, 2023 with the retention increased to $3,000 per occurrence.

Non-Revenue—Effective March 1, 2022, the Company renewed, with the MTA, a deductible reimbursement policy for the auto liability of MTA's non-revenue fleet. The Company is responsible for the first $1,000 per occurrence of every claim, excluding Allocated Loss Adjusted Expenses ("ALAE"). Under a separate reinsurance agreement with Travelers, effective March 1, 2022, the Company assumed 100% of the Allocated Loss Adjusted Expenses. Effective March 1, 2022, the Company issued a $5,000 excess of $6,000 per claim policy with no aggregate. Effective March 1, 2023, the Company renewed all of these programs as per the expiring terms.

Owner-Controlled Insurance Programs (OCIP)—The MTA purchases Owner Controlled Insurance Programs under which coverage is provided on a group basis for certain agency projects. The Company provides the collateral required by the OCIP insurers to cover deductible amounts. The Company records in the OCIP liability account the amount of principal paid by the MTA to the program. The interest earned is not recognized in the statements of revenues, expenses, and changes in net position. Rather, the amounts are recorded as owner controlled insurance program asset as the Company may have to make payments to contractors with favorable loss experience.

OCIP (asset)/liability consists of the following at December 31, 2022 and 2021 (in thousands):

	2022	2021
NYCT structures lines	$ 532	$ 532
LIRR/MNCR 2000–2004 Capital Improvement Program	(2,461)	(2,462)
NYCT 2000–2004 line structures/shops, yards and depots Capital Improvements Program	(1,956)	(1,894)
NYCT 2000–2004 stations and escalators/elevators Capital Improvements Program	(712)	(716)
LIRR/MNR 2005–2009 Capital Improvement Program	(21)	(21)
CCC Second Ave. Subway	4,135	3,623
OCIP (asset)	$ (483)	$ (938)

The activity of all funds held by the OCIP reinsurer consists of the following for 2022 and 2021 (in thousands):

	2022	2021
Funds held by OCIP insurers—beginning of year	$ 7,301	$ 7,614
Interest income	61	14
Reimbursement to the Company for Safety and Loss Control		
Claims payments	455	(327)
Funds held by OCIP reinsurer	$ 7,817	$ 7,301

OCIPs Covering 2000–2004 Capital Program—The Company entered into three agreements with AIG covering portions of the 2000–2004 MTA Capital Program effective October 1, 2000: (1) LIRR/MNCR 2000–2004 capital improvement program; (2) NYCT 2000–2004 lines structures/shops, yards and depots capital improvement program; and (3) NYCT 2000–2004 stations and escalators/elevators capital improvement program. The combined collateral requirements are $86,094, which consist of $10,385 for the LIRR/MNCR OCIP, $52,709 for the NYCT 2000–2004 lines structures/shops, yards and depots capital improvement program and $23,000 for the NYCT 2000–2004 stations and escalators/elevators capital improvement program. The collateral posted by the Company to secure its reimbursement of the insurer's payments is invested by the insurer with interest returning to the Company at a guaranteed annual rate of return. The Company earned $16 and $2 during the years ended December 31, 2022 and 2021, respectively. The interest earned will be used to make the Contractor Safety Incentive program payments to contractors with favorable loss experience. Any monies not used to pay losses or utilized for the Contractor Safety Incentive Program will be returned to the agencies at the end of the OCIPs. There were withdrawals from the Company of $4 and $0 and claim payments of $63 and $94 during the years ended December 31, 2022 and 2021, respectively.

OCIP-LIRR/MNCR 2005–2009 Capital Improvement Projects—Effective June 1, 2006, the Company entered into a new OCIP insurance program for LIRR/MNCR for capital projects in the 2005–2009 MTA Capital Program. Like the other programs, the interest income generated from the funds being held will be used to pay Contractor Safety Incentive program payments. The Company has earned $4 and $0 in interest income during the years ended December 31, 2022 and 2021, respectively. There were no withdrawals from the Company during the years ended December 31, 2022 and 2021, respectively.

Second Avenue Subway Project—Effective January 31, 2007, the Company entered into an OCIP program for the $2,500,000 Second Avenue Subway Project. This is a multi-year agreement with AIG covering Workers' Compensation and General Liability for the Third-Party contractors, MTA and all its subsidiaries up to $500,000. This OCIP, like the others, requires the Company to post collateral for all losses related to workers' injuries. In 2022 and 2021, $6,001 and $5,447 has been set aside to cover this exposure, respectively. During 2022 and 2021, the Company earned $41and $12 in interest, respectively, with withdrawals of $513 in 2022 and claim payments of $233 in 2021.

East Side Access Project ("ESA")—Effective April 1, 1999, the Company entered into an OCIP program for the East Side Access Project. It was a multi-year agreement with Liberty Mutual, the insurer, to insure third party contractors and the MTA and all its subsidiaries up to $300,000 for Workers' Compensation and General Liability. The insurer required the Company to hold the collateral and loss funding for the first $500 per occurrence. On April 1, 2016, this coverage was renewed to April 1, 2021 and then in 2021 further extended to April 1, 2023. The program ended as of April 1, 2023. The Company will now hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $1,900 from General Liability.

East Side Access Project – Excess General Liability—Effective August 1, 2018, the company entered into program to insure $10,000 per occurrence and aggregate of General Liability coverage in excess of $2,000 for claims related to the East Side Access Project. In 2021, this coverage was extended to April 1, 2023. The program ended as of April 1, 2023.

NYCT 2005–2009 Capital Improvements Projects—Effective August 1, 2006, the Company entered into a multi-year agreement with Liberty Mutual and the MTA whereby the Company will hold the collateral and loss funding for the first $500 per occurrence resulting from Workers' Compensation and General Liability losses during the NYCT's 2005–2009 Capital Improvement Projects.

MTA 2012–2014 Combined Capital Construction Program—Effective October 1, 2012, the Company entered into a multi-year agreement with ACE American Insurance Company and the MTA whereby the Company will hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $1,500 from General Liability losses during the MTA 2012–2014 Combined Capital Construction Program.

MTA 2015–2019 Combined Capital Construction Program—Effective June 30, 2017, the Company entered into a multi-year agreement with Starr Indemnity & Liability Company and the MTA whereby the Company will hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $1,500 from General Liability losses during the MTA 2015–2019 Combined Capital Construction Program.

MTA 2021–2025 Combined Capital Construction Program Bridge Program—Effective June 30, 2021, the Company entered into a multi-year agreement with Liberty Mutual and the MTA whereby the Company will hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $1,500 from General Liability losses during the MTA 2021–2025 Combined Capital Construction Bridge Program. On February 9, 2022, this coverage was extended to June 30, 2027.

MTA LIRR 3rd Track Program—Effective January 1, 2018, the Company entered into a multi-year agreement with Starr Indemnity & Liability Company and the MTA whereby the Company will hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $1,500 from General Liability losses until January 1, 2024.

MTA 2022-2024 Mini RFP Program—Effective June 30, 2022, the Company entered into a multi-year agreement with ACE American Insurance Company and the MTA the Company will hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $2,500 from General Liability losses until June 30, 2028.

Builder's Risk—Effective October 1, 2001, the Company renegotiated the terms and conditions of the reinsurance coverage it purchased from Zurich for the Builder's Risk Insurance Program ("BR") provided to cover the following 2000–2004 capital program OCIPs:

1. Long Island Rail Road/Metro-North Commuter Railroad Capital Improvement Program;
2. NYCT's Lines Structures/Shops, Yards & Depots Capital Improvement Program, and
3. NYCT's Stations & Elevators Capital Improvement Program

The Company's policy and reinsurance agreements provide the capital projects listed above with limits of $50,000 in the aggregate. In consideration of $950 in net retained premium, the Company issues a deductible reimbursement policy with limits of $75 excess of $25 contractor deductible.

Similar to the above BR program, effective July 31, 2006, the Company entered into a new BR program for the following 2005–2009 capital program OCIPs:

1. Long Island Rail Road/Metro-North Commuter Railroad Capital Improvement Program and
2. NYCT's 2005–2009 Capital Improvement Program

The Company's policy and reinsurance agreements from Zurich provide the capital projects listed above with limits of $50,000 in the aggregate. In consideration of $7,500 in net retained premium, the Company issues a deductible reimbursement policy with limits of $475 excess of $25 contractor deductible.

In 2005, the Company received approval to expand its Builder's Risk Insurance Program to directly insure the MTA and its agencies for property claims while various capital improvement projects are under construction. The policy will cover selected capital improvement projects and was bound June 1, 2005, with limits of $300,000 per occurrence subject to the $100,000 self-insured retention. In consideration of a ceded premium of $12,750, the Company purchased reinsurance for the East Side Access Project from Zurich limiting its exposure to the $100,000 per occurrence self-insured retention. In 2007, this limit was bought down to $50,000 for an additional premium of $5,053. In 2014, this coverage was extended to May 31, 2021, for an additional ceded premium of $18,106 and then further extended to December 31, 2022, for an additional ceded premium of $7,202. The Company also purchased reinsurance for the Second Avenue Subway Project. In consideration of ceded premium of $13,362, reinsurance covering losses up to $500,000 excess of $50,000 was purchased from Zurich. The reinsurance purchased by the Company will include an aggregate stop loss provision, whereby the Company will limit its total liability to $125,000 in the aggregate.

Similar to the above BR programs, effective November 1, 2012, the Company entered into a new BR program for various MTA 2012–2014 combined capital program OCIPs. The Company issues a BR policy, to the MTA, with limits of $50,000 per occurrence with a $25 contractor deductible. The Company also purchased reinsurance from ACE with limits of $50,000 per occurrence with at $250 deductible.

Effective June 30, 2017, the Company wrote a builders risk deductible reimbursement policy with the MTA for the 2015-2019 Combined Capital Construction Program with limits of $250 per occurrence, $1,000 per occurrence for peril of Flood with a $25 contractor deductible per claim. The policy will expire on June 30, 2023. Effective June 1, 2021, the policy was extended from June 30, 2023 to June 30, 2025 for an additional premium of $480.

On January 1, 2018, the Company wrote a builders risk deductible reimbursement policy with the MTA for the LIRR 3rd Track project with limits of $250 per occurrence with a $25 contractor deductible per claim. The policy will expire on January 1, 2024.

On June 30, 2022, the Company wrote a builders risk deductible reimbursement policy with the MTA for the Mini RFP project with limits of $250 per occurrence with a $25 contractor deductible per claim. The policy will expire on June 30, 2028.

On September 26, 2022, the Company wrote a builders risk liability policy with the MTA for the Metro-North Penn Station Access project with limits of $1,400 per occurrence and in aggregate. The policy was written for 60 days.

On December 31, 2022, the Company wrote a builders risk deductible reimbursement policy with the MTA for the Metro-North Penn Station Access project with limits of $500 per occurrence. The policy will expire on July 29, 2027.

6. LOSS AND LOSS ADJUSTMENT EXPENSES AND REINSURANCE

The following schedule presents changes in the loss and loss adjustment expense liabilities during 2022 and 2021 (in thousands):

	2022	2021
Loss and loss adjustment expense liability—beginning of year	$ 712,336	$ 538,881
Loss reinsurance recoverable on unpaid losses and loss expenses	(92,609)	(3,276)
Net balance—beginning of year	619,727	535,605
Loss and loss adjustment expenses	72,786	146,576
Payments attributable to insured events of the current year	(88,727)	(62,454)
Net balance—end of year	603,786	619,727
Plus reinsurance recoverable on unpaid losses and loss expenses	91,424	92,609
Loss and loss adjustment expense liability—end of year	695,210	712,336
Less current portion	69,627	71,840
Long-term liability	$ 625,583	$ 640,496

7. RELATED PARTY TRANSACTIONS

The Company provides insurance coverage for the MTA and its component units. The premium revenue from related parties during the period and receivable for the years ended December 31, 2022 and 2021, was as follows (in thousands):

	2022		2021	
	Receivable	Earned	Receivable	Earned
LIRR	$ 14,964	$ 11,743	$ 7,448	$ 10,042
MNCR	1,986	2,089	1,851	2,613
MTA	103,363	114,958	60,172	90,579
	$ 120,313	$ 128,790	$ 69,471	$ 103,234

Included in General and Administrative expenses for the years ended December 31, 2022 and 2021, respectively, are amounts the MTA charged of $8,297 and $7,970, respectively, to FMTAC for risk management services provided to the Company of which $7,500 and $3,750 remain as a liability at December 31, 2022 and 2021, respectively.

8. NYCTA BICYCLE CASE

On April 10, 2016, the Plaintiff rode his bicycle, through a cordoned off construction site beneath the elevated BMT line on Broadway in Bushwick, Brooklyn. The MTA New York City Transit Authority was replacing rotted cross ties and lowering them into a designated "drop zone." Plaintiff was hit by a discarded tie that was being dropped to the ground per MTA New York City Transit Authority protocols. Plaintiff sustained severe and permanent injuries including paraplegia. A Kings County jury found the MTA New York City Transit Authority 100% liable and returned a $110 million verdict. The judge reduced the verdict to $69 million. The Authority appealed. Oral Argument has not yet been scheduled by the appellate court. Thus, an appellate decision is not expected until late 2023. The settlement negotiations have not been productive as Plaintiff insists on recovering the entire judgment amount. The case has been reported to ELF which would be responsible for settlement up to $39.3 million or the remaining limits available excess of the Agency's $11 million self-insured retention.

9. BACKGROUND RELATING TO THE GLOBAL CORONAVIRUS PANDEMIC

The coronavirus outbreak continues to have an adverse and severe impact on the MTA's financial condition and operating results. On March 12, 2020, the World Health Organization declared the COVD-19 outbreak to be a pandemic in the face of the global spread of the virus. The COVID-19 pandemic has dramatically altered the behavior of businesses and people in a manner that continues to have negative effects on global and local economies. On March 7, 2020 Governor Cuomo declared a Disaster Emergency in the State of New York and on March 13, 2020 President Donald Trump declared a national state of emergency as a result of the COVID-19 pandemic. The State's NY Forward guidelines promulgated in May, 2020 established metrics to implement a staged reopening of the State and progress has been made, particularly with increased availability of vaccines. COVID-19 impacts to the Company are as follows:

- Dramatic declines in MTA public transportation system ridership have had a negative impact on the Company's revenue as some premiums are based on ridership, traffic on platforms and percentage of completion of construction projects. The steep fall in ridership volume, as well as the temporary suspension of certain construction projects reflects impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic.

- Up to this point, there has been no interruption in the MTA paying premiums to the Company.

10. SUBSEQUENT EVENTS

The Comapany has evaluated all subsequent events through May 31, 2023, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2022. As of May 31, 2023, there were no subsequent events that required recognition or disclosure.

******

TAB 4

ACTUARIAL CERTIFICATION

TAB 4

First Mutual Transportation Assurance Company
State of New York

Statement of Actuarial Opinion
as of December 31, 2022

IDENTIFICATION

I, Steven G. McKinnon, am a Senior Principal of the firm of Oliver Wyman Actuarial Consulting, Inc. I was appointed by the Board of Directors of First Mutual Transportation Assurance Company (hereinafter referred to as "FMTAC" or "the Company") on August 1, 2017 to render an opinion on the Company's December 31, 2022 loss and loss adjustment expense reserves as filed with the Department of Financial Services of the State of New York. I am a member of the American Academy of Actuaries and meet the definition of a Qualified Actuary per the NAIC Annual Statement Instructions – Property and Casualty, Actuarial Opinion. I am a member in good standing and a Fellow of the Casualty Actuarial Society.

SCOPE

These reserves, as included in the Financial Statement as of December 31, 2022 of the Company, are summarized in the attached Exhibit A and reflect the loss reserve disclosures detailed in Exhibit B.

The intended purpose of this actuarial opinion is to satisfy the requirement for an annual actuarial certification of loss and loss adjustment expense reserves. The loss and loss adjustment expense reserves are the responsibility of the Company's management; my responsibility is to express an opinion on these loss and loss adjustment expense reserves based on my review. My review included such tests and examinations of the actuarial assumptions, methods and calculations used in determining the reserves listed in Exhibit A as I considered necessary in the circumstances.

In forming my opinion, I have relied on data evaluated as of December 31, 2022 and reviewed information provided to me by the Company through February 28, 2023 (review date). This information was provided by Ms. Claudia Reuben (current Deputy Director, MTA Risk and Insurance Management and current Vice President and Secretary of FMTAC), Mr. Laudwin Pemberton (current Acting Deputy Director, MTA Risk and Insurance Management and Acting Vice President of FMTAC), and their designees. I have performed no verification as to the accuracy of this data; however, I have evaluated the data for reasonableness and consistency. My evaluation did not reveal any data issues materially impacting the results of my analysis.

My review was limited to the items included in Exhibit A and did not include a review of other balance sheet or any income statement items. Data underlying the loss and loss adjustment expense reserves is compiled on a basis net of salvage and subrogation received. Reserves developed using this data implicitly anticipate future salvage and subrogation recoveries. I have not separately reviewed the anticipated salvage and subrogation or any recoverable other than reinsurance recoverables.

OPINION

In my opinion, giving consideration to the Relevant Comments herein, the Company's December 31, 2022 reserves carried in Exhibit A on account of the items identified above:

A. Meet the relevant requirements of the insurance laws of New York;
B. Are consistent with reserves computed in accordance with accepted loss reserving standards;
C. Make a reasonable provision, in the aggregate, for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its policies and agreements.

RELEVANT COMMENTS

A. Risk of Material Adverse Deviation

There are several factors that may result in actual net future loss and loss adjustment expense payments that are greater than the Company's net carried reserves. I have identified the major risk factors as the long-tailed nature of the liability exposures covered by the Company and the potential for catastrophic claims to trigger a large claim under the Excess Loss Program. The absence of other risk factors does not imply that additional risk factors will not be identified as being major risk factors in the future.

- Nature of Coverages Written – The Company has historically written workers compensation and general liability coverages. The ultimate value of these claims is subject to considerable variability and uncertainty due to their long-tailed nature. There may be significant time lag from the accident date to the date a claim is filed, as well as additional time lag from the date the claim is reported to the date the claim is settled and paid.

- Potential for Large Claim in Excess Loss Program – Under the Excess Loss Program, the Company provides $50 million of coverage, on a per occurrence basis and in the aggregate annually, to MTA agencies above a self-insured retention. The self-insured retentions of the agencies vary by program and year and are as high as $11 million per occurrence. The Company is also currently responsible for gross losses above $95 million per occurrence in excess of the Agency self-insured retentions with a limit of $265 million. Similar structure, with various attachment points and limits, existed during prior years.

As the appointed actuary for the Company's unpaid liabilities, I am required to provide a materiality standard for determining the risk of material adverse deviation. I have selected a materiality standard of 15% of the Company's total capital and surplus, or $28,851,506. This materiality standard considers the purpose of this opinion, my review of the Company's historical claim data, and coverages written by the Company. Other measures of materiality may be used for reserves that are being evaluated in a different context.

In my opinion, there is a significant risk of material adverse deviation from the carried net reserve amounts. I have considered the materiality standard listed above, as well as the major risk factors discussed above, in making this determination.

TAB 4

B. Reinsurance

The actuarial report prepared in support of this opinion includes a summary of the Company's ceded reinsurance that is, or could be, material to the Company's ceded loss and loss adjustment expense reserves as of December 31, 2022. This information was provided by the Company and is assumed to be materially accurate and complete. An assessment as to whether or not the reinsurance contracts meet the requirements for reinsurance accounting is a management and accounting decision, and I express no opinion in this regard.

Based on representations made by the Company and the Company's description of its ceded and assumed reinsurance agreements, I am not aware of any reinsurance contract having a material effect on the loss and loss adjustment expense reserves that either has been or should have been accounted for as retroactive reinsurance or as financial reinsurance.

I note that there is currently a $90 million property claim associated with damage caused by Hurricane Ida in 2021. This claim is 100% reinsured, and I have accepted the $90 million reserve for this claim provided by the Company without further review.

The Company has represented that it knows of no uncollectible reinsurance cessions within the last two years. However, the Company has represented that there is an ongoing dispute with the property reinsurer(s) regarding a claim associated with the COVID-19 pandemic. Due to the immaturity of this claim, the Company cannot estimate the value of this claim or identify the reinsurer(s) that may be involved in this claim. I have relied on the Company's assessment of the potential for uncollectible reinsurance.

C. Other Disclosures

Accounting Standard
The Company has represented that the reserves on which I am expressing an opinion were prepared in accordance with the United States Generally Accepted Accounting Principles.

Salvage and Subrogation
Data underlying the loss and loss adjustment expense reserves is compiled on a basis net of salvage and subrogation received. Reserves developed using this data implicitly anticipate future salvage and subrogation recoveries. I have not separately reviewed the anticipated salvage and subrogation recoverable.

Discount
Reserves are provided on an undiscounted basis and do not consider the time value of money.

Underwriting Pools and Associations
The Company has represented that it does not participate in pools and associations.

Asbestos and Environmental Exposure
I have reviewed the Company's exposure to asbestos and environmental claims. In my opinion, there is a remote possibility of material liability since the Company has represented that its policies have exclusions for asbestos and environmental exposure and there have been no reported asbestos or environmental claims reported to date.

Risk Margin
The carried reserves do not include an explicit risk margin.

D. Additional Comments

Unpaid loss and loss adjustment expense liabilities are subject to inherent uncertainty due to the variability of fortuitous outcomes of contingent events which may affect loss and loss adjustment expense costs. In evaluating whether the reserves make a reasonable provision for unpaid losses and loss adjustment expenses, it is necessary to project future loss and loss adjustment expense emergence and payments. It is virtually certain that actual future losses and loss adjustment expenses will not develop exactly as projected and may, in fact, vary significantly from the projections. No warranty is expressed or implied that this will not occur.

In my evaluation, I considered uncertainties related to the COVID-19 pandemic, including but not limited to:

- uncertainty related to regulatory, legislative and judicial decisions;
- impacts to claim frequency and claim severity;
- the potential slowdown in claim notification, quantification and settlement processes; and
- the potential impact on future loss development patterns and settlement amounts.

I have neither examined the assets of the Company nor formed any opinion as to the value or validity of the assets. My review was limited to the items noted in the scope paragraph and did not include an analysis of any income statement or other balance sheet items. My opinion that the reserves make a reasonable provision in the aggregate for the unpaid loss and loss adjustment expense obligations of the Company presumes that these reserves are backed by valid assets and that these assets reflect suitably scheduled maturities and/or sufficient liquidity to meet cash flow requirements.

Supporting Documents and Usage

This statement of opinion is intended solely for the use of, and only to be relied upon by, the Company and the state of New York.

An actuarial report and underlying work papers supporting the findings expressed in this Statement of Actuarial Opinion are being provided to the Company to be retained for a period of seven years at its administrative offices and are available for regulatory examination.

Steven G. McKinnon, FCAS, MAAA, FCA
Oliver Wyman Actuarial Consulting, Inc.
68 South Service Road, Suite 100
Melville, NY 11747
(631) 577-0555
Steven.McKinnon@oliverwyman.com

March 1, 2023

Exhibit A – SCOPE

Loss Reserves:		**Amount**
1.	Gross Reserve for Unpaid Losses (Page 2, Line 17)	$670,651,424
2.	Gross Reserve for Unpaid Loss Adjustment Expenses (Page 2, Line 18)	$24,559,185
3.	Gross Reserve for Unpaid Losses and Loss Adjustment Expenses [= (1) + (2)]	$695,210,609
4.	Reinsurance Recoverable on Unpaid Losses and Loss Adjustment Expenses (Page 2, Line 9)	$91,424,118
5.	Reserve for Unpaid Losses and Loss Adjustment Expenses [= (3) - (4)]	$603,786,491

Exhibit B – DISCLOSURES

1. Name of the Appointed Actuary:

Last Name	First Name	Middle
McKinnon	Steven	G

2. The Appointed Actuary's Relationship to the Company. C
   E if an Employee
   C if a Consultant

3. The Appointed Actuary is Qualified Actuary based upon F
   Enter F, A, M, or O based upon the following:
   F if a Fellow of the Casualty Actuarial Society (FCAS)
   A if an Associate of the Casualty Actuarial Society (ACAS)
   M if not a member of the Casualty Actuarial Society, but a Member of the American Academy of Actuaries (MAAA) approved by the Casualty Practice Council, as documented with the attached approval letter.
   O for Other

4. Type of Opinion, as Identified in the OPINION paragraph. R
   R if Reasonable
   I if Inadequate or Deficient Provision
   E if Excessive or Redundant Provision
   Q if Qualified. Use Q when part of the OPINION is Qualified
   N if No Opinion

5. Materiality Standard expressed in $US $28,851,506

6. Is there a Significant Risk of Material Adverse Deviation?
   Yes [X] No [ ] Not Applicable [ ]

7. Statutory Surplus $192,343,372

TAB 5

REGULATORY CHECKLIST

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY

New York Regulatory Compliance Report
As of May 24, 2023

Description	*Requirement / Due Date*	*Comments/Date Completed*
	Financial Reports & Examinations	
File Annual Report with NYSDFS	Within 60 days of fiscal year end	March 1, 2023
File Actuarial Certification of Loss Reserves.	Within 60 days of fiscal year end	March 1, 2023
File Audited Financial Statements with NYSDFS	July 1	In progress
File Parent Company Annual Report with NYSDFS	Annually	In progress
Examination by NYSDFS	Every 5 years	Last exam as of 2020 – field work is complete – waiting on final report
	Taxes & Fees	
File Premium Tax (Franchise Tax) Return with NYS Tax Dept	Within 3 ½ months after the reporting period (April 15 for December YE)	FMTAC is exempt from NYS taxes
Pay Premium Tax to NYS Tax Dept.	Due quarterly 3/15, 6/15, 9/15, 12/15	FMTAC is exempt from NYS taxes
NYS Department of Financial Services Examination Fees	Due at the end of an exam, based on time incurred.	Will be paid as invoiced
Pay Assessment Surcharge per Section 206 of NYSDFS Law	Due quarterly when invoiced by NYSDFS	FMTAC is exempt from NYSDFS Assessments
	Underwriting	
Changes in insurance programs (coverage, limits, reinsurers)	Approval is required for business plan changes	In Compliance
Insurance policies and reinsurance agreements	Insurance documentation must be on file in principal office in New York	In Compliance
	Investments	
Maintain Minimum required capital and surplus in prescribed form [Cash, LOC, or investment type as described in section 7004, section (b)(2)]	$250,000 of total surplus ($100,000 shall represent paid-in capital)	In Compliance
Intercompany loans	Prior approval from NYSDFS required	In Compliance
	Corporate Governance	
Notify changes of Directors and Officers to NYSDFS	Notify within 30 days and submit biographical affidavits for any new individuals	Biographical affidavits not applicable. Notice of appointments of new MTA/FMTAC directors (made by Governor following background checks and Senate confirmation process) are made to NYSDFS within 30 days. NYSDFS fingerprinting requirement has been waived.

TAB 5

Description	*Requirement / Due Date*	*Comments/Date Completed*
Corporate Governance, con't		
File Certificate of Compliance for License Renewal with NYSDFS	Annually by June 30	In progress
Certificate of Designation	Information needs to remain current	In Compliance
NYS Resident Directors	Minimum of two NY resident directors	In Compliance
Hold Annual Meeting of Directors	Must be held annually in NYS	In Compliance – May 24, 2023
Other Filings		
NY Cyber Regulation	Sec 500.17b written statement by Captive they are in compliance is due April 15, 2023	April 13, 2023
Annual Terrorism Risk Insurance Act ("TRIA") data reporting	Annually, May 15	2023 data was submitted on May 10, 2023

TAB 6

INVESTMENT REPORT

TAB 6

FMTAC Board Presentation

May 2023

BlackRock

FMTAC Board Presentation

BlackRock managed portfolios for First Mutual Transportation Assurance Company include:

- FMTAC Ace American Trust
- FMTAC Discovery Re Trust
- FMTAC Excess Loss Fund
- FMTAC General Operating Account
- FMTAC Liberty Trust East Side Access
- FMTAC Liberty Trust '06 NY Transit Authority
- FMTAC Master Builders' Risk
- FMTAC Star Indemnity

TAB 6

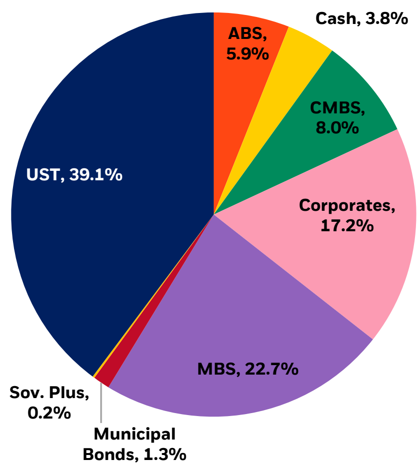
FMTAC Aggregate Portfolio

FMTAC-AGG

Total Portfolio: Sector Positioning & Characteristics

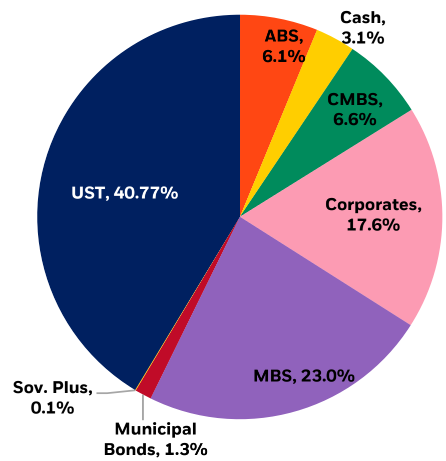
Portfolio Change

As of December 31, 2022



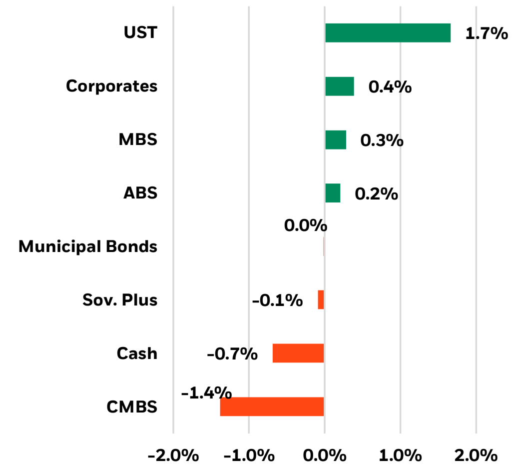
	Portfolio
Duration	4.48
Avg. Moody's/S&P Rating	Aa1/AA
Market Yield	4.81
Book Yield (excl. Cash)	2.61
YTD Interest Income ($000)	18,320
Net Asset Value ($000)	775,580

As of March 31, 2023



	Portfolio
Duration	4.69
Avg. Moody's/S&P Rating	Aa1/AA
Market Yield	4.57
Book Yield (excl. Cash)	2.95
YTD Interest Income ($000)	5,651
Net Asset Value ($000)	839,118

Portfolio Change 12/31/2022 vs. 03/31/2023



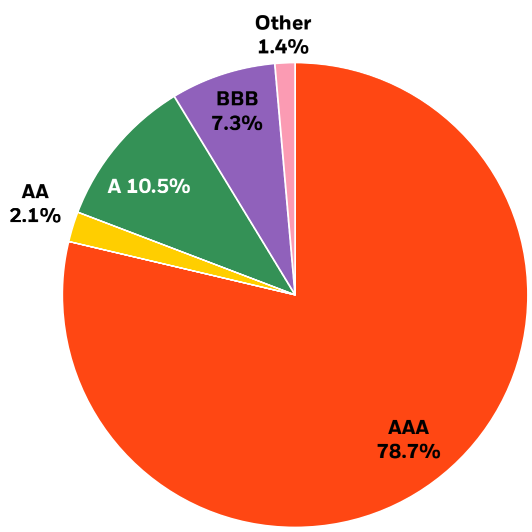
Portfolio Change 12/31/2022 vs. 03/31/2023	
Chg. in Duration	+21 bps
Avg. Moody's/S&P Rating	No Change
Market Yield	-24 bps
Book Yield (excl. cash)	+34 bps
Net Assets Value ($000)	+63,538
Unrealized G/L ($000)	+22,575

Note: MBS above consists of 30YR & 15 YR passthroughs, agency ARM's & CMO's. Other credit includes HY, EM, and sovereign plus
Benchmark: No Benchmark

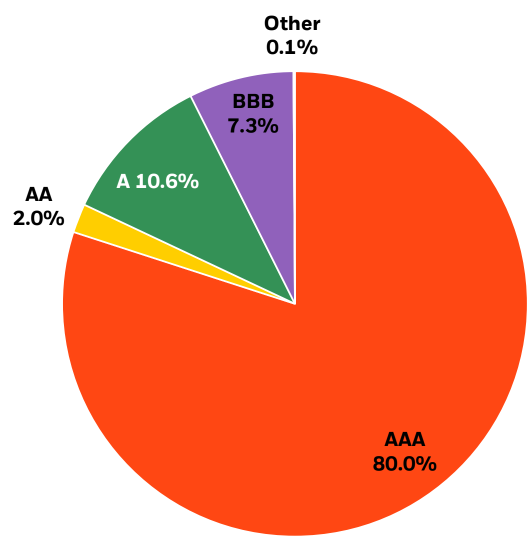
Total Portfolio: Ratings & Duration

Portfolio Change

As of December 31, 2022



As of March 31, 2023

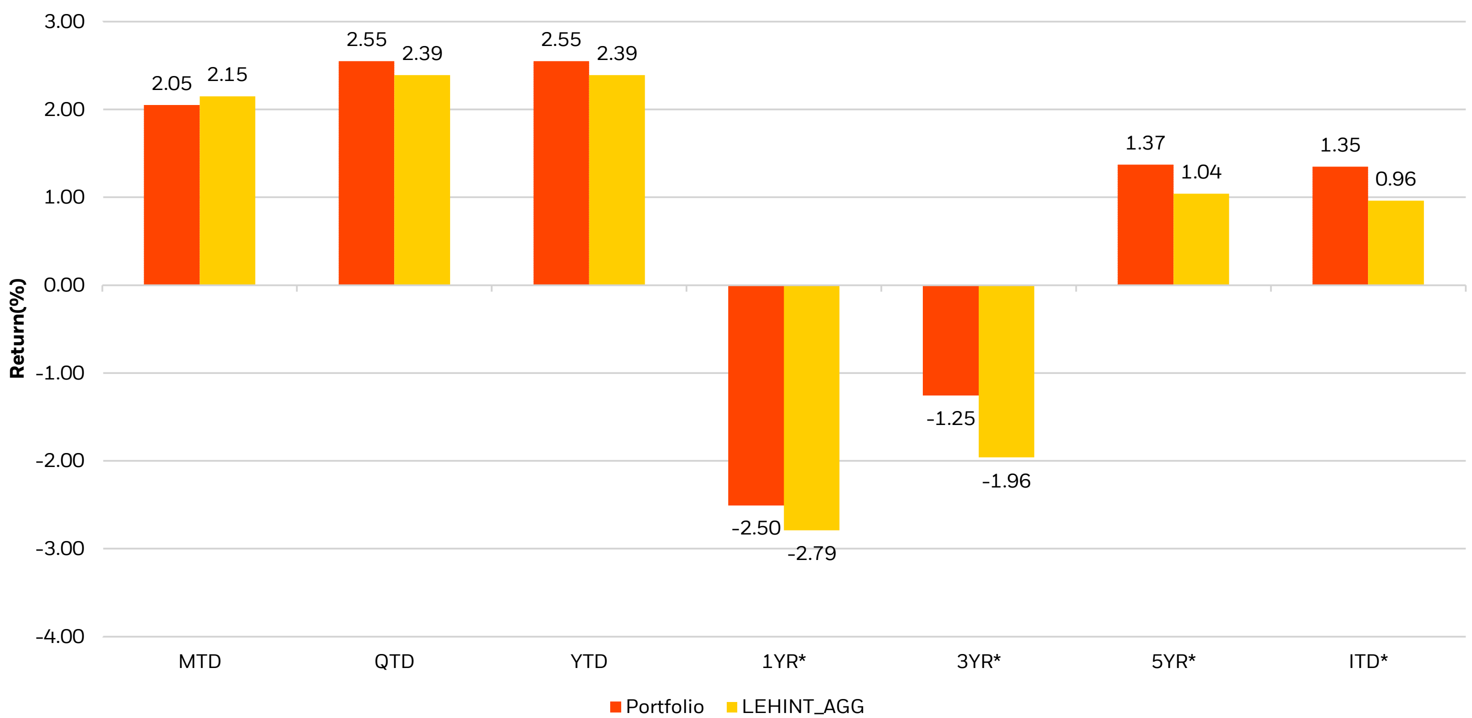


Effective Durations Buckets as of March 31, 2023

	Total	<1Y	1Y-5Y	5Y-10Y	10Y-20Y	20Y+
Duration	4.69	0.47	3.12	6.58	15.04	20.34
Market Value%	100.0%	14.3%	44.3%	35.4%	6.0%	0.1%

Standard Barclays Rating
Benchmark: No Benchmark

Aggregate Portfolio Performance (%)
As of March 31, 2023



***Annualized Performance**

- LEHINT_AGG = BBG Intermediate Aggregate Index

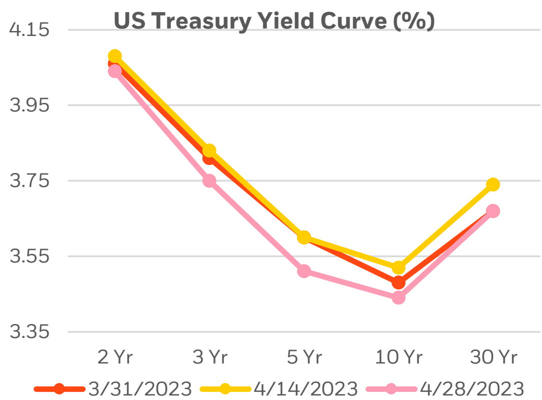
-The Aggregate Portfolio is not managed to an official benchmark
-The listed index is for illustrative purposes at the request of FMTAC, but is not an official contracted benchmark to the Aggregate Portfolio. This index was selected as it is has comparable asset classes and duration to the Aggregate Portfolio.
-Official performance is measured at the individual portfolio level as displayed on slide 34

TAB 6

Macro Outlook

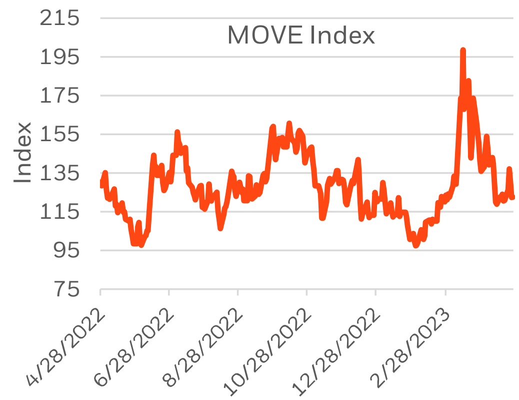
April 2023: Volatility Subsides but Concerns Remain

US Treasury yields remained notably rangebound prior to the May 3rd FOMC



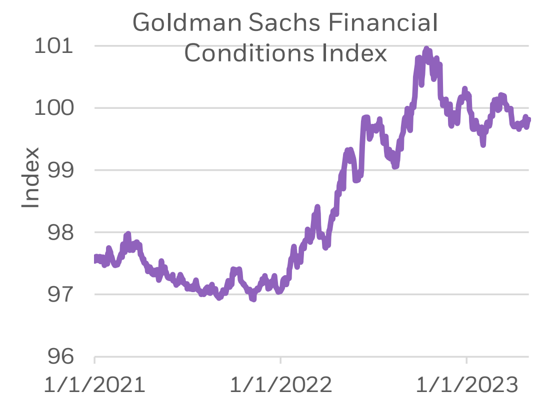
Source: The US Treasury. Data as of April 30th, 2023.

Interest rate volatility likewise subsided to levels last seen in the beginning of the March



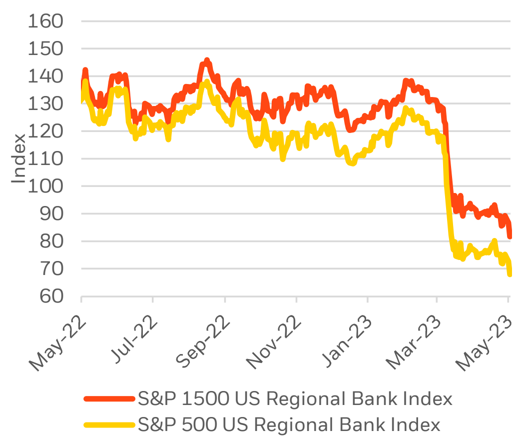
Source: Bloomberg. Data as of April 30th, 2023. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an index.

Financial conditions moderated to pre-march levels despite bank worries



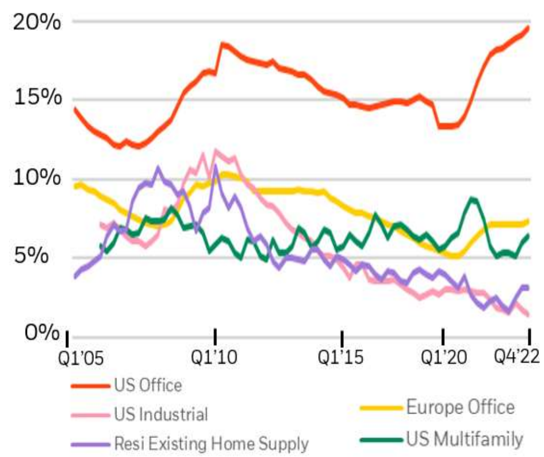
Source: Source: Bloomberg. Data as of April 30th, 2023. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an index.

Headline risk and solvency concerns continued to weigh on US Regional Bank valuations



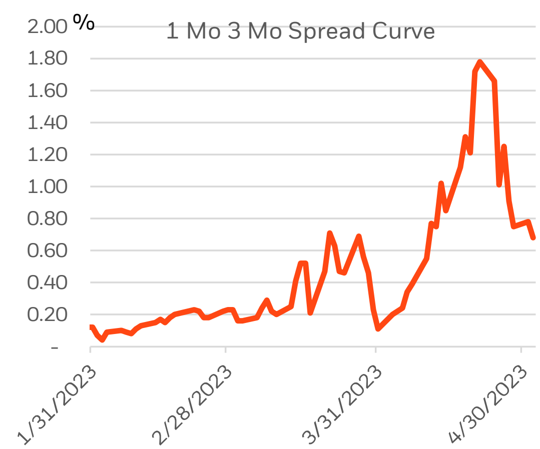
Source: Bloomberg, data as of May 2nd, 2023. It is not possible to invest directly in an index. A higher number indicates tighter conditions. .

Office space has suffered high vacancies in contrast to other real estate sectors



Source: Bloomberg. Data as of May 2nd, 2023.

The 1m3m curve aggressively steepened as debt ceiling 'x' date could be 1-3 months away

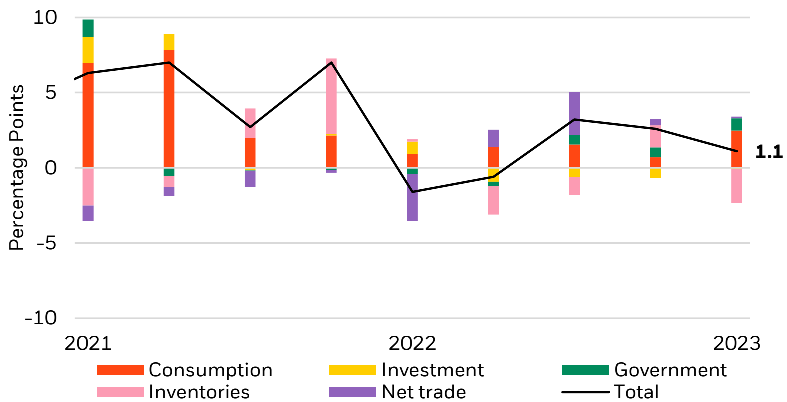


Source: The US Treasury. Data as of April 30th, 2023.

TAB 6

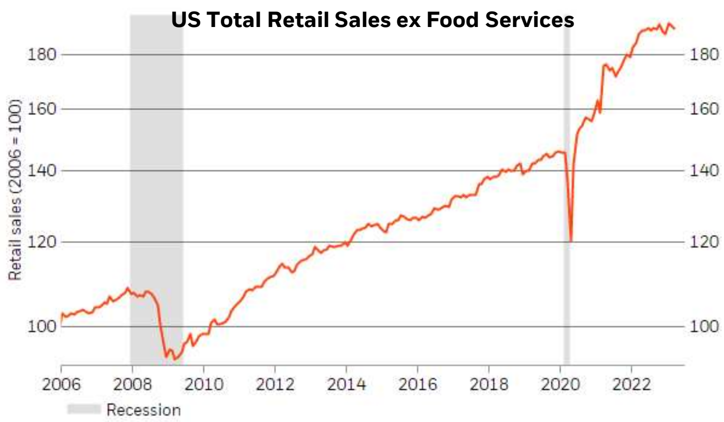
Global Economy: Slowly Deteriorating but Not Plunging

US GDP growth undershooting consensus due to a decrease in existing inventory



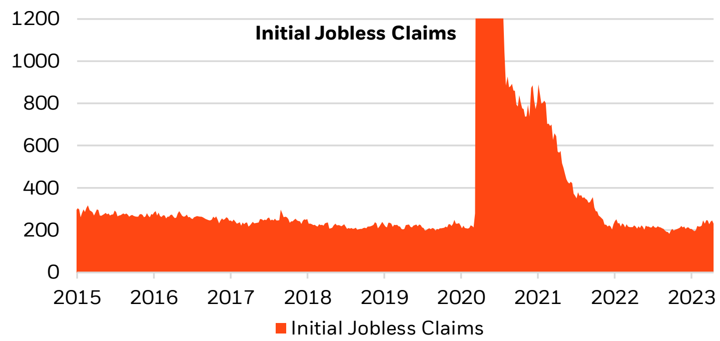
Sources: Refinitiv Datastream, Bureau of Economic Analysis and BlackRock Investment Institute as of April 27th, 2023

While retail sales remain resilient due to a tight labor market and decent wage growth, recent print showed signs of softening



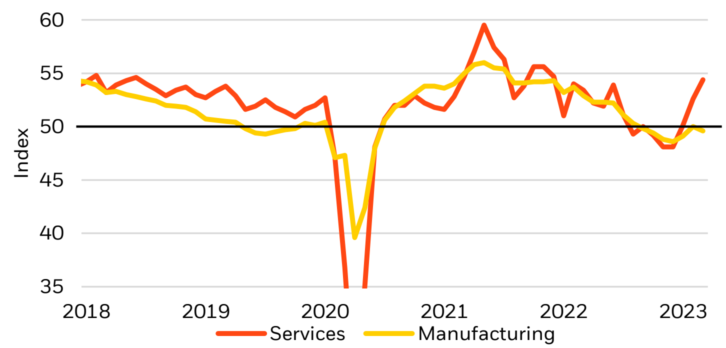
Sources: Refinitiv Datastream, by BlackRock Investment Institute, as of April 26th, 2023

Initial claims corroborates that the labor market still remains fairly solid, with the four-week moving average moving sideways since late March



Source: Refinitiv Datastream, Bureau of Labor Statistics, ADP, by BlackRock as of April 21st, 2023.

Some weakness in global manufacturing against strong services and construction activity still leaves the economy in a healthy position



Source: Refinitiv Datastream, IHS Markit and JP Morgan. Chart by BlackRock Investment Institute. Data as of April 15th, 2023. Note: PMI stands for Purchasing Managers' Indexes. PMI is an economic indicator that is derived from monthly surveys of private sector companies.

Inflation: Slowly Moving Lower but Stickier Than Expected

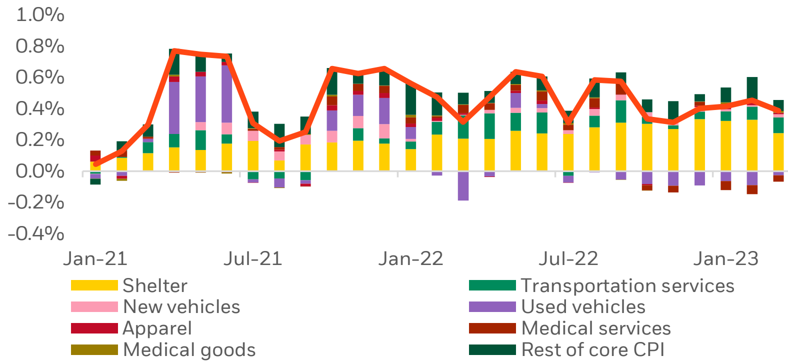
We think inflation may have peaked but strong shelter inflation is likely to keep levels elevated until midyear 2023

Source: BlackRock, as of April 26th 2023. The yellow data points are forecasts. Forecasts are based on estimates and assumptions. There is no guarantee that they will be achieved. The BlackRock forecasts takes into the account of the relationship between rates of core inflation and a broad set of economic indicators including measures of slack, inflation expectations, and other inflation-related data such as business surveys and wages. It also incorporates a proprietary big data signal from BlackRock's Systematic Active Equity team measured through text-mining of commentary on inflation.

Price pressure from services will be an important gauge going forward as the rotation from goods to services continues

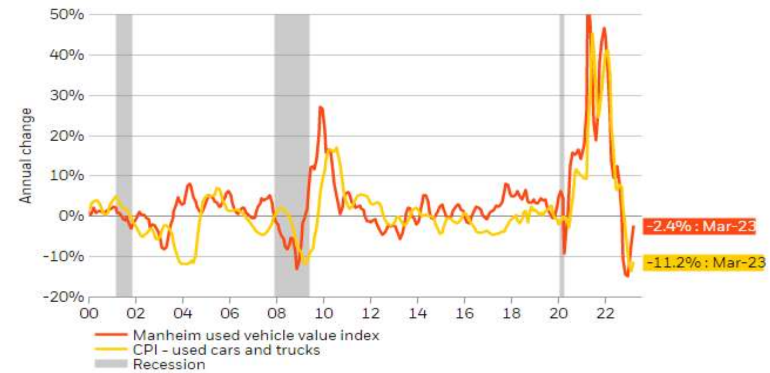
Source: Refinitiv Datastream, BlackRock,; as of April 26th 2023

In last months report we finally saw early signs of broad based softening of inflationary pressure



Source: Bureau of Labor Statistics and Haver Analytics, as of April 28thst, 2023

We are seeing real time indicators that car prices are picking back up



Source: BlackRock, Refinitiv Datastream, BlackRock Investment Institute, as of April 5th, 2023.

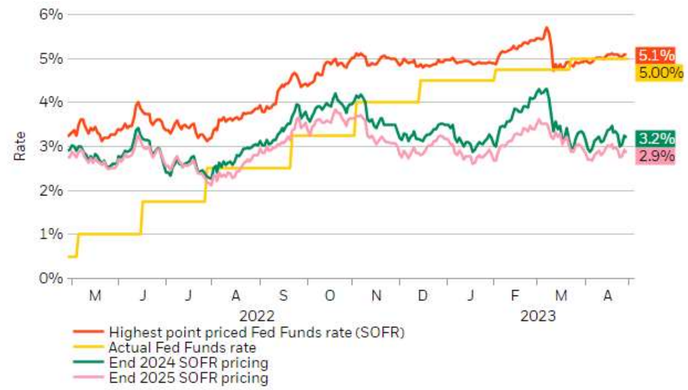
The Federal Reserve: Potential to Slow

Since the March FOMC meeting, the market is now pricing in roughly 80 bps of cuts over the next year

	OIS level	Priced for each meeting	Cumulative hikes priced
Spot	4.83		
May 2023	5.06	23 bp	23 bp
Jun 2023	5.12	5 bp	29 bp
Jul 2023	5.07	-5 bp	24 bp
Sep 2023	4.91	-15 bp	8 bp
Nov 2023	4.70	-21 bp	-13 bp
Dec 2023	4.49	-21 bp	-34 bp
Jan 2024	4.25	-24 bp	-58 bp
Mar 2024	4.02	-23 bp	-81 bp

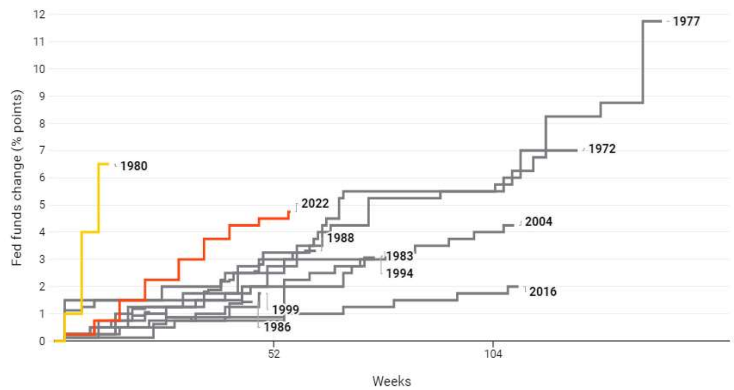
Source: Bloomberg, BLK RQA as of April 26th, 2023.

We expect the Fed to raise the federal funds rate target range by 25 bps to 5.00% to 5.25% percent at the May FOMC meeting



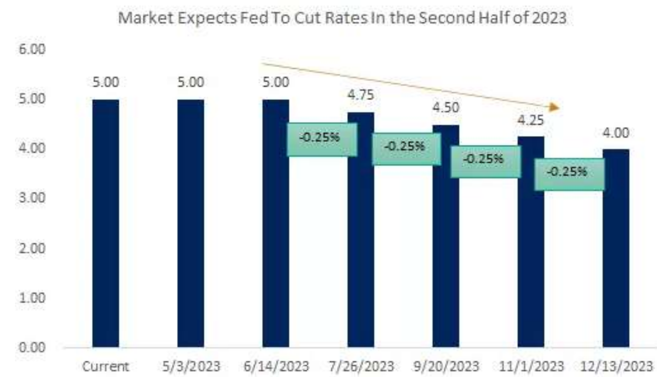
Source: Refinitiv Datastream, BlackRock Investment Institute May 1st, 2023

Fed hiking cycles from 1972-2022 show this last year as being the second fastest cycle after 1980



Source: BlackRock Investment Institute, with data from Refinitiv Datastream, April 28th 2023.

The market is expecting the Fed to begin cutting rates in 25 bp increments starting in the second half of 2023

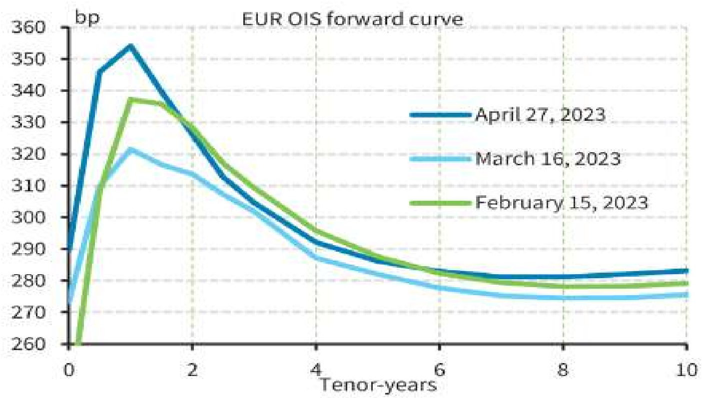


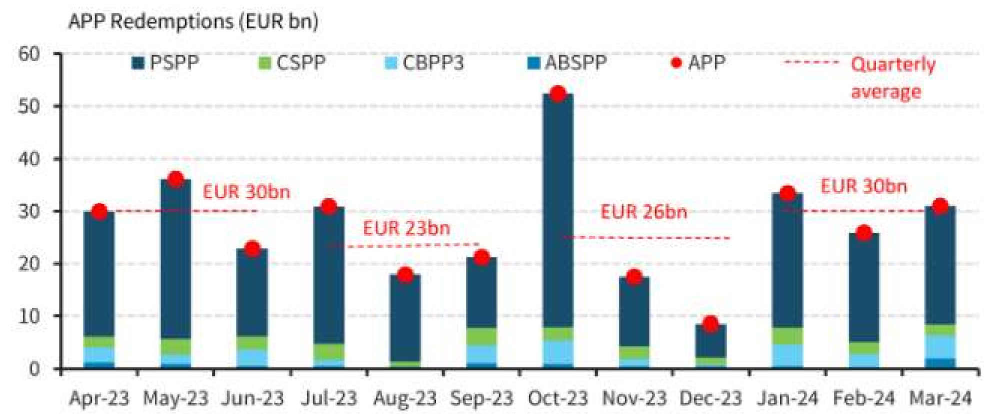
Source: Federal Reserve, as of April 27th 2023

TAB 6

Global Central Banks: Remain Hawkish but Nearing the End of the Hiking Cycle

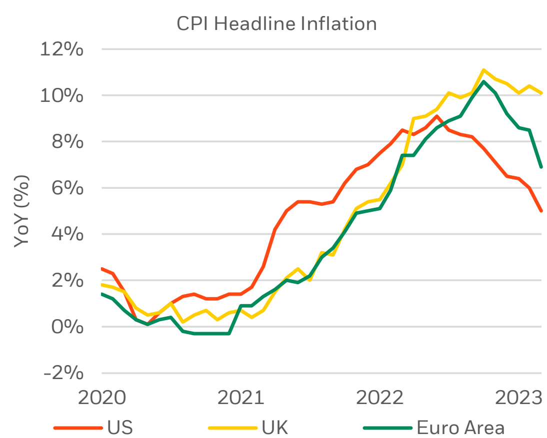
European Central Bank – We expect a 25 bps hike in May with potential adjustments to the APP





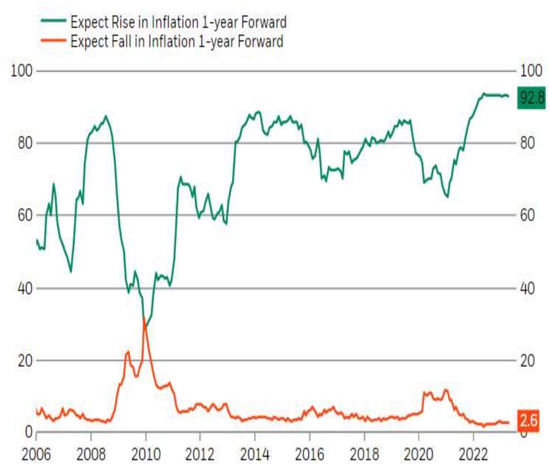
Source: BlackRock, Barclays, S&P Global, Haver Analytics, ECB. As of April 27th , 2023. APP = Asset purchase Programmes

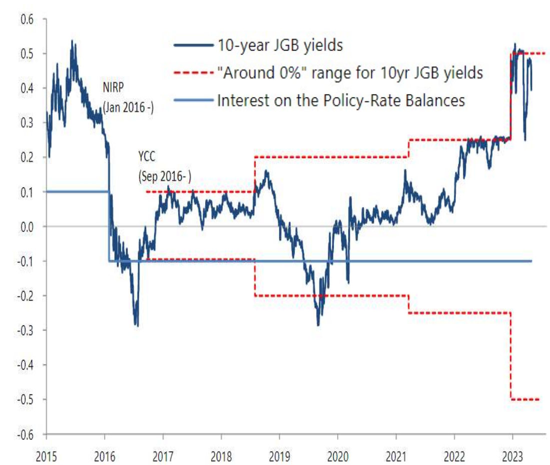
Bank of England – Likely 25 bps hikes in May and June before potentially pausing



Source: BlackRock, BoE, As of April 25th, 2023.

Bank of Japan – Inflation is increasingly entrenched fueling the speculation of YCC abandonment

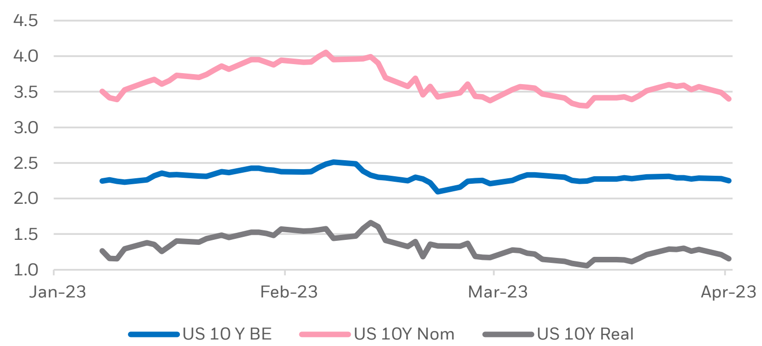




Source: BlackRock, MoF, Bloomberg, Barclays Research. As of April 28th, 2023

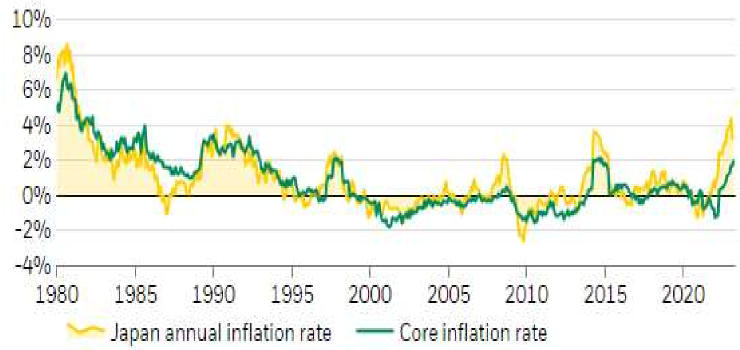
Global Rates and the Yield Curve

US rates decreased in April, prompted by effects from bank stress and monetary tightening



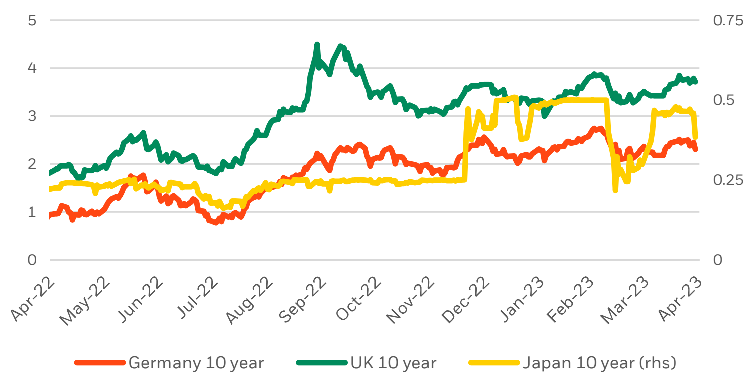
Source: BlackRock, Bloomberg as of 4/28/2023

Inflation in Japan remains at record highs driven by energy costs which may force the BoJ to amend yield curve control policy



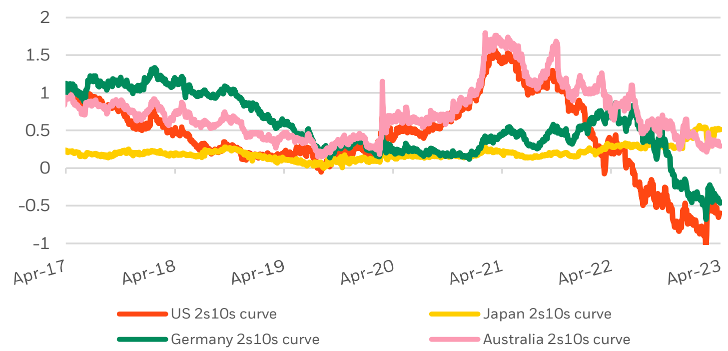
Source: BlackRock, Bloomberg as of 4/27/2023

Rising yields driven by better than expected growth in the euro area



Source: BlackRock, Bloomberg as of 5/1/2023

Global yield curves have flattened across major developed market regions



Source: BlackRock, Bloomberg as of 4/26/2023

TAB 6

Fixed Income Sector Reviews

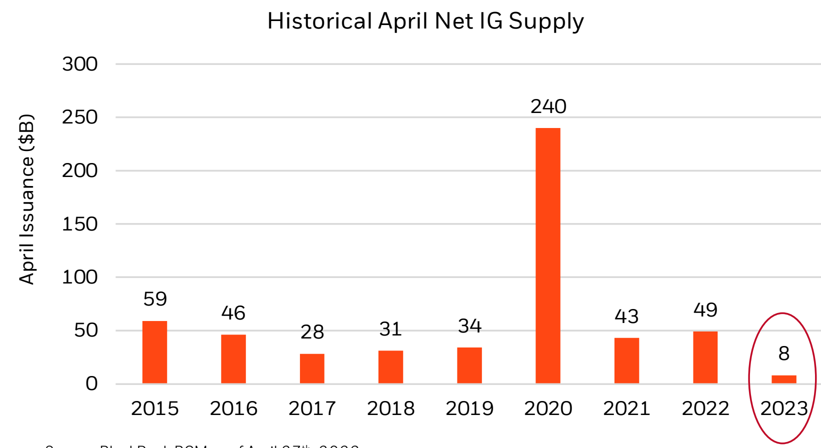
Global Investment Grade Credit

US IG spreads retraced tighter in April driven by supportive technicals

IG Corporate Spread	OAS (bps)	Yield (%)	Apr Δ (bps)	YTD Δ (bps)
Corporate Index By Sector				
Corporate	133	5.20	-12	2
Industrial	121	5.06	-9	-4
Utility	130	5.14	-12	1
Financial Institutions	154	5.46	-18	14
Quality				
Aaa	52	4.33	-15	-4
Aa	67	4.54	-18	-2
A	114	5.01	-24	5
Baa	162	5.48	-22	3
Maturity				
1-5 Year	103	5.12	-33	12
5-10 Year	148	5.11	-17	-3
10-25 Year	157	5.36	-13	-4
25+ Year	152	5.32	-13	-2

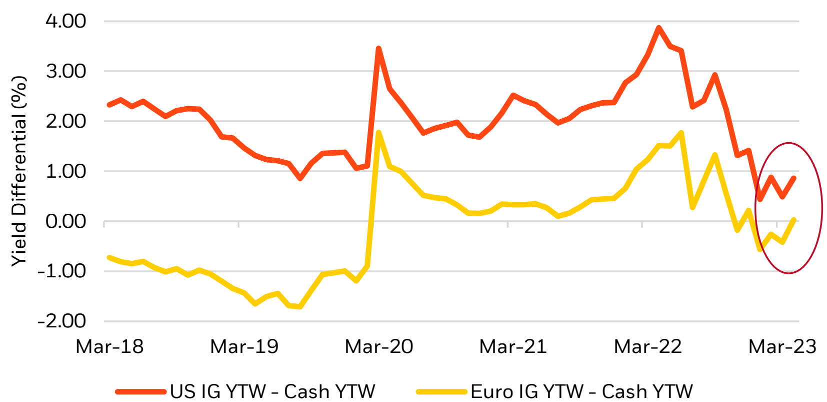
Source: Bloomberg, as of April 27, 2023

April US IG supply has been muted relative to past years



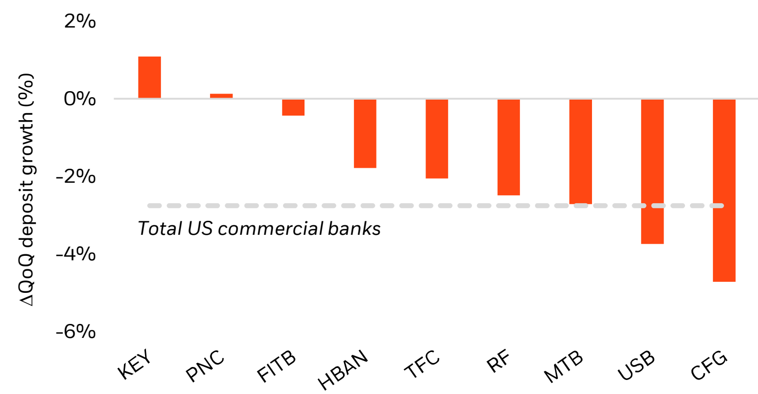
Source: BlackRock BCM as of April 27th, 2023

Despite the run-up in yields, cash now carries over 4% and is competitive with IG Credit



Source: BlackRock as of April 27, 2023

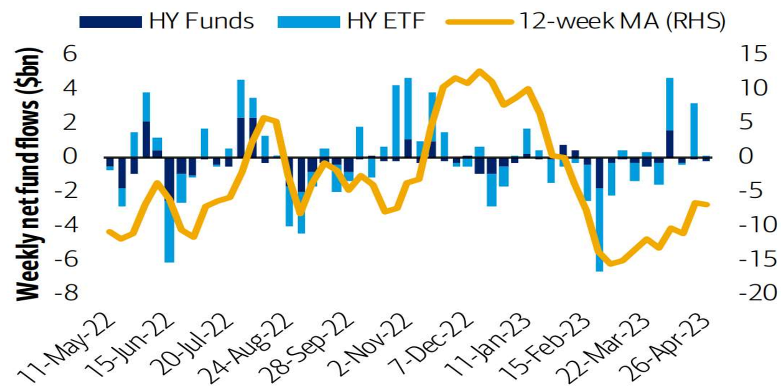
Earnings for large regional banks revealed that deposit outflows were not as severe as originally feared



Source: BlackRock as of April 27, 2023

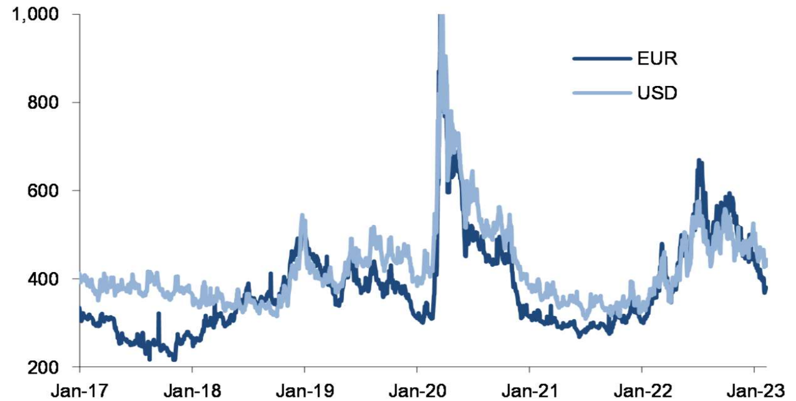
High Yield (HY) Credit

Despite HY funds reporting YTD outflows due to investors de-risking, monthly flows for the sector are positive



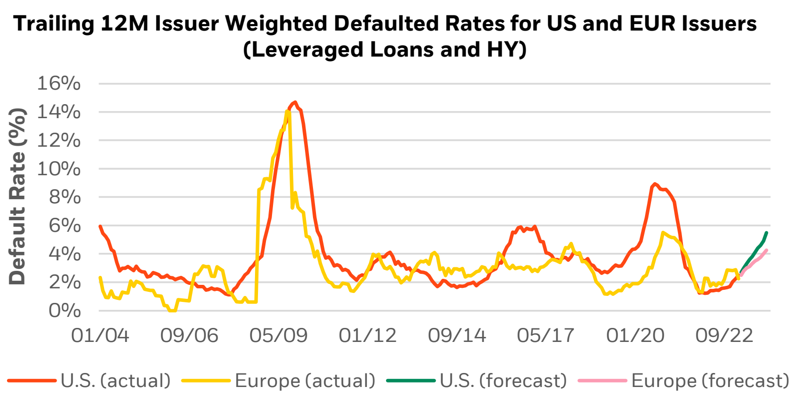
Source: BofA Global Research, EPFR Global. Note: data are for US-domiciled funds only. As of April 28, 2023

The risk premium that was priced in €HY vs $HY in the beginning of the year has now been removed



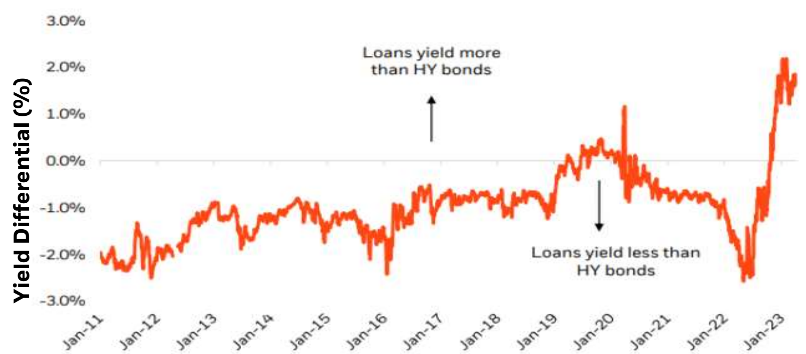
Source: J .P. Morgan, Bloomberg Finance L.P. HYG and IHYG ETF spreads over swaps, unadjusted. As of February 2023.

Though starting at historically low levels, HY default rates are expected to pick up in 2023, particularly if rates move higher



Source: BlackRock and Moody's as of February 28,2023

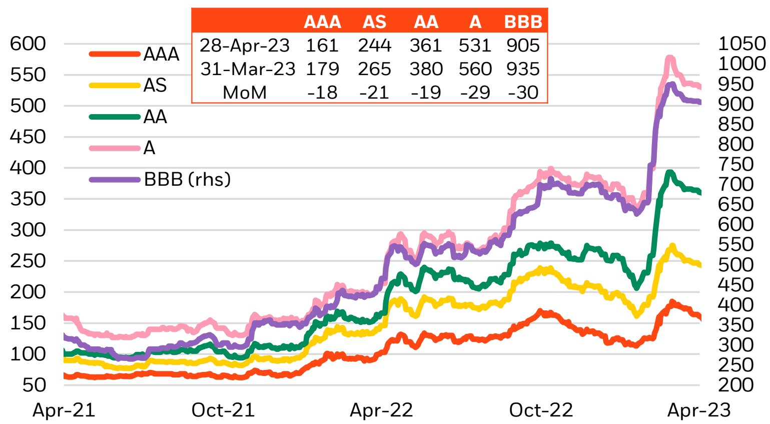
We find attractive opportunities in single B loans as they currently screen cheap, ~200bps yield differential over HY bonds.



Source: BlackRock, Pitchbook, LCD. As of March 31, 2023. The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results..

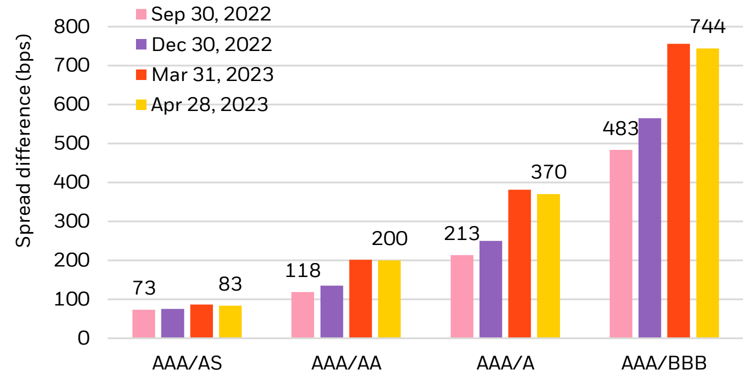
CMBS

CMBS conduit index spread by rating



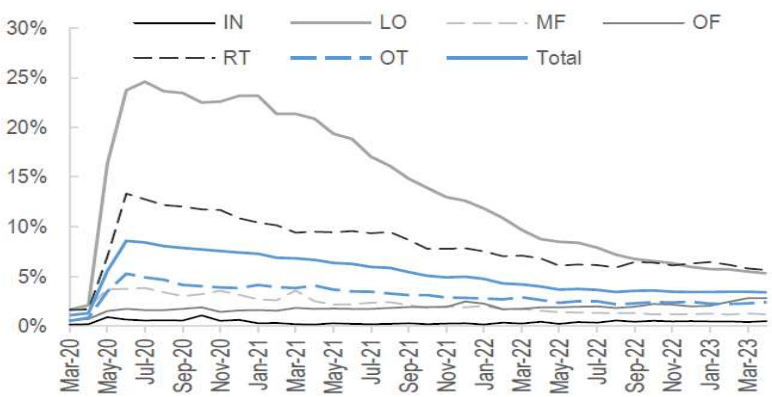
Source: JP Morgan as of April 28, 2023. JP Morgan CMBS Index

CMBS conduit index credit curve



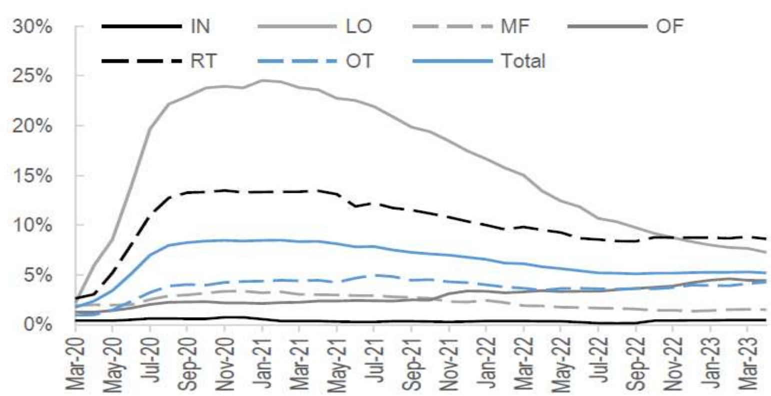
Source: JP Morgan as of April 28, 2023. JP Morgan CMBS Index

April remittance: 30-day+ delinquency rate



Source: Trepp, JP Morgan as of May 05, 2023

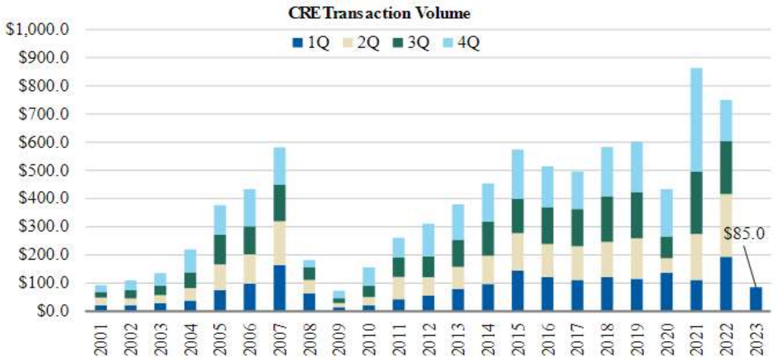
April remittance: special servicing



Source: Trepp, JP Morgan as of May 05, 2023

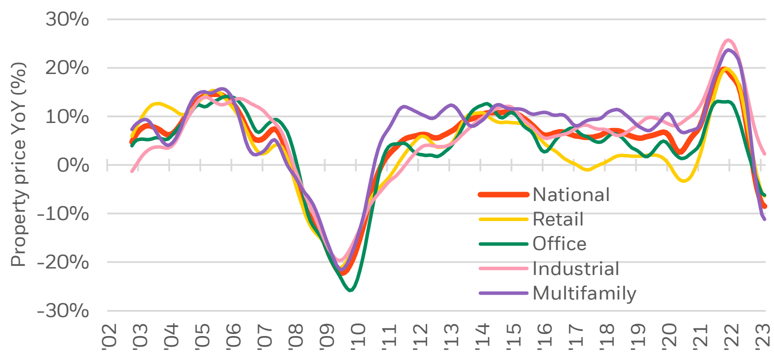
Commercial Real Estate (CRE) Fundamentals

CRE transaction volume



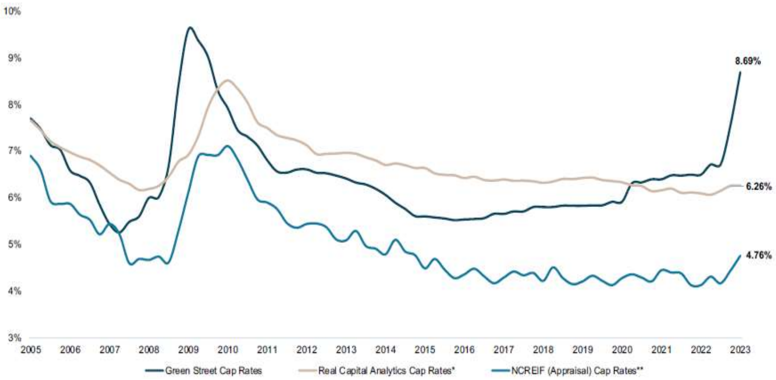
Source: Company Data, Morgan Stanley as of April 23, 2023

National CRE property prices declined by -8.5% YoY in April



Source: Real Capital Analytics, Bloomberg as of April 28, 2023

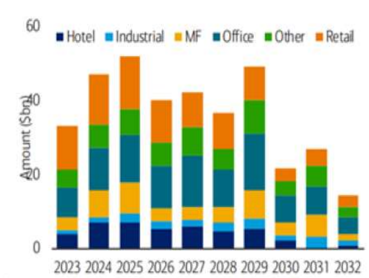
Cap rates, implied from REITs, transaction market, and appraisals



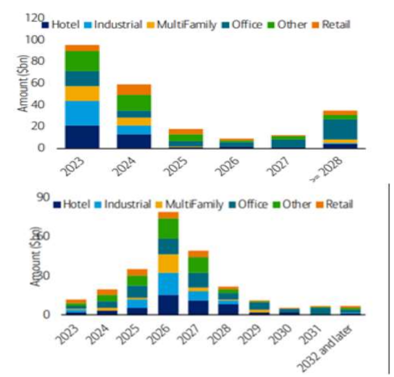
Source: JLL Research, Trepp, Real Capital Analytics as of May 05, 2023

2023 CMBS maturities are manageable, but expect a lot of extensions

Conduit



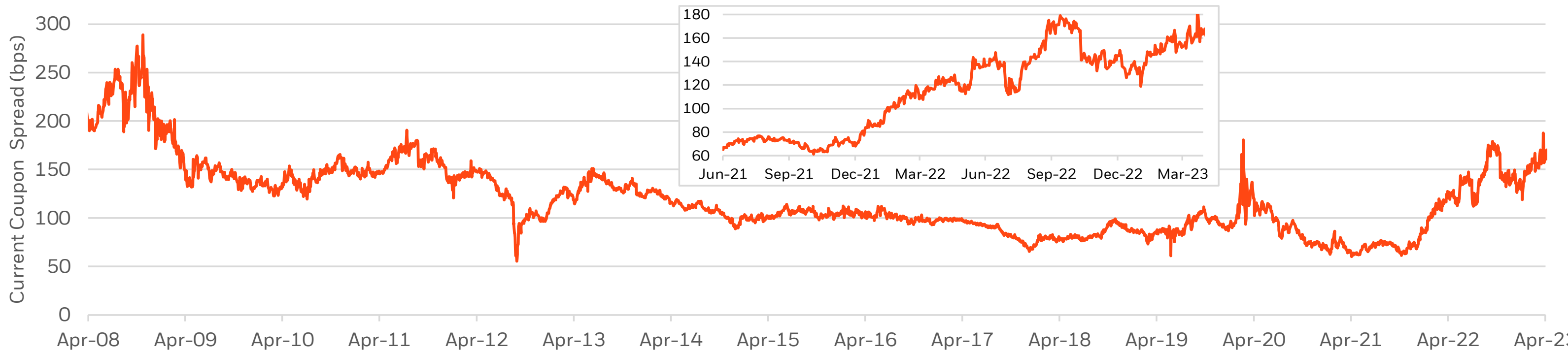
SASB (initial / full extension)



Source: BofA Global Research as of March 24, 2023

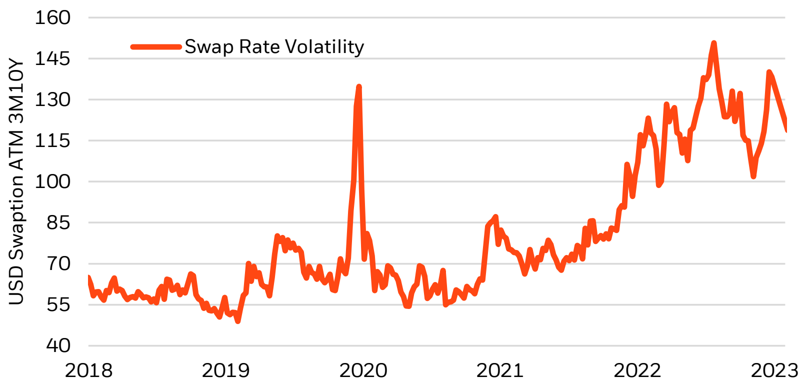
Agency MBS

Current coupon mortgage spread



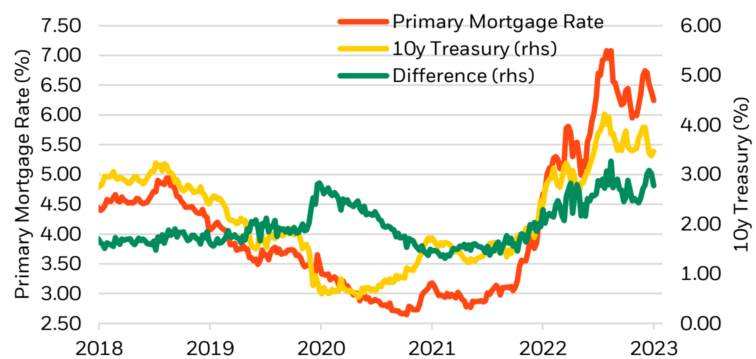
Source: Credit Suisse FN30 Current Coupon Agency MBS , Bloomberg as of April 28, 2023

Implied interest rate volatility



Source: Bloomberg as of April 28, 2023

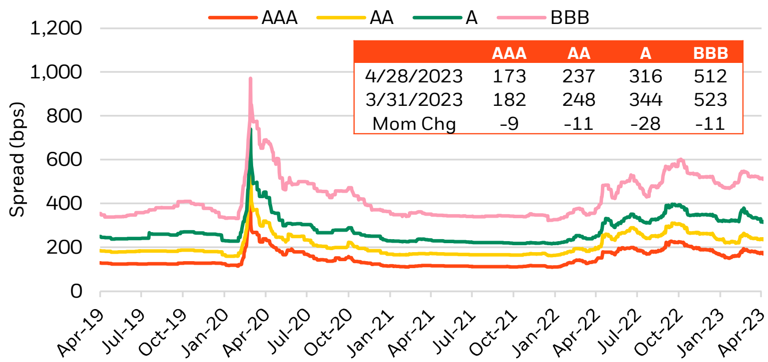
Primary mortgage rate



Source: Morgan Stanley, Freddie Mac as of April 28, 2023

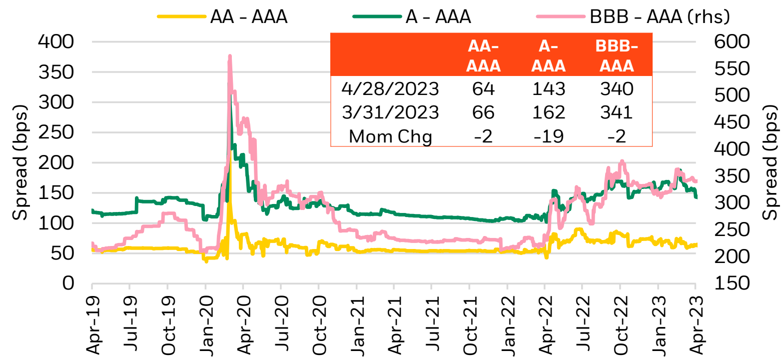
CLO

CLO index spreads by rating



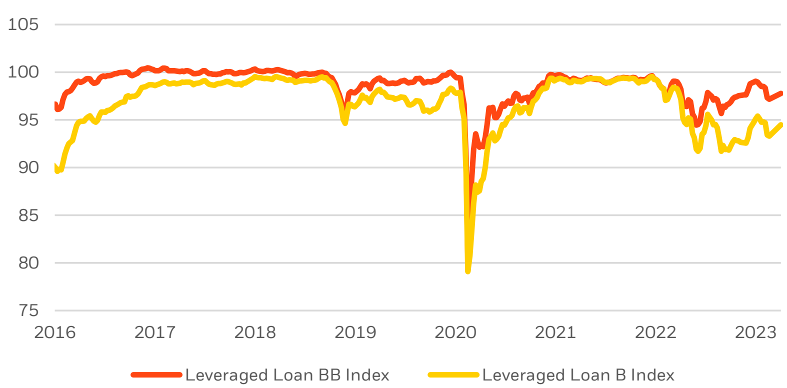
Source: Bloomberg as of April 28, 2023. JPM CLOIE Index

CLO credit curve



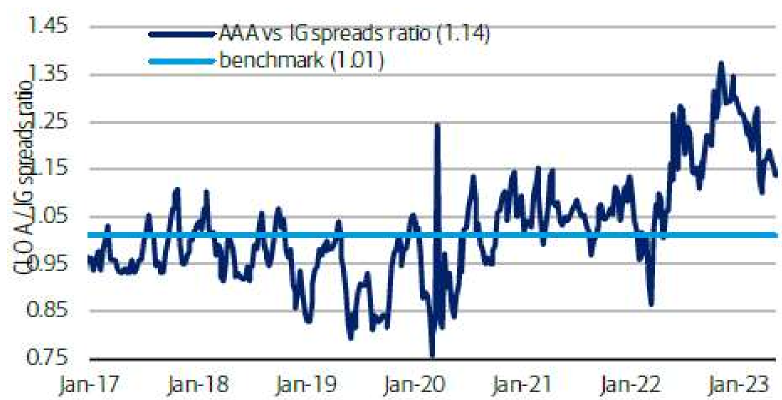
Source: Bloomberg as of April 28, 2023. JPM CLOIE Index

BB vs B bank loan prices



Source: Bloomberg as of May 07, 2023
S&P/LSTA Leveraged BB Loan Index, S&P/LSTA Leveraged B Loan Index

CLO AAA vs IG spreads ratio



Source: Bloomberg, S&P LCD, BAML as of May 05, 2023

ABS

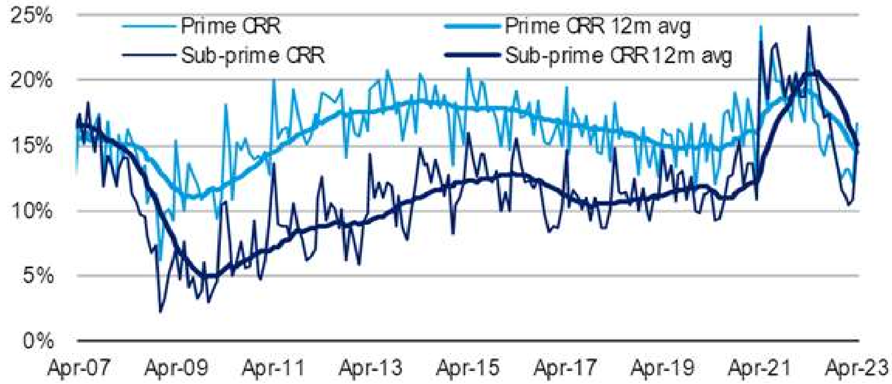
ABS Supply

$bn

	2019	2020	2021	2022	2022 YTD	2023 YTD
Credit Cards	24	4	17	32	8.7	4.6
Bank/Charge	*21*	*4*	*17*	*30*	*7.7*	*4.6*
Retail	*3*	*0.3*	*0.2*	*1.8*	*1.0*	*0.0*
Autos	111	98	132	110	47.9	47.2
Prime Loan	*49*	*46*	*50*	*50*	*18.5*	*20.2*
Subprime Loan	*30*	*28*	*43*	*33*	*12.5*	*13.7*
Lease	*21*	*19*	*27*	*16*	*10.7*	*7.2*
Fleet	*10*	*5*	*11*	*11*	*5.6*	*5.5*
Motorcycle/Truck	*1*	*1*	*1*	*1*	*0.5*	*0.5*
Student Loans	14	17	26	7	2.0	1.3
FFELP	*6*	*5*	*8*	*-*	*0.0*	*0.0*
Private Credit	*8*	*12*	*18*	*7*	*2.0*	*1.3*
Equipment	19	13	20	22	9.3	6.2
Floorplan	8.9	4	1	1	0.4	0.4
Unsecured Consumer	15	9	17	16	5.8	5.0
Miscellaneous	38	34	55	55	21.4	18.0
Total ABS	230	179	267	244	95.5	82.7

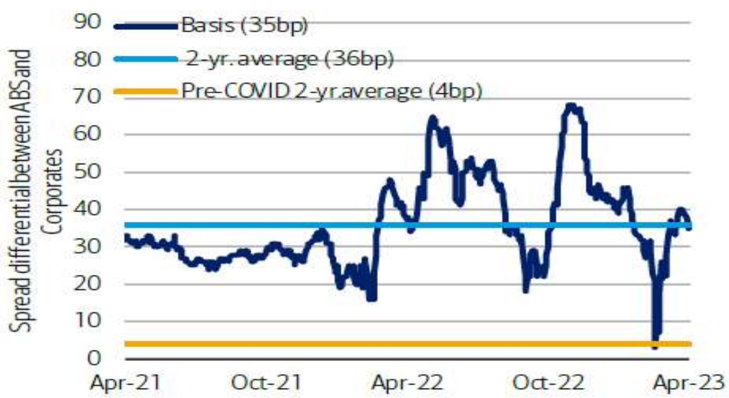
Source: JP Morgan as of May 05, 2023

Voluntary prepay rates for prime and sub-prime auto loans



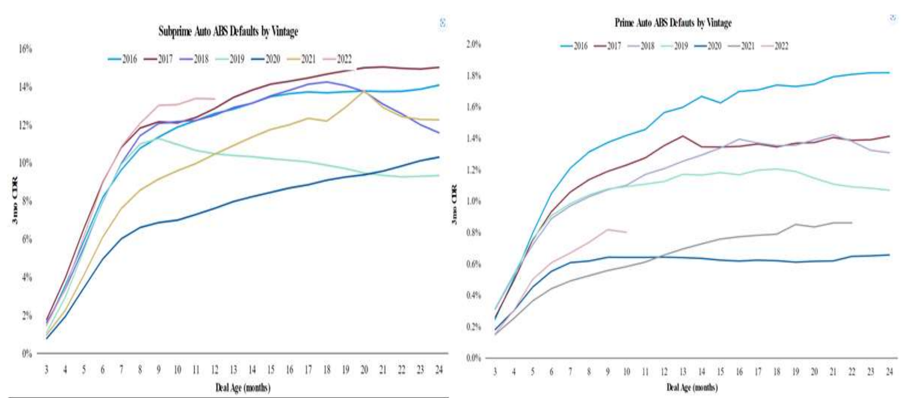
Source: BofA Global Research, Intex as of April 28, 2023

Relative Value: ABS vs Corporates



Source: BofA Global Research, ICE Data Indices, LLC as of May 05, 2023

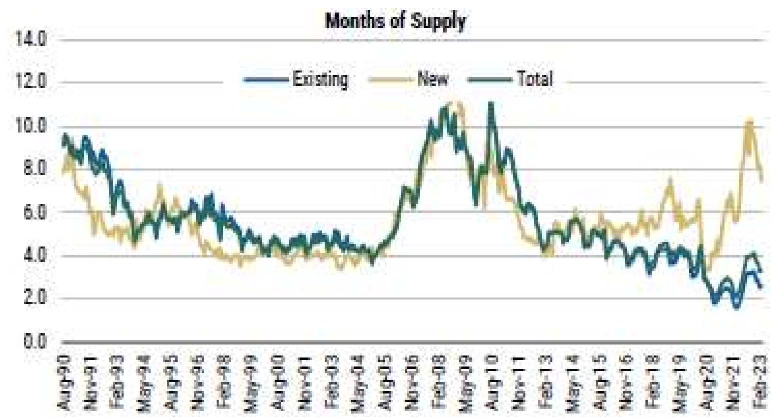
Prime and subprime auto ABS defaults by vintage



Source: BofA Global Research, Intex as of April 28, 2023

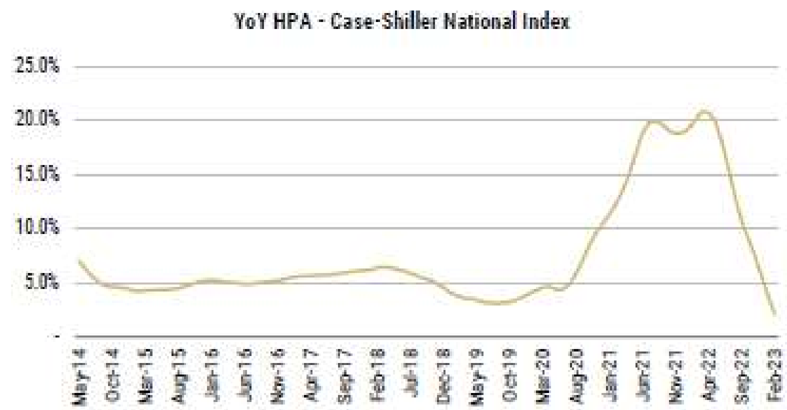
Non-Agency RMBS

Monthly supply vs inventory



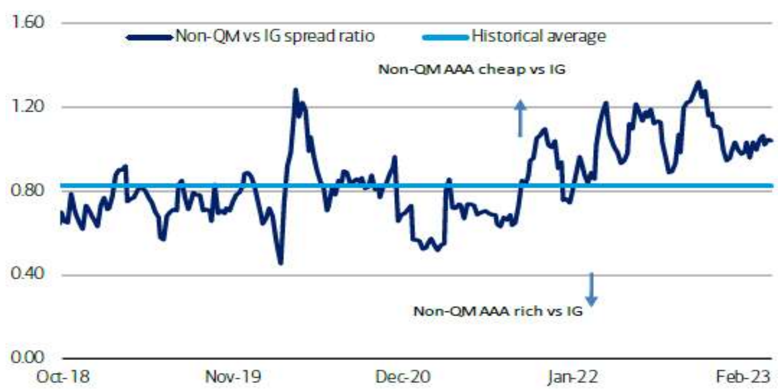
Source: Morgan Stanley Research as of May 05, 2023as of March 31, 2023

S&P Core Logic Case Shiller National 1m HPA



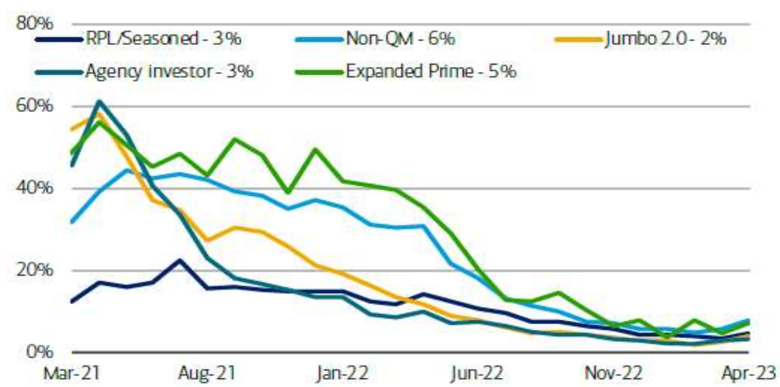
Source: Morgan Stanley Research as of May 05, 2023

Non-QM AAA bonds are cheap vs IG based on historical spreads



Source: Bofa Global Research, Bloomberg as of April 28, 2023

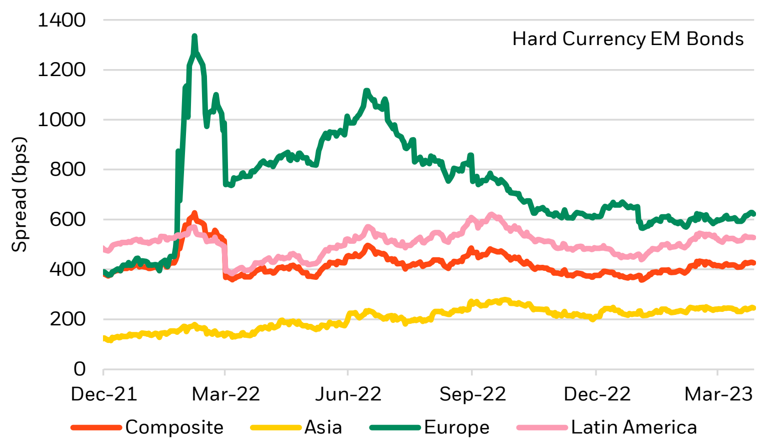
Prepays across sectors



Source: Bofa Global Research, Loan Performance as of April 28, 2023

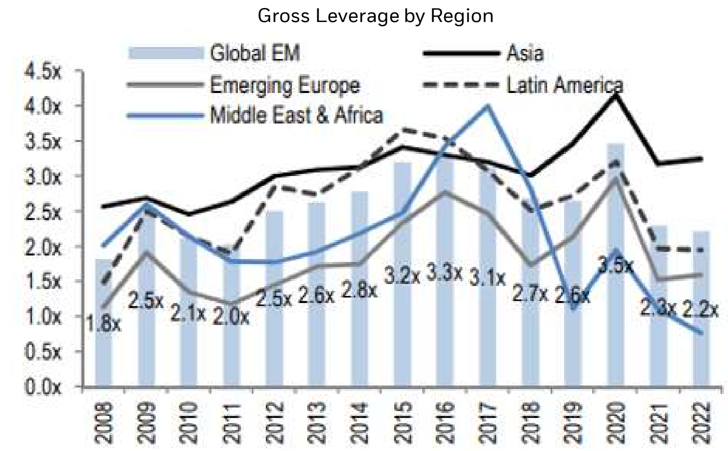
Emerging Market Debt

EM spreads remained resilient in April as Global Central Banks near the end of tightening cycles



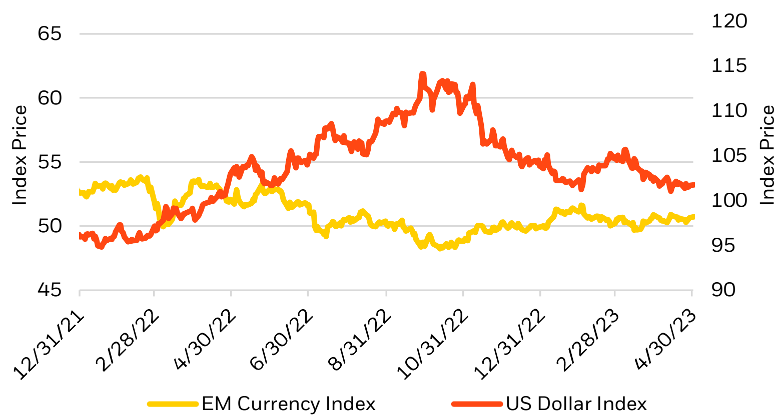
Source: Bloomberg, BlackRock. Data as of April 30th , 2023

EM Corporates have healthy balance sheets despite heightened uncertainty in global financial stability



Source: JPMorgan, BlackRock. Data as of April 30th , 2023

The US Dollar continued to weaken in April as US inflation persists and growth moderates



Source: Bloomberg, BlackRock. Data as of April 30th , 2023

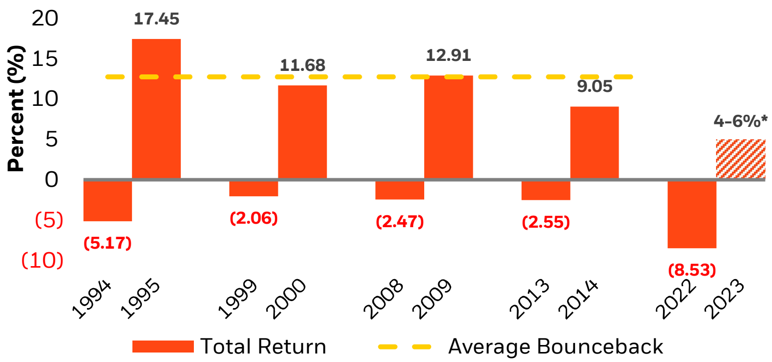
April was mostly a positive month for EM returns as the US Dollar remains weaker and growth continues to be a strength for EM assets

Source: Bloomberg, BlackRock. Data as of April 30th , 2023

TAB 6

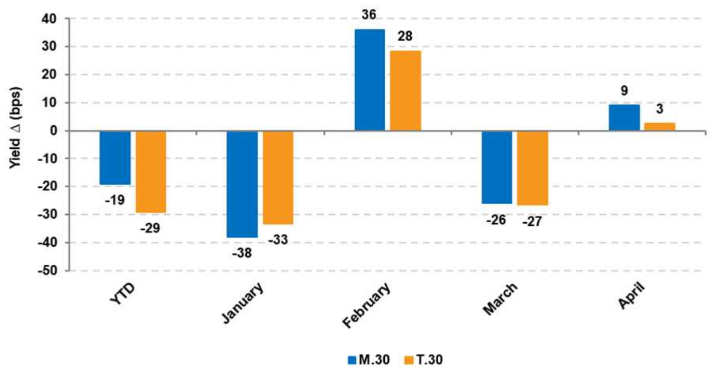
Municipal bonds

The 2023 total return forecast anticipates that first half weakness will lead to second half strength and the asset class will post 4-6%



Source: Bloomberg Indices, BlackRock, as of December 31st 2022

From a rates perspective, munis have underperformed USTs by -6bps in 30 yrs MTD and -10bps in 30yrs YTD

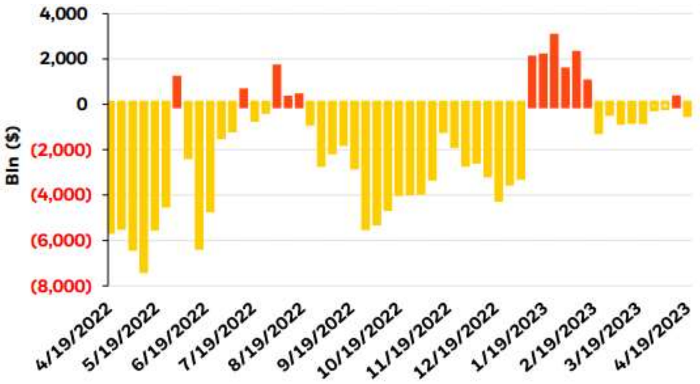


Source: Refinitiv Datastream, BlackRock Investment institute as of April 28th 2023

On the month, the broad municipal index returned -0.23% with -60bps of excess returns when duration matched to U.S. Treasuries

Source: Refinitiv, Bloomberg, BlackRock, as of April 28th 2023

ICI reported $377mn in outflows, bringing the year-to-date total to $4.5bln, up 110% year-over-year



Source: BlackRock, as of as of April 21st 2023

TAB 6

Appendix

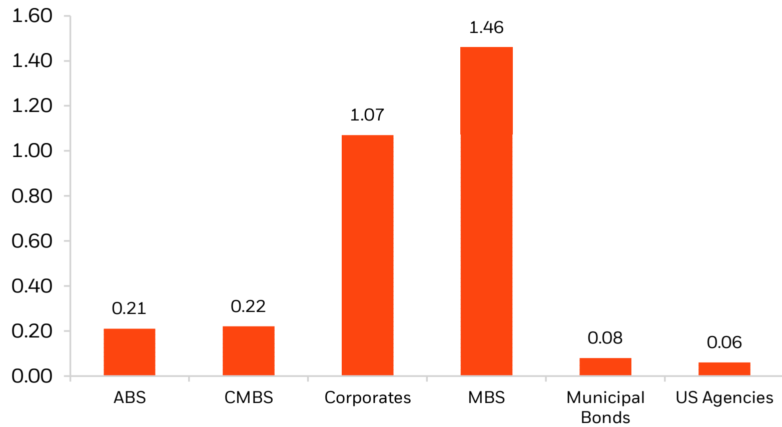
TAB 6

Positioning

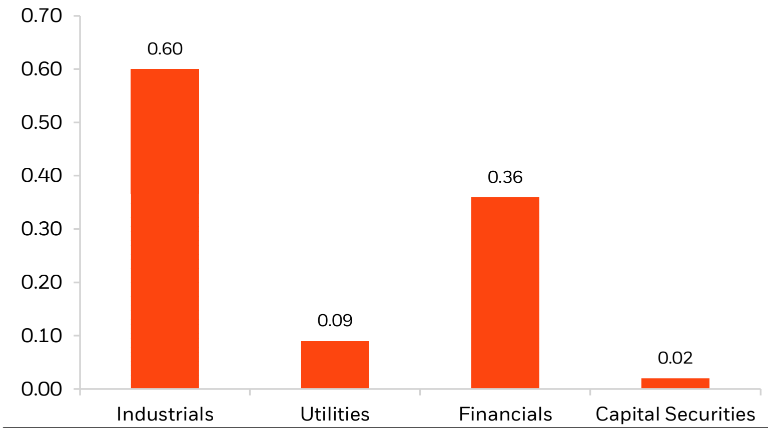
Portfolio Positioning

As of March 31, 2023

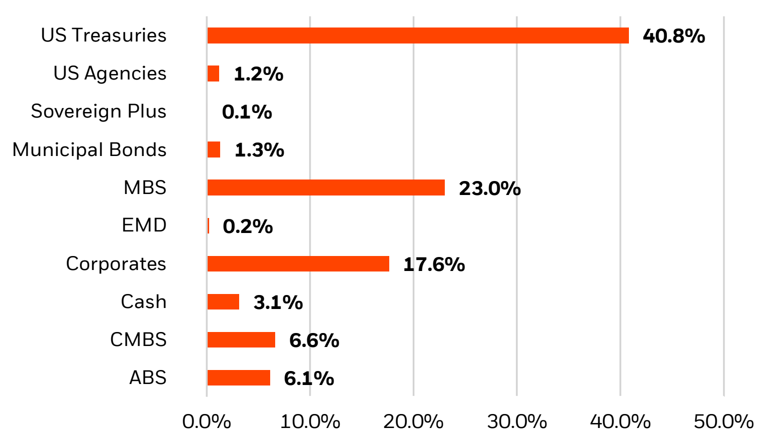
Spread Duration Contribution



Corporate Breakout –Spread Duration Contribution

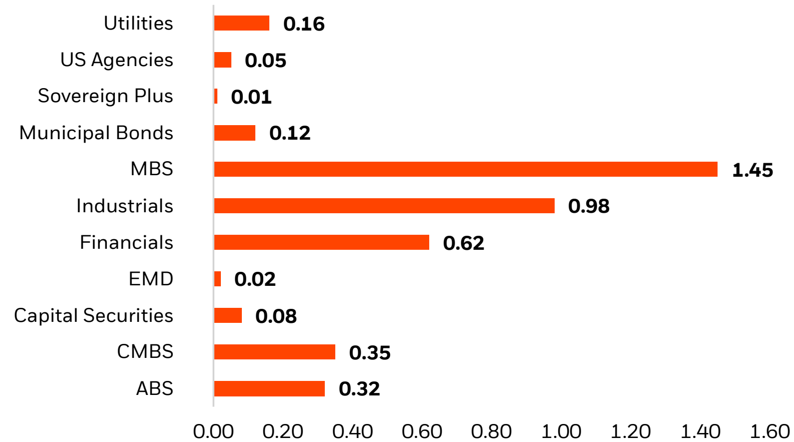


Positioning (%NAV)



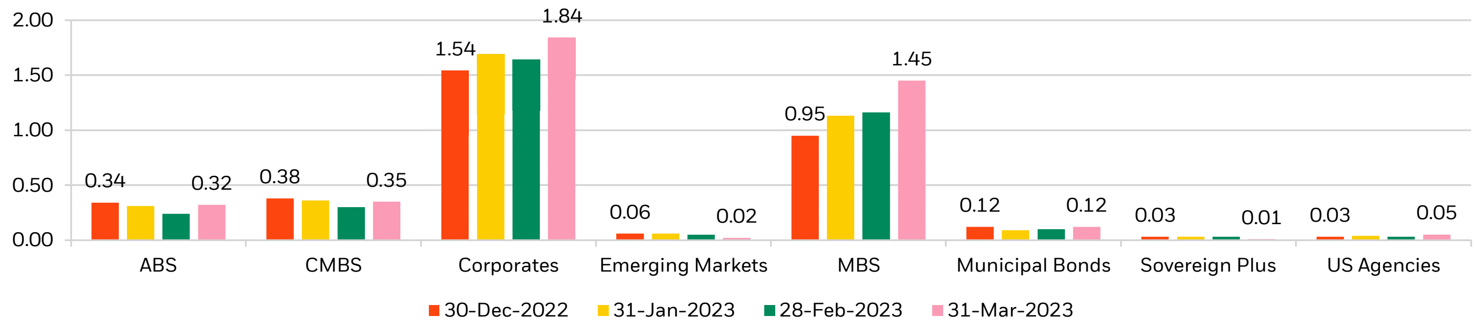
Benchmark: No Benchmark

DxS Contribution

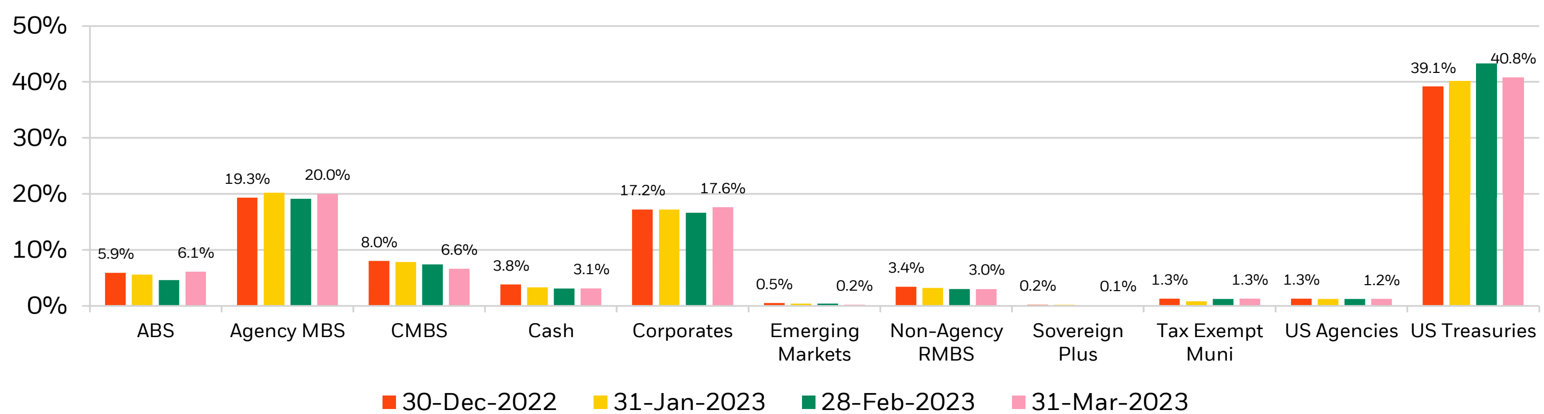


Positioning
As of March 31, 2023

DxS Contribution



Market Value (%)



Positioning

12/31/22 - 03/31/23

Positioning and Portfolio Activity by Sector

	MV%			SpDur Contr.			DxS Contr.			Sales		Buys		Maturities/Calls		Paydowns	
Sectors	31-Dec	31-Mar	Change	31-Dec	31-Mar	Change	31-Dec	31-Mar	Change	BY	BV ($mm)	BY	BV ($mm)	BY	BV ($mm)	BY	BV ($mm)
FMTAC-AGG	1.00%	1.00%	0.00%	3.18	3.11	-0.07	3.45	4.18	0.73	2.83	86.36	4.33	174.70	1.29	29.98	3.09	-12.64
US Treasuries	39.11%	40.77%	1.66%	0.00	0.00	0.00	0.00	0.00	0.00	2.84	48.43	3.96	110.05	1.14	27.76	2.09	-1.47
US Agencies	1.30%	1.23%	-0.07%	0.07	0.06	-0.01	0.03	0.05	0.02							4.48	-0.07
Corporates	17.40%	17.69%	0.29%	1.05	1.08	0.03	1.58	1.86	0.28	3.16	11.94	5.03	22.82	3.70	0.15	3.48	-1.59
30YR PT	17.44%	18.31%	0.87%	1.14	1.18	0.04	0.78	1.18	0.40	3.73	5.58	4.72	24.21			3.35	-5.63
15YR PT	0.47%	0.42%	-0.05%	0.02	0.02	0.00	0.01	0.01	0.00							2.48	-0.23
Agency CMOs	1.41%	1.28%	-0.13%	0.06	0.05	-0.01	0.01	0.03	0.02							2.96	-0.51
NA ARMs & CMOs	3.36%	2.96%	-0.40%	0.24	0.21	-0.03	0.15	0.23	0.08	2.48	0.99			0.00	0.00	2.40	-0.87
ABS	5.94%	6.15%	0.21%	0.20	0.21	0.01	0.34	0.32	-0.02	2.28	8.48	5.17	13.62			3.08	-1.06
CMBS	7.99%	6.61%	-1.38%	0.28	0.22	-0.06	0.38	0.35	-0.03	2.42	10.73	5.43	4.00			3.19	-1.18
Emerging Markets	0.45%	0.16%	-0.29%	0.03	0.01	-0.02	0.06	0.02	-0.04								
Municipal Bonds	1.31%	1.29%	-0.02%	0.08	0.08	0.00	0.12	0.12	0.00								
Cash	3.81%	3.13%	-0.68%	0.00	0.00	0.00	0.00	0.00	0.00								
High Yield	0.00%	0.01%	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	2.50	0.21			3.12	2.08	3.06	-0.03

Total Portfolio: Key Rate Duration

Effective Key Rate Durations as of March 31, 2023

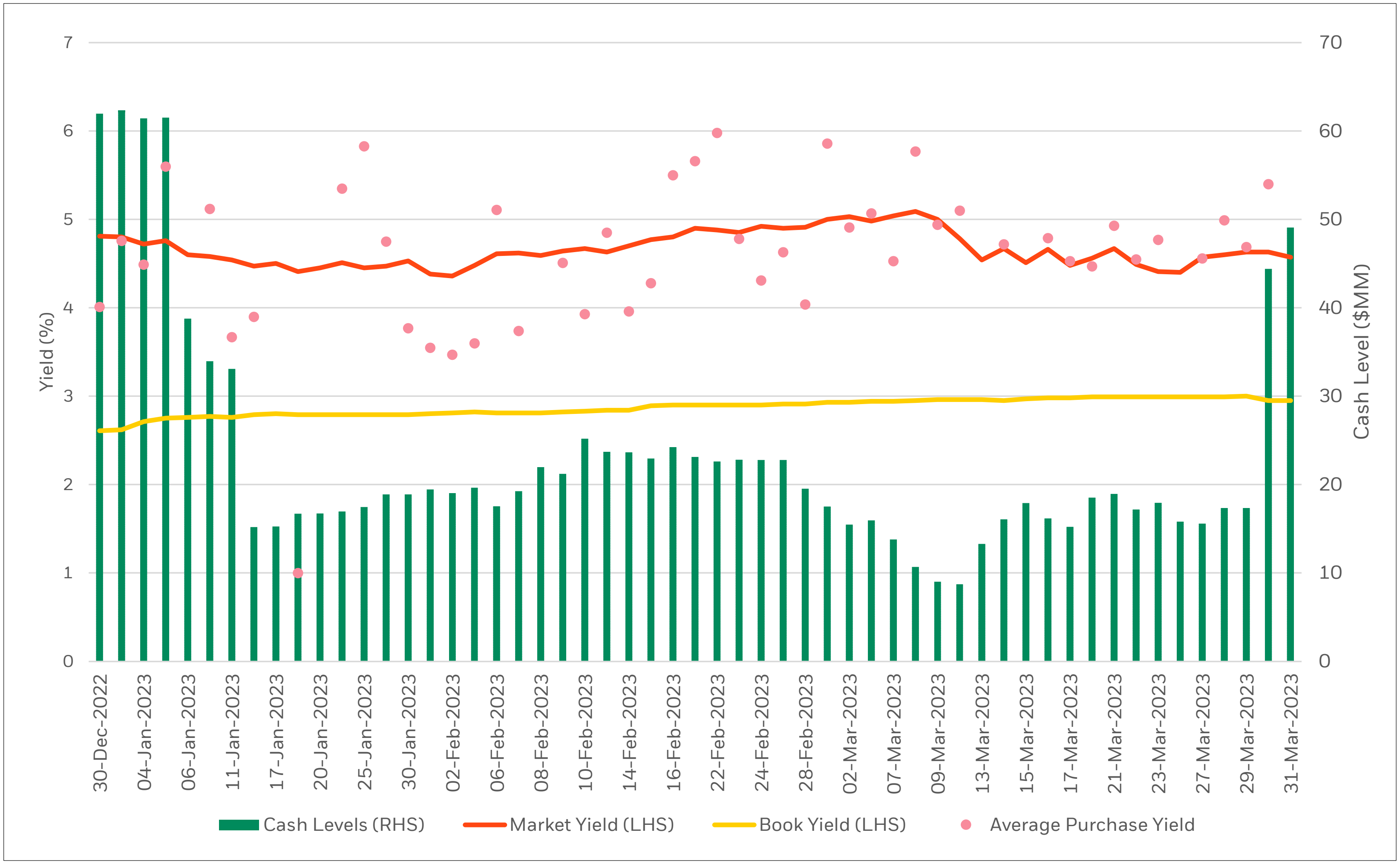
	Total	3M	1Y	2Y	3Y	5Y	7Y	10Y	15Y	20Y	25Y	30Y+
Portfolio	4.69	0.03	0.12	0.26	0.63	0.80	0.83	0.68	0.46	0.41	0.30	0.19

Benchmark: No Benchmark

TAB 6

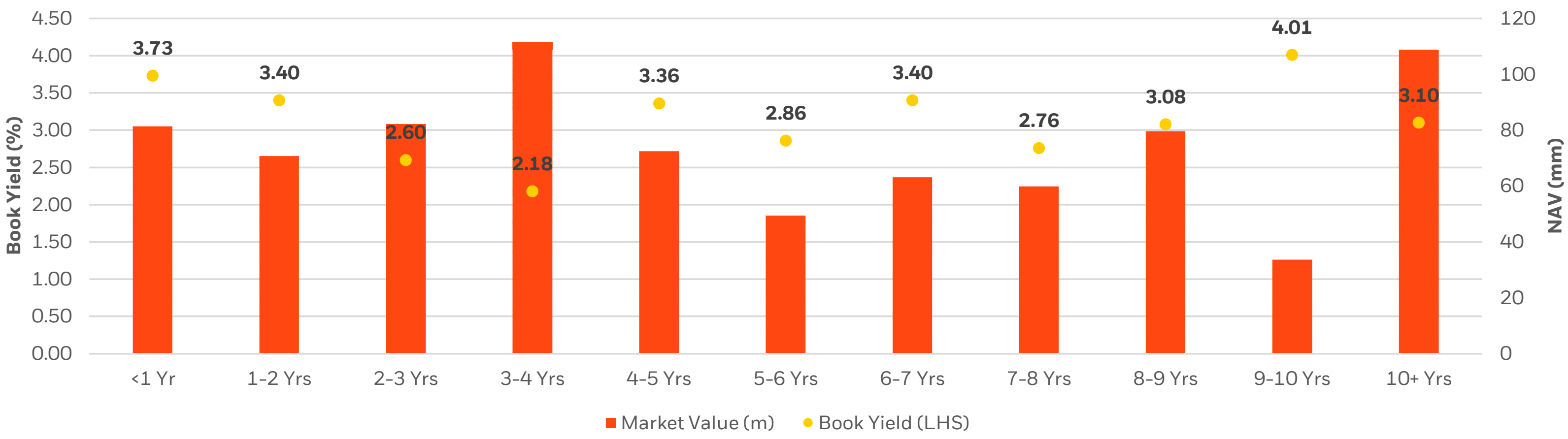
Performance and Attribution

Yield and Cash Level Summary

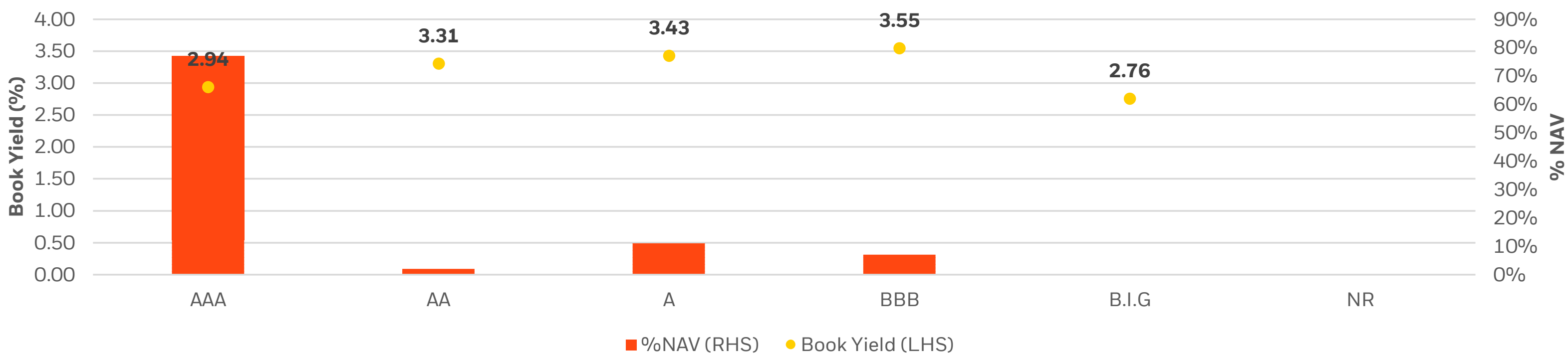


Book yield analysis
As of March 31, 2023

Book yield runoff by WAL bucket



Book yield by credit quality



First Mutual Transportation Assurance Company – Performance Review

Performance Summary by Portfolio – March 31 2023

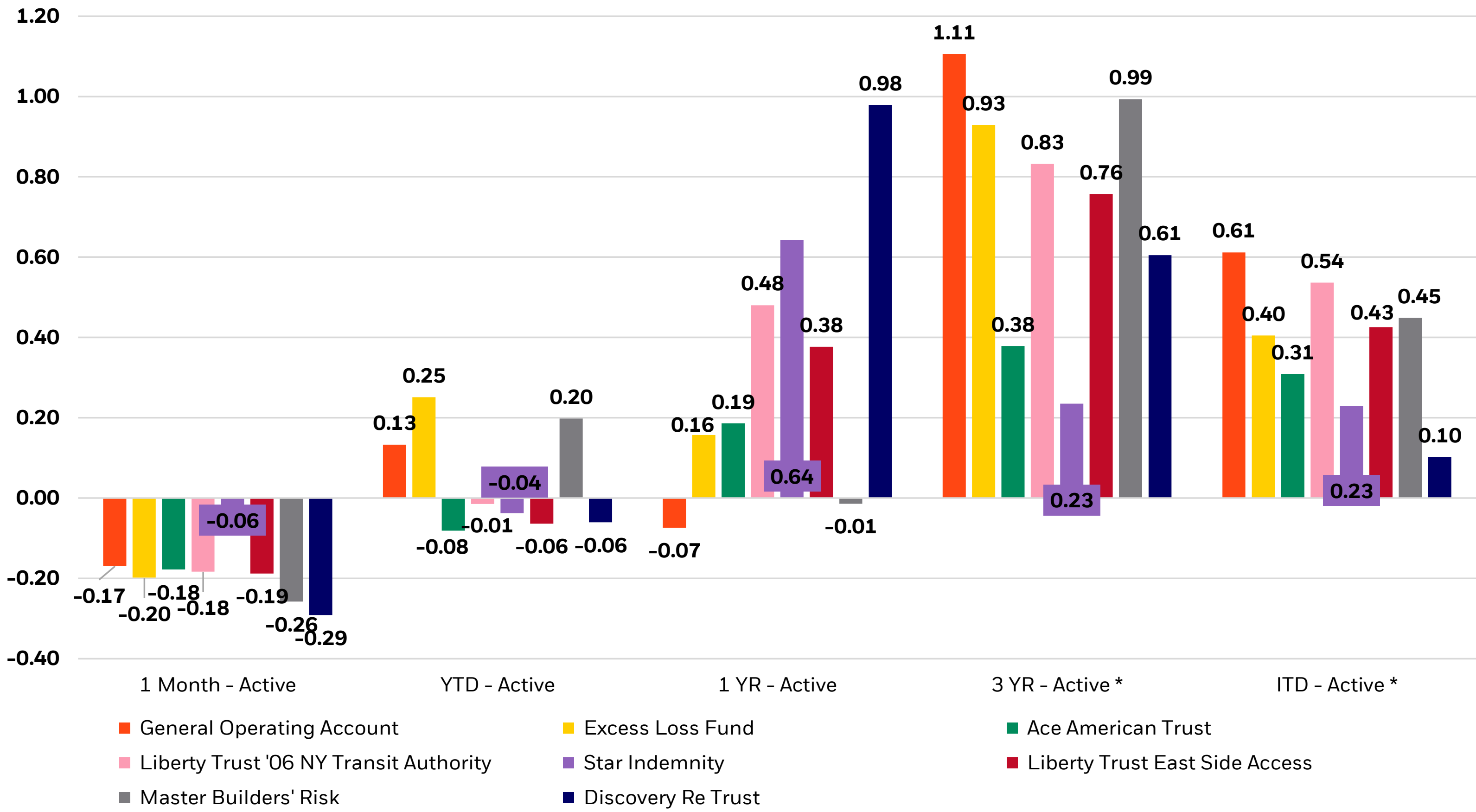
		1 Month			YTD			1 YR			3 YR *			ITD *		
Portfolio	**Portfolio Full Name**	**Port**	**Index**	**Active**	**Port**	**Index**	**Active**	**Port**	**Index**	**Active**	**Port**	**Index**	**Active**	**Port**	**Index**	**Active**
FMT-GOA	General Operating Account	2.37	2.54	-0.17	3.10	2.96	0.13	-4.86	-4.78	-0.07	-1.67	-2.77	1.11	1.58	0.97	0.61
FMT-ELF	Excess Loss Fund	1.95	2.15	-0.20	2.64	2.39	0.25	-2.63	-2.79	0.16	-1.03	-1.96	0.93	1.37	0.96	0.40
FMT-AAT	Ace American Trust	2.19	2.37	-0.18	2.22	2.30	-0.08	-1.37	-1.55	0.19	-1.47	-1.85	0.38	1.61	1.30	0.31
FMT-LTNY	Liberty Trust '06 NY Transit Authority	2.13	2.31	-0.18	2.26	2.28	-0.01	-1.14	-1.62	0.48	-0.96	-1.79	0.83	1.85	1.32	0.54
FMT-STAR	Star Indemnity	2.31	2.37	-0.06	2.27	2.30	-0.04	-0.91	-1.55	0.64	-1.62	-1.85	0.23	1.53	1.31	0.23
FMT-LTESA	Liberty Trust East Side Access	2.12	2.31	-0.19	2.21	2.28	-0.06	-1.24	-1.62	0.38	-1.03	-1.79	0.76	1.74	1.32	0.43
FMT-MBR	Master Builders' Risk	2.28	2.54	-0.26	3.16	2.96	0.20	-4.80	-4.78	-0.01	-1.78	-2.77	0.99	1.43	0.98	0.45
FMT-DRT	Discovery Re Trust	0.57	0.87	-0.29	1.19	1.25	-0.06	2.11	1.13	0.98	0.72	0.11	0.61	1.42	1.32	0.10

Portfolio and Benchmark Summary – March 31 2023

Portfolio	NAV	Portfolio Full Name	Index Full Name	Primary Objective
FMT-GOA	$265,535,115	General Operating Account	BBG U.S. Aggregate Index	Total Return
FMT-ELF	$183,881,724	Excess Loss Fund	BBG Intermediate Aggregate Index	Total Return
FMT-AAT	$60,326,349	Ace American Trust	BBG Intermediate Gov/Credit A or Higher Index	Book Yield / Income
FMT-LTNY	$19,235,452	Liberty Trust '06 NY Transit Authority	BBG US Aggregate Intermediate A3/A- or better Index	Book Yield / Income
FMT-STAR	$74,621,158	Star Indemnity	BBG Intermediate Gov/Credit A or Higher Index	Book Yield / Income
FMT-LTESA	$84,638,010	Liberty Trust East Side Access	BBG US Aggregate Intermediate A3/A- or better Index	Book Yield / Income
FMT-MBR	$73,467,518	Master Builders' Risk	BBG U.S. Aggregate Index	Total Return
FMT-DRT	$77,412,038	Discovery Re Trust	ICE BofA 1 Yr US Treasury Note Index	Cash Sleeve / Principal Protection
Total	$839,117,365			

- Data as of 3/31/2023 and numbers may not tie due to rounding
- Performance holiday: 02/23/18 - 04/30/18
- * Performance for 3 YR and ITD (Inception to Date) are annualized
- Inception date: 2/23/2018
- Source: BlackRock Aladdin

Active Performance Summary



- Data as of 3/31/2023 and numbers may not tie due to rounding
- Performance holiday: 02/23/18 - 04/30/18
- * Performance for 3 YR and ITD (Inception to Date) are annualized
- Inception date: 2/23/2018
- Source: BlackRock Aladdin

TAB 6

Transactions

Transaction Summary: 12/31/2022 - 03/31/2023

Buys

Sector	Par Value	Net Money	Market Yield	Duration	Convexity	%NAV
US Treasuries	**$111,391,000**	**$110,047,861**	**3.96%**	**7.26**	**1.06**	**13.15%**
MBS	**$26,412,141**	**$24,206,030**	**4.72%**	**5.55**	**-0.59**	**2.88%**
30YR PT	$26,412,141	$24,206,030	4.72%	5.55	-0.59	2.88%
Corporates	**$24,710,000**	**$22,821,024**	**5.10%**	**7.41**	**0.74**	**2.62%**
Industrials	$16,225,000	$14,829,547	4.96%	7.59	0.79	1.74%
Financials	$6,530,000	$6,123,489	4.94%	7.04	0.66	0.70%
Utilities	$1,955,000	$1,867,987	5.40%	7.59	0.78	0.18%
ABS	**$13,690,000**	**$13,617,841**	**5.39%**	**4.68**	**0.02**	**1.62%**
Prime Auto	$5,668,000	$5,658,550	5.23%	2.25	0.01	0.67%
Credit Card	$2,525,000	$2,491,800	4.70%	3.02	0.12	0.29%
Student Loan	$2,089,000	$2,059,712	5.82%	4.50	-	0.25%
Insurance Premium	$1,941,000	$1,940,872	5.87%	2.90	-	0.23%
Stranded Cost	$1,155,000	$1,155,000	5.10%	8.90	-	0.14%
Consumer	$312,000	$311,904	5.59%	6.50	-	0.04%
Municipal Bonds	**$5,915,000**	**$5,487,913**	**4.56%**	**5.97**	**0.43**	**0.64%**
Taxable Muni	$5,915,000	$5,487,913	4.56%	5.97	0.43	0.64%
CMBS	**$4,126,276**	**$4,002,618**	**5.43%**	**3.77**	**0.10**	**0.50%**
Total	**$186,244,418**	**$180,183,290**	**4.35%**	**5.77**	**0.29**	**21.41%**

Transaction Summary: 12/31/2022 - 03/31/2023

Sells

Sector	Par Value	Net Money	Book Value	Book Yield	Duration	Convexity	G/L	%NAV
US Treasuries	**($49,822,000)**	**$48,434,585**	**$48,434,585**	**2.84**	**3.54**	**0.28**	**($1,084,504)**	**5.76%**
CMBS	**($10,954,463)**	**$10,729,064**	**$10,729,064**	**2.42**	**2.93**	**0.23**	**($268,785)**	**1.29%**
Corporates	**($10,346,000)**	**$9,384,242**	**$9,384,242**	**3.30**	**8.51**	**1.10**	**($1,267,432)**	**1.07%**
Industrials	($6,241,000)	$5,613,356	$5,613,356	3.07	10.46	1.70	($789,092)	0.64%
Financials	($3,370,000)	$3,091,076	$3,091,076	3.27	8.07	1.02	($412,942)	0.35%
Utilities	($735,000)	$679,810	$679,810	3.55	7.00	0.57	($65,398)	0.08%
ABS	**($8,923,770)**	**$8,481,357**	**$8,481,357**	**3.28**	**2.14**	**0.08**	**($456,353)**	**1.03%**
Student Loan	($5,124,770)	$4,736,392	$4,736,392	1.62	1.92	0.10	($383,487)	0.58%
Subprime Auto	($2,696,000)	$2,739,508	$2,739,508	5.82	1.48	0.03	$33,391	0.33%
Consumer	($1,103,000)	$1,005,457	$1,005,457	2.39	3.01	0.12	($106,257)	0.12%
MBS	**($6,573,734)**	**$5,584,264**	**$5,584,264**	**3.73**	**7.54**	**0.54**	**($250,190)**	**0.67%**
30YR PT	($6,573,734)	$5,584,264	$5,584,264	3.73	7.54	0.54	($250,190)	0.67%
Municipal Bonds	**($5,910,000)**	**$5,096,563**	**$5,096,563**	**4.42**	**5.73**	**0.39**	**($209,789)**	**0.61%**
Taxable Muni	($5,910,000)	$5,096,563	$5,096,563	4.42	5.73	0.39	($209,789)	0.61%
Emerging Markets	**($2,205,000)**	**$1,863,154**	**$1,863,154**	**2.96**	**6.49**	**0.67**	**($347,455)**	**0.22%**

Transaction Summary: 12/31/2022 - 03/31/2023

Sells

Sector	Par Value	Net Money	Book Value	Book Yield	Duration	Convexity	G/L	%NAV
Non-Agency ARMs & CMOs	**($1,114,372)**	**$990,500**	**$990,500**	**2.48**	**7.09**	**(0.08)**	**($124,803)**	**0.12%**
CMO	($1,114,372)	$990,500	$990,500	2.48	7.09	(0.08)	($124,803)	0.12%
Sovereign Plus	**($842,000)**	**$689,212**	**$689,212**	**3.51**	**8.89**	**1.03**	**($153,298)**	**0.07%**
Sovereigns	($842,000)	$689,212	$689,212	3.51	8.89	1.03	($153,298)	0.07%
High Yield	**($303,000)**	**$206,850**	**$206,850**	**2.44**	**3.43**	**0.18**	**($96,297)**	**0.02%**
Automotive	($208,000)	$174,550	$174,550	2.76	2.10	0.11	($33,708)	0.02%
Banking	($95,000)	$32,300	$32,300	2.12	4.76	0.26	($62,589)	0.00%
Grand Total	**($96,994,339)**	**$91,459,791**	**$91,459,791**	**3.02**	**5.40**	**0.46**	**($4,258,906)**	**10.86%**

Important Notes

This document contains general information only and does not take into account an individual's financial circumstances. An assessment should be made as to whether the information is appropriate in individual circumstances and consideration should be given to talking to a professional adviser before making an investment decision.

Manager Opinion
The opinions expressed may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by BlackRock, Inc. and/or its subsidiaries (together, "BlackRock") to be reliable, are not necessarily all inclusive and are not guaranteed as to accuracy. There is no guarantee that any forecasts made will come to pass. Any investments named within this material may not necessarily be held in any accounts managed by BlackRock. Reliance upon information in this material is at the sole discretion of the reader.
The issuers referenced are examples of issuers BlackRock considers to be well known and that may fall into the stated sectors. BlackRock may or may not own any securities of the issuers referenced and, if such securities are owned, no representation is being made that such securities will continue to be held

Outlook
Statements concerning financial market trends are based on current market conditions, which will fluctuate. There is no guarantee that these investment strategies will work under all market conditions. Outlook and strategies are subject to change without notice.

This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all inclusive and are not guaranteed as to accuracy. There is no guarantee that any forecasts made will come to pass.

Index
It is not possible to directly invest in an unmanaged index. The credit quality of a particular security or group of securities may be determined either by BlackRock or a nationally recognized statistical rating organization and does not ensure the stability or safety of an overall portfolio. In the event a security is unrated by a ratings organization, BlackRock may assign an internal rating for purposes of determining credit quality. Past performance is not indicative of future results.

Risk
Investing in the bond market is subject to certain risks including market, interest-rate, issuer, credit, and inflation risk. Equities may decline in value due to both real and perceived general market, economic, and industry conditions. Mortgage and asset-backed securities may be sensitive to changes in interest rates, subject to early repayment risk, and while generally backed by a government, government-agency or private guarantor there is no assurance that the guarantor will meet its obligations. High-yield, lower-rated, securities involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not. Investors will, at times, incur a tax liability. Income from municipal bonds may be subject to state and local taxes and at times the alternative minimum tax. Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested.

BlackRock makes no representations or warranties as to the accuracy or completeness of the information contained herein, and further nothing contained herein shall be relied upon as a promise by, or representation by, BlackRock whether as to past or future performance results. Past performance is not indicative or predictive of future performance.

These materials are being provided for informational purposes only and are not intended to constitute tax, legal or accounting advice. You should consult your own advisers on such matters. Additional information is available on request. Information contained herein is believed to be reliable but BlackRock does not warrant its accuracy or completeness. Information contained herein represents BlackRock's own opinions. There can be no assurance that the investment objectives of any strategy referred to herein will be achieved. An investment in any strategy referred to herein involves a high degree of risk, including the risk that the entire amount invested may be lost.

THIS MATERIAL IS HIGHLY CONFIDENTIAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO PERSONS OTHER THAN THE RECIPIENT.

Important Notes

THE INFORMATION CONTAINED HEREIN MAY BE PROPRIETARY IN NATURE AND HAS BEEN PROVIDED TO YOU ON A CONFIDENTIAL BASIS, AND MAY NOT BE REPRODUCED, COPIED OR DISTRIBUTED WITHOUT THE PRIOR CONSENT OF BLACKROCK, INC. ("BLACKROCK"). These materials are not an advertisement and are not intended for public use or dissemination.

This communication is not an offer and should not be deemed to be a contractual commitment or undertaking between the intended recipient of this communication and BlackRock but an indication of what services may be offered subject to a legally binding contract between the parties and therefore no reliance should be placed on this document or its content. Opinions, estimates and recommendations offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. This communication and its content represent confidential information. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, accounting, legal or tax advice. You should consult your tax or legal adviser regarding such matters.

Any reference herein to any security and/or a particular issuer shall not constitute a recommendation to buy or sell, offer to buy, offer to sell, or a solicitation of an offer to buy or sell any such securities issued by such issuer.

Forward Looking Information

This material may contain "forward-looking" information that is not purely historical in nature. Such information may include, among other things, projections, forecasts, estimates of yields or returns, and proposed or expected portfolio composition. Moreover, where certain historical performance information of other investment vehicles or composite accounts managed by BlackRock, Inc. and/or its subsidiaries (together, "BlackRock") has been included in this material and such performance information is presented by way of example only. No representation is made that the performance presented will be achieved, or that every assumption made in achieving, calculating or presenting either the forward-looking information or the historical performance information herein has been considered or stated in preparing this material. Any changes to assumptions that may have been made in preparing this material could have a material impact on the investment returns that are presented herein by way of example.

This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all inclusive and are not guaranteed as to accuracy. There is no guarantee that any of these views will come to pass.

Important Notes cont'd

Index
It is not possible to directly invest in an unmanaged index.

Risk
Investing in the bond market is subject to certain risks including market, interest-rate, issuer, credit, and inflation risk. Equities may decline in value due to both real and perceived general market, economic, and industry conditions. Mortgage and asset-backed securities may be sensitive to changes in interest rates, subject to early repayment risk, and while generally backed by a government, government-agency or private guarantor there is no assurance that the guarantor will meet its obligations. High-yield, lower-rated, securities involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not. Investors will, at times, incur a tax liability. Income from municipal bonds may be subject to state and local taxes and at times the alternative minimum tax. Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested.

BlackRock makes no representations or warranties as to the accuracy or completeness of the information contained herein, and further nothing contained herein shall be relied upon as a promise by, or representation by, BlackRock whether as to past or future performance results. Past performance is not indicative or predictive of future performance.

These materials are being provided for informational purposes only and are not intended to constitute tax, legal or accounting advice. You should consult your own advisers on such matters. Additional information is available on request. Information contained herein is believed to be reliable but BlackRock does not warrant its accuracy or completeness. Information contained herein represents BlackRock's own opinions. There can be no assurance that the investment objectives of any strategy referred to herein will be achieved. An investment in any strategy referred to herein involves a high degree of risk, including the risk that the entire amount invested may be lost.

THIS MATERIAL IS HIGHLY CONFIDENTIAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO PERSONS OTHER THAN THE RECIPIENT.

Safe-NHR

TAB 7

FMTAC PARTNERS - SERVICE PROVIDERS

MARSH CAPTIVE SOLUTIONS

Who We Are

- Captive advisory and management unit of the world's leading insurance broker
- Assisting organizations achieve their financial and strategic objectives with a complete array of captive management resources for more than 50 years
- Largest captive manager with over 1,500 clients in over 50 domiciles
- Nearly 500 highly qualified professionals worldwide, including MBAs, CPCUs, CPAs, and JDs
- Global captive benchmarking report
- Commitment and excellence in information technology

New York Operations

- Largest captive manager in New York State
  - As measured by number of captives, premium volume and capita/surplus under management
- Dedicated office and staff in New York
  - Office established in 2004
- Extensive captive experience
  - Qualified and committed professional staff with more than 50 years of combined captive management experience
- Expansive knowledge of New York State captive regulatory environment
  - Frequent interactions with NY State Department of Financial Services (NYSDFS) captive regulator
  - Keep abreast of changes in regulatory requirements

Marsh Client Service Team

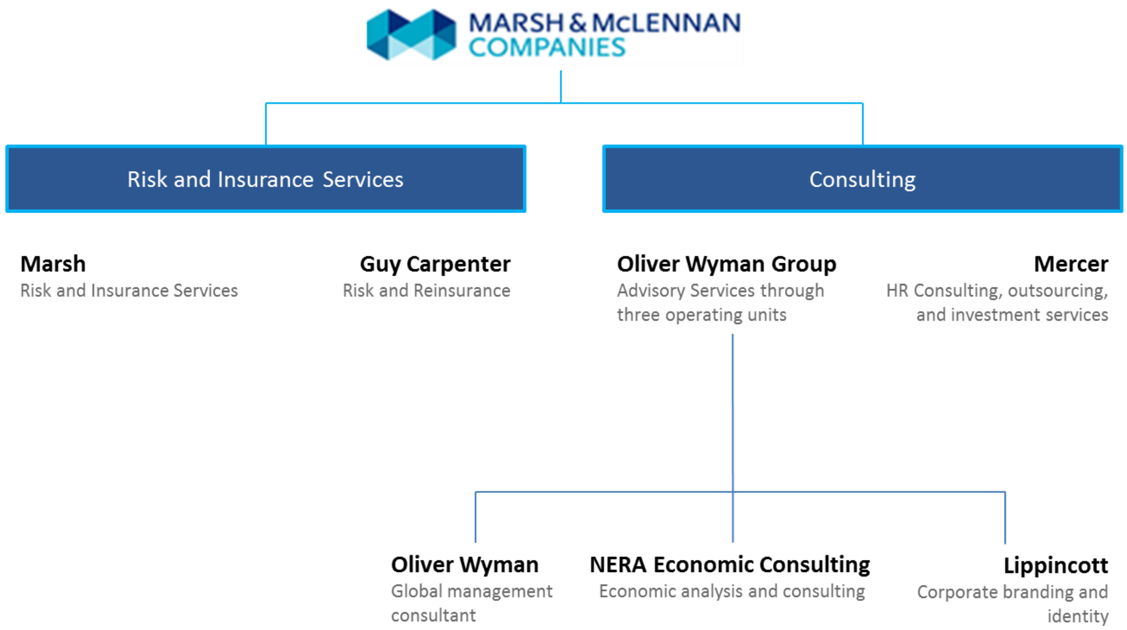
First Mutual Transportation Assurance Company ("FMTAC")

Team Member & Role	Responsibilities	Qualifications
Gemma Mah Senior Relationship Officer	• Oversees the performance of the MTA's FMTAC captive management service team	• Over 20 years with Marsh captive management • Over 25 years in the captive insurance and audit experience • 14 years with the MTA / Marsh Team • Chartered Accountant
David Carman Client Team Leader	• Serves as the primary point of contact for the MTA • Reviews all financial statements, budget reports and policies • Oversees annual financial statement audit with Deloitte • Ensures regulatory compliance with NYS Department of Financial Services	• 9 years with Marsh captive management and on the MTA/Marsh Team • 18 years in corporate accounting
Alison MacInnis Account Manager	• Manages the day-to-day administration of FMTAC's payment process, accounting, premium invoicing and policy issuance • Prepares financial statements, budget reports and bank reconciliations • Prepares FMTAC payments and acts as liaison to the MTA Treasury department for all disbursements	• 9 years with Marsh captive management with 4 years on the MTA/Marsh Team • 12 years in corporate accounting • 18 years in project management • Masters in Business Administration

Marsh USA LLC
MTA – Master Broker

About Marsh

Marsh is the world's leading insurance broker and risk adviser. With over 35,000 colleagues operating in more than 130 countries, Marsh serves commercial and individual clients with data driven risk solutions and advisory services. Marsh is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), the leading global professional services firm in the areas of risk, strategy and people. With annual revenue over $16.7 billion and 75,000 colleagues worldwide, MMC helps clients navigate an increasingly dynamic and complex environment through four market-leading firms: Marsh, Guy Carpenter, Mercer, and Oliver Wyman.



Industry Resources

Marsh combines traditional Risk Practices with Industry Specializations. The MTA is serviced by risk professionals in Marsh's Property, Casualty, Financial, Professional Liability, Surety, and Risk Consulting departments, while benefiting from the expertise of the Global Transportation Industry Practice. This structure enables Marsh to provide focused insurance advice founded on a solid understanding of the MTA.

MTA Client Service Team

Account Management

Thomas Kelly – Client Executive

Mr. Kelly is a specialist in large risk, transportation and construction risk management. He is responsible for the overall account strategy and delivery of the risk management support services to the MTA.

Client Advisory Services

Michaela Grasshoff – Casualty Insurance Advisor
Sarah McGowan – Property Insurance Advisor

The senior casualty and property advisors provide support and expertise in the evaluation of MTA's exposures with the goal of expanding coverages where possible while focusing on reducing the MTA's Total Cost of Risk. Additionally, they provide the MTA with information relative to emerging risk issues and industry, carrier and market trends.

Global Placement Services

Mike Snee - USA
Nathaly Huezner – Zurich
Neil Robb – Bermuda
Chris Boon – London
Jonathan Fennelly - Dublin

Marsh's Global Placement teams are aligned with Client Advisors to design and place insurance and reinsurance to minimize the loss exposure to FMTAC. Global Placement Specialists support the MTA in the placement of numerous general liability, environmental, automobile, property, terrorism, and excess liability coverages.

Marsh's Risk Consulting Practice

Jason Krantz – Casualty Loss Control Manager
Lauren McNally– Casualty Claims Manager

These teams support the MTA's pre- and post-loss initiatives with over 20 team members who specialize in risk analysis and cost of risk reduction. They are specialists in their respective disciplines and apply their knowledge of the transportation industry to create effective workforce, loss control, claims, and business continuity solutions for the MTA.

Biographies

BlackRock Coverage Team for First Mutual Transportation Assurance Company

Catherine Cole, Director, is a senior portfolio manager in the Financial Institutions Group within Global Fixed Income at BlackRock. She manages customized multi-sector fixed income portfolios for insurance clients, with an additional focus on green bonds and the team's ESG initiatives.

Prior to joining BlackRock in 2012, Ms. Cole was an Associate at Goldman, Sachs and Co., where she was a member of the Macro Cross Asset Sales team with a focus on interest rate products. Ms. Cole began her career in 2007 at UBS on the Interest Rate Sales desk, covering Hedge Funds.

She is currently a member of the Board of Trustees for Prep for Prep, an educational, leadership development program based in New York City.

Ms. Cole earned a BA degree, cum laude, in Political Science from Yale University in 2007.

Stephen Boyle, Vice President, is a member of BlackRock's Financial Institutions Group within the Institutional Client Business. He is responsible for developing and maintaining relationships with insurance and other taxable clients.

Mr. Boyle began his career at BlackRock. Prior to assuming his current responsibilities, Mr. Boyle was a member of BlackRock's Portfolio Compliance Group (PCG) based in Delaware. The group is responsible for mitigating firm-wide operational risk by providing solutions for investment and trade-related operational issues. In addition, the group monitors and maintains portfolio compliance with both client specific guidelines and firm-wide regulatory trading constraints across a wide range of mandates.

Mr. Boyle earned a BSBA degree with a major in Finance and a minor in Economics from the University of Pittsburgh.

Julian Copeland, Vice President, is a member of Blackrock's Financial Institutions Group within the Institutional Client Business Group. He is responsible for developing and maintaining relationships while delivering investment and advisory insights to the firm's insurance clients in North America.

Prior to his current role, Mr. Copeland was an Investment Management Associate specializing in iShares and ETF Models specifically covering Texas within the Independent channel. Before his time as an IMA, Mr. Copeland, worked in the Digital Wealth Solutions channel as part of the Princeton Sales Desk within USWA. He was responsible for helping financial advisors grow their practices and manage risk in client portfolios through the adoption of BlackRock's digital wealth management properties.

Mr. Copeland began his career at BlackRock. Prior to his current role, Mr. Copeland was an Investment Management Associate within US Wealth Advisory where he was responsible for helping financial advisors grow their practices and manage risk in client portfolios through the adoption of iShares, ETF models, and financial technology.

Mr. Copeland attended Lehigh University earning a Bachelor of Science in Business and Economics.

BlackRock®

OliverWyman

Oliver Wyman Actuarial Consulting, Inc.

Oliver Wyman Actuarial Consulting, Inc. is part of the Oliver Wyman Group, a $2.8 billion independent (legally and operationally) business unit of Marsh McLennan. Oliver Wyman Group has over 5,700 employees in more than 70 cities across nearly 30 countries. Marsh McLennan is a global professional services firm with annual revenue over $20 billion, and is composed of four principal firms:

- Oliver Wyman Group (financial and insurance consulting)
- Marsh (risk and brokerage services firm)
- Mercer (human resource consulting, outsourcing and investment services firm)
- Guy Carpenter (reinsurance intermediary)

Oliver Wyman Actuarial Consulting, Inc. employs over 300 credentialed actuaries in our 550+ colleague staff, making it one of the largest actuarial practices in the United States. Over 180 of our credentialed members have earned the designation “Fellow of the Casualty Actuarial Society” or “Fellow of the Society of Actuaries”, reflective of the completion of an exhaustive examination process. Oliver Wyman Actuarial Consulting, Inc. specializes in evaluating the long-term financial consequences of property, casualty, life, and health insurance risks.

The Melville, NY office of Oliver Wyman Actuarial Consulting, Inc. provides actuarial consulting services to the MTA and FMTAC. The Melville office employs thirteen individuals, including four Fellows and one Associate of the Casualty Actuarial Society. The project team that serves the MTA and FMTAC includes Steven G. McKinnon, FCAS, MAAA, FCA and James D. Coyle, FCAS, MAAA. Mr. McKinnon and Mr. Coyle are senior members of Oliver Wyman Actuarial Consulting, Inc. and have over 35 years of combined experience in the insurance and risk management industry. Mr. McKinnon is a Senior Principal and manages the Melville office. He is the primary consultant for a large number of clients with New York State workers compensation exposure and has extensive experience with the complexities of dealing with the changing New York State workers compensation environment. Mr. McKinnon has two decades of experience with unique workers compensation exposures, including the Jones Act, FELA, the United States Longshore and Harbor Workers Act, the Federal Black Lung Act, and numerous state jurisdictions.

Mr. McKinnon serves as the primary actuarial consultant to FMTAC, having day-to-day client management responsibilities for all aspects of Oliver Wyman’s engagement to provide actuarial consulting services to FMTAC. Mr. Coyle assists with project management and peer review of the actuarial work prepared by Mr. McKinnon for FMTAC.

TAB 8

FMTAC DISASTER RESPONSE PLAN AND BUSINESS CONTINUITY PLAN

TAB 8

DISASTER RESPONSE PLAN

First Mutual Transportation Assurance Company ("Company")

NAIC# 11787

EFFECTIVE: MAY 24, 2023

Introduction

This Disaster Response Plan ("Plan") is designed to help ensure that key business processes of the Company will continue during a disaster or at least have high potential to be restored within a reasonable period of time following a disaster with the main objective of being able to continue to meet policyholder and claimant expectations despite the disaster. The Company needs to periodically review for potential threats of disaster and devise plans to ensure timely recovery. These efforts will include periodically conducting a Risk Based Analysis ("RBA") of the Company's capacity to assist its insureds when affected by a disaster, and subsequently to modify this Plan if indicated. The RBA involves review of the risks faced by the insureds that are covered by the insurance programs offered by the Company and factoring the mitigating and remedial actions possible given the different types and extent of disaster. This Plan is organized as a plan outline followed by an Appendix containing specific role assignments, Notification Lists, etc., referred to in actions of the Plan.

The Company is a Captive Insurance Company and as such does not have employees, systems, applications, buildings, equipment, nor does the Company maintain a network. Instead, the Company relies on the Metropolitan Transportation Authority ("MTA") the parent of the Company, and affiliates and subsidiaries of the MTA ("affiliates"), and on robust third party service provider ("TPSP") vetting, particularly related to the Company's management company, including reasonable efforts to confirm those entities have appropriate Disaster Response and Business Continuity Plans in place related to Company operations. Please refer to the Company's Third Party Service Provider Security Policy for additional detail on the protocols the Company follows related to engaging, monitoring, and contracting with TPSPs. As a captive insurance company, the Company is licensed to insure only risks related to its parent and affiliates and their operations.

The rest of this document provides key steps to be taken to maximize the chance of timely recovery of the Company's operations and continuity of delivery of policyholder services in the event of a disaster. These processes and procedures are not meant to be all-inclusive, and actual processes may include variations and additional steps as dictated by the scope and consequences of the disaster and impact to affiliates and TPSPs of the Company. The specifics of the situation will need to be taken into consideration. In all cases, though, this document should be referred to at the onset of a potential or actual disaster and be factored into decisions as disaster response activities dictate and progress.

Roles & Responsibilities

The Business Continuity Coordinator ("BCC") oversees compliance with this Plan and has responsibility for:

1. ensuring a RBA is conducted at least annually;
2. having overall responsibility for the Company's response to a disaster;
3. ensuring overall maintenance of this Plan including ensuring this plan is reviewed at least once annually, approved by the Company's Board at least once annually, and updated as required;

4. working with the Company's affiliates, management company, and other critical TPSPs to ensure compliance with this Plan;
5. working with the Company's affiliates, management company, and other critical TPSPs to guide the Company through the Disaster Response if a disaster occurs;
6. ensuring this Plan is distributed any time a material change is made but at least once annually to key stakeholders including: BCC, Backup to the BCC, appropriate representatives of affiliates of the Company, and the management company;
7. acting in the capacity of liaison for the Company with any applicable regulatory authority including as provided for in any statute, regulation or other binding requirements; and
8. activating, deactivating and monitoring the Plan.

Lines of authority, succession of management & delegation of authority

The BCC has overall responsibility for the Plan but because the Company does not have employees, systems, applications, buildings, equipment, nor does the Company maintain a network, the expectation is that operational authority will be delegated to employees of affiliates, management company, or other TPSPs, as deemed appropriate by the Board, including an employee of one of these entities potentially serving as the Company BCC, and that the Company's ability to respond to a disaster necessarily rests primarily with TPSPs and/or affiliates of the Company.

Risk Based Analysis

The BCC shall ensure the Company performs a RBA at least annually. The analysis shall emphasize the capacity of the Company to assist customers affected by a disaster and shall use the results to maintain and periodically update this Plan as indicated by the analysis efforts.

Interaction with external business entities, including TPSPs

As explained in the introduction of this document, the Company is a captive insurance company and does not have employees, systems, applications, buildings, equipment, nor does the Company maintain a network. Accordingly, the Company relies primarily on robust third party service provider ("TPSP") vetting, a management company, and the Company's affiliates to conduct Company operations. Notification of a disaster will more likely than not come to the attention of the BCC via a declaration from a TPSP that they have experienced a disaster or from the Company's management company, advising receipt of notice of a disaster by a TPSP that conducts important Company operations.

It is also possible that the Company's parent or another affiliate could experience a disaster that impacts their employees, systems, applications, buildings, equipment, or network, resulting in impairment of processing of Company activity and an associated impact on the Company's ability to assist the Company's insureds when affected by a disaster. One beneficial side effect of the distributed way the Company conducts its operations is the low probability that all major aspects of the Company's processing will be affected simultaneously. For example, TPSPs of the Company are located across multiple states and in the case of the management company, has operations in multiple countries.

Disaster Declaration and Response

A "Disaster Declaration" is a formal notification process that accomplishes two main objectives:

1. It formally sets the restoration and recovery processes in motion; and
2. It notifies and activates the recovery teams that they need to assist the Company through a disaster.

The BCC will be the primary point of contact, make the disaster declaration, coordinate with regulators, and ensure timely notification is delivered to appropriate members of the Notification List(s) in the appendix to this Plan, using best available means under the circumstances, with priority on using email or text messaging communications if available. The BCC will also provide guidance regarding procedural changes in effect during the disaster, updates on disaster remediation, etc., at appropriate points as indicated by the specifics of the disaster, but no less frequently than once daily to entities listed in Notification List 1 of the Appendix unless otherwise agreed at the time of the disaster. The BCC is also responsible for guiding the Company and coordinating TPSPs as to any requirements related to disaster response and efforts to return the Company to normal operations and for revoking the Disaster Declaration when the disaster is over.

The BCC shall make the Disaster Declaration decision based on all available information but with top priority placed on the impact on the Company's ability to meet policyholder obligations. If as a result of a disaster there is significant potential for impact to the Company's ability to meet policyholder obligations, then that should be viewed as strong evidence that a Disaster Declaration should be made. In addition, a disaster impacting a critical service provider of the Company should also be viewed as strong evidence that a Disaster Declaration should be made by the Company.

Regulatory Compliance

This Plan may also serve the purpose of satisfying any regulatory requirements applicable to the Company related to disaster response. Accordingly, the BCC should be familiar with applicable requirements and ensure those requirements are factored into this Plan, including arranging updates to the Plan from time-to-time as indicated from such review and monitoring.

APPENDIX A

Business Continuity Coordinator (Disaster Liaison or Disaster Leader) Name	Gemma Mah
Business Continuity Coordinator (Disaster Liaison or Disaster Leader) - Address\Email\Phone(s)	1166 Avenue of the Americas New York, New York 10036 Office 778-957-4991 Gemma.Mah@marsh.com
Backup to Business Continuity Coordinator (Disaster Liaison or Disaster Leader) Name	Claudia Reuben
Backup to Business Continuity Coordinator (Disaster Liaison or Disaster Leader) -Address\Email\Phone(s)	2 Broadway New York, New York 10004 Office 212-878-7361 Claudia.reuben@mtahq.org
Company domicile	New York
Company headquarters address	c/o Metropolitan Transportation Authority 2 Broadway, NY 10004
Company administrative office(s) for claims, policy and contract changes, processing premium payments, other services (list multiple locations and function if more than one)	c/o Marsh Management Services Inc. 1166 Avenue of the Americas, New York, NY 10036 c/o Metropolitan Transportation Authority 2 Broadway, NY 10004
Kinds of insurance products sold	**Direct Primary & Excess:** - Property - Terrorism - General Liability (Premise, All Agency Protective Liability, Stations & Force) - Excess Liability - Casualty (Owner Controlled Insurance Programs) - Builders Risk The policies listed above are indemnity form policies issued by the Company to affiliates. The Company does not have a duty to defend or an obligation to pay on behalf of affiliates although the Company may choose to do so from time-to-time for administrative convenience. All public-facing activities, including claims adjustments and payments, are handled by an underlying or an excess commercial carrier and a TPA or by a TPA appointed by an affiliate. The indemnity policies issued by the Company require it pay claims to

the affiliates after the claims are adjusted by a TPA appointed by an affiliate or a commercial carrier as the case may be.

Risk Evaluation:
No impact to public-facing activity, even if there are several months of inactivity at the Company. After 3+ months of inactivity there may be a minimal impact to affiliates (also see Business Impact Analysis)

Reinsurance Assumed:

- Automobile Allocated Loss Adjustment Expenses (Paratransit/Non-Revenue)

The Company assumes from a commercial carrier a portion or a layer of risk related to an affiliate that is first insured by a commercial insurance company. All public-facing activities, including claims adjustments and payments, are handled by the commercial carrier and/or a TPA. The Company does not have a duty to defend – the Company simply pays the ceding company for the Company's assumed portion of the losses.

Risk Evaluation:
No impact to public-facing activity, even if there is a several months of inactivity by the Company. After 3+ months of inactivity there may be a minimal impact to the ceding company or affiliates (also see Business Impact Analysis)

Deductible Reimbursement Insurance:

- Automobile (Paratransit/Non-Revenue)
- Casualty (Owner Controlled Insurance Programs)
- Builders Risk

The Company provides deductible reimbursement coverage to affiliates for the above lines where the Company reimburses the affiliates for the losses they experience in the deductible layer under their commercial insurance program(s). All public-facing activities, including claims adjustments, defense and payments are handled by a commercial carrier and/or a Third Party claims Administrator ("TPA"). The commercial insurance policy with the affiliates

	provides for the affiliates to reimburse the carrier for the deductible layer. The Company does not have a duty to defend or an obligation to pay on behalf of affiliates although the Company may choose to do so from time-to-time for administrative convenience – the Company only reimburses deductible losses incurred by affiliates. ***Risk Evaluation:*** *No impact to public-facing activity, even if there are several months of inactivity by the Company. After 3+ months of inactivity there may be a minimal impact to affiliates (also see Business Impact Analysis)*
Notification List 1 – Parent, Affiliate and TPSP primary contacts responsible for conducting Company operations (entities critical to the Company's ongoing operations)	PARENT CONTACT Claudia Reuben c/o Metropolitan Transportation Authority 2 Broadway, New York, NY 10004 Claudia.reuben@mtahq.org 212 878 7361
Notification List 2 – policyholders and other key TPSPs not already scheduled in Notification List 1	INSURED CONTACT (1) Laudwin Pemberton c/o Metropolitan Transportation Authority 2 Broadway, New York, NY 10004 LPEMBERT@mtahq.org 646 252 1427 LEGAL CONTACT Paige Graves c/o Metropolitan Transportation Authority 2 Broadway, New York, NY 10004 Paige.Graves@mtahq.org 212 878-7000 PARENT BROKER Thomas Kelly c/o Marsh Inc. 1166 Avenue of the Americas New York, NY thomas.e.kelly@marsh.com 212.345.3440

	REGULATOR George Babu New York State Department of Financial Services 1 State Street New York, NY 10004-1511 george.babu@dfs.ny.gov 212-480-2046

TAB 8

BUSINESS CONTINUITY PLAN

First Mutual Transportation Assurance Company ("Company")

EFFECTIVE: MAY 24, 2023

Introduction

This Business Continuity Plan ("Plan") is designed to help ensure that key business processes of the Company will continue during a disaster or at least have high potential to be restored within a reasonable period of time following a disaster and that restoration proceeds in logical order based on priorities planned for in advance. The Company needs to periodically review for potential threats of disaster and devise plans to ensure timely recovery. These efforts will include, at least annually, conducting a Business Impact Analysis ("BIA") and subsequent modification to this Plan and/or the Company's Disaster Response Plan if indicated by the BIA. The BIA shall be designed with the emphasis on predicting the consequences of disruption of a key business functions and processes as a result of a disaster, and to gather information needed to develop recovery and/or mitigation strategies.

This Plan is organized as a plan outline followed by two Appendices, the first containing specific role assignments referred to in the Plan (Appendix A), and the second containing the most recent BIA (Appendix B).

The Company is a Captive Insurance Company and as such does not have employees, systems, applications, buildings, equipment, nor does the Company maintain a network. Instead, the Company relies on the Metropolitan Transportation Authority ("MTA") the parent of the Company, and affiliates and subsidiaries of the MTA ("affiliates"), and on robust third party service provider ("TPSP") vetting, particularly related to the Company's management company, including reasonable efforts to confirm those entities have appropriate Disaster Response and Business Continuity Plans in place related to Company operations. Please refer to the Company's Third Party Service Provider Security Policy for additional detail on the protocols the Company follows related to engaging, monitoring, and contracting with TPSPs. As a captive insurance company, the Company is licensed to insure only risks related to its parent and affiliates and their operations.

The rest of this document provides key steps to be taken to document Company processes in order to better understand the impact of disruption to specific Company processes in order to maximize the chance of timely recovery of the Company's operations in the event that Company operations are impacted. These processes and procedures are not meant to be all-inclusive, and actual processes may include additional steps as dictated by the findings of other efforts detailed herein.

Roles & Responsibilities

The Business Continuity Coordinator ("BCC") oversees compliance with this Plan and has responsibility for:

1. ensuring a BIA is conducted at least annually;
2. the overall maintenance of this Plan including ensuring the Plan is reviewed at least once annually, approved by its Board at least once annually, and updated as required;
3. holding and leading a meeting at least once annually to review the Business Continuity and Disaster Response Plans of the Company;

4. working with the Company's affiliates, management company, and other critical TPSPs to ensure maintenance of this Plan as well as mitigations and/or other staging actions designed to ensure timely recovery from a disaster are undertaken and maintained; and
5. ensuring this Plan is distributed any time a material change is made but at least once annually to key stakeholders including: BCC, Backup to the BCC, appropriate representatives of affiliates of the Company, and the management company.

Lines of Authority, Succession of Management & Delegation of Authority

The BCC has overall responsibility for the Plan. The Company does not have employees, systems, applications, buildings, equipment, nor does the Company maintain a network and therefore the expectation is that operational authority will be delegated to employees of affiliates, management company, or other TPSPs, as deemed appropriate by the BCC and/or the Board, including an employee of one of these entities potentially serving as the Company's BCC. The Company's ability to maintain a state of readiness to be able to promptly end effectively respond to a disaster necessarily rests primarily with TPSPs and/or affiliates of the Company. The priority of delegation of authority based on availability will be: 1) BCC, 2) lead management company representative, 3) lead parent company representative, all as detailed in the Company's Disaster Response Plan.

Business Impact Analysis

The BCC shall ensure the Company performs a BIA at least annually. This analysis shall emphasize the capacity of the Company to continue its normal business operations during and immediately after a disaster. The BCC will lead the development and review of the BIA and will ensure mitigations and/or recovery strategies are put in place to minimize the operational and financial impact of disruption. The BIA shall include identification of major business processes and recovery point objectives. See attached Appendix B for current BIA.

Interaction with External Business Entities, Including TPSPs

As explained in the Introduction to this Plan, the Company is a captive insurance company and does not have employees, systems, applications, buildings, equipment, nor does the Company maintain a network. Accordingly, the Company relies primarily on robust third party service provider ("TPSP") vetting, a management company, and the Company's affiliates to conduct Company operations. Notification of a disaster will more likely than not come to the attention of the BCC via a declaration from a TPSP that they have experienced a disaster or from the Company's management company, advising receipt of notice of a disaster by a TPSP that conducts important Company operations.

It is also possible that the MTA or an affiliate or subsidiary could experience a disaster that impacts their employees, systems, applications, buildings, equipment, or network, resulting in impairment of processing of Company activity. One beneficial side effect of the distributed way the Company conducts its operations, and a component of the Company's business continuity strategy, is the low probability that all major aspects of the Company's processing will be affected simultaneously. For example, Company operations are distributed across multiple entities; TPSPs of the Company have operations located across multiple states and in the case of the management company, has operations in multiple countries.

Disaster Declaration and Response

A "Disaster Declaration" is a formal notification process that accomplishes two main objectives:

1. It formally sets the restoration and recovery processes in motion;
2. It notifies and activates the recovery teams that they need to assist the Company through the disaster.

The BCC will be the primary point of contact, make the disaster declaration, coordinate with regulators, and ensure timely notification is delivered to appropriate members of the Notification List(s) detailed in the appendix to the Company's Disaster Response Plan, using best available means under the circumstances, with priority on using email communications if available. The BCC will also provide guidance regarding procedural changes in effect during the disaster, updates on disaster remediation, etc., at appropriate points as indicated by the specifics of the disaster, but no less frequently than once daily to entities listed in Notification List 1 of the Appendix to the Company's Disaster Response Plan unless otherwise agreed at the time of the disaster. The BCC is also responsible for guiding the Company and coordinating TPSPs as to any requirements related to disaster response and efforts to return the Company to normal operations and for revoking the Disaster Declaration when the disaster is over.

The BCC shall make the Disaster Declaration decision based on all available information but with top priority placed on the impact on the Company's ability to meet policyholder obligations. If as a result of a disaster there is significant potential for impact to the Company's ability to meet policyholder obligations, then that should be viewed as strong evidence that a Disaster Declaration should be declared. In addition, a disaster impacting a critical service provider of the Company should also be viewed as strong evidence that a Disaster Declaration should be declared by the Company.

Business Processes, Information Technology and Data

It is important that the Company be able to continue its normal business processes in the event of a disaster. As mentioned in the Introduction to this Plan, the Company is a captive insurance company and as such does not have employees, systems, applications, buildings, equipment, nor does the Company maintain a network. Instead, the Company relies on the affiliates of the Company and on robust TPSP vetting, particularly related to the Company's management company. This vetting will include reasonable efforts to periodically confirm those entities have appropriate Disaster Response and Business Continuity Plans in place related to Company operations. The TPSPs are located across multiple states and in the case of the management company, has operations in multiple countries, and has made representations that critical Company data are replicated to an offsite location at regular intervals during the workday and that physical backups are made and securely stored offsite daily. The expectation is that these factors will mean minimal interruption to Company operations, and rapid recovery of data if required, in the event of a disaster impacting Company operations.

The distributed way the Company conducts its operations and its reliance on TPSPs makes for a low probability that all major aspects of the Company's processing will be affected simultaneously. However, in the event of a major event that impacts multiple locations, the Company aims to commence near normal business processes with access to information systems and data within a reasonable time, factoring the BIA. Depending on the severity of the event, 'reasonable time' could vary from 48 hours to two weeks as prescribed in the BIA.

Training & Testing

The BCC shall periodically -- at least once every three years -- host a formal meeting with employees of an appropriate affiliate or affiliates of the Company as well as employees of the Company's management Company to walk through this Plan, with an emphasis on recovery strategies, recovery point objectives and business processes identified as critical as a result of the BIA. During this process the BCC shall secure updated representations regarding disaster response and business continuity plans in place at these entities related to Company operations. The meeting shall be documented in Company files and any findings suggesting amendments to this Plan or the Disaster Response Plan of the Company shall be actioned for timely remediation.

Regulatory Compliance

This Plan may also serve the purpose of satisfying any regulatory requirements applicable to the Company related to business continuity and disaster response. Accordingly, the BCC should be familiar with applicable requirements and ensure those requirements are factored into this Plan, including arranging updates to the Plan from time-to-time as indicated from such review and monitoring.

APPENDIX A

Business Continuity Coordinator (Disaster Liaison or Disaster Leader) Name	Gemma Mah
Business Continuity Coordinator (Disaster Liaison or Disaster Leader) - Address\Email\Phone(s)	1166 Avenue of the Americas New York, New York 10036 Office 778-957-4991 Gemma.Mah@marsh.com
Backup to Business Continuity Coordinator (Disaster Liaison or Disaster Leader) Name	Claudia Reuben
Backup to Business Continuity Coordinator (Disaster Liaison or Disaster Leader) - Address\Email\Phone(s)	2 Broadway New York, New York 10004 Office 212-878-7361 Claudia.reuben@mtahq.org

TAB 8

APPENDIX B

BUSINESS IMPACT ANALYSIS

As of

Process	Description	Point in time the BI has a greater impact	Amount of time before the BI has operational or financial impact	Operational / Financial Impact of a BI Event	Resources needed to continue operations at varying levels of disruption	Potential for dissatisfaction or defection by customers
Insurance policy issuance	Policies are issued annually using the same policy forms as expiring coordinated by an officer, Parent's insurance broker or by Marsh; signed by an authorized person	Annually:, Paratransit/Non-Revenue - March 1 Property/Terrorism – May 1 All Agency Protective Liability – June 1 All Agency Excess Liability – October 31 Premises – December 7 Stations & Force – December 15	Minimal if any impact as the policy issuance can be deferred	Delay in evidencing coverage to parent/affiliate, although no significant impact since the ultimate risk remains with parent/affiliate, with or without a captive policy	Process could be coordinated by an officer of the Company working for parent/affiliate or its broker or Colleagues from another Marsh office at a different location within a short period	No impact as the insured is the parent/affiliates

		Combined Capital Construction OCIP – June 30, 2025 LIRR 3rd Track OCIP – January 1, 2024 OCIP Excess Casualty – April 1, 2023 Builders Risk Combined Capital Construction June 30, 2025 Builders Risk LIRR 3rd Track – January 1, 2024 OCIP – Mini RFP – June 30, 2028 Builders Risk – Mini RFP – June 30, 2028				

Claims Handling	Company does not have a duty to defend. All public-facing activity is handled by a commercial insurer and/or a TPA and non-public facing claims are by the parent and a TPA	NA	NA	NA	NA	NA
Cash and Treasury function	Not a high volume activity. This is carried out by the treasury team at the parent/affiliate, after Marsh and an Officer initiate payment requests	No special periods but there are a few deadlines driven by policy renewals and periodical claim reimbursement.	Varies by type of payment, but generally 3+ months	**Claims Payable:** Delay in claims payments may have moderate to high impact **Claims receivable (reinsurance):** Little to no activity. Payments coordinated by parent/affiliate can be made electronically by reinsurer. **Operating Expenses:** Usually monthly quarterly payments. Delays have no significant impact **Written Premium:** Minimal if any impact. Timing can be changed & is paid by	Parent/affiliate's treasury function can likely maintain payments using loan funds or Company funds until normal operations are restored. Parent/affiliate's treasury functions are critical part of their own operations which has its own BCP and has multiple offices to operate from. Colleagues from another Marsh office can help meet the needs.	No impact to the Customer or Insured

				the parent to captive electronically. **Ceded Premium:** There are a few payments that are due by a certain date which may have a moderate to high impact		
Regulatory Reporting	Marsh prepares the regulatory reports, approved by Officers prior to submission	During February and March	A delay of 3+ months may be impactful	Regulators will likely grant extensions, especially after a disaster. Delayed filings could result in penalties and/or reputational damage	Marsh has multiple offices in multiple locations with its own BCP that can be activated and the work distributed to other offices.	No impact to the Customer or Insured
Accounting and financial reporting	Marsh prepares monthly financials for submission to Parent	Low to medium impact monthly or quarterly. Medium impact at year-end	Low to medium impact monthly or quarterly if delayed more than 2 months Medium to high impact at year-end if delayed more than 2 months	1-2 months or more resulting in delays in consolidating Company financials with parent	Parent/affiliate accounting team with knowledge of Company financials can help. Colleagues from another Marsh office can help meet the needs.	No impact to the Customer or Insured

TAB 9

GLOSSARY OF

INSURANCE TERMS

Glossary of Captive Insurance Terms

TAB9

Actuarial Report - An analysis intended to project ultimate loss costs using probability theory and other methods of statistical analysis. Used to determine the adequacy of a property and casualty insurer's statutory loss reserves and life insurer's unearned premium (technical) reserves.

Adjuster - A person who settles claims for insurers or self-insurance pools who may be either an employee of the insurance company or an independent contractor engaged by the insurer or self-insured.

Admitted Company - A company licensed or authorized to sell insurance to the general public. In the U.S., admitted companies are licensed on a state-by-state basis and differentiated from surplus lines insurers, which are authorized to sell insurance in a state on a non-admitted basis,

Affiliated Risk - The risks of the owners of the captive or their affiliates or of the participant in a captive cell when describing risks insured in a captive,

Aggregate - The greatest amount recoverable under a policy or reinsurance agreement from a single loss or all losses incurred during the contract period (can be multiyear or annual).

Aggregate Excess - Short for aggregate excess of loss. A method by which an insurer may recover excess losses after a policy or reinsurance aggregate or underlying deductible has been exhausted.

Broker - An intermediary who represents the insured in the purchase of insurance or reinsurance. Therefore, the broker's compensation should be from the insured, not the insurer, to prevent conflicts of interest.

Captive - An insurance company that has as its primary purpose the financing of the risks of its owners or participants. Typically licensed under special purpose insurer laws and operated under a different regulatory system than commercial insurers. The intention of such special purpose licensing laws and regulations is that the captive provides insurance to sophisticated insureds that require less policyholder protection than the general public.

Case Reserves - Loss reserves set up for an identified claim, with each claim assigned a case number.

Claims-made Insurance - Insurance that provides coverage for claims made against an insured within the policy period, regardless of when the action or accident giving rise to the claim occurred. The insured must have been notified of the claim after the retroactive date and must report it to the insurer before the expiration of the policy or any extended reporting period.

Deductible - An amount that an insured agrees to pay, per occurrence or on a per-policy basis, toward the total amount of the insured loss or losses. Insurance is written on this basis at reduced rates since the insured is responsible for the deductible payments as losses occur.

Deferred Acquisitions Cost - The amount of an insurer's acquisition costs incurred as premium is written but earned and expensed over the term of the policy. The deferred portion is capitalized and recognized as an asset on the insurer's balance sheet.

Deferred Tax Asset - The amount of loss reserves or unearned premium that is not deducted from an insurer's income when calculating income taxes. The deferral in the tax deduction arises because of the requirement to discount loss and unearned premium reserves. The insurer records an asset equal to the expected future amount of the tax deduction,

Earned Premium - The amount of premium covering the period a policy has been in force. Usually property, casualty, and health premium is earned in equal proportion to the amount of time elapsed since policy inception, i.e.,1/12 per month, but life insurance and some property and casualty policies insuring seasonal risks may earn in proportion to the amount of exposure.

Gross Written Premium (GWP) - The total premium written and assumed by an insurer before deductions for reinsurance and ceding commissions.

Incurred but not reported (IBNR) - The loss reserve value established by insurance and reinsurance companies in recognition of their liability for future payments on losses that have occurred but that have not yet been reported to them.

Incurred Loss - Total amount of a loss, including amounts paid and reserves for future payments.

Insured - Person or organization covered by an insurance policy, including the "named insured" and any additional insureds for-whom protection is provided under the policy term.

Liability Limits - The stipulated sum or sums beyond which an insurance company is not liable for payments due to a third party. The insured remains legally liable above the limits.

Limitation of Risk - The maximum amount an insurer or reinsurer must pay in any one loss event.

Loss - The destruction, reduction, or disappearance of value of tangible or intangible property; bodily or emotional injury; or reduction in income

Loss Adjustment Expense (LAE) - The expense incurred by the insurer in the investigation, defense, and settlement of claims under its policies.

Occurrence - An accident or incident, including continuous or repeated exposure to conditions that result in a loss neither expected nor intended from the standpoint of the insured, or an act or related series of acts that result in the some.

Premium - The sum paid for an insurance policy or consideration in the insurance contract. As income to the insurer, it is therefore the basis for taxes on the insurer.

Pure Premium - The amount of premium calculated for the risk to be insured, net of policy expenses. The amount of premium available to pay losses and allocated loss adjustment expenses (ALAEs).

Sponsor - The legal entity that contributes statutory capital to from a sponsored or association captive.

Standard Premium - Premium established by using rates believed by underwriters to reflect the standard or average risk for the class, before application of retrospective rating formulas. When debits and credits based on the insureds loss history or exposure are applied, the standard premium equals the pure premium.

Underwriting Expenses - 1. The cost incurred by an insurer when deciding whether to accept or decline a risk; may include meetings with the insureds or brokers, actuarial review of loss history, or physical inspections of exposures. 2. Expenses deducted from insurance company revenues (including incurred losses and acquisition costs) to determine underwriting profit.

Underwriting Profit- Insurer profit before investment income and income taxes.

Underwriting Risk - Uncertainty about whether or when a loss will occur and its amount.

Unearned Premium (UEP) - In property and casualty insurance, the fraction of written premium corresponding to the unexpired paid-up portion of the policy. If a policy has cancellation provisions, this is reserved on either a gross or short-rate basis (both discounted for income tax calculations).

Yellow Book - The annual reporting form for property and casualty insurers in the U.S.

First Mutual Transportation Assurance Company

Finance Committee Presentation

May 22, 2023

FMTAC Overview

The following are FMTAC insurance programs:

- **All Agency Property Insurance**
- **All Agency Excess Liability**
- **MTA Premises Liability**
- **Property Terrorism**
- **Station and Force Liability**
- **Owner Controlled Insurance Program (OCIP)**
- **Automobile Liability**
- **All Agency Protective Liability (AAPL)**

- ❑ For the year ending 12/31/2022, FMTAC incurred a net loss of ($32.0) million net investment losses of ($78.4) million offset by higher net earned premium and lower loss and loss adjustment expenses.

- ❑ As a result, FMTAC Net Position (or Equity) was reduced to $193 million from $225 million. This compares to an average equity position over the prior 3 years of $243 million.

- ❑ Nevertheless, FMTAC key ratios which measure financial strength and adequacy of reserves remain well within insurance industry recommended levels.

- ❑ In addition, FMTAC's Actuary provided a positive Statement of Actuarial Opinion regarding FMTAC's reasonableness of reserves given its exposures as well as FMTAC's compliance with the relevant requirements under New York State insurance laws.

FMTAC $453M Property

Traditional Reinsurance Markets ($414M)

All-Risk Coverage backed by Insurance Company's Balance Sheet

- Asia
- Zurich
- London
- Bermuda
- Domestic

Capital Markets ($100M)

Catastrophic Coverage backed by Collateral

- Catastrophe Bonds (Cat Bonds) Investors
- Global Investors

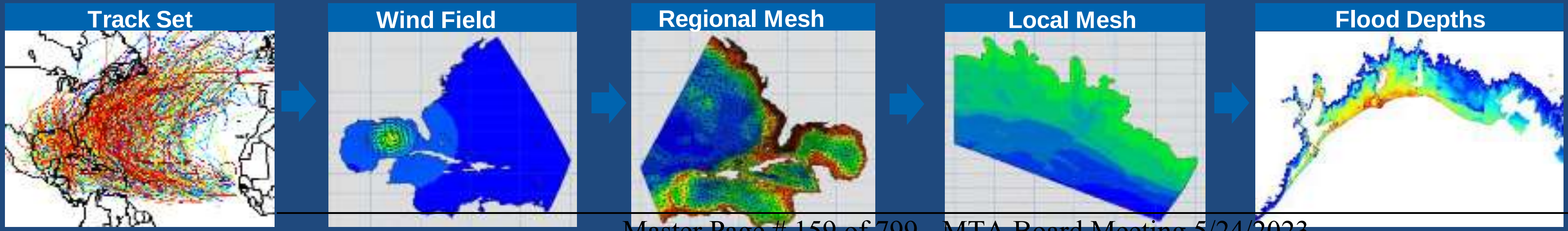
- FMTAC employs a strategy of maximizing tension/competition inside each market, as well as between the traditional reinsurance and capital markets
- Insurance marketplace is cyclical; due to significant global losses. We are still in a hard pricing phase of the cycle.
- In the 2023 renewal, FMTAC purchased $353M of property reinsurance limits on behalf of the MTA for a total cost of $40M, as compared to $414M in 2022 for a total cost of $38M
- Challenges to the placement of this program:
  - Insurance marketplace remains in a hard pricing phase – less capacity/higher prices
  - Losses, including IDA Storm and COVID
  - Market restructuring their book of business
  - Several large reinsurers reduced capacity

FMTAC MetroCat Transactions

Year	Par amount	Peril	Term
2013	$200 Million	Storm Surge	3-year protection
2017	$125 Million	Storm Surge & Earthquake	3-year protection
2020	$100 Million	Storm Surge & Earthquake	3-year protection
2023	$100 Million	Storm Surge	3-year protection

- Cat Bonds provide fully collateralized reinsurance protection locked in for three years
- FMTAC enters into a reinsurance agreement with special purpose reinsurer MetroCat Re Ltd.
- The coverage is triggered by parametric index values. For storm surge, the index is calculated based on storm surge occurring during tropical storms in New York Harbor (Battery) and Long Island Sound as measured at various tidal gauge calculation locations

Parametric Storm Surge Cat Bond is Priced Based on Storm Surge Modeling



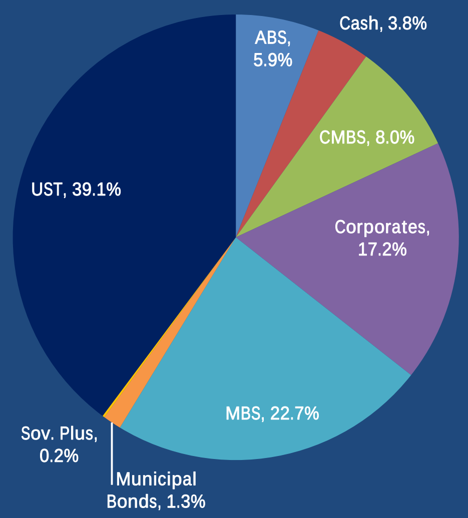
FMTAC Aggregate Portfolio

FMTAC-AGG

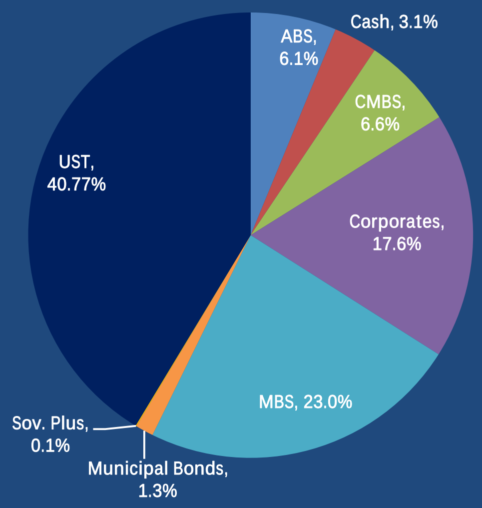
Total Portfolio: Sector Positioning & Characteristics

Portfolio Change

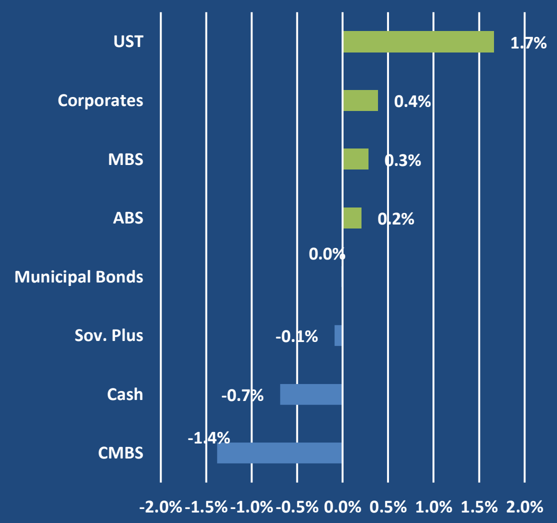
As of December 31, 2022



As of March 31, 2023



Portfolio Change 12/31/2022 vs. 03/31/2023



	Portfolio
Duration	4.48
Avg. Moody's/S&P Rating	Aa1/AA
Market Yield	4.81
Book Yield (excl. Cash)	2.61
YTD Interest Income ($000)	18,320
Net Asset Value ($000)	775,580

	Portfolio
Duration	4.69
Avg. Moody's/S&P Rating	Aa1/AA
Market Yield	4.57
Book Yield (excl. Cash)	2.95
YTD Interest Income ($000)	5,651
Net Asset Value ($000)	839,118

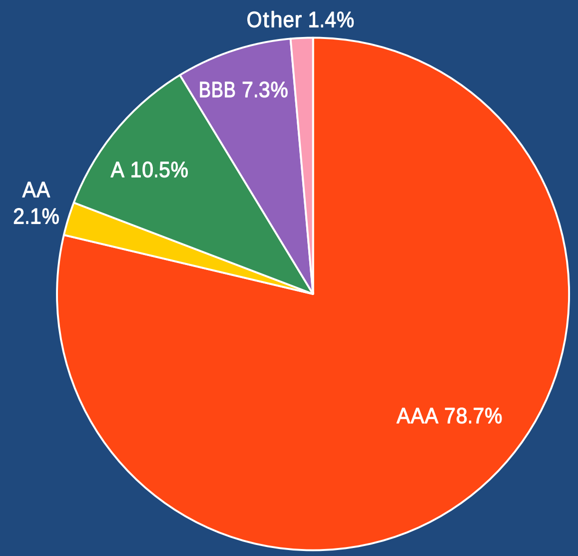
Portfolio Change 12/31/2022 vs. 03/31/2023	
Chg. in Duration	+21 bps
Avg. Moody's/S&P Rating	No Change
Market Yield	-24 bps
Book Yield (excl. cash)	+34 bps
Net Assets Value ($000)	+63,538
Unrealized G/L ($000)	+22,575

Note: MBS above consists of 30YR & 15 YR passthroughs, agency ARM's & CMO's. Other credit includes HY, EM, and sovereign plus
Benchmark: No Benchmark

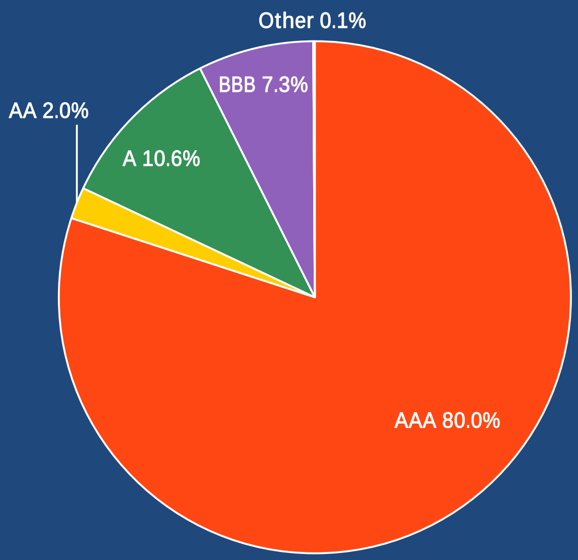
Total Portfolio: Ratings & Duration

Portfolio Change

As of December 31, 2022



As of March 31, 2023



Effective Durations Buckets as of March 31, 2023

	Total	<1Y	1Y-5Y	5Y-10Y	10Y-20Y	20Y+
Duration	4.69	0.47	3.12	6.58	15.04	20.34
Market Value%	100.0%	14.3%	44.3%	35.4%	6.0%	0.1%

Standard Barclays Rating
Benchmark: No Benchmark

Aggregate Portfolio Performance (%)

As of March 31, 2023

*Annualized Performance

- LEHINT_AGG = BBG Intermediate Aggregate Index

-The Aggregate Portfolio is not managed to an official benchmark

-The listed index is for illustrative purposes at the request of FMTAC, but is not an official contracted benchmark to the Aggregate Portfolio. This index was selected as it is has comparable asset classes and duration to the Aggregate Portfolio.

-Official performance is measured at the individual portfolio level as displayed on slide 34

DRAFT

First Mutual Transportation Assurance Company

(Component Unit of the Metropolitan Transportation Authority)

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

DRAFT

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

TABLE OF CONTENTS

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Opinion

We have audited the financial statements of the First Mutual Transportation Assurance Company (the "Company"), 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 Company'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 financial position of the Company as of December 31, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Company 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 opinion.

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 Company'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 opinion. 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 Company'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 Company'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 audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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.

__________, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction—The following is a narrative overview and analysis of the financial activities of the First Mutual Transportation Assurance Company (the "Company" or "FMTAC") for the years ended December 31, 2022 and 2021. This discussion and analysis is intended to serve as an introduction to the Company's financial statements which have the following components: (1) Management's Discussion and Analysis ("MD&A"), (2) Financial Statements and (3) Notes to the Financial Statements.

Management's Discussion and Analysis—This MD&A provides an assessment of how the Company's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Company's overall financial position. It may contain opinions, assumptions or conclusions by the Company's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements.

The Financial Statements Include—The Statements of Net Position provide information about the nature and amounts of resources with present service capacity that FMTAC presently controls (assets), consumption of net assets by FMTAC that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that FMTAC has little or no discretion to avoid (liabilities), and acquisition of net assets by FMTAC 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 Statements of Revenues, Expenses and Changes in Net Position show how the Company's net position changed during each year and accounts for all of the revenues and expenses, measures the success of the Company's operations from an accounting perspective over the past year, and can be used to determine how the Company has funded its costs.

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

The Notes to the Financial Statements—The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the financial statements.

FINANCIAL REPORTING ENTITY

On December 5, 1997, the Metropolitan Transportation Authority ("MTA") began its operation of its newly incorporated captive insurance company, FMTAC. FMTAC was created by the MTA to engage in the business of acting as a pure captive insurance company under Section 7005, Article 70 of the Insurance Law and Section 1266 Subdivision 5 of the Public Authorities Law of the State of New York. FMTAC's mission is to continue, develop, and improve the insurance and risk management needs as required by the MTA. The MTA is a component unit of the State of New York.

DRAFT

CONDENSED FINANCIAL INFORMATION

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

	As of December 31,			Increase/(Decrease)	
(In thousands)	**2022**	**2021**	**2020**	**2022–2021**	**2021–2020**
ASSETS					
CURRENT ASSETS	$ 368,566	$ 229,578	$ 287,716	$ 138,988	$ (58,138)
NONCURRENT ASSETS	744,222	852,278	698,669	(108,056)	153,609
TOTAL ASSETS	$ 1,112,788	$ 1,081,856	$ 986,385	$ 30,932	$ 95,471

Significant Changes in Assets

December 31, 2022 versus December 31, 2021

Total assets increased by $30,932 or 2.9 percent, from December 31, 2021 to December 31, 2022. The fluctuation in the total assets of FMTAC was the result of increases in premiums receivable and cash and cash equivalents and offset by a decrease in investments. Premium receivable increased due to additional Owner Controlled Insurance Programs ("OCIP") and Builders Risk premiums written in 2022. Cash and cash equivalents increased due to collected premiums exceeding the amount of claims paid. In addition, there were more investments classified as cash equivalents in 2022 compared to 2021. The decrease in investments was due to market fluctuations.

December 31, 2021 versus December 31, 2020

Total assets increased by $95,471 or 9.7 percent, from December 31, 2020 to December 31, 2021. The fluctuation in the total assets of FMTAC was the result of an increase reinsurance recoverable, investments and premium receivable due from affiliates partially offset by a decrease in cash and cash equivalents. Reinsurance recoverable increased due to anticipated recoveries for property damage caused by the remnants of Hurricane Ida. Investments increased as premiums received by the Company were transferred to the investment accounts. The increase in premium receivable due from affiliates was due to additional OCIP and Builders Risk premiums written in 2021. Cash and cash equivalents decreased due to premium refunds to the MTA as well as claim and operating expense payouts.

DRAFT

(In thousands)	As of December 31, 2022	2021	2020	Increase/(Decrease) 2022–2021	2021–2020
LIABILITIES AND RESTRICTED NET POSITION					
CURRENT LIABILITIES	$ 294,576	$ 216,750	$ 208,537	$ 77,826	$ 8,213
NONCURRENT LIABILITIES	625,583	640,496	490,701	(14,913)	149,795
TOTAL LIABILITIES	920,159	857,246	699,238	62,913	158,008
RESTRICTED NET POSITION	192,629	224,610	287,147	(31,981)	(62,537)
TOTAL LIABILITIES AND NET POSITION	$ 1,112,788	$ 1,081,856	$ 986,385	$ 30,932	$ 95,471

Significant Changes in Liabilities

December 31, 2022 versus December 31, 2021

Total liabilities from December 31, 2021 to December 31, 2022 increased by $62,913 or 7.3 percent. The increase in liabilities is due to an increase in unearned premiums and partially offset by a decrease in loss and loss adjustment expense reserves and ceded premiums payable. The increase in unearned premiums was due to additional premium written for the OCIP and builders risk programs. The decrease in loss and loss adjustment expense reserves was due to lower reserves for the all agency protective liability, OCIP and excess loss programs and partially offset by reserve increases in stations and force and builders risk. The decrease in ceded premiums payable was due to the payment of premiums related to the MetroCat bond program.

December 31, 2021 versus December 31, 2020

Total liabilities from December 31, 2020 to December 31, 2021 increased by $158,008 or 22.6 percent. The increase in liabilities is due to an increase in loss and loss adjustment expenses reserves and reinsurance recoverable and partially offset by a decrease in unearned premium. The increase in loss and loss adjustment expense reserves is primarily relating to the Long Island Rail Road (“LIRR”) stations, all agency protective liability and excess loss programs. The increase in reserve recoverable is due to property damage caused by the remnants of Hurricane Ida. The decrease in unearned premium was due to additional OCIP premium earned. Earned premium for OCIP casualty programs are based on completion of the project construction.

Significant Changes in Net Position

December 31, 2022 versus December 31, 2021

In 2022, the restricted net position decrease of $31,981 is comprised of operating revenues of $128,790 less non-operating loss of $78,432 and operating expenses of $82,339.

December 31, 2021 versus December 31, 2020

DRAFT

In 2021, the restricted net position decrease of $62,537 is comprised of operating revenues of $103,234 less non-operating loss of $8,305 and operating expenses of $157,466.

Condensed Statements of Revenues, Expenses and Changes in Net Position

				Increase/(Decrease)	
(In thousands)	**2022**	**2021**	**2020**	**2022–2021**	**2021–2020**
OPERATING REVENUES	$ 128,790	$103,234	$127,024	$ 25,556	$ (23,790)
OPERATING EXPENSES	82,339	157,466	112,311	(75,127)	45,155
OPERATING INCOME/(LOSS)	46,451	(54,232)	14,713	100,683	(68,945)
NON-OPERATING (LOSS)/INCOME	(78,432)	(8,305)	53,729	(70,127)	(62,034)
CHANGE IN NET POSITION	(31,981)	(62,537)	68,442	30,556	(130,979)
RESTRICTED NET POSITION— Beginning of year	224,610	287,147	218,705	(62,537)	68,442
RESTRICTED NET POSITION— End of year	$ 192,629	$224,610	$287,147	$ (31,981)	$ (62,537)

Operating Revenues—Operating revenues between 2021 and 2022 increased by $25,556 or 24.8 percent. The increase is primarily due to an increase in earned premium for the OCIP casualty program. Earned premium for OCIP casualty programs are based on completion of the project construction.

Operating revenues between 2020 and 2021 decreased by $23,790 or 18.7 percent. The decrease is primarily due to a decrease in earned premium from the paratransit programs and the OCIP casualty program. Earned premium for OCIP casualty programs are based on completion of the project construction.

Operating Expenses—Operating expenses between 2021 and 2022 decreased by 47.7 percent, or $75,127. The decrease was primarily due to lower builders risk, OCIP and excess loss fund ("ELF") loss and loss adjustment expenses.

Operating expenses between 2020 and 2021 increased by 40.2 percent, or $45,155. The increase was primarily due to an increase in loss and loss adjustment expenses primarily with the LIRR stations, all agency protective liability, ELF, builders risk and paratransit partially offset by a decrease in OCIP loss and loss adjustment expenses.

Non-operating Income—Non-operating income between 2021 and 2022 decreased by 844.4 percent, or $70,127. This is a result of net unrealized losses and a decrease in interest and realized gain income on investments held by FMTAC.

Non-operating income between 2020 and 2021 decreased by 115.5 percent, or $62,034. This is a result of net unrealized losses and a decrease in interest and realized gain income on investments held by FMTAC.

DRAFT

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Results of Operations—Operating as a pure captive insurance company domiciled in the State of New York requires that all business plans and changes to said plans be reviewed and approved by the New York Insurance Department. As of December 31, 2022, all programs administered by FMTAC have been reviewed and approved.

As of December 31, 2022 and 2021, FMTAC received its annual loss reserve certification. The actuary determined that reserves recorded by FMTAC were adequate and no adjustments were deemed necessary.

U.S. Insurance Market—The United States Property/Casuality industry recorded a $26.5 billion net underwriting loss in 2022, down $21.5 billion from the prior year, as 8% growth in net earned premiums and a 21% decline in policyholder dividends were countered by a 14% increase in incurred losses and loss adjustment expenses and a 6% rise in other underwriting expenses. Personal lines losses and the impact of Hurricane Ian caused the industry's combined ratio to deteriorate to 102.7%, with an estimated catastrophe loss impact of 6.9 points. With tax expense down 35% and realized capital gains down 83%, the industry's net income slid 31% to $42.0 billion. Industry surplus declined 7% from the end of 2021 to $951.9 billion.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

MTA Long Island Rail Road—New Hyde Park Collision. On October 8, 2016 while the MTA Long Island Rail Road was conducting track work east of the New Hyde Park Station on track placed out of service, a piece of track equipment derailed fouling live track and was struck by a train carrying passengers, causing the passenger train to derail. The majority of the personal injury claims appear to be soft tissue, with a few fractures and Post Traumatic Stress Disorder claims. The most seriously injured claimant allegedly sustained two fractured legs, requiring five surgeries to date. The current outstanding reserves are $3.3 million; which is in excess of the Force $11 million policy limits and $8.6 million paid by the ELF program.

MTA Long Island Rail Road—Atlantic Terminal Bumper Block Strike. An incident occurred on January 4, 2017 when an MTA Long Island Rail Road Far Rockaway Line train struck a bumper block in the Atlantic Terminal-Brooklyn Station. At this time, there does not appear to be any catastrophic injuries stemming from this incident with worst injuries seen so far are bone fractures and various trauma to the head/neck. If plaintiffs are successful in their claims against MTA Long Island Rail Road, damages could impact FMTAC and excess layers of insurance. The current outstanding reserves are $4.8 million; which is in excess of the Stations $11 million policy limits and $16.5million paid by the ELF program.

NYCTA Bicycle Case- On April 10, 2016, the Plaintiff rode his bicycle, through a cordoned off construction site beneath the elevated BMT line on Broadway in Bushwick, Brooklyn. The MTA New York City Transit Authority was replacing rotted cross ties and lowering them into a designated "drop zone." Plaintiff was hit by a discarded tie that was being dropped to the ground per MTA New York City Transit Authority protocols. Plaintiff sustained severe and permanent injuries including paraplegia. A Kings County jury found the MTA New York City Transit Authority 100% liable and returned a $110 million verdict. The judge reduced the verdict to $69 million. The Authority appealed. Oral Argument has not yet been scheduled by the appellate court. Thus, an appellate decision is not expected until late 2023. The settlement negotiations have not been productive as Plaintiff insists on recovering the entire judgment amount. The case has been reported to ELF which would be responsible for settlement up to

$39.3 million or the remaining limits available excess of the Agency's $11 million self-insured retention.

Terrorism Risk Insurance Act—Effective November 26, 2002, the Terrorism Risk Insurance Act ("TRIA") was signed in to law. Effective December 22, 2006, TRIA was extended through December 31, 2007. On December 31, 2007, the U.S. Treasury Department issued Interim Guidance Concerning the Terrorism Risk Insurance Program Reauthorization Act of 2007 ("TRIPRA") which has been extended through December 31, 2014. On January 12, 2015, TRIA was extended through December 31, 2021. In December 2020, TRIA was extended through to December 31, 2027. For additional information, please refer to the property section under Note 5.

Brooklyn NYCT Shooting - On the morning of April 12, 2022, a man committed a mass shooting, which led to an explosion and smoke condition on a Manhattan-bound N train as it travelled between 59th Street and 36th Street subway stations in Brooklyn. To date eight (8) claims have been received, four (4) of which have commenced lawsuits. The case has been reported to the ELF which would be responsible for any amount excess of the $11 million self-insured retention up to the remaining limits available.

BACKGROUND RELATING TO THE GLOBAL CORONAVIRUS PANDEMIC

The coronavirus outbreak continues to have an adverse and severe impact on the MTA's financial condition and operating results. On March 12, 2020, the World Health Organization declared the COVD-19 outbreak to be a pandemic in the face of the global spread of the virus. The COVID-19 pandemic has dramatically altered the behavior of businesses and people in a manner that continues to have negative effects on global and local economies. On March 7, 2020 Governor Cuomo declared a Disaster Emergency in the State of New York and on March 13, 2020 President Donald Trump declared a national state of emergency as a result of the COVID-19 pandemic. The State's NY Forward guidelines promulgated in May, 2020 established metrics to implement a staged reopening of the State and progress has been made, particularly with increased availability of vaccines. COVID-19 impacts to the Company are as follows:

- Dramatic declines in MTA public transportation system ridership have had a negative impact on the Company's revenue as some premiums are based on ridership, traffic on platforms and percentage of completion of construction projects. The steep fall in ridership volume, as well as the temporary suspension of certain construction projects reflects impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic.

- Up to this point, there has been no interruption in the MTA paying premiums to the Company.

This financial report is designed to provide our customers and other interested parties with a general overview of FMTAC's finances and to demonstrate FMTAC'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.

* * * * * *

DRAFT

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

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

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 3)	$ 136,625	$ 62,323
Investments (Note 4)	99,900	106,296
Funds held by reinsurer (Note 5)	7,817	7,301
Premiums receivable due from affiliates (Note 7)	120,313	49,971
Interest income receivable (Note 4)	3,799	3,077
Reinsurance receivable	106	606
Other assets	6	4
Total current assets	368,566	229,578
NONCURRENT ASSETS:		
Investments (Note 4)	652,315	739,231
Premiums receivable due from affiliates (Note 7)	-	19,500
Reinsurance recoverable	91,424	92,609
Owner Controlled Insurance Programs asset	483	938
Total noncurrent assets	744,222	852,278
TOTAL ASSETS	$ 1,112,788	$ 1,081,856
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Unearned premiums	$ 210,712	$ 127,188
Ceded premium payable	1,717	11,071
Reinsurance recoverable reserves (Note 6)	106	606
Loss and loss adjustment expense liability (Note 6)	69,521	71,234
Losses payable	2,951	1,310
Due to affiliates	8,165	3,750
Accrued expenses	1,404	1,591
Total current liabilities	294,576	216,750
NONCURRENT LIABILITIES:		
Loss and loss adjustment expense liability (Note 6)	534,159	547,887
Reinsurance recoverable reserves (Note 6)	91,424	92,609
Total noncurrent liabilities	625,583	640,496
Total liabilities	920,159	857,246
RESTRICTED NET POSITION	192,629	224,610
TOTAL LIABILITIES AND NET POSITION	$ 1,112,788	$ 1,081,856

See notes to financial statements.

DRAFT

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

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

	2022	2021
OPERATING REVENUES:		
Gross premiums written	$ 266,469	$ 157,702
Premiums ceded	(54,113)	(61,303)
Change in unearned premiums	(83,566)	6,835
Total operating revenues	128,790	103,234
OPERATING EXPENSES:		
Loss and loss adjustment	72,786	146,576
Underwriting	815	2,025
General and administrative	8,738	8,865
Total operating expenses	82,339	157,466
OPERATING INCOME/(LOSS)	46,451	(54,232)
NON-OPERATING INCOME:		
Net investment loss	(78,432)	(8,305)
Total non-operating loss	(78,432)	(8,305)
CHANGE IN NET POSITION	(31,981)	(62,537)
RESTRICTED NET POSITION—Beginning of year	224,610	287,147
RESTRICTED NET POSITION—End of year	$ 192,629	$ 224,610

See notes to financial statements.

DRAFT

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Premiums and other receipts	$ 152,118	$ 84,638
Payments for claims and other operating expenses	(91,975)	(77,014)
Net cash provided by operating activities	60,143	7,624
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(391,202)	(711,855)
Sales and maturities of investments	385,899	664,729
Earnings on investments	19,462	17,910
Net cash provided/(used)provided by investing activities	14,159	(29,216)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	74,302	(21,592)
CASH AND CASH EQUIVALENTS—Beginning of year	62,323	83,915
CASH AND CASH EQUIVALENTS—End of year	$ 136,625	$ 62,323
RECONCILIATION OF OPERATING (LOSS)/INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income/(loss)	$ 46,451	$ (54,232)
Adjustments to reconcile to net cash used in operating activities:		
Net decrease in accounts payable, accrued expenses and other liabilities	62,248	158,008
Net decrease in receivables	(48,555)	(96,152)
Net cash provided by operating activities	$ 60,144	$ 7,624

See notes to financial statements.

1. BASIS OF PRESENTATION

Reporting Entity—First Mutual Transportation Assurance Company (the "Company"), a component unit of the Metropolitan Transportation Authority ("MTA"), was incorporated under the laws of the State of New York (the "State") as a pure captive insurance company on December 5, 1997, and commenced operations on that date. The Company was established to maximize the flexibility and effectiveness of the MTA's insurance program and is governed by a Board of Directors consisting of members of the MTA. The Company's financial position and results of operations are included in the MTA's Comprehensive Annual Financial Report. The MTA is a component unit of the State of New York and is included in the State of New York's Comprehensive Annual Financial Report of the Comptroller as a public benefit corporation.

FMTAC is operationally and legally independent of the MTA. FMTAC enjoys certain rights typically associated with separate legal status. However, FMTAC is included in the MTA's consolidated financial statements as a blended component unit because of the MTA's financial accountability, and FMTAC is under the direction of the MTA Board (a reference to "MTA Board" means the board of MTA and/or the boards of the FMTAC 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 FMTAC in its consolidated financial statements.

The New York captive insurance statute requires a $250 minimum unimpaired paid-in-capital and surplus be maintained by a pure captive insurance company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Cash and Cash Equivalents—includes highly liquid investments with a maturity of three months or less when purchased. Cash equivalents are stated at amortized cost, which approximates fair value.

Investments—Investments are recorded on the statement of net position at fair value, which is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. All investment income, including changes in the fair value of investments, is reported as revenue (as either net investment income or unrealized gain (loss) on investments) on the statement of revenues, expenses and changes in net position.

Restricted Net Position—Net position is restricted for activities related to the payment of insurance claims.

Operating Revenues

Premiums—Earned premiums are determined over the term of their related policies, which approximates one year, or for certain Owner Controlled Insurance Programs ("OCIP"), as a percent of completed construction costs. Accordingly, an unearned premium liability is established for the portion of premiums written applicable to the unexpired period of policies in force or uncompleted construction projects. The Company does not directly pay premium taxes in accordance with its relationship with New York State.

Premiums ceded—Premiums ceded is where the Company is the named insured, and the insurer is an unrelated third-party re-insurance company. The ceded premiums are expensed over the term of the related policies. This arrangement is explained further in Note 5.

Operating Expenses

Loss and Loss Adjustment Expenses—Loss and loss adjustment expenses are established for amounts estimated to settle incurred losses on individual cases and estimates for losses incurred but not reported.

Loss and loss adjustment expenses are based on loss estimates for individual claims and actuarial estimates and, therefore, the ultimate liabilities may vary from such estimates. Any adjustments to these estimates, which could be significant, will be reflected in income in the period in which the estimates are changed or payments are made.

Non-Operating Revenues and Expenses—Investment income and unrealized gain (loss) on investments account for FMTAC's non-operating revenues and expenses.

Income Taxes—The Company is not subject to income taxes arising on profits since it is a component unit of the MTA. The MTA and its subsidiaries are exempt from income taxes.

3. CASH AND CASH EQUIVALENTS

At December 31, 2022 and 2021, cash and cash equivalents consisted of (in thousands):

	2022		2021	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits	$ 250	$ 250	$ 250	$ 250
Loss escrows	7,031	7,031	7,009	7,009
Uninsured deposits	129,344	129,344	55,064	55,064
	$ 136,625	$ 136,625	$ 62,323	$ 62,323

DRAFT

The Company is required to set aside funds in escrow accounts that are used to settle claims on behalf of the Company. The account balances of the loss escrow are $7,031 and $7,009 as of December 31, 2022 and 2021, respectively.

All other funds are invested by the Company as described in Note 4.

4. INVESTMENTS

The fair value and cost basis of investments consist of the following at December 31, 2022 and 2021 (in thousands):

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Funds for claim payments	$ 449,382	$ 505,885	$ 513,632	$ 505,836
Security trust funds	302,833	319,753	331,895	324,741
	$ 752,215	$ 825,638	$ 845,527	$ 830,577

All investments are registered and held by the Company or its agent in the Company's name.

The Company makes funds available to claims processors to allow for adequate funding for submitted claims. The funds, in the above table, are invested primarily in fixed income investments such as U.S. Government Bonds. All investments outlined above are restricted per the Statement of Net Position and are to be used to pay claims or pay administration expenses of the Company or as collateral for letter of credit obligations.

All funds of the Company not held as cash and cash equivalents are invested by the Company in accordance with the Company's investment guidelines. Investments may be further limited by individual security trust agreements. The Company's investment policies comply with the New York State Comptroller's guidelines for such policies. Those policies permit investments in fixed income securities that are investment grade or higher and the policy also allows for the investment in equities.

All investments are recorded on the Statements of Net Position at fair value and all investment income, including changes in the fair value of investments, is reported as revenue/(expense) on the Statements of Revenues, Expenses and Changes in Net Position. Fair values have been determined using quoted market values at December 31, 2022 and 2021.

The yield to maturity rate was 4.61% for the year ended December 31, 2022, and 1.41% for the year ended December 31, 2021. For the year ended December 31, 2022, the Company had realized gains of $8,828 and had unrealized losses of $88,373. For the year ended December 31, 2021, the Company had realized gains of $21,205 and had unrealized losses of $29,535. Additional investment income was earned from the RCAMP investments and the money market fund. Income from these sources were $1,113 and $25 for the years ended December 31, 2022 and 2021, respectively.

Interest Rate Risk and Investments at Fair Value

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Duration is a measure of interest rate risk. The greater the duration of a bond or portfolio of bonds, the greater its price volatility will be in response to a change in interest rate risk and vice versa. Duration is an indicator of a bond price's sensitivity to 100 basis point change in interest rates. Duration is expressed as a number of years.

DRAFT

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the Company's investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Listed below are the recurring fair value measurements as of December 31, 2022 and 2021. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors for those securities.

(In thousands)	2022		2022			
		Duration		Fair Value Measurements		
Investment Type	**Fair Value**	**(years)**	**Total**	**Level 1**	**Level 2**	**Level 3**
Treasury [1]	$ 313,764	3.82	$ 313,764	$ -	$ 313,764	$ -
Agency [2]	93,094	5.63	93,094	-	93,094	-
Asset backed securities	48,116	3.59	48,116	-	48,116	-
Commercial mortgage backed securities	159,729	5.07	159,729	-	159,729	-
Foreign bonds	15,101	5.77	15,101	15,101	-	-
Corporate bonds	125,714	5.81	125,714	125,714	-	-
Equities	480		480	480	-	-
Total	755,998		755,998	$ 141,295	$ 614,703	$ -
Less accrued interest	(3,783)		(3,783)			
Total investments	$ 752,215		$ 752,215			

Including but not limited to:
[1] U.S. Treasury Notes
[2] Fannie Mae, Freddie Mac, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation

(In thousands)	2021		2021			
		Duration		Fair Value Measurements		
Investment Type	**Fair Value**	**(years)**	**Total**	**Level 1**	**Level 2**	**Level 3**
Treasury [1]	$ 369,687	5.13	$ 369,687	$ -	$ 369,687	$ -
Agency [2]	132,558	5.67	132,558	-	132,558	-
Asset backed securities	23,263	3.83	23,263	-	23,263	-
Commercial mortgage backed securities	166,035	4.29	166,035	-	166,035	-
Foreign bonds	20,026	7.08	20,026	20,026	-	-
Corporate bonds	136,446	6.92	136,446	136,446	-	-
Equities	589		589	589	-	-
Total	848,604		848,604	$ 157,061	$ 691,543	$ -
Less accrued interest	(3,077)		(3,077)			
Total investments	$ 845,527		$ 845,527			

Including but not limited to:
[1] U.S. Treasury Notes
[2] Fannie Mae, Freddie Mac, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation

DRAFT

Credit Risk—At December 31, 2022, the following credit quality rating has been assigned by a nationally recognized rating organization (in thousands):

Quality Rating	Fair Value	Percentage of Fixed Income Portfolio
AAA	$217,798	28.8
AA	33,730	4.5
A	69,051	9.1
BBB	47,058	6.2
Not rated	74,117	9.8
Credit risk debt securities	441,754	58.4
U.S. Government Notes	313,764	41.5
Total fixed income securities	755,518	100 %
Equities	480	
Less accrued interest	(3,783)	
Total investments	$752,215	

Credit Risk—At December 31, 2021, the following credit quality rating has been assigned by a nationally recognized rating organization (in thousands):

Quality Rating	Fair Value	Percentage of Fixed Income Portfolio
AAA	$304,736	35.9
AA	29,041	3.4
A	72,108	8.5
BBB	60,036	7.1
Not rated	12,407	1.5
Credit risk debt securities	478,328	56.4
U.S. Government bonds	369,687	43.6
Total fixed income securities	848,015	100 %
Equities	589	
Less accrued interest	(3,077)	
Total investments	$845,527	

5. INSURANCE PROGRAMS

Property Program—Effective May 1, 2022, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, FMTAC directly insures property damage claims of the other MTA Group entities in excess of a $25,000 per occurrence deductible, subject to an annual $75,000 aggregate as well as certain exceptions summarized below. The total program is $500,000 per occurrence covering property of the related entities collectively. FMTAC is reinsured in the domestic, Asian, London, European, and Bermuda marketplaces for this coverage. Losses occurring after the annual aggregate is exceeded are subject to a deductible of $7,500 per occurrence. 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.

FMTAC's property insurance program has been expanded to include a further layer of $100,000 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.

Terrorism Program—Effective May 1, 2021, FMTAC extended its prior period terrorism program. Commencing May 1, FMTAC directly insures certified terrorism claims of the other MTA Group entities in excess of a $25,000 per occurrence self-insured retention, subject to an annual $75,000 aggregate as well as certain exceptions summarized below. The total program is $1,075,000 per occurrence covering property of the related entities collectively. FMTAC is reinsured in the domestic, London, and European marketplaces for this coverage. Losses occurring after the retention aggregate is exceeded are subject to a deductible of $7,500 per occurrence. The direct and reinsurance policies are effective from May 1, 2021 to May 1, 2023. On May 1, 2023, the program renewed until May 1, 2025 with continuation of the expiring limits.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of "certified" losses in 2022, as covered by the Terrorism Risk Insurance Act ("TRIA") of 2019 (originally introduced in 2002). Under the 2020 extension, terrorism acts sponsored by both foreign and domestic organizations are covered. The remaining 20% of MTA Group losses arising from an act of terrorism would be covered under the additional terrorism policy described below. Additionally, no federal compensation will be paid unless the aggregate industry insured losses exceed $200,000 ("trigger") for 2022. In December 2020, the United States government's reinsurance of TRIA was extended until December 31, 2027.

To supplement the reinsurance to FMTAC through the 2019 Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") program, FMTAC 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 in 2021—up to a maximum recovery of $215,000 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 20% "certified" acts of terrorism insurance in 2022 or (3) 100% of any "certified" terrorism loss which exceeds $5,000 and less than the $200,000 TRIPRA trigger—up to a maximum recovery of $200,000 for any occurrence and in the annual aggregate.

Excess Loss Fund ("ELF")—On October 31, 2003, the Company assumed the existing ELF program on both a retrospective and prospective basis. 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. The coverage limit will remain $50,000 per occurrence or the proceeds of the program whichever is less. On a prospective basis, effective October 31, 2003, the Company issued insurance policies indemnifying the MTA, its subsidiaries and affiliates above their specifically assigned Self-Insured Retention with a limit of $50,000 per occurrence with $50,000 annual aggregate. The balance of the ELF, $77,000 was transferred to and invested by the Company in order to secure any claims assumed from the ELF, as well as to capitalize the prospective programs and insure current and future claims. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. Effective October 31, 2022, FMTAC also provides an All-Agency Excess Liability Policy to the MTA and its subsidiaries and affiliates with the limits: i) $65,000 (65%) of $100,000 excess $95,000 and ii) 100,000 (91%) of $110,000 excess $195,000 and iii) $100,000 (97.6%) of $102,500 excess $305,000. The limits are fully reinsured in the domestic, London, European and Bermuda marketplaces. The limits also exclude claims arising from acts of terrorism.

Stations and Force Liability—Effective December 15, 2022, the Company renewed its direct insurance for the first $11,000 per occurrence losses for Long Island Rail Road Company (“LIRR”) and Metro-North Commuter Railroad Company (“MNCR”) with no aggregate stop loss protection.

All Agency Protective Liability—The Company issued a policy to cover MTA’s All Agency Protective Liability Program (“AAPL”), which is designed to protect the MTA and its agencies against the potential liability arising from independent contractors working on capital and noncapital projects. Effective June 1, 2022, the net retention to the Company is $2,000. The Company also issued a policy for $9,000 excess of $2,000 per occurrence with an $18,000 annual aggregate.

Paratransit— Effective March 1, 2022, the Company renewed with the MTA, a self-insured retention reimbursement policy for the auto liability on the New York City Transit (“NYCT”) Paratransit operations. The Company is responsible for the first $2,000 per occurrence of per claim.

Non-Revenue—Effective March 1, 2022, the Company renewed, with the MTA, a deductible reimbursement policy for the auto liability of MTA’s non-revenue fleet. The Company is responsible for the first $1,000 per occurrence of every claim, excluding Allocated Loss Adjusted Expenses (“ALAE”). Under a separate reinsurance agreement with Travelers, effective March 1, 2022, the Company assumed 100% of the Allocated Loss Adjusted Expenses. Effective March 1, 2022, the Company issued a $5,000 excess of $6,000 per claim policy with no aggregate.

Owner-Controlled Insurance Programs (OCIP)—The MTA purchases Owner Controlled Insurance Programs under which coverage is provided on a group basis for certain agency projects. The Company provides the collateral required by the OCIP insurers to cover deductible amounts. The Company records in the OCIP liability account the amount of principal paid by the MTA to the program. The interest earned is not recognized in the statements of revenues, expenses, and changes in net position. Rather, the amounts are recorded as Incentive Award Payable as the Company may have to make payments to contractors with favorable loss experience.

OCIP (asset)/liability consists of the following at December 31, 2022 and 2021 (in thousands):

	2022	2021
NYCT structures lines	$ 532	$ 532
LIRR/MNCR 2000–2004 Capital Improvement Program	(2,461)	(2,462)
NYCT 2000–2004 line structures/shops, yards and depots Capital Improvements Program	(1,956)	(1,894)
NYCT 2000–2004 stations and escalators/elevators Capital Improvements Program	(712)	(716)
LIRR/MNR 2005–2009 Capital Improvement Program	(21)	(21)
CCC Second Ave. Subway	4,135	3,623
OCIP (asset)	$ (483)	$ (938)

The activity of all funds held by the OCIP reinsurer consists of the following for 2022 and 2021 (in thousands):

	2022	2021
Funds held by OCIP insurers—beginning of year	$ 7,301	$ 7,614
Interest income	61	14
Reimbursement to the Company for Safety and Loss Control		
Claims payments	455	(327)
Funds held by OCIP reinsurer	$ 7,817	$ 7,301

OCIPs Covering 2000–2004 Capital Program—The Company entered into three agreements with AIG covering portions of the 2000–2004 MTA Capital Program effective October 1, 2000: (1) LIRR/MNCR 2000–2004 capital improvement program; (2) NYCT 2000–2004 lines structures/shops, yards and depots capital improvement program; and (3) NYCT 2000–2004 stations and escalators/elevators capital improvement program. The combined collateral requirements are $86,094, which consist of $10,385 for the LIRR/MNCR OCIP, $52,709 for the NYCT 2000–2004 lines structures/shops, yards and depots capital improvement program and $23,000 for the NYCT 2000–2004 stations and escalators/elevators capital improvement program. The collateral posted by the Company to secure its reimbursement of the insurer's payments is invested by the insurer with interest returning to the Company at a guaranteed annual rate of return. The Company earned $16 and $2 during the years ended December 31, 2022 and 2021, respectively. The interest earned will be used to make the Contractor Safety Incentive program payments to contractors with favorable loss experience. Any monies not used to pay losses or utilized for the Contractor Safety Incentive Program will be returned to the agencies at the end of the OCIPs. In 2022, there were withdrawals from the Company of $4 and claim payments of $63.

OCIP-LIRR/MNCR 2005–2009 Capital Improvement Projects—Effective June 1, 2006, the Company entered into a new OCIP insurance program for LIRR/MNCR for capital projects in the 2005–2009 MTA Capital Program. Like the other programs, the interest income generated from the funds being held will be used to pay Contractor Safety Incentive program payments. The Company has earned $4 and $0 in interest income during the years ended December 31, 2022 and 2021, respectively. There were no withdrawals from the company during the years ended December 31, 2022 and 2021, respectively.

Second Avenue Subway Project—Effective January 31, 2007, the Company entered into an OCIP program for the $2,500,000 Second Avenue Subway Project. This is a multi-year agreement with AIG

DRAFT

covering Workers' Compensation and General Liability for the Third-Party contractors, MTA and all its subsidiaries up to $500,000. This OCIP, like the others, requires the Company to post collateral for all losses related to workers' injuries. In 2022 and 2021, $6,001 and $5,447 has been set aside to cover this exposure, respectively. During 2022 and 2021, the Company earned $41and $12 in interest with withdrawals of $513 in 2022 and claim payments of $233 in 2021.

East Side Access Project ("ESA")—Effective April 1, 1999, the Company entered into an OCIP program for the East Side Access Project. It was a multi-year agreement with Liberty Mutual, the insurer, to insure third party contractors and the MTA and all its subsidiaries up to $300,000 for Workers' Compensation and General Liability. The insurer required the Company to hold the collateral and loss funding for the first $500 per occurrence. On April 1, 2016, this coverage was renewed to April 1, 2021 and then in 2021 further extended to April 1, 2023. The Company will now hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $1,900 from General Liability.

East Side Access Project – Excess General Liability—Effective August 1, 2018, the company entered into program to insure $10,000 per occurrence and aggregate of General Liability coverage in excess of $2,000 for claims related to the East Side Access Project. In 2021, this coverage was extended to April 1, 2023.

NYCT 2005–2009 Capital Improvements Projects—Effective August 1, 2006, the Company entered into a multi-year agreement with Liberty Mutual and the MTA whereby the Company will hold the collateral and loss funding for the first $500 per occurrence resulting from Workers' Compensation and General Liability losses during the NYCT's 2005–2009 Capital Improvement Projects.

MTA 2012–2014 Combined Capital Construction Program—Effective October 1, 2012, the Company entered into a multi-year agreement with ACE American Insurance Company and the MTA whereby the Company will hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $1,500 from General Liability losses during the MTA 2012–2014 Combined Capital Construction Program.

MTA 2015–2019 Combined Capital Construction Program—Effective June 30, 2017, the Company entered into a multi-year agreement with Starr Indemnity & Liability Company and the MTA whereby the Company will hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $1,500 from General Liability losses during the MTA 2015–2019 Combined Capital Construction Program.

MTA 2021–2025 Combined Capital Construction Program Bridge Program—Effective June 30, 2021, the Company entered into a multi-year agreement with Liberty Mutual and the MTA whereby the Company will hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $1,500 from General Liability losses during the MTA 2021–2025 Combined Capital Construction Bridge Program. On February 9, 2022, this coverage was extended to June 30, 2027.

MTA LIRR 3rd Track Program—Effective January 1, 2018, the Company entered into a multi-year agreement with Starr Indemnity & Liability Company and the MTA whereby the Company will hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $1,500 from General Liability losses until January 1, 2024.

MTA 2022-2024 Mini RFP Program—Effective June 30, 2022, the Company entered into a multi-year agreement with ACE American Insurance Company and the MTA the Company will hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $2,500 from General Liability losses until June 30, 2028.

DRAFT

Builder's Risk—Effective October 1, 2001, the Company renegotiated the terms and conditions of the reinsurance coverage it purchased from Zurich for the Builder's Risk Insurance Program ("BR") provided to cover the following 2000–2004 capital program OCIPs:

1. Long Island Rail Road/Metro-North Commuter Railroad Capital Improvement Program;
2. NYCT's Lines Structures/Shops, Yards & Depots Capital Improvement Program, and
3. NYCT's Stations & Elevators Capital Improvement Program

The Company's policy and reinsurance agreements provide the capital projects listed above with limits of $50,000 in the aggregate. In consideration of $950 in net retained premium, the Company issues a deductible reimbursement policy with limits of $75 excess of $25 contractor deductible.

Similar to the above BR program, effective July 31, 2006, the Company entered into a new BR program for the following 2005–2009 capital program OCIPs:

1. Long Island Rail Road/Metro-North Commuter Railroad Capital Improvement Program and
2. NYCT's 2005–2009 Capital Improvement Program

The Company's policy and reinsurance agreements from Zurich provide the capital projects listed above with limits of $50,000 in the aggregate. In consideration of $7,500 in net retained premium, the Company issues a deductible reimbursement policy with limits of $475 excess of $25 contractor deductible.

In 2005, the Company received approval to expand its Builder's Risk Insurance Program to directly insure the MTA and its agencies for property claims while various capital improvement projects are under construction. The policy will cover selected capital improvement projects and was bound June 1, 2005, with limits of $300,000 per occurrence subject to the $100,000 self-insured retention. In consideration of a ceded premium of $12,750, the Company purchased reinsurance for the East Side Access Project from Zurich limiting its exposure to the $100,000 per occurrence self-insured retention. In 2007, this limit was bought down to $50,000 for an additional premium of $5,053. In 2014, this coverage was extended to May 31, 2021, for an additional ceded premium of $18,106 and then further extended to December 31, 2022, for an additional ceded premium of $7,202. The Company also purchased reinsurance for the Second Avenue Subway Project. In consideration of ceded premium of $13,362, reinsurance covering losses up to $500,000 excess of $50,000 was purchased from Zurich. The reinsurance purchased by the Company will include an aggregate stop loss provision, whereby the Company will limit its total liability to $125,000 in the aggregate.

Similar to the above BR programs, effective November 1, 2012, the Company entered into a new BR program for various MTA 2012–2014 combined capital program OCIPs. The Company issues a BR policy, to the MTA, with limits of $50,000 per occurrence with a $25 contractor deductible. The Company also purchased reinsurance from ACE with limits of $50,000 per occurrence with at $250 deductible.

Effective June 30, 2017, the Company wrote a builders risk deductible reimbursement policy with the MTA for the 2015-2019 Combined Capital Construction Program with limits of $250 per occurrence, $1,000 per occurrence for peril of Flood with a $25 contractor deductible per claim. The policy will expire on June 30, 2023. Effective June 1, 2021, the policy was extended from June 30, 2023 to June 30, 2025 for an additional premium of $480.

On January 1, 2018, the Company wrote a builders risk deductible reimbursement policy with the MTA for the LIRR 3rd Track project with limits of $250 per occurrence with a $25 contractor deductible per claim. The policy will expire on January 1, 2024.

On June 30, 2022, the Company wrote a builders risk deductible reimbursement policy with the MTA for the Mini RFP project with limits of $250 per occurrence with a $25 contractor deductible per claim. The policy will expire on June 30, 2028.

On September 26, 2022, the Company wrote a builders risk liability policy with the MTA for the Metro-North Penn Station Access project with limits of $1,400 per occurrence and in aggregate. The policy was written for 60 days.

On December 31, 2022, the Company wrote a builders risk deductible reimbursement policy with the MTA for the Metro-North Penn Station Access project with limits of $500 per occurrence. The policy will expire on July 29, 2027.

6. LOSS AND LOSS ADJUSTMENT EXPENSES AND REINSURANCE

The following schedule presents changes in the loss and loss adjustment expense liabilities during 2022 and 2021 (in thousands):

	2022	2021
Loss and loss adjustment expense liability—beginning of year	$ 712,336	$ 538,881
Loss reinsurance recoverable on unpaid losses and loss expenses	(92,609)	(3,276)
Net balance—beginning of year	619,727	535,605
Loss and loss adjustment expenses	72,786	146,576
Payments attributable to insured events of the current year	(88,727)	(62,454)
Net balance—end of year	603,786	619,727
Plus reinsurance recoverable on unpaid losses and loss expenses	91,424	92,609
Loss and loss adjustment expense liability—end of year	695,210	712,336
Less current portion	69,627	71,840
Long-term liability	$ 625,583	$ 640,496

7. RELATED PARTY TRANSACTIONS

The Company provides insurance coverage for the MTA and its component units. The premium revenue from related parties during the period and receivable for the years ended December 31, 2022 and 2021, was as follows (in thousands):

	2022		2021	
	Receivable	Earned	Receivable	Earned
LIRR	$ 14,964	$ 11,743	$ 7,448	$ 10,042
MNCR	1,986	2,089	1,851	2,613
MTA	103,363	114,958	60,172	90,579
	$ 120,313	$ 128,790	$ 69,471	$ 103,234

Included in General and Administrative expenses for the years ended December 31, 2022 and 2021, respectively, are amounts the MTA charged of $8,297 and $7,970, respectively, to FMTAC for risk management services provided to the Company of which $7,500 and $3,750 remain as a liability at December 31, 2022 and 2021, respectively. In addition, there is a $665 balance sitting on the Company's books for a check that was incorrectly deposited into the Company's bank account. The check should have been deposited into the MTA's bank account.

8. NYCTA BICYCLE CASE

On April 10, 2016, the Plaintiff rode his bicycle, through a cordoned off construction site beneath the elevated BMT line on Broadway in Bushwick, Brooklyn. The MTA New York City Transit Authority was replacing rotted cross ties and lowering them into a designated "drop zone." Plaintiff was hit by a discarded tie that was being dropped to the ground per MTA New York City Transit Authority protocols. Plaintiff sustained severe and permanent injuries including paraplegia. A Kings County jury found the MTA New York City Transit Authority 100% liable and returned a $110 million verdict. The judge reduced the verdict to $69 million. The Authority appealed. Oral Argument has not yet been scheduled by the appellate court. Thus, an appellate decision is not expected until late 2023. The settlement negotiations have not been productive as Plaintiff insists on recovering the entire judgment amount. The case has been reported to ELF which would be responsible for settlement up to $39.3 million or the remaining limits available excess of the Agency's $11 million self-insured retention.

9. BACKGROUND RELATING TO THE GLOBAL CORONAVIRUS PANDEMIC

The coronavirus outbreak continues to have an adverse and severe impact on the MTA's financial condition and operating results. On March 12, 2020, the World Health Organization declared the COVD-19 outbreak to be a pandemic in the face of the global spread of the virus. The COVID-19 pandemic has dramatically altered the behavior of businesses and people in a manner that continues to have negative effects on global and local economies. On March 7, 2020 Governor Cuomo declared a Disaster Emergency in the State of New York and on March 13, 2020 President Donald Trump declared a national state of emergency as a result of the COVID-19 pandemic. The State's NY Forward guidelines promulgated in May, 2020 established metrics to implement a staged reopening of the State and progress has been made, particularly with increased availability of vaccines. COVID-19 impacts to the Company are as follows:

- Dramatic declines in MTA public transportation system ridership have had a negative impact on the Company's revenue as some premiums are based on ridership, traffic on platforms and percentage of completion of construction projects. The steep fall in ridership volume, as well as the temporary suspension of certain construction projects reflects impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic.

- Up to this point, there has been no interruption in the MTA paying premiums to the Company.

10. SUBSEQUENT EVENTS

The Comapany has evaluated all subsequent events through May XX, 2023, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2022. As of May XX, 2023, there were no subsequent events that required recognition or disclosure.

******

DRAFT

Metropolitan Transportation Authority ("MTA") Long Island Rail Road

(Component Unit of the MTA)

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

DRAFT

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

TABLE OF CONTENTS

DRAFT

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 MTA Long Island Rail Road, 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 MTA Long Island Rail Road'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 MTA Long Island Rail Road 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 MTA Long Island Rail Road, 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 Matter

As discussed in Note 1 to the financial statements, the MTA Long Island Rail Road is a component unit of the MTA. The MTA is a component unit of the State of New York. The MTA Long Island Rail Road requires significant subsidies from, and has material transactions with MTA. 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 MTA Long Island Rail Road'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 MTA Long Island Rail Road'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 MTA Long Island Rail Road'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 audit.

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 MTA Long Island Rail Road's Net Pension Liability and Related Ratios for the Long Island Rail Road Company Plan for Additional Pensions, Schedule of the MTA Long Island Rail Road's Proportionate Share of the Net Pension Liability in the MTA Defined Benefit Pension Plan, Schedule and Notes of the MTA Long Island Rail Road's Contributions to all Pension Plans, Schedule of the MTA Long Island Rail Road's Proportionate Share of the Net Other Post-Employment

Benefit "OPEB" Liability in the MTA OPEB Plan, and Schedule and notes to the Schedule of the MTA Long Island Rail Road's Contributions to the MTA 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.

___________, 2023

MTA LONG ISLAND RAIL ROAD
(Component Unit of the Metropolitan Transportation Authority)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2022 AND RESTATED 2021
(Dollars in thousands, except as noted)

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction

The following is a narrative overview and analysis of the financial activities of MTA Long Island Rail Road ("MTA LIRR"), a component unit of the Metropolitan Transportation Authority ("MTA"), for the years ended December 31, 2022 and restated 2021. This discussion and analysis is intended to serve as an introduction to MTA LIRR's financial statements, which have the following components: (1) Management's Discussion and Analysis ("MD&A"), (2) Business-Type Activity Financial Statements, (3) Fiduciary Fund Financial Statements, (4) Notes to Financial Statements, and (5) Required Supplemental Information.

Management's Discussion and Analysis

The MD&A provides an assessment of how MTA LIRR's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected MTA LIRR's overall financial position. It may contain opinions, assumptions or conclusions by MTA LIRR's management that should not be considered a replacement for and must be read in conjunction with the LIRR's statements of net position as of December 31, 2022 and restated 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the LIRR's financial statements.

The Financial Statements

The Statements of Net Position provide information about the nature and amounts of resources with present service capacity that the MTA LIRR presently controls (assets), consumption of net assets by the MTA LIRR that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the MTA LIRR has little or no discretion to avoid (liabilities), and acquisition of net assets by the MTA LIRR 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 Statements of Revenues, Expenses and Changes in Net Position show how MTA LIRR's net position changed during each year and accounts for all the current and prior year's revenues and expenses, measure the success of MTA LIRR's operations over the twelve months and can be used to determine how MTA LIRR has funded its costs.

The Statements of Cash Flows provide information about MTA LIRR's cash receipts, cash payments, and net changes in cash resulting from operations, noncapital financing, capital and related financing.

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 MTA LIRR's financial statements because the resources of that fund are not available to support MTA LIRR's own programs. The fiduciary fund is reported as a Pension Trust Fund.

The Statement of Fiduciary Net Position presents financial information about the assets, liabilities, and the fiduciary net position held in trust of the fiduciary fund of the MTA LIRR.

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

The Notes to the Financial Statements

The Notes provide information that is essential to understanding the financial statements, such as MTA LIRR's accounting methods and policies. The notes also have the details of cash, capital assets, retirement benefits, lease transactions, future commitments and contingencies and any other events or developing situations that could materially affect MTA LIRR's financial position.

Required Supplemental Information

The Required Supplemental Information provides information concerning the MTA LIRR's progress in funding its obligation to provide pension and other postemployment benefits to its employees. It also includes the Schedule of Changes in the MTA LIRR's Net Pension Liability and Related Ratios for The LIRR Company Plan for Additional Pensions, the Schedule of the MTA LIRR's Proportionate Share of the Net Pension Liability in the MTA Defined Benefit Pension Plan, the Schedule of MTA LIRR's Contributions to All Pension Plans, the Schedule of the MTA LIRR's Proportionate Share of the Net OPEB Liability in the MTA OPEB Plan, and the Schedule of the MTA LIRR's contributions to the MTA OPEB Plan.

FINANCIAL REPORTING ENTITY

In 1966, the MTA acquired the capital assets of MTA LIRR from the former Pennsylvania Railroad Company. In February 1980, MTA LIRR became a component unit of the MTA, pursuant to New York State Public Authorities Law, 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. MTA LIRR is a part of the related financial reporting group of the MTA. The MTA is a component unit of the State of New York.

CONDENSED FINANCIAL INFORMATION

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

DRAFT

Total Assets, Distinguishing Between Noncurrent Assets, Current Assets and Deferred Outflows of Resources

Capital assets include, but are not limited to: bridges, structures, tunnels, construction of buildings and the acquisition of buses, equipment, passenger cars, and locomotives. Right-of-use assets for leases on building, office space, storage space, equipment and vehicle 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, restricted and unrestricted investments, State and regional mass transit taxes receivables, and receivables from New York State. This also include the lease receivable from leases of MTA's land, building, station space, equipment, and right of way to other entities as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

Deferred outflows of resources reflect: changes in fair market values of hedging derivative instruments that are determined to be effective, unamortized loss on debt refunding, deferred outflows from pension activities, and deferred outflows from OPEB activities.

(Dollars in thousands)

	As of December 31,			Increase/(Decrease)	
	2022	2021 (Restated)	2020	2022–2021	2021-2020 (Restated)
Total noncurrent assets	$10,633,541	$10,022,607	$ 8,843,901	$ 610,934	$1,178,706
Total current assets	1,406,969	605,445	489,746	801,524	$ 115,699
Total deferred outflows of resources	918,984	1,046,571	691,843	(127,587)	354,728
Total assets and deferred outflows of resources	$12,959,494	$11,674,623	$ 10,025,490	$1,284,871	$1,649,133

Significant Changes in Assets and Deferred Outflows of Resources—

In 2022, Total noncurrent assets increased $610,934 or 6.10% compared to December 2021. Total noncurrent assets are comprised of other non-current receivables and net capital assets. Other non-current receivables decreased by $9.7 million or 11.10%. Capital assets increased by $620.6 million or 6.25% compared to December 2021. The major components of the increase are related to capital assets placed into beneficial service, changes to construction work-in-progress and changes in accumulated depreciation.

Significant additions to capital assets resulted from the following:

- Major additions to capital assets totaled $2.9 billion. The increase is primarily due to the LIRR Expansion Project constructs a third track along a critical 9.8-mile section of LIRR's Main Line, between Floral Park and Hicksville Stations; increasing track capacity through the corridor making it easier to run trains, which would improve service reliability and allow for a full reverse commute during peak hours. The Project includes major safety and LIRR-infrastructure improvements: new track interlockings, the elimination of eight at-grade crossings, 4 full bridge replacements, 3 bridge modifications, 5 full station rehabilitations which include full ADA accessibility, elevators, and overpasses, new train control signaling systems, positive train control, communications networks,7 new traction power substations, 3rd rail system and signal power systems. In addition, the project includes the construction of 2 parking garages, a new combined employee facility, retaining & sound walls, utility infrastructure reconstruction & fencing totaling $2.3 billion. In addition, the following projects also contributed to the increase: Morris Park Diesel Locomotive Shop for $122 million, Elmont Station for $101 million, Track programs totaling $83 million, additional M-9 cars put into service of $81 million, Implementation of a Positive Train Control (PTC) System on new M-9 trains for $38 million, and an extension to the Pocket Track East of Great Neck Station for $35 million. Also, LIRR had additional costs for the installation of wireless communication services and Dark Fiber Network from licensee at Atlantic Terminal, Atlantic Avenue Tunnel and Jamaica Station for $26 million. Lastly, there were additions of $91 million for various individual capital projects.

Significant changes to construction work-in-progress resulted mainly from the capitalization of LIRR Expansion Project of the Main Line Third Track between Floral Park and Hicksville, that amounted to a decrease of $1,852,318. This was offset by an increase of $215,339 for the widening of the Penn Station 33rd Street LIRR Concourse.

These increases are partially offset by increases in accumulated depreciation and amortization of $478,692.

Current assets increased in 2022 by $801,524 or 132.39% primarily due to the following: additional accrual of the American Rescue Plan Additional Assistance allocation proceeds totaling $954,844 due from MTA Head Quarters. This increase was offset by a decrease of $89,091 in company financed activity.

Deferred outflows of resources decreased by $127,587 or 12.19% due to the following: deferred outflows for postemployment benefits other than pensions decreased by $58 million and deferred outflows for pensions decreased by $69M per the actuarial report. Refer to Note 7 and Note 8 of the financial statements for further information, respectively.

In 2021, Total noncurrent assets increased $1,178,706 or 13.33% compared to December 2020. Other non-current receivables increased by $85,805 or 100% due to the implementation of GASB Statement No. 87, *Leases*. Capital assets increased by $1.1 billion or 12% compared to December 2020. The major components of the increase are related to capital assets placed into beneficial service, changes to construction work-in-progress and changes in accumulated depreciation.

Significant additions to capital assets resulted from the following:

- Major additions to capital assets totaled $1,020,985. The increase is primarily due to the following projects: newly constructed yard assets from developer for $266,597 (refer to Note 5 of the financial statements), additional M-9 cars put into service $129,600, Amtrak territory improvements for $65,242, Long Beach system restoration for $61,139, the LIRR concrete tie program for $51,767, Main Line north track siding west of Hicksville Station for $45,949, Track programs totaling $82,851, Right to use Assets totaling $57,221; Fiber Optic Network additions of $31,672, Signal normal replacement program totaling $31,184, Implementation of a Positive Train Control (PTC) System on new M-9 trains for $28,874, installation of wireless communication services and Dark Fiber Network from licensee at Atlantic Terminal, Atlantic Avenue Tunnel and Jamaica Station for $27,333 and construction of a new 12 car stub- ended pocket track east of Massapequa was completed for $23,589. In addition, LIRR had additional costs for the 33rd Street and 7th Avenue entrance for Penn Station of $18,754. Lastly, there were additions of $111,354 for various individual capital projects.

Significant changes to construction work-in-progress resulted mainly from the LIRR Expansion Project of the Main Line Third Track between Floral Park and Hicksville, that amounted to $457,255.

These increases are partially offset by increases in accumulated depreciation and amortization of $426,732.

Current assets increased in 2021 by $115,699 or 23.62% primarily due to the following: An additional accrual of $99,587 for the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funds allocation from the Grant Anticipation Notes (GANS) proceeds to be received from MTA Head Quarters. An increase in short term lease receivables of $8,960 due to the Implementation of GASB Statement No. 87, *Leases*.

Deferred outflows of resources increased by $354,728 or 51.3% due to the increase in deferred outflows. Deferred outflows for postemployment benefits other than pensions increased by $271,682 and deferred outflows for pensions increased by $83,046 per the actuarial report. Refer to Note 7 and Note 8 of the financial statements for further information, respectively.

Total Liabilities, Distinguishing Between Current Liabilities, Noncurrent 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 tolls, and other current liabilities. This also includes the current portion of long-term 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. This also includes the long-term lease liability as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

Deferred inflows of resources reflect unamortized gains on debt refunding, pension related deferred inflows, and deferred inflows from OPEB activities. 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 was recognized. Refer to footnote 2 for additional information.

(Dollars in thousands)

	As of December 31,			Increase/(Decrease)	
	2022	**2021 (Restated)**	**2020**	**2022-2021**	**2021–2020 (Restated)**
Current liabilities	$ 574,657	$ 304,100	$ 450,458	$ 270,557	(146,358)
Noncurrent liabilities	3,993,289	4,501,141	3,883,282	(507,852)	617,859
Deferred inflows of resources	824,008	429,118	462,108	394,890	(32,990)
Total liabilities and deferred inflows of resources	$5,391,954	$5,234,359	$4,795,848	$ 157,595	$438,511

Significant Changes in Liabilities and Deferred Inflows of Resources—

In 2022, total liabilities and deferred inflows of resources increased by $157,595 million or 3.01% compared to 2021.

- Current liabilities increased by $270,557 or 88.97% primarily due to the following: reclassification of the invested funds of an increase of $27,451 for the retro wage accrual relating to unsettled union agreements for represented employees. The increases were offset by a decrease of $16,201 million for deferred tax payments.
- Noncurrent liabilities decreased by $507,852 or 11.28% primarily due to the decrease in net pension liability of $144,003 and other post-employment benefits ("OPEB") liability of $362,160.
- Deferred inflows of resources increased by $394,890 or 92.02% primarily due to the increase in deferred inflows for OPEB and pensions per the actuarial report. The increases were due to changes in several actuarial inputs including changes in proportionate share of liability, discount rates, assumption changes, effect of economic gains and losses, and the effects of projected vs investment earnings. See Note 7 and 8 of the financial statements for further information.

In 2021, total liabilities and deferred inflows of resources increased by $438,511 or 9.14% compared to 2020.

- Current liabilities decreased by $146,358 or 32.49% primarily due to the payment of the deferred employer's payroll taxes as part of the CARES Act and payment of the loan due to MTA. In addition, this includes a restatement of $9,396 increase as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.
- Noncurrent liabilities increased by $617,859 or 15.91% primarily due to the increase in net pension liability and other post-employment benefits ("OPEB") liability, which was offset by a decrease in the loans payable to New York Power Authority for energy efficiency projects. In addition, this includes a restatement of $38,660 increase as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.
- Deferred inflows of resources decreased by $32,990 or 7.14% primarily due to the increase in deferred inflows for OPEB and pensions per the actuarial report. The increases were due to changes in several actuarial inputs including changes in proportionate share of liability, discount rates, assumption changes, effect of economic gains and losses, and the effects of projected vs investment earnings. See Note 7 and 8 of the financial statements for further information. In addition, this includes a restatement of $93,689 increase as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

DRAFT

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

Net Position represents the residual interest in MTA LIRR assets after liabilities are deducted and consists of the net investment in capital assets and unrestricted deficit. Net investment in capital assets include capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.

(Dollars in thousands)

	As of December 31,			Increase/(Decrease)	
	2022	2021 (Restated)	2020	2022–2021	2021–2020 (Restated)
Net investment in capital assets	$10,445,929	$ 9,865,162	$ 8,817,087	$ 580,767	$ 1,048,075
Unrestricted	(2,878,389)	(3,424,898)	(3,587,445)	546,509	162,547
Total net position	$ 7,567,540	$ 6,440,264	$ 5,229,642	$1,127,276	$ 1,210,622

December 31, 2022 versus 2021

Total net position increased by $1,127,276 in 2022. The increase was comprised of operating and capital contributions from the MTA of $1,840,052, $954,844 from the FTA American Rescue Plan Act of 2021 (ARPA) Grant, offset by an operating loss of $1,663,912.

December 31, 2021 versus 2020

Total net position increased by $1,210,622 in 2021. The increase was comprised of operating and capital contributions from the MTA of $2,322,591, $620,764 from the FTA Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) Grant, offset by an operating loss of $1,733,107. In addition, this includes a restatement of $365 as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

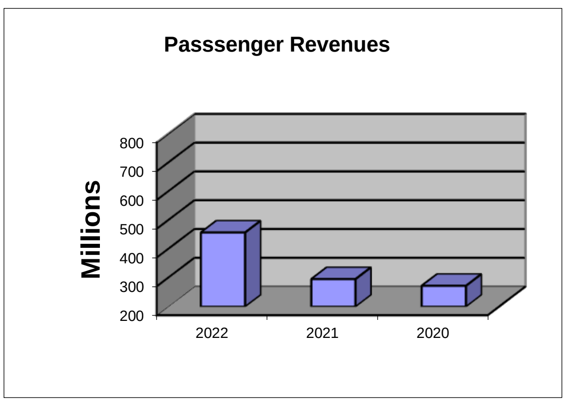
Condensed Statements of Revenues, Expenses and Changes in Net Position
(Dollars in thousands)

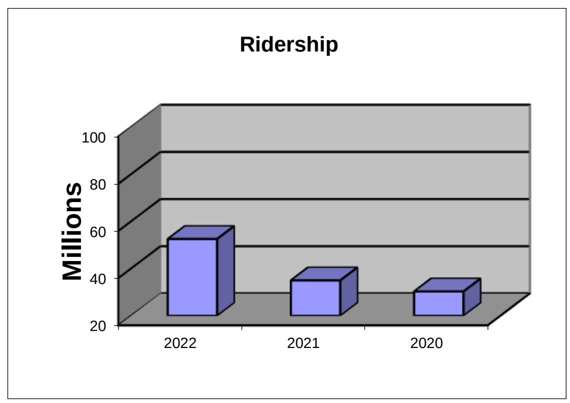
DRAFT

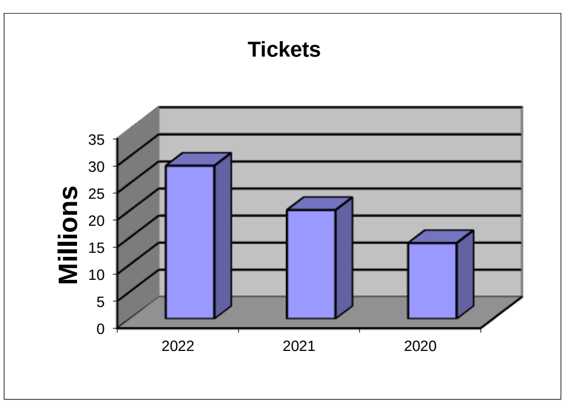
	December 31,		
	2022	2021 (Restated)	2020
Operating revenues	$ 492,415	$ 323,934	$ 306,522
Operating expenses	(2,156,327)	(2,057,041)	(1,992,469)
Operating loss	(1,663,912)	(1,733,107)	(1,685,947)
Nonoperating revenue and capital contributions:			
Operating subsidies from MTA	688,678	818,535	619,573
Capital contributions	1,151,374	1,504,056	1,371,442
Other non operating revenues (expenses)	(3,708)	374	
FTA Reimbursement	954,844	620,764	507,960
Total nonoperating revenue and capital contributions	2,791,188	2,943,729	2,498,975
Change in net position	1,127,276	1,210,622	813,028
Net position—beginning of year	6,440,264	5,229,642	4,416,614
Net position—end of year	$ 7,567,540	$ 6,440,264	$ 5,229,642

Revenues and Expenses by Major Source

Operating Revenues







The MTA LIRR finished 2022 with ridership growth, rebounding from previous declining trends due to the COVID-19 pandemic. 2022 Total ridership was 52.5 million customers, increasing +50.0% above 2021's 35.0 million ridership. When compared to 2019, total ridership decreased -42.3%. 2022 Commutation ridership increased +117.0% with 21.1 million passengers, outperforming 2022 Non-Commutation ridership that increased +24.2% with 31.5 million passengers. The introduction of special fares (10% off monthlies, 20-Trip tickets), along with more people returning to the office (part/full-time) contributed to the Commutation growth. Non-Commutation ridership started the year strong but grew at a slower pace as the year was progressing and off-peak tickets were no longer accepted during peak hours.

The MTA LIRR finished 2021 with ridership growth, rebounding from the significant drop in 2020 due to the COVID-19 pandemic. The 2021 total ridership was 35.0 million customers, increasing by 15.6% above 2020's 30.3 million ridership. However, when compared to 2019, total ridership decreased 61.5%. Non- Commutation ridership increased 58.6% in 2021 with 25.3 million ridership, outperforming the Commutation ridership that declined by 32.3% in 2021 with 9.7 million ridership.

Operating Expenses by Categories
(Dollars in thousands)

	2022	2021 (Restated)	2020	Increase/Decrease 2022–2021	Increase/Decrease 2021–2020 (Restated)
Salaries and wages	$ 730,566	$ 673,189	$ 679,342	$ 57,377	$ (6,153)
Health and welfare	106,525	98,711	91,310	7,814	7,401
Pension	147,681	173,381	202,129	(25,700)	(28,748)
Other fringe benefits	117,886	102,605	96,467	15,281	6,138
Other postemployment benefits (OPEB)	116,454	196,799	160,549	(80,345)	36,250
Electric power	100,095	80,487	77,691	19,608	2,796
Fuel	36,909	20,434	14,471	16,475	5,963
Insurance	20,655	18,403	16,218	2,252	2,185
Claims	12,861	7,283	5,276	5,578	2,007
Maintenance and other operating contracts	63,994	70,273	70,291	(6,279)	(18)
Environmental remediation	16,065	1,071	4,390	14,994	(3,319)
Professional service contracts	32,748	34,076	31,271	(1,328)	2,805
Materials and supplies	123,533	99,456	112,745	24,077	(13,289)
Depreciation and amortization	516,751	468,465	414,524	48,286	53,941
Other expenses	13,604	12,408	15,795	1,196	(3,387)
Total operating expenses	$2,156,327	$2,057,041	$1,992,469	$ 99,286	$ 64,572

Significant Changes to Operating Expenses in 2022

Total 2022 operating expenses increased by $99,286 or 4.8% over 2021 as follows:

- Salaries and wages increased by $57,377 or 8.5% primarily due to accruals for retroactive wages for represented employees.
- Pension costs decreased by $25,700 or 14.8% primarily as a result of the recognition of the expenses related to changes in assumption or inputs that occurred in the prior year, which did not occur in the current year pension liability valuation of the Long Island Rail Road Company Plan for Additional Pensions (the "Additional Plan"). This decrease was offset by higher service cost expenses incurred in the Metropolitan Transportation Authority Defined Benefit Plan (the "MTA Defined Benefit Plan").
- OPEB decreased by $80,345 or 40.8% based on the latest actuarial report
- Electric power increased by $19,608 or 24.4% primarily due to higher consumption and higher rates.
- Fuel increased by $16,475 or 80.6% primarily due to higher rates.
- Maintenance and other operating contracts decreased by $6,279 or 8.9% primarily due to lower maintenance and repairs, joint facility expenses, real estate rental expenses and other maintenance services, partially offset by higher equipment rentals, and vegetation management, and elevator & escalator maintenance.
- Environmental remediation increased by $14,994 or 1,400% primarily due to higher expenses for environmental remediation for several projects: Jamaica Substation $7.2 million, Babylon

Signal Power $2.1 million, and ADA Accessibility $1.1 million.

- Materials and supplies increased $24,077 or 24.2% primarily due to increases in other material and supplies, and pooled material.

- Depreciation and amortization increased by $48,286 or 10.3% due to an increase in depreciable assets.

Significant Changes to Operating Expenses in 2021

Total 2021 operating expenses increased by $64,572 or 3.2% over 2020 as follows:

- Salaries and wages decreased by $6,153 or 1.0% primarily due the existence of vacant positions and higher attrition. Overtime decreased primarily due to lower maintenance, and scheduled/unscheduled service, partially offset by the impacts of weather-related events.

- Pension costs decreased by $28,748 or 14.2% primarily as a result of the recognition of the expenses related to changes in assumption or inputs that occurred in the prior year, which did not occur in the current year pension liability valuation of the Long Island Rail Road Company Plan for Additional Pensions (the "Additional Plan"). This decrease was offset by higher service cost expenses incurred in the Metropolitan Transportation Authority Defined Benefit Plan (the "MTA Defined Benefit Plan").

- OPEB increased by $36,250 or 22.6% primarily as a result of the liquidation of the OPEB Trust Fund to pay for benefits and a change in LIRR's proportionate share of Net OPEB liability from 11.48% in 2020 to 11.78% in 2021 per the latest actuarial valuation report.

- Fuel increased by $5,963 or 41.2% primarily due to higher rates partially offset by lower consumption.

- Environmental remediation decreased by $3,319 or 75.6% primarily due to a decrease in reserves due lower than anticipated environmental remediation cost.

- Depreciation and amortization increased by $53,941 or 13.0% due to an increase in depreciable assets.

Significant Changes to Nonoperating Revenue and Capital Contributions in 2022

In 2022, total nonoperating revenue and capital contribution decreased by $152,541 or 5.2%. Other nonoperating revenues (expenses) decreased by $4,082 or 1,091.4% compared to 2021 primarily due to an increase in interest expense from company financed investment transactions with MTA. FTA Reimbursement increased $334,080 or 53.8% compared to 2021 due to approval of American Rescue Plan Act of 2021 (ARPA) grant. MTA operating subsidies are driven by the excess of operating expenses over fare and other revenues. Operating subsidies are provided by MTA to LIRR as part of an MTA approved financial plan. Operating subsidies from the MTA decreased by $129,857 or 15.9% compared to 2021.

In 2022, nonoperating capital project subsidies from MTA decreased by $352,682 or 23.4%. Nonoperating capital projects subsidies are provided as part of the MTA approved five-year Capital Program. The five-year Capital Program is in year three of the 2020-2024 and was approved in January 2020. The Capital Program supports three key imperatives: completion of the restoration of the system which began in 1982; preservation of the investments is made through timely replacement of assets; and expansion of the MTA transportation network to better serve the economy of the New York City region. The amount of these subsidies is based on scheduled project activity occurring during the current five-year capital program lifecycle.

Significant Changes to Nonoperating Revenue and Capital Contributions in 2021

In 2021, MTA LIRR received $620,764 from the FTA CRRSAA grant. Operating subsidies from the MTA amounted to $818,535, increased by $198,962 or 32.1% compared to 2020. Operating subsidies are provided by MTA to MTA LIRR as part of an MTA approved financial plan.

Increases in operating subsidies primarily relate to:

- Postemployment benefits other the pensions increased by $36,250 as a result of the liquidation of the OPEB Trust Fund to pay for benefits.
- Fuel increased by $5,963 due to higher rates and consumption.

In 2021, nonoperating capital project subsidies from MTA increased by $132,614 or 9.7%. Nonoperating capital projects subsidies are provided as part of the MTA approved five-year Capital Program. The five-year Capital Program is in year two of the 2020-2024 and was approved in January 2020. The Capital Program supports three key imperatives: completion of the restoration of the system which began in 1982; preservation of the investments is made through timely replacement of assets; and expansion of the MTA transportation network to better serve the economy of the New York City region. The amount of these subsidies is based on scheduled project activity occurring during the current five-year capital program lifecycle.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

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. The MTA consists of urban subway and bus systems, suburban rail systems, and bridge and tunnel facilities, all of which are affected by a myriad of economic forces. To achieve maximum efficiency and success in its operations, the MTA must identify economic trends and continually implement strategies to adapt to changing economic conditions.

Preliminary 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 compared with the fourth quarter of 2021, MTA New York City Transit subway ridership increased by 33.9 million trips (13.9%), MTA New York City Transit bus decreased by 72 thousand trips (-0.1%), MTA Long Island Rail Road ridership increased by 2.9 million trips (25.3%), MTA Metro-North Railroad increased by 3.6 million trips (34.4%), MTA Bus increased by 423 thousand trips (2.0%), and MTA Staten Island Railway increased by 32 thousand trips (6.3%). Vehicle traffic at MTA Bridges and Tunnels facilities in 2022 exceeded 2020 levels by 73.1 million crossings (28.9%), and B&T traffic in the fourth quarter, compared with the fourth quarter of 2021, was up 1.4 million crossings (1.7%). The Central Business District Tolling Program (CBDTP) was authorized by the MTA Reform and Traffic Mobility Act and enacted in April 2019. The CBDTP will impose a toll for vehicles entering or remaining in the Central Business District (CBD), which is defined as Manhattan south of and inclusive of 60th Street, not including 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). If implemented, changes in travel patterns are predicted as drivers to the CBD may avoid the toll by switching to transit or other modes, taking alternative routes, or not making the trip. On August 10, 2022, the Environmental Assessment (EA) was released for public review as part of the formal public comment period, which also included six public hearings, and meetings of the Environmental Justice Technical Advisory Group and Environmental Justice Stakeholder Working Group. Subsequent to the closing of the public comment period on September 23, 2022, the FHWA and MTA began and are currently coordinating to review and respond to each of the thousands of comments received. Taking into account the EA analysis, the comments and responses to them, and any modifications as a result of those comments, FHWA will then determine whether there are no significant effects or whether any significant effects have been mitigated so they are no longer significant. If a favorable decision is issued by FHWA, a Finding of No Significant Impact (FONSI) will be issued and the notice to proceed to our contractor can follow. The contractor will have up to 310 days to complete the design, development, installation, and testing, and then commence toll collection.

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 percent. 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 and further actions and impacts will be noted as necessary in subsequent updates.

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 the MTA receiving $6.9 billion in aid from ARPA.

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.

Results of Operations—One of the most reliable predictors of customer satisfaction is the ability of the LIRR to deliver passengers to their intended destinations on time. For 2022, the LIRR's On Time Performance ("OTP") was 95.8%, a decrease of .5% from the 2021 OTP rate of 96.3%.

The M7 fleet, with a mean distance between failures (MDBF) of 404,532 miles, continued to be the strongest contributor in the LIRR's fleet reliability achievements. The RCM program and rigorous maintenance strategies contributed to this outstanding reliability performance.

The Maintenance of Equipment Department's strategic maintenance efforts also helped sustain high C3 fleet reliability, which reached an MDBF of 164,051—exceeding the goal by 59%. The combined diesel fleet achieved an MDBF of 71,693 miles, which exceeded the goal by 40%.

At the end of 2022, the multiple unit (MU) electric fleet consisted of 826 M7, 146 M9 and 80 M3 cars available for revenue service. The diesel fleet consisted of 134 C3 coach cars and 45 diesel locomotives.

New M-9 rail cars entered passenger service on September 11, 2019. The new cars incorporate and improve upon the most successful and popular features of the MTA's two recent electric car fleets, the LIRR's familiar M-7 electric cars and the M8 cars serving Metro-North's New Haven Line. A total of 202 cars are expected to be put into revenue service over the next several years.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program—The LIRR Modernization Program is a multi-billion-dollar investment in the regional transportation infrastructure that aims to foster Long Island's economic growth for generations to come. This comprehensive program to reconstruct and improve the LIRR system moves forward with planning, design, and construction. These projects range from significant system expansion efforts, such as the LIRR Expansion Project from Floral Park to Hicksville and Grand Central Madison, to improvements to existing infrastructure, such as bridge replacements, substation replacements, and station enhancements. Collectively, these projects will work together to improve the overall LIRR system efficiency and reliability. Several major projects were completed, and others remain ongoing.

The construction of a third track along a critical 9.8-mile section of LIRR's Main Line, between Floral Park and Hicksville Stations, was completed. This project increased track capacity through the corridor making it easier to run trains, which will improve service reliability and allow for a full reverse commute during peak hours. The Project also includes major safety and LIRR-infrastructure improvements: new track interlockings, the elimination of eight at-grade crossings, 4 full bridge replacements, 3 bridge modifications, 5 full station rehabilitations which include full ADA accessibility, elevators, and overpasses, new train control signaling systems, positive train control, communications networks, 7 new traction power substations, 3rd rail system and signal power systems. In addition, the project includes the construction of 2 parking garages, a new combined employee facility, retaining & sound walls, utility infrastructure reconstruction & fencing.

The Morris Park Diesel Locomotive Shop facility was completed. The new facility contains the Diesel Shop, Bone Yard, Stores Building, and Employee Facilities. The original 127 years old Morris Park Round House needed to be replaced. The new facility will accommodate the current and future locomotive fleet.

The construction of a new station at Elmont, called Elmont Station, was completed. The new station is located on the Main Line between Queens Village and Bellerose Stations on the northern edge of the Belmont Park development site proximate to the LIRR Main Line, which previously did not have a station. It will support the Belmont Park Redevelopment Project. The new full-service station will allow for enhanced special event and commuter service to the Belmont Development area and the surrounding communities.

The 2022 LIRR Annual Track Program was completed. The program includes installing 32,097 concrete ties on the Main Line, Hempstead, and Atlantic Branch; installing 48,694 linear feet of continuous welded rail (CWR) on the Main Line, Hempstead, and Atlantic Branch; replacing 13,429 timber ties to the Hempstead and Oyster Bay Branch; completing 486 field welds; surfacing 21 miles of track Main Line, Hempstead, Atlantic Branch, and systemwide.

In 2022, 30 new M-9 rail cars entered passenger service. The new cars incorporate and improve upon the most successful and popular features of the MTA's two recent electric car fleets, the MTA LIRR's familiar M-7 electric cars and the M-8 cars serving Metro-North's New Haven Line. A total of 202 cars are expected to be put into revenue service over the next several years.

OTHER

Customer Service—Keeping customers fully informed in real-time is a high priority of the LIRR, and the Rail Road continues to explore ways to improve in this area. The LIRR Public Information Office (PIO) continues to enhance messaging protocols to provide customers with recovery estimates for service disruptions and early morning messages in advance of anticipated disruptions. Since January 2019, riders seen exactly where their trains are, in real-time, thanks to the Train Time Mobile Application. This tool uses real-time GPS tracking technology, enabling our customers to pull up the location of their train and expected time of arrival. It also provides information such as the car length of a train, train direction, and whether the train is diesel or electric. The Train Time mobile application rolled out an enhanced feature in 2021 which provides accessibility information for a specific station by locating elevators, escalators and ramps at both customer's origin and designation station. This allows the user to see precisely where the elevators, escalators and ramps are available along the station platform.
Real-time data provides customers with elevators and escalators that are currently out of service.

The MTA LIRR continued to enhance the availability of onboard seating/crowding information at station platforms by replacing and upgrading electronic signs at selected stations. The new digital platform signs provide a diagram of an arriving train, displaying available seating capacity in each car and the observer's relative position along the platform. This allows customers to position themselves along the platform to align with a train car that is less crowded and has more available seating.

The MTA LIRR also continued the railroad's popular LIRR Care Program, which provides personalized attention for first time LIRR travelers and customers requiring special assistance when boarding or exiting LIRR trains. The program, adapted to include COVID-19 protocols, is one of the new initiatives LIRR is exploring to accommodate Americans with Disabilities Act (ADA) customers better. With COVID-19 protocols, Ambassadors are now required to offer and hand out masks to traveling customers.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Impacts from Global Coronavirus Pandemic:

On March 12, 2020, the World Health Organization declared the current novel coronavirus ("COVID-19") outbreak to be a pandemic in the face of the global spread of the virus. By order of Governor Cuomo ("New York State on PAUSE"), effective March 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a severe 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. Social distancing mandates were eased, and the region moved into a late-pandemic phase. 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. 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.
- ***Federal Legislative Actions***. Three major pieces of federal emergency legislation have provided and will provide incremental federal aid to the MTA. The first was the CARES Act, which was signed into law on March 27, 2020. The CARES Act, through the Federal Transit Administration's ("FTA") formula funding provisions provided $4.0 billion to MTA. The second major COVID-19 pandemic aid bill was the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA"), which became law on December 27, 2020. The MTA received $4.1 billion in aid from the CRRSAA between December 2021 ($0.6 billion) and January 2022 ($3.5 billion). The third major COVID-19 pandemic aid bill is the $1.9 trillion "American Rescue Plan Act of 2021 ("ARPA") which was signed into law by President Biden on March 11, 2021. On November 9, 2021, an agreement was reached on the allocation of the CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut. MTA received $6.1 billion in federal aid from ARPA in 2022. In September of 2021, additional ARPA Assistance funding was made available to transit systems demonstrating additional pandemic associated needs. MTA received $769 million in such 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 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. An additional estimated $100 million is expected to be submitted for the period ended December 31, 2022.

- For additional information, refer to Note 17 to Long Island Rail Road's Financial Statements for more information 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.

* * * * * *

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2022 AND 2021
(Dollars in thousands)

	Business-Type Activities	
	2022	2021 (Restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	$ 4,987	$ 5,477
Fare cards	11,183	5,683
Invested funds at MTA	-	89,091
Receivables:		
Passenger	2,752	1,113
Due from MTA and affiliated agencies (Note 10)	1,126,286	259,608
Due from NYSDOT	948	1,834
Rents	8,074	4,905
Other	31,460	47,346
Less: allowance for doubtful accounts	(3,209)	(9,929)
Receivables—net	1,166,311	304,877
Materials and supplies, net of allowance of $65,552 and $56,304 in 2022 and 2021, respectively	178,148	167,116
Prepaid expenses and other current assets	46,340	33,201
Total current assets	1,406,969	605,445
NONCURRENT ASSETS:		
Capital assets (Notes 2 and 5):		
Land and construction work-in-progress	1,598,911	3,342,196
Other capital assets, net of accumulated depreciation	8,958,507	6,594,605
Other Non Current Receivables (Note 11)	76,123	85,806
Total noncurrent assets	10,633,541	10,022,607
Total assets	12,040,510	10,628,052
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows for pension (Note 6)	541,111	599,472
Deferred outflows for postemployment benefits other than pensions (Note 7)	377,873	447,099
Total deferred outflows of resources	918,984	1,046,571
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 12,959,494	$ 11,674,623

(Continued)

DRAFT

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2022 AND 2021
(Dollars in thousands)

	Business-Type Activities	
	2022	2021 (Restated)
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 80,872	$ 73,744
Due to MTA and affiliated agencies (Note 10)	243,516	22,239
Loan due to MTA (Note 10)	-	-
Accrued expenses and other liabilities:		
Salary, wages and payroll taxes	94,072	70,562
Vacation and sick pay benefits	87,493	86,381
Retirement and death benefits	1,168	1,020
Current portion—estimated liability arising from injuries to persons (Note 8)	31,984	28,692
Current portion—loan payable (Note 9)	3,359	3,257
Current portion lease payable (Note 11)	10,963	9,396
Environmental remediation (Note 12)	11,303	387
Total accrued expenses	240,342	199,695
Unearned revenues	9,927	8,422
Total current liabilities	574,657	304,100
NONCURRENT LIABILITIES:		
Estimated liability arising from injuries to persons (Note 8)	145,770	134,427
Net pension liability	1,174,651	1,318,655
Postemployment benefits other than pensions (Note 7)	2,513,054	2,875,214
Environmental remediation (Note 12)	28,968	27,383
Loan payable (Note 9)	17,616	20,007
Lease payable (Note 11)	31,439	38,980
Other long-term liabilities (Note 13)	81,791	86,475
Total noncurrent liabilities	3,993,289	4,501,141
Total liabilities	4,567,946	4,805,241
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows from pension (Note 6)	90,198	11,653
Deferred inflows from post employment benefits other than pensions (Note 7)	650,706	323,776
Deferred inflows from leases	83,104	93,689
Total deferred inflows of resources	824,008	429,118
NET POSITION:		
Net investment in capital assets	10,445,929	9,865,162
Unrestricted deficit	(2,878,389)	(3,424,898)
Total net position	7,567,540	6,440,264
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 12,959,494	$ 11,674,623

See notes to financial statements. (Concluded)

DRAFT

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

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

	Business-Type Activities	
	2022	**2021 (Restated)**
OPERATING REVENUES:		
Passenger	$ 457,583	$ 295,755
Rents and utilities	17,616	17,021
Advertising	10,257	5,199
Other	6,959	5,959
Total operating revenues	492,415	323,934
OPERATING EXPENSES:		
Salaries and wages	730,566	673,189
Retirement and other employee benefits	372,092	374,697
Postemployment Benefits other than pensions	116,454	196,799
Electric Power	100,095	80,487
Fuel	36,909	20,434
Insurance	20,655	18,403
Claims	12,861	7,283
Maintenance and other operating contracts	63,994	70,273
Environmental remediation	16,065	1,071
Professional service contracts	32,748	34,076
Material and supplies	123,533	99,456
Depreciation and amortization	516,751	468,465
Other	13,604	12,408
Total operating expenses	2,156,327	2,057,041
OPERATING LOSS	(1,663,912)	(1,733,107)
NONOPERATING REVENUES:		
Operating subsidies from MTA	688,678	818,535
Federal Transit Authority ("FTA") Reimbursement	954,844	620,764
Other non operating revenues (expenses)	(3,708)	374
Total nonoperating revenues	1,639,814	1,439,673
LOSS BEFORE CAPITAL CONTRIBUTIONS	(24,098)	(293,434)
CAPITAL CONTRIBUTIONS—MTA contributions for capital projects	1,151,374	1,504,056
CHANGE IN NET POSITION	1,127,276	1,210,622
NET POSITION—Beginning of year	6,440,264	5,229,642
NET POSITION—End of year	$ 7,567,540	$ 6,440,264

See notes to financial statements.

DRAFT

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

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

	Business-Type Activities	
	2022	2021 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts	$ 455,013	$ 294,905
Rents, advertising, and other receipts	22,587	26,911
Payroll and related fringe payments	(667,658)	(1,234,390)
Other operating expenses	(569,188)	(338,775)
Net cash used in operating activities	(759,246)	(1,251,349)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating subsidies from MTA	688,678	818,535
Other Nonoperating Revenue (Expense)	(3,071)	1,077
MTA Loan	-	(100,000)
FTA reimbursement	99,587	521,177
Cash provided by noncapital financing activities	785,194	1,240,789
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Receipts from Leases	11,220	11,470
Payments of Leases	(11,262)	(9,936)
Capital contributions from MTA	388,122	335,967
Capital expenditures incurred for capital program	(414,518)	(326,854)
Net cash provided by (used in) in capital financing activities	(26,438)	10,647
NET DECREASE IN CASH	(490)	87
CASH—Beginning of year	5,477	5,390
CASH—End of year	4,987	5,477
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	(1,663,912)	(1,733,107)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	516,751	468,465
Net increase in accounts payable, accrued expenses, other liabilities, unearned revenues	296,443	30,261
Net increase in receivables	121,143	(12,470)
Net increase in materials and supplies, prepaid expenses and other current assets, other assets	(29,671)	(4,498)
NET CASH USED IN OPERATING ACTIVITIES	(759,246)	(1,251,349)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital assets	723,488	1,177,993
Capital assets related liabilities	77,628	145,775
Interest expenses for leases	1,148	1,091
Interest income from leases	2,260	2,220
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	$ 804,524	$ 1,327,079

See notes to financial statements.

DRAFT

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

STATEMENTS OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2021 AND 2020
(Amounts in thousands)

	Pension Trust Fund	
	2022	**2021 (Restated)**
ASSETS:		
Cash	$ 696	$ 2,956
Investments at fair value	651,509	773,997
Receivables:		
Participant and union contributions	0	(20)
Other receivable	0	6
Variation Margin	23	57
Securities sold	175	138
Amount due from MTA DB Plan—Employer Contribution		1,295
Accrued interest and dividends	400	338
Total receivables	598	1,815
Total assets	652,803	778,768
LIABILITIES:		
Due to broker for securities purchased	611	984
Forward Currency & Margin contracts	59	182
Due to broker for investment fees	257	269
Due to broker for administrative expenses	(19)	10
Total liabilities	908	1,445
PLAN NET POSITION RESTRICTED FOR PENSIONS	$ 651,895	$ 777,323

DRAFT

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (Amounts in thousands)

	Pension Trust Fund	
	2022	2021 (Restated)
ADDITIONS:		
Investment income:		
Net realized and unrealized gains	$ (57,292)	$ 93,218
Interest income	8,067	8,132
Dividend income	1,774	1,361
Total investment income	(47,451)	102,710
Less investment expenses	(4,266)	(6,495)
Total Net investment income	(51,717)	96,215
Contributions (Note 6):		
Employer	70,763	70,553
Participant and union	51	73
Total contributions	70,814	70,626
Total additions	19,097	166,841
DEDUCTIONS:		
Benefits paid to participants	(143,764)	(148,630)
Transfers		
Administrative expenses	(761)	(610)
Total deductions	(144,525)	(149,240)
NET INCREASE/(DECREASE) IN PLAN NET POSITION	(125,428)	17,601
PLAN NET POSITION RESTRICTED FOR PENSIONS:		
Beginning of year	777,323	759,722
End of year	$ 651,895	$ 777,323

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Dollars in thousands, except as noted)

1. BASIS OF PRESENTATION

Reporting Entity—In 1966, the Metropolitan Transportation Authority ("MTA") acquired the capital assets of MTA Long Island Rail Road ("LIRR") from the former Pennsylvania Railroad Company. In February 1980, MTA LIRR became a component unit of the MTA pursuant to New York State Public Authorities Law. MTA LIRR is a part of the related financial reporting group of the MTA and is a component unit of the MTA. The MTA is a component unit of the State of New York.

MTA LIRR performs a public service of providing essential passenger transportation between New York City and Long Island. Substantial deficits result from providing these services and MTA LIRR expects that such deficits will continue in the foreseeable future. Funding for MTA LIRR's operations and capital needs is provided by MTA, which obtains the required funds from state and federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to MTA LIRR on a discretionary basis. The continuance of MTA LIRR's operations has been, and will continue to be, dependent upon the receipt of adequate funds from MTA to subsidize operating deficits.

The operations of MTA LIRR are classified as Business-Type activities in these financial statements. MTA LIRR is operationally and legally independent of the MTA. MTA LIRR enjoys certain rights typically associated with separate legal status. However, MTA LIRR is included in the MTA's consolidated financial statements as a blended component unit because of the MTA's financial accountability and MTA LIRR is under the direction of the MTA Board (a reference to "MTA Board" means the board of MTA and/or the boards of the MTA LIRR 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 MTA LIRR in its consolidated financial statements.

MTA LIRR is not liable for real estate or personal property taxes on its properties or sales taxes on substantially all its purchases.

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

As part of the 2019 adoption of GASB 84, Fiduciary Activities, the MTA and the stand-alone agencies are required to show the balance sheet and income statement of pension or other postemployment plans that meet the criteria of a fiduciary fund. The LIRR Company Plan for Additional Pensions ("Additional Plan") is categorized as a Pension Trust Fund and is a fiduciary component unit of MTA LIRR.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—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 MTA LIRR applies Governmental Accounting Standards Board ("GASB") Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section P80, *Proprietary Accounting and Financial Reporting*.

New Accounting Standards—The MTA adopted the following GASB Statements for the period ended December 31, 2022. 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 MTA 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. There was no cumulative-effect adjustment to the prior period net position as a result of the adoption.

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

DRAFT

	As Previously Stated	GASB Statement No. 87 Impact	Restatement Reported
Balance as of			
CURRENT ASSETS			
Receivables:			
Other	$ 38,386	$ 8,960	$ 47,346
Receivables - net	295,917	8,960	304,877
Total Curent Assets	596,485	8,960	605,445
NONCURRENT ASSETS:			
Other capital assets, net of accumulated depreciation	6,547,261		6,594,605
Other Non Current Receivables	-		85,806
Total noncurrent assets	9,889,457	133,150	10,022,607
Total Assets	10,485,942	142,110	10,628,052
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	11,532,513	142,110	11,674,623
CURRENT LIABILITIES:			
Current portion lease payable	-	9,396	9,396
Total current liabilities	294,704	9,396	304,100
NONCURRENT LIABILITIES:			
Lease payable	-	38,980	38,980
Other long-term liabilities	86,795	(320)	86,475
Total noncurrent liabilties	4,462,481	38,660	4,501,141
Total Liabilities	4,757,185	48,056	4,805,241
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows from leases	-	93,689	93,689
Total Deferred inflows of rescources	335,429	93,689	429,118
Net Postion:			
Net investment in capital assets	9,866,193	(1,031)	9,865,162
Unrestricted deficit	(3,426,294)	1,396	(3,424,898)
Total net position	6,439,899	365	6,440,264
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	11,532,513	142,110	11,674,623

In addition, revenues, expenses and net position as of December 31, 2021 were required to be restated by GASB Statement No. 87, Leases as follows:

	As Previously Stated	GASB Statement No. 87 Impact	Restement Reported
Operating Revenues:			
Rents and utilities	$ 17,845	$ (824)	$ 17,021
Other	5,906	53	5,959
Total operating revenues	324,705	(771)	323,934
Operating Expenses:			
Maintenance and other operating contracts	80,209	(9,936)	70,273
Depreciation and amortization	458,588	9,877	468,465
Other	13,111	(703)	12,408
Total operating expenses	2,057,803	(762)	2,057,041
OPERATING LOSS	(1,733,098)	(9)	(1,733,107)
NONOPERATING REVENUES:			
Other non operating revenues (expenses)		374	374
Total non operating revenues	1,439,299	374	1,439,673
LOSS BEFORE CAPITAL CONTRIBUTIONS	1,439,299	374	1,439,673
CHANGE IN NET POSITION	1,210,257	365	1,210,622
Net position - Beginning of year	5,229,642	-	5,229,642
Net position - End of period	6,439,899	365	6,440,264

The following schedule summarizes the cash flow impact of adopting GASB Statement No. 87, *Leases* in Capital and Related Financing Activities in the statement of cash flows (in thousands) for certain leases previously classified as operating leases:

DRAFT

	As Previously Stated	GASB Statement No. 87 Impact	Restatement Reported
Year-ended December 31, 2021			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Rents, advertising, and other receipts	$ 27,682	$ (771)	$ 26,911
Other operating expenses	(337,638)	(1,137)	(338,775)
Net cash used in operating activities	(1,249,441)	(1,908)	(1,251,349)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:			
Other Nonoperating Revenue (Expense)	-	1,077	1,077
Cash provided by noncapital financing activities	1,239,712	1,077	1,240,789
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Receipts from leases	-	11,470.00	11,470
Payments of leases	-	(9,936.00)	(9,936)
Capital expenditures incurred for capital program	(326,151)	(703)	(326,854)
Net cash provided by (used in) capital financing activities	9,816	831	10,647
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss	(1,733,098)	(9)	(1,733,107)
Depreciation and amortization	458,588	9,877	468,465
Net increase in accounts payable, accrued expenses, other liabilities, unearned revenues	42,037	(11,776)	30,261
NET CASH USED IN OPERATING ACTIVITIES	(1,249,441)	(1,908)	(1,251,349)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital assets related liabilities	97,399	48,376	145,775
Interest expense for leases	-	1,091.00	1,091
Interest Income from leases	-	2,220.00	2,220
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	1,275,392	51,687	1,327,079

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 MTA.

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 GASB 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 did not have an impact on the financial position, results of operations or cash flows of the MTA.

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 is expected to cease 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.

Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument’s variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment

- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate

- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable

- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap

- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap

- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

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

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 MTA LIRR upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accouting Standard	MTA 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

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

MTA Investment Pool—The MTA, on behalf of the MTA LIRR, invests funds, which are not immediately required for the MTA LIRR's operations in securities permitted by the New York 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 MTA 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. MTA Investment Pool is value based on other observable inputs (Level 2 inputs).

Materials and Supplies—Materials and supplies, except for rebuilt items, are valued at the lower of average cost or market, net of obsolescence reserve. Rebuilt items are recorded at 50% of their average purchase price.

Fare Cards—MTA LIRR sells joint prevalued MetroCard ("fare cards") on consignment on behalf of an affiliated agency. Such fare cards are recorded at cost and reimbursed to the affiliated agency upon sale.

Capital Assets— Properties and equipment are carried at cost and are depreciated on a straight-line basis over their estimated useful lives. Expenses for maintenance and repairs are charged to operations as incurred. Capital assets and improvements include all land, construction work-in-progress, buildings and structures, equipment, infrastructure—road and leasehold improvements of MTA LIRR having a minimum useful life of 2 years and a cost of more than $25. Capital assets also include the Pennsylvania Station Leasehold. 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 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.

Accumulated depreciation and amortization are reported as reductions of capital and right-of-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives; 7 to 50 years for buildings and structures; 25 to 35 years for passenger cars, locomotives and work train equipment; 3 to 20 years for other equipment; and 6 to 43 years for infrastructure—road. 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 Pennsylvania Station leasehold improvement is amortized over 30 years.

MTA LIRR reviews long-lived assets for impairment when events or circumstances indicate that the carrying amount may not be recoverable and records the appropriate loss when assets are disposed of or are determined to be impaired.

Leases- As a result of the adoption of GASB Statement No. 87, *Leases*, 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.

Pollution Remediation Projects—In accordance with, GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (see Note 13), pollution remediation costs have been charged in accordance with the provisions of. An operating expense provision and corresponding liability measured at its current value using the expected cash flow method have been recognized for certain pollution remediation obligations that 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: an imminent threat to public health due to pollution exists; the MTA LIRR is in violation of a pollution prevention-related permit or license; the MTA LIRR is named by a regulator as a responsible or potentially responsible party to participate in remediation; the MTA LIRR is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities; or the MTA LIRR voluntarily commences or legally obligates itself to commence remediation efforts.

Operating Revenues—Passenger revenues from the sale of tickets are recognized as income as they are sold; unearned revenue is recorded for tickets sold in advance of the period for which the ticket is valid. Revenues from rents, advertising and other related income are recorded when earned.

Nonoperating Revenues—Nonoperating subsidies are provided to MTA LIRR by MTA as part of an MTA approved financial plan. Nonoperating capital projects subsidies are provided as part of the MTA approved 5 Year Capital Program based on scheduled project activity occurring during the current 5-year capital program lifecycle. Additionally, MTA LIRR received $99.6 million from the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA"). MTA LIRR recognized this funding as a non-operating subsidy.

Nonexchange Transactions with MTA—In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, funds contributed by MTA for the MTA LIRR's capital project expenditures are reported as nonoperating revenue when such expenditures are accrued. MTA contributions for capital projects are included as nonoperating capital projects subsidy in the accompanying statements of revenues, expenses and changes in net position.

The cost of certain services provided by MTA for the benefit of the MTA LIRR is accrued as incurred. MTA does not charge the MTA LIRR (or other related groups) for the cost of Police services relating to the other lines.

Operating and Nonoperating Expenses—Operating and nonoperating expenses are recognized in the accounting period in which the liability is incurred. All expenses related to operating the MTA LIRR (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, subsidies paid to counties, etc.) are reported as non-operating expenses.

Compensated Absences—MTA LIRR has accrued the full value (including fringe benefits) of all vacation and sick leave benefits earned by employees to date if the leave is attributable to past service and it is probable that MTA Long Island Rail Road will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Liability Insurance—The 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 limits for MTA LIRR was $8 million. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limits for MTA LIRR was $9 million. Effective November 1, 2012 the self-insured retention limits for ELF was increased to $10 million for MTA LIRR. Effective October 31, 2015, the self-insured retention limits for ELF was increased to $11 million for the MTA LIRR. 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 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 $174.04 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 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. The program limit is $11 million per occurrence on a combined single limit with a $1 million per occurrence deductible. Primary limits of $6 million were procured through the commercial marketplace. Excess limits of $5 million were procured through FMTAC. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

On December 15, 2022, FMTAC renewed the primary coverage on the Station Liability and Force Account liability policies $11 million per occurrence loss for MTA LIRR.

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.

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.

All Agency Protective Liability—FMTAC All-Agency Protective Liability Program. Under the All-Agency Protective Liability Program ("AAPL"), FMTAC directly insures the Related Entities against claims arising out of work performed by independent contractors on capital projects. The policy provides coverage of $2 million per occurrence.

FMTAC All-Agency Protective Excess Liability Program. FMTAC directly insures the Related Entities to provide excess coverage on top of the AAPL. The policy provides coverage of $9 million in excess of $2 million per occurrence, with an $18 million annual aggregate. Any excess is covered by the ELF program.

Self-Insurance and Risk Retention—The MTA LIRR is self-insured for liabilities arising from injuries to passengers, employees and others with the exception of injuries to non-employees and off-duty employees arising from occurrences at NYS stations ("Station Liability"), and employees and non-employees, arising from reimbursable project work ("Force Account"). The MTA LIRR accrues the estimated total cost for the self-insured liability arising out of these claims. For incidents occurring on or before October 31, 2012, claims arising from Station Liability and Force Account are fully insured up to $9 million per occurrence. That amount was increased to $10 million per occurrence for incidents occurring on or after November 1, 2012 and increased to $11 million on October 31, 2015.

Deferred Compensation Plan—The MTA and its affiliated agencies' employees are participants in a deferred compensation plan established in 1985 in accordance with Internal Revenue Code Section 457. MTA LIRR established a trust or custodial account with a third party financial institution to hold plan assets for the exclusive use of the participants and their beneficiaries. Accordingly, at December 31, 2022 and 2021, plan assets and liabilities are not reflected in the accompanying Statements of Net Position.

Retirement Benefits—MTA LIRR's pension plans are governmental plans and, accordingly, are not subject to funding and other requirements of the Employee Retirement Income Security Act of 1974.

MTA LIRR 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 MTA LIRR's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of MTA LIRR's year end. Changes in the net pension liability during the period 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 period 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 period 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.

Other Postemployment Benefits—The MTA LIRR has adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus* for the OPEB Plan.

GASB has issued Statements No. 74 and 75, which replaced GASB Statements No. 43 and 45. The effective date of GASB Statement No. 74 (which applies to financial reporting on a plan basis) is the year ended December 31, 2017. The effective date of GASB Statement No. 75 (which applies to financial reporting by contributing employers) is the year ended December 31, 2018.

The MTA LIRR 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.

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.

The Bank balances in 2022 and 2021 that were not insured were maintained in major financial institutions considered by management to be secure. As of December 31, 2022 and 2021, cash consists of:

	2022		2021	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured (FDIC) or collateralized deposits	$ 3,162	$ 3,035	$ 3,801	$ 3,643
Uninsured and noncollateralized fund on-hand and in-transit	1,825		1,676	
Total cash	$ 4,987	$ 3,035	$ 5,477	$ 3,643

Cash carrying amounts also include deposits in transit and cash on hand offset by any outstanding checks.

MTA LIRR or its agent in MTA LIRR's name holds all collateralized deposits. These accounts contain revenue pledged by MTA LIRR as collateral for certain MTA Transportation Revenue Bonds, as further described in Note 4 below.

The MTA, on behalf of the Authority, invests funds, which are not immediately required for MTA LIRR's operations in securities permitted by the New York State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes and U.S. Treasury zero-coupon bonds. As such, there were no investments subject to credit or interest rate risk.

4. TRANSPORTATION REVENUE BONDS

MTA LIRR's capital programs are partially funded from the proceeds of bonds, including the MTA's

Transportation Revenue Bonds. The Transportation Revenue Bonds are special obligations of MTA, payable from, and secured by a pledge of:

- the gross operating revenues of MTA LIRR, Metro-North Commuter Railroad, and the New York City Transit Authority and its component, Manhattan and Bronx Surface Transit Operating Authority until monthly deposits of principal and interest are satisfied under the Transportation Revenue Bond Resolution,
- Triborough Bridge and Tunnel Authority's operating surplus,
- general operating subsidies from the State and local governments,
- special tax-supported operating subsidies, and
- Station maintenance and service reimbursements.

DRAFT

5. CAPITAL ASSETS, NET

Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA having a minimum useful life of two years and having a cost of more than $25. 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. In 1988, MTA LIRR and MTA entered into a 99-year lease agreement with Amtrak for the Pennsylvania Station. This agreement, with an option to renew, is for rights to the lower concourse level and certain platforms. The $44,600 paid to Amtrak in 1988, by MTA under this agreement is reflected as a leasehold asset and a capital contribution from MTA, which was amortized over 30 years. 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. Accumulated depreciation and amortization are reported as reductions of fixed assets and right-of-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Right-of-use assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Capital and right-of-use assets consist of the following at December 31, 2020, December 31, 2021 and December 31, 2022 (in thousands):

The summary of capital assets activity as of December 31, 2022 and 2021, are as follows:

CAPITAL ASSETS

The following is a summary of capital assets activity for the fiscal year ended January 1, 2021, December 31, 2021 and period end December 31, 2022:

	As of January 1, 2021	Additions (Restatement)	Deletions	As of December 31, 2021 (Restatement)	Additions	Deletions	As of December 31, 2022
Capital assets, not being depreciated:							
Land	$ 48,112		$ -	$ 48,112	$ -	$ -	$ 48,112
Construction work-in-progress	2,807,579	1,236,829	750,324	3,294,084	1,143,177	2,886,462	1,550,799
Total capital assets, not being depreciated	2,855,691	1,236,829	750,324	3,342,196	1,143,177	2,886,462	1,598,911
Capital assets, being depreciated:							
Leasehold Improvements	406,889	119,392	-	526,281	36,113	-	562,394
Pennsylvania Station Leasehold	44,600	-	-	44,600	-	-	44,600
Buildings and structure	4,201,074	263,742	387	4,464,429	2,001,121	4,675	6,460,875
Equipment:							
Passenger Cars & Locos	2,785,636	129,600	21,707	2,893,529	81,000	19,536	2,954,993
Equipment & other	725,730	60,933	1,915	784,748	100,829	1,761	883,816
Infrastructure - Road	4,348,169	444,328	18,080	4,774,417	659,283	13,921	5,419,779
Total capital assets, being depreciated	12,512,098	1,017,995	42,089	13,488,004	2,878,346	39,893	16,326,457
Less accumulated depreciation/amortization:							
Leasehold Improvements*	25,973	22,269	-	48,242	26,071	-	74,313
Pennsylvania Station Leasehold	44,600		-	44,600	-	-	44,600
Buildings and structure	1,584,535	122,492	34	1,706,993	150,704	2,883	1,854,814
Equipment:							
Passenger Cars & Locos	1,835,610	102,702	21,707	1,916,605	105,402	19,536	2,002,471
Equipment & other	527,143	35,228	1,912	560,459	36,029	1,720	594,768
Infrastructure - Road	2,506,027	175,897	18,080	2,663,844	187,412	13,921	2,837,335
Total accumulated depreciation/amortization:	6,523,888	458,588	41,733	6,940,743	505,618	38,060	7,408,301
Total capital assets, being depreciated/amortized, net	5,988,210	559,407	356	6,547,261	2,372,728	1,833	8,918,156
Capital assets, net	$ 8,843,901	$ 1,796,236	$ 750,680	$ 9,889,457	$ 3,515,905	$ 2,888,295	$10,517,067
Right of Use Assets being amortized:							
Leased buildings and structures	32,051		-	32,051	-	-	32,051
Leased equipment and vehicles	18,946	2,991	-	21,937	4,141	-	26,078
Leased other	3,233		-	3,233	-	-	3,233
Total Right of Use Assets being amortized	54,230	2,991		57,221	4,141		61,362
Less accumulated amortization:							
Leased buildings and structures	-	2,884	-	2,884	2,884	-	5,768
Leased equipment and vehicles	-	6,618	-	6,618	7,875	-	14,493
Leased other	-	375	-	375	375	-	750
Total accumulated amortization	-	9,877		9,877	11,134		21,011
Right of Use Assets being amortized – net	54,230	(6,886)		47,344	(6,993)		40,351
Total Capital Assets, including Right of Use Asset, net of depreciation and amortization	$ 8,898,131	$ 1,789,350	$ 750,680	$ 9,936,801	$ 3,508,912	$ 2,888,295	$10,557,418

** Within this category there are intangible assets included that are being amortized.*

In 2021, the completion of the operational use of MTA's newly constructed rail yard was achieved and turned over to MTA in accordance with the applicable project agreements with the developer. The project agreements provide for the developer to construct a rail yard for MTA to store and service trains prior to developer exercise of certain development rights over the yard. This asset was transferred by MTA to LIRR as a non-cash capital contribution recorded at $266.6M representing the fair market value at the date of conveyance.

In December 2021, MTA obtained legal title to the wireless telecommunications equipment installed on its property according to the network license agreement 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 LIRR as a non-cash capital contribution recorded at $27.3M representing the fair market value at the date of conveyance. In addition, In December 2021, LIRR obtained legal title to work in process wireless telecommunications equipment to be installed on its property according to the network license agreement entered into with the licensee. The work in process assets were transferred by MTA to LIRR as a non-cash capital contribution recorded at $33.2M representing the fair market value at the date of conveyance.

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

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

On April 24, 2015, Governor Cuomo announced that the Federal Railroad Administration had approved a U.S. Federal Railroad Administration loan of $967.1 million under its Railroad Rehabilitation and Improvement Financing Program. MTA, on behalf of Metro-North Railroad, and the LIRR, applied for funding to improve the safety of signal systems. The loan's purpose was to finance the installment of positive train control, a technology designed to remove the potential for human error that can lead to train-involved accidents. The loan was approved by the MTA Board at its meeting on April 29, 2015 and the loan was closed in May 2015. A total of $690.9 million was drawn down until 2020. On May 5, 2021, the MTA prepaid the outstanding obligation in full, terminated all commitments under the Financing Agreement, and cancelled the Bond.

6. EMPLOYEE BENEFITS

MTA LIRR sponsors and participates in two defined benefit pension plans for their employees, the Long Island Rail Road Company Plan for Additional Pensions (the "Additional Plan") and the Metropolitan Transportation Authority Defined Benefit Plan (the "MTA Defined Benefit Plan"). A brief description of each of the pension plans follows:

Plan Descriptions

1. The Long Island Rail Road Additional Plan—

The LIRR Company Plan for Additional Pensions is a single employer defined benefit pension plan that provides retirement, disability and survivor benefits to members and beneficiaries. The Plan covers MTA LIRR employees hired effective July 1, 1971 and prior to January 1, 1988. The Plan's activities, including establishing and amending contributions and benefits are administered by the Board of Managers of Pensions. The LIRR Additional Plan is a governmental plan and accordingly, is not subject to the funding and other requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). The LIRR Additional Plan is a closed plan and members include LIRR employees hired prior to January 1, 1988.

The LIRR Plan for Additional Pensions is administered by the Board of Managers of Pensions, which is comprised of the Chairman of the MTA, MTA Chief Financial Officer, MTA Director of Labor Relations and the agency head of each participating Employer. The LIRR Company Plan for Additional Pensions may be amended by action of the MTA Board. The Additional Plan is a fiduciary component unit of the MTA LIRR and is reflected as the Pension Trust Fund in the Fiduciary Fund section of MTA LIRR's financial statements.

The pension plan has a separately issued financial statement that is publicly available and contains required descriptions and supplemental information regarding the employee benefit plan. The financial statements may be obtained at www.mta.info or by writing to, LIRR, Controller, 93-02 Sutphin Boulevard—mail code 1421, Jamaica, New York 11435.

2. MTA Defined Benefit Plan—

The MTA Defined Benefit Pension Plan (the "MTA Plan" or the "Plan") is a cost sharing, multiple-employer pension plan. The Plan covers certain MTA LIRR non-represented employees hired after December 31, 1987, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 23, 1983, MTA Police, MTA LIRR represented employees hired after December 31, 1987, certain MTA Metro-North Railroad represented employees, MTA Staten Island Railway represented and nonrepresented employees and certain employees of the MTA Bus Company ("MTA Bus"). MTA LIRR, MTA Metro-North Railroad, MTA, MTA Staten Island Railway and MTA Bus contribute to the MTA Plan, which offers distinct retirement, disability retirement, and death benefit programs for their covered employees and beneficiaries.

The MTA Defined Benefit Plan is administered by the Board of Managers of Pensions, which is comprised of the Chairman of the MTA, MTA Chief Financial Officer, MTA Director of Labor Relations and the agency head of each participating Employer. The MTA Plan may be amended by action of the MTA Board.

A stand-alone financial report may be obtained at www.mta.info or by writing to the MTA Comptroller, 2 Broadway, 16th Floor, New York, New York, 10004.

Benefits Provided

1. The Long Island Rail Road Additional Plan—

Pension Benefits—An employee who retires under the Additional Plan, either: (a) after completing at least 20 years of credited service, or (b) after both attaining age 65 while in service and completing at least 5 years of credited service, or in the case of those who were active employees on January 1, 1988, after completing at least 10 years of credited service, is entitled to an annual retirement benefit, payable monthly for life. Payments commence to an employee referred to in:

(a) only after attaining age 50, or (b) only after attaining age 65.

Benefit and contribution provisions, which are based on the point in time at which participants last entered qualifying service and their length of credited service, are established by, and may only be amended by the MTA, subject to the obligations of the MTA under its collective bargaining agreements. The MTA's Board of Directors must approve all amendments. The Additional Plan has both contributory and non-contributory requirements, with retirement ages varying from 50 to 65 depending upon a participant's length of credited service. Pension benefits payable to age 65, where eligible, are calculated as 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earnings for each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65, regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including any supplemental annuity) value at age 65 under the Federal Railroad Retirement Act.

Participants who entered qualifying service before July 1, 1978, are not required to contribute. Participants who entered qualifying service on or after July 1, 1978, are required to contribute 3% of their wages to the Additional Plan. The MTA contributes additional amounts based on actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due.

The LIRR Additional Plan also provide death and disability benefits. Participants who become disabled after accumulating 10 years of credited service and who meet the requirements receive a disability benefit. Disability pension benefits are calculated based on the participant's qualifying service and a percentage of final average compensation reduced by the full amount of benefit under the Federal Railroad Retirement Act.

Survivorship benefits are paid to the participant's spouse when a survivorship option is elected or when an active participant has not divested his or her spouse of benefits. The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than 5 thousand dollars is payable upon death on behalf of a nonvested participant or vested participant whose pension rights were waived.

Retirement benefits establishment and changes for representative employees are collectively bargained and must be ratified by the respective union and the MTA Board. For nonrepresented employees, retirement benefits establishment and changes are presented to the MTA Board and must be accepted and approved by the MTA Board. In 2020, an amendment to the LIRR Plan for Additional Pensions was approved by the MTA 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 Plan.

2. MTA Defined Benefit Plan

Pension Benefits—Retirement benefits are paid from the Plan to covered post—1987 MTA LIRR employees as service retirement allowances or early retirement allowances. A participant is eligible for a service retirement allowance upon termination if the participant satisfied both age and service requirement. A participant is eligible for an early retirement allowance upon termination if the participant has attained age 55 and completed at least 10 years of credited service. Terminated participants with 5 or more years of credited service who are eligible for a deferred vested benefit are not eligible to receive a service retirement allowance or early retirement allowance.

Pre-1988 MTA LIRR participants are eligible for a service retirement allowance upon termination if the participants have either: (a) attained age 65 and completed at least 5 years of credited service, or if an employee on January 1, 1988 completed at least 10 years of credited service, or (b) attained age 50 and has completed at least 20 years of credited service. Terminated participants who were not employees on January 1, 1988 with 5 or more years of credited service are eligible for a deferred vested benefit. Pension benefits payable to age 65, where eligible, are calculated as 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earning of each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65 regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including supplemental annuity) value at age 65 under the Federal Railroad Retirement Act.

In 2017, the reduction of pension benefits for amounts payable under the Tier II Federal Railroad Retirement Act was reduced from 100% to 90%. This change for LIRR represented employees was effective upon ratification of respective collective bargaining agreements, with various ratification dates occurring in 2017. Management employees were effective November 15, 2017.

Death & Disability Benefits—In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after ten years of credited service for covered MTA LIRR management and represented employees. The disability retirement allowance for covered and MTA LIRR management is calculated based on the participant's credited service and final average salary ("FAS") but not less than ⅓ of FAS. Pre-1988 MTA LIRR participants who become disabled after accumulating 10 years of credited service and who meet the requirements as described in the Plan may be eligible to receive a disability benefit. Disability pension benefits are calculated based on the participant's qualified service and a percentage of final average compensation reduced by the full amount of the disability benefit under the Federal Railroad Retirement Act. Survivorship benefits for pre-1988 MTA LIRR participants are paid to the spouse when a survivorship option is elected or when an active participant has not divested their spouse of benefits.

Retirement benefits establishment and changes for representative employees are collectively bargained and must be ratified by the respective union and the MTA Board. For non-represented employees, retirement benefits establishment and changes are presented to the MTA Board and must be accepted and approved by the MTA Board. In 2020, an amendment to the MTA Defined Benefit Plan was approved by the MTA 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 Plan.

Membership

Membership in the LIRR Additional Pension Plan ("LIRR Additional Pension Plan" or "Additional Plan") consisted of the following at January 1, 2022 and January 1, 2021, the date of the latest actuarial valuation:

	January 1, 2022	January 1, 2021
Active plan members	15	23
Retirees and beneficiaries receiving benefits	5,122	5,298
Vested formerly active members not yet receiving benefits	15	19
Total	5,152	5,340

Contributions and Funding Policy

1. Long Island Rail Road Company Plan for Additional Pensions Plan

Employer contributions are actuarially determined on an annual basis and are recognized when due. The Additional Plan is a defined benefit plan administered by the Board of Pension Managers and is a governmental plan and accordingly, is not subject to the funding and other requirements of ERISA.

Upon termination of employment before retirement, vested participants who have been required to contribute must choose to: (1) receive a refund of their own contributions, including accumulated interest at rates established by the MTA Defined Benefit Pension Board of Managers (1.5% in 2022 and 2021), or (2) leave their contributions in the Additional Plan until they retire and become entitled to the pension benefits. Non-vested participants who have been required to contribute will receive a refund of their own contributions, including accumulated interest at rates established by the MTA Defined Benefit Pension Board of Managers (1.5% in 2022 and 2021).

Funding for the Additional Plan is provided by MTA, which obtains the required funds from New York State, federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to the LIRR Additional Company Plan for Additional Pensions on a discretionary basis. The continuance of the MTA's funding for the Additional Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

Contributions as a percent of covered payroll was 3,463.99% for the year ended December 31, 2022. The actual contributions for the year ended December 31, 2022 was $70,764.

Contributions as a percent of covered payroll was 2,184.33% for the year ended December 31, 2021. The actual contributions for the year ended December 31, 2021 was $70,553.

2. MTA Defined Benefit Plan

MTA LIRR's contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the Plan are recognized in the period in which the contributions are due. The following summarizes the types of employee contributions made to the Plan.

Effective January 1, 1994, covered MTA LIRR non-represented employees are required to contribute to the Plan to the extent that their Railroad Retirement Tier II employee contribution is less than the pre-tax cost of the 3% employee contributions. Effective October 1, 2000, employee contributions, if any, were eliminated after ten years of contributing to the Plan. MTA LIRR employees may purchase prior service from January 1, 1988 through December 31, 1993 by paying the contributions that would have been required of that employee for the years in question, calculated as described in the first sentence, had the Plan been in effect for those years.

Covered MTA LIRR represented employees who first became eligible to be Plan participants prior to January 30, 2008 contribute 3% of salary. MTA LIRR represented employees who became participants after January 30, 2008 contribute 4% of salary. MTA LIRR represented employees are required to make the employee contributions for ten years, or fifteen years if hired after certain dates in 2014 as per collective bargaining agreements.

Contributions as a percent of covered payroll was 16.94% for the year ended December 31, 2022. The actual contributions for the year ended December 31, 2022 was $151,552.

Contributions as a percent of covered payroll was 16.74% for the year ended December 31, 2021. The actual contributions for the year ended December 31, 2021 was $148,242.

Net Pension Liability—MTA LIRR's net pension liabilities for each of the pension plans reported at December 31, 2022 were measured as of December 31, 2021. The total pension liability for each of the pension plans was determined by an actuarial valuation as of the valuation date of January 1, 2020, that was updated to roll forward the total pension liability to the respective year-end.

Actuarial valuations are performed annually as of January 1. Information about the fiduciary net position of each qualified pension plan's fiduciary net position has been determined on the same basis as reported by each respective qualified pension plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan, and investments are reported at fair value.

Actuarial Assumptions—The total pension liability in the January 1, 2021 actuarial valuations was determined using the following actuarial assumptions, which were based on the 2017 actuarial experience study, for each of the pension plans as follows:

Interest Rate	Net rate of 6.5% for 2020, per annum—net of investment expenses.	Net rate of 6.5% for 2020, per annum—net of investment expenses.
Inflation	2.25% per annum.	2.25% per annum.
Railroad retirement wage base	3.25% per year.	3.25% per year.
Mortality	Based on experience of all MTA members reflecting Mortality improvement on a generational basis using MP-2021. For Pre-Retirement, Pri-2012 Employee Mortality table with blue collar adjustments multiplied By 97% for males and 100% for females. Postretirement Healthy Lives: Pri-2012 Employee Mortality table with blue collar adjustments multiplied By 97% for males and 100% for females.	Based on experience of all MTA members reflecting Mortality improvement on a generational basis using MP-2021. For Pre-Retirement, Pri-2012 Employee Mortality table with blue collar adjustments multiplied By 97% for males and 100% for females. Postretirement Healthy Lives: Pri-2012 Employee Mortality table with blue collar adjustments multiplied By 97% for males and 100% for females. For Postretirement Disabled Disabled Lives: Pri-2012 Disabled Annuitant table for Males and females.
Separations other than for normal retirement	Tables based on recent experience.	Tables based on recent experience.
Rates of normal retirement	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.
Salary increases	3.0% per year	3.0% per year
Overtime	Earnings in each year are increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.	Earnings in each year are increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.
Cost of living adjustments	Not applicable.	60% of inflation or 1.35% per annum.
Provision for expenses	Estimated administrative charges added to the normal cost. Administrative expenses are based on the prior two year's reported administrative expenses.	Estimated administrative charges added to the normal cost. Administrative expenses are based on the prior two year's reported administrative expenses.

Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments was 6.5% for both the Additional Plan and the MTA Defined Benefit Plan. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

The target allocation and best estimates of arithmetic real rates of return ("RROR") for each major asset class included in each of the pension funds are as follows:

	Additional Plan		MTA Defined Benefit Plan	
Asset Class	**Target Allocation***	**Real Rate of Return**	**Target Allocation***	**Real Rate of Return**
US Core Fixed Income	10.5%	1.39%	10.5%	1.39%
US Long Bonds	2.00	1.16	2.00	1.16
US Bank/Leveraged Loans	1.50	3.49	1.50	3.49
US Inflation-Indexed Bonds	3.00	3.92	2.00	0.60
US High Yield Bonds	3.00	3.92	3.00	3.92
Emerging Market Bonds	2.00	3.98	2.00	3.98
US Large Caps	2.00	3.98	2.00	3.98
US Small Caps	7.00	6.73	7.00	6.73
Foreign Developed Equity	12.00	6.27	12.00	6.27

Emerging Market Equity	4.50	8.82	4.50	8.82
Private Credit	7.00	6.93	7.00	6.93
Private Real Estate Property	4.00	4.61	4.00	4.61
Private Equity	7.00	10.36	7.00	10.36
Commodities	4.00	1.99	4.00	1.99
Hedge Funds—Multi Strategy	13.00	3.73	13.00	3.73
Emerging Market Small Cap Equity	1.50	8.89	1.50	8.89
US REITS	1.00	5.60	1.00	5.60
Assumed Inflation—Mean		2.30		2.30
Assumed Inflation—Standard Deviation		1.23		1.23
Portfolio Nominal Mean Return		7.39		7.39
Portfolio Standard Deviation		12.15		12.15
Long-Term Expected Rate of Return selected by MTA		6.50		6.50

* Based on October 2021 Investment Policy

Discount Rate

As of December 31, 2021, the discount rate used to measure the total pension liability of both the Additional Plan and the MTA Defined Benefit Plan was 6.5%.

The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in accordance with the Employer funding policy as projected by the Plan’s actuary. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

DRAFT

Changes in Net Pension Liability—Additional Plan

Changes in MTA LIRR's net pension liability for the Additional Plan for the year ended December 31, 2022, based on the December 31, 2021 measurement date, are as follows:

	Additional Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance—December 31, 2020	$ 1,357,323	$760,690	$ 596,633
Changes for the year:			
Service cost	260		260
Interest on total pension liability	83,488		83,488
Effect of economic/demographics gains or losses	3,729		3,729
Effects of assumption changes or inputs	26,300		26,300
Benefit payments	(148,629)	(148,629)	0
Administrative expense		(610)	610
Member contributions		73	(73)
Employer contributions		70,552	70,552
Net Investment Income		95,247	(95,247)
Balance—December 31, 2020	$ 1,322,471	$ 777,323	$ 545,148

Changes in MTA LIRR's net pension liability for the Additional Plan for the year ended December 31, 2021, based on the December 31, 2020 measurement date, are as follows:

	Additional Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance—December 31, 2019	$ 1,411,570	$ 840,460	$ 571,110
Changes for the year:			
Service cost	453		453
Interest on total pension liability	86,918		86,918
Effect of economic/demographics gains or losses	10,428		10,428
Benefit payments	(152,046)	(152,046)	-
Administrative expense		(612)	612
Member contributions		140	(140)
Employer contributions		68,724	(68,724)
Net Investment Income		4,024	(4,024)
Balance—December 31, 2020	$ 1,357,323	$ 760,690	$ 596,633

The following presents the MTA LIRR's net pension liability calculated at the measurement dates using the current discount rate of 6.5% for the Additional 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 (5.5%) or 1-percentage point higher (7.50%) than the current rate:

2021	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.5%)
Net pension liability	$648,472	$545,148	$455,156

The following presents the MTA LIRR's net pension liability calculated at the measurement dates using the current discount rate of 6.5% for the Additional 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 (5.5%) or 1-percentage point higher (7.5%) than the current rate:

2020	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net pension liability	$ 702,167	$ 596,633	$ 504,666

MTA LIRR's Proportion of Net Pension Liability—MTA Defined Benefit Plan

The following table presents MTA LIRR's proportionate share of the net pension liability of the MTA Defined Benefit Plan at the measurement date December 31, 2021, and the proportion percentage of the net pension liability of the MTA Defined Benefit Plan allocated to MTA LIRR:

MTA Long Island Railroad's proportion of the net pension liability	37.59%
MTA Long Island Railroad's proportionate share of the net pension liability	$ 629,503

The following table presents MTA LIRR's proportionate share of the net pension liability of the MTA Defined Benefit Plan at the measurement date December 31, 2020, and the proportion percentage of the net pension liability of the MTA Defined Benefit Plan allocated to MTA LIRR:

MTA Long Island Railroad's proportion of the net pension liability	37.270 %
MTA Long Island Railroad's proportionate share of the net pension liability	$ 722,023

MTA LIRR's proportion of the respective Plan's net pension liability was based on actual required contributions of the participating employer for the calendar year.

The following table presents MTA LIRR's proportionate share of the net pension liability calculated at the measurement date using the discount rate of 6.50% for the MTA Defined Benefit 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 (5.50%) or 1-percentage point higher (7.50%) than the current rate:

2021	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
MTA Long Island Railroad's proportionate share of the net pension liability	$983,042	$629,503	$332,608

The following table presents MTA LIRR's proportionate share of the net pension liability calculated at the measurement date using the discount rate of 6.50% for the MTA Defined Benefit 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 (5.5%) or 1-percentage point higher (7.5%) than the current rate:

2020	**1% Decrease (5.5%)**	**Current Discount Rate (6.5%)**	**1% Increase (7.5%)**
MTA Long Island Railroad's proportionate share of the net pension liability	$ 1,048,056	$ 722,023	$ 447,479

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

For the year ended December 31, 2022 and 2021, MTA LIRR recognized pension expense related to each pension plans as follows:

Pension Plans	**2022**	**2021**
Additional Plan	$63,224	$ 50,361
MTA Defined Benefit Plan	151,994	161,637
Total	$215,218	$ 211,998

At December 31, 2022, MTA LIRR reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

	Additional Plan		**MTA Defined Benefit Plan**		**Total**	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$0	$0	$69,900	($3,887)	$69,900	($3,887)
Changes in assumptions			208,249	(2,937)	208,249	(2,937)
Net difference between projected and actual earnings on pension plan investments		(16,341)		67,033		(83,374)
Changes in proportion and differences between contributions and proportionate share of contributions			40,647		40,647	
Employer contribution to plan subsequent to the measurement date of net pension liability	70,764	0	151,551	0	222,315	0
Total	$70,764	($16,341)	$470,347	($73,857)	$541,111	($90,198)

At December 31, 2021, MTA LIRR reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

	Additional Plan		MTA Defined Benefit Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -	$ 81,403	$ (5,111)	$ 81,403	$ (5,111)
Changes in assumptions			199,656	(6,522)	199,656	(6,522)
Net difference between projected and actual earnings on pension plan investments	27,816		26,977		54,792	-
Changes in proportion and differences between contributions and proportionate share of contributions			44,825		44,825	-
Employer contribution to plan subsequent to the measurement date of net pension liability	70,553		148,242		218,795	-
Total	$98,368	$ -	$501,104	$(11,633)	$599,472	$(11,633)

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 annual differences between expected and actual experience and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over a 1 year closed period for the Additional Plan and 8.3 years period for the MTA Defined Benefit Plan, beginning in the year in which the deferred amount occurs.

The amount of $222,315 reported as deferred outflows of resources related to pensions resulting from the MTA LIRR's contributions subsequent to the measurement date 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 related to pensions at December 31, 2022 will be recognized as pension expense as follows:

Year Ending December 31	Additional Plan	MTA Defined Benefit Plan	Total
2023	$ 6,194	$ 55,160	$ 61,354
2024	(12,634)	21,216	8,582
2025	(188)	45,397	45,209
2026	(9,713)	27,339	17,626
2027		48,725	48,725
Thereafter		47,091	47,091
Total	$ 16,341	$ 244,928	$ 228,587

Defined Contribution Plan—Effective January 1, 2004, represented employees who were participants in the Money Purchase Plan became participants in the MTA Defined Benefit Plan and have the same terms and conditions as those applicable to management employees of MTA LIRR in the MTA Defined Benefit Plan upon approval of each union's Collective Bargaining Agreement by the MTA Board. MTA LIRR ceased contributing to the Money Purchase Plan in 2004 and the employee ceased to contribute upon approval of their union's Collective Bargaining Agreement by the MTA Board. All past Employer contributions and earnings attributable to such contributions have been transferred to the MTA Defined Benefit Plan to fund the pension liability for past service under the Money Purchase Plan. As of December 31, 2006, the Board of the MTA approved the Collective Bargaining Agreements for all represented employees with the last union agreement having been approved in April 2006. There are no longer active participants in the Money Purchase Plan.

The Money Purchase Plan was terminated at December 31, 2009, which has resulted in no expenses to the operations of the MTA LIRR, after 2009.

7. OTHER POSTEMPLOYMENT BENEFITS

The MTA LIRR 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:

(1) 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 MTA LIRR'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 agency, 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. Certain agencies provide benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of the MTA LIRR are members of the following pension plans: the MTA Defined Benefit Plan and the Additional Plan.

The MTA LIRR 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 members. NYSHIP offers a Preferred Provider Organization ("PPO") plan and several Health Maintenance Organization ("HMO") plans.

The MTA LIRR 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 MTA LIRR must:

(a) have retired;

(b) be receiving a pension;

(c) have at least 10 years of credited service as a member of the MTA Defined Benefit Plan and the Additional 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.

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 MTA LIRR 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 MTA LIRR paid $87.1 and $84.50 of PAYGO to the OPEB Plan, respectively. In addition, the OPEB Plan paid $33.8 in OPEB benefits in 2020. The PAYGO amounts include an implicit rate subsidy adjustment of $20.0 and $18.7 for the years ended December 31, 2022 and 2021, respectively. There were no additional implicit rate subsidy adjustments for the year ended December 31, 2022.

During 2012, the MTA funded $250 into the Trust and an additional $50 during 2013. There have been no further contributions made to the Trust. The investment trust was liquidated in 2020 covering a portion of the year's benefit payments resulting in lower contributions than the payments for the year.

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 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 General Obligation 20-Bond Municipal Bond 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.

DRAFT

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 in 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 December 31, 2020, the employer made a cash payment for retiree healthcare of $18,699 and $23,280 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.

Blended and Age-Adjusted Premium (in thousands)	**2021 Retirees**	**2020 Retirees**
Total blended premiums	$61,153	$ 62,088
Employment payment for retiree healthcare	18,699	23,280
Net payments	$ 79,852	$ 85,368

(2) Net OPEB Liability

At December 31, 2022, the MTA LIRR reported a net OPEB liability of $2,513,054 for its proportionate share of the OPEB Plan's net OPEB liability. The net OPEB liability was measured as of the OPEB Plan's fiscal year-end of December 31, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019 and rolled forward to December 31, 2022. The MTA LIRR's proportion of the net OPEB liability was based on a projection of the MTA LIRR's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2022, the MTA LIRR's proportion was 10.07% percent.

At December 31, 2021, the MTA LIRR reported a net OPEB liability of $2,875,213 for its proportionate share of the OPEB Plan's net OPEB liability. The net OPEB liability was measured as of the OPEB Plan's fiscal year-end of December 31, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019 and rolled forward to December 31, 2020. The MTA LIRR's proportion of the net OPEB liability was based on a projection of the MTA LIRR's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2021, the MTA LIRR's proportion was 11.78% percent.

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 are fair value based on quoted market prices or Net Asset Value. Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued financial report or at www.mta.info.

(3) 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 MTA LIRR 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 an actuarial valuation performed on July 1, 2021. Update procedures were used to roll forward the total OPEB liability to December 31, 2021, the measurement date. 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
Measurement date	December 31, 2021
Discount rate	2.06%, net of expenses
Inflation	2.30%
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.25%
Investment rate of return	2.06%

The total OPEB liability was determined by an actuarial valuation performed on July 1, 2019. Update procedures were used to roll forward the total OPEB liability to December 31, 2020, the measurement date. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

Valuation date	July 1, 2019
Measurement date	December 31, 2020
Discount rate	2.12%, net of expenses
Inflation	2.25%
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.25%
Investment rate of return	2.12%

Salary Scale

A. Members hired prior to January 1, 1988—Salaries are assumed to increase 3.0% per year.

B. Managers hired on or after January 1, 1988—Salaries are assumed to increase by years of service. Rates are shown below.

Years of Service	Rate of Increase
0–1	8.00 %
2	7.00
3	6.50
4	5.50
5	5.00
6	4.90
7	4.80
8	4.70
9	4.60
10	4.50
11	4.25
12	4.00
13	3.75
14	3.50
15+	3.25

C. Represented Employees hired on or after January 1, 1988—Salaries are assumed to increase by years of service. Rates are shown below:

Years of Service	Rate of Increase
0–1	12.50 %
2	11.50
3–4	10.00
5	6.00
6	4.25
7	4.00
8	3.75
9	3.50
10+	3.25

Healthcare Cost Trend—The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, potential excise taxes due to healthcare reform, and other healthcare reform provisions, separately for NYSHIP. The NYSHIP trend reflects actual increases in premiums to participating agencies through 2019. These assumptions are combined with long-term assumptions for dental and vision benefits of an annual trend of 3.5% plus Medicare Part B reimbursements of an annual trend of 3.5%.

DRAFT

Healthcare Cost Trend Rates—The following lists illustrative rates for the (all amounts are in percentages).

	NYSHIP	
Fiscal Year	**< 65**	**>=65**
2021	5.30 %	4.60 %
2022	5.10	4.60
2023	4.80	4.60
2024	4.60	4.60
2025	4.50	4.50
2026	4.40	4.40
2027	4.30	4.30
2028	4.20	4.20
2029	4.00	4.00
2030	3.90	3.90
2040	3.90	3.90
2050	3.80	3.80
2060	3.80	3.80
2070	3.50	3.50
2080	3.30	3.30
2090	3.30	3.30
2100	3.30	3.30

For purposes of applying the Entry Age Normal Cost method, the healthcare trend prior to the valuation date are based on the ultimate rates, which are 3.7% for medical and pharmacy 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 Rail Members, including LIRR, 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 97%.

Expected Rate of Return on Investments—The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected 2021 Real Rate of Return	2020 Real Rate of Return	2019 Real Rate of Return
US Cash	100%	(0.26)%	(0.540)%	0.04%%
US Core Fixed Income				1.51
US Inflation-Indexed Bonds				0.71
Global Bonds				
Emerging Market Bonds				3.36
Global Equity				5.28
Commodities				2.79
Non-US Equity				
Global REITS				
Hedge Funds-Multi Strategy				3.26
Total	100%			
Long term expected rate of return selected by MTA		2.06%	2.12 %	5.75 %

Discount Rate—The discount rate used in this valuation to measure the total OPEB liability was updated to incorporate GASB Statement No. 75 guidance.

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 of 2.06% and as of December 31, 2020 of 2.12%.

Sensitivity of the MTA Long Island Rail Road's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate—The following presents the MTA LIRR's proportionate share of the net OPEB liability, as well as what the MTA LIRR'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 Measurement Date	1% Decrease (1.06%)	Discount Rate (2.06%) (in thousands)	1% Increase (3.06%)
Proportionate share of the net OPEB liability	$2,905,943	$2,513,054	$2,194,271

December 31, 2020 Measurement Date	1% Decrease (1.12%)	Discount Rate (2.12%) (in thousands)	1% Increase (3.12%)
Proportionate share of the net OPEB liability	$3,309,958	$2,875,213	$2,520,027

December 31, 2019 Measurement Date	1% Decrease (1.74%)	Discount Rate (2.74%) (in thousands)	1% Increase (3.74%)
Proportionate share of the net OPEB liability	$2,781,909	$2,424,191	$2,129,844

Sensitivity of the MTA LIRR's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates—The following presents the MTA LIRR's proportionate share of the net OPEB liability, as well as what the MTA LIRR'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 Measurement Date	1% Decrease	Healthcare Cost Current Trend Rate* (in thousands)	1% Increase
Proportionate share of the net OPEB liability	$2,134,682	$2,513,054	$2,977,755

December 31, 2020 Measurement Date	1% Decrease	Healthcare Cost Current Trend Rate* (in thousands)	1% Increase
Proportionate share of the net OPEB liability	$2,426,166	$2,875,213	$3,450,963

December 31, 2019 Measurement Date	1% Decrease	Healthcare Cost Current Trend Rate* (in thousands)	1% Increase
Proportionate share of the net OPEB liability	$2,070,057	$2,424,191	$2,872,236

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

(4) OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the MTA LIRR recognized OPEB expense of $115,454, 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, 2021 and 2020, the MTA LIRR reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows ($ in thousands):

	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$41,708	($4,226)
Changes in assumptions	196,586	(147,895)
Net difference between projected and actual earnings on OPEB plan investments	4,744	
Changes in proportion and differences between contributions and proportionate share of contributions	47,689	(498,585)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	87,145	
Total	$ 377,872	$650,706

	December 31, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 22,724	$ (5,890)
Changes in assumptions	277,197	(126,078)
Net difference between projected and actual earnings on OPEB plan investments	7,132	
Changes in proportion and differences between contributions and proportionate share of contributions		
Employer contributions to the plan subsequent to the	55,507	(191,808)
measurement of net OPEB liability	84,539	
Total	$ 447,099	$(323,776)

	December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 25,879	$ (1,626)
Changes in assumptions	93,568	(150,848)
Net difference between projected and actual earnings on OPEB plan investments		(1,999)
Changes in proportion and differences between contributions and proportionate share of contributions		(225,306)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	55,969	
Total	$ 175,416	$(379,779)

For the year ended December 31, 2022, $377,872 was reported as deferred outflows of resources related to OPEB. This amount includes both MTA LIRR's contributions after 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. 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	$ (63,791)
2024	(70,522)
2025	(58,119)
2026	(45,267)
2027	(28,009)
Thereafter	(391,325)
	$ (657,033)

8. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

A summary of activity in estimated liability arising from injuries to persons, including employees, and damage to third-party property as of December 31, 2022 and 2021, is presented below:

	2022	**2021**
Balance—beginning of year	$ 163,119	$ 159,788
Activity during the year:		
Current year claims and changes in estimates	40,609	21,699
Claims paid	(25,974)	(18,368)
Balance—end of year	177,754	163,119
Less current portion	(31,984)	(28,692)
Long-term liability	$ 145,770	$ 134,427

9. LOANS PAYABLE

In December 2005, the MTA and the New York Power Authority ("NYPA") entered into an updated Energy Services Program Agreement ("ESP Agreement"). The ESP Agreement authorized MTA affiliates and subsidiaries to enter into a Customer Installation Commitment ("CIC") with NYPA for turnkey, 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 with no penalty.

The debt service requirements as of December 31, 2022 are as follows:

Year	Loans Payable Principal	Loans Payable Interest	Loans Payable Total
2023	$ 3,359	$ 819	$ 4,178
2024	2,322	706	3,028
2025	2,405	623	3,028
2026	2,414	538	2,952
2027	2,500	452	2,952
2028–2040	7,975	1,890	9,865
Total	$ 20,975	$ 5,028	$ 26,003

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.

10. RELATED PARTY TRANSACTIONS

MTA LIRR and other affiliated MTA agencies receive support from MTA in the form of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, some of which are charged back. MTA LIRR's subsidies from MTA for use in operations are recorded as credits to operations when received. Funds for MTA LIRR's capital project expenditures are also provided by MTA. Funds contributed by MTA for MTA LIRR's capital project expenditures are classified as nonoperating.

MTA LIRR also sells joint prevalued fare cards on consignment on behalf of an affiliated agency. These amounts are reflected in the accompanying Statements of Net Position. The dollar volume of such related party transactions for the years ended December 31, 2022 and 2021, is shown in the following table:

	2022	2021
Payments to MTA and affiliated agencies	$145,847	$ 149,296
Payments from MTA and affiliated agencies	465,318	419,820

The resulting receivables and payables from the above transactions are recorded in the due from/to MTA and affiliated agencies account included in the accompanying Statements of Net Position.

Due from/to MTA and affiliated agencies as of December 31, 2022 and 2021, consists of:

	2022 Receivable	2022 (Payable)	2021 Receivable	2021 (Payable)
MTA	$ 1,125,119	$ (216,252)	$ 258,441	$ (8,421)
Invested funds at MTA			89,091	
Affiliated agencies	1,167	(27,263)	1,167	(13,818)
Total MTA and affiliated agencies	$ 1,126,286	$ (243,515)	$ 348,699	$ (22,239)

11. LEASES

MTA LIRR entered into various lease agreements that convey control of the right to use other entities' nonfinancial assets. The initial measurement of MTA LIRR's leased asset and lease liability for those agreements was as of January 1, 2021. The lease liability was reduced as payments were made, and an outflow of resources for interest on the liability was 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 were recognized on the lease receivable and an inflow of resources from the deferred inflow of resources were recognized on a straight-line basis over the term of the lease.

As Lessor

MTA LIRR leases its land, building, station space, equipment, and right of way to other entities. These leases have terms between 1 year to 73 years, with payments required monthly, quarterly, semi-annually, or annually. In addition, LIRR also receives payments for variable leases and operating expenses associated with spaces that are not included in the measurement of lease receivable. Lease receivables are measured at the present value of payments expected to be made during the lease term, using MTA LIRR'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 years ended December 31, 2022 and 2021 is presented below:

	2022	2021
Lease Revenue	$ 10,611	$ 10,666
Interest Revenue	2,260	2,220
Other Variable	2,871,259	2,803,596

The balance of lease receivable as of December 31, 2022 and December 31, 2021 are as follows:

	2022	2021
Lease Receivable - current	$ 9,708	$ 8,960
Lease Receivable - noncurrent	76,123	85,806

MTA LIRR recognized $0 and $0 revenue associated with residual value guarantees and termination penalties for years ended December 31, 2022 and 2021.

The principal and interest requirements to maturity for the lease receivable subsequent to December 31, 2022, are as follows:

Year Ended December 31	Principal	Interest	Total
2023	9,708	2,074	11,782
2024	9,608	1,876	11,484
2025	9,648	1,675	11,323
2026	9,421	1,474	10,895
2027	9,355	1,273	10,628
2028 - 2032	13,158	4,979	18,137
2033 - 2037	1,697	4,458	6,155
2038 - 2042	956	4,278	5,234
2043 - 2047	894	4,109	5,003
2048 - 2052	1,079	3,924	5,003
2053 - 2057	1,302	3,701	5,003
2058 - 2062	1,474	3,436	4,910
2063 - 2067	1,596	3,153	4,749
2068 - 2072	1,920	2,824	4,744
2073 - 2077	2,316	2,428	4,744
2078 - 2082	2,794	1,949	4,743
2083 - 2087	3,371	1,372	4,743
2088 - 2092	4,068	676	4,744
2093 - 2094	1,466	47	1,513
Total	**85,831**	**49,706**	**135,537**

As Lessee

MTA LIRR leases building, office space, storage space, equipment, vehicle, and cell tower space from other entities. These leases have terms between 1 year to 66 years, with payments required monthly, quarterly, or annually. Lease liabilities are measured at the present value of payments expected to be made during the lease term, using MTA LIRR'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 amount of lease expenses recognized for variable payment not included in the measurement of lease liability were $203 and $216 for the years ended December 31, 2022 and 2021. MTA LIRR recognized $0 expense attributable to residual value guarantees and termination penalties for 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:

Year Ended December 31	Principal	Interest	Total
2023	10,963	1,030	11,993
2024	5,359	860	6,219
2025	2,059	767	2,826
2026	1,532	719	2,251
2027	1,655	672	2,327
2028 - 2032	9,248	2,583	11,831
2033 - 2037	8,014	1,114	9,128
2038 - 2042	131	657	788
2043 - 2047	159	630	789
2048 - 2052	191	598	789
2053 - 2057	231	558	789
2058 - 2062	278	510	788
2063 - 2067	336	453	789
2068 - 2072	405	384	789
2073 - 2077	489	300	789
2078 - 2082	590	199	789
2083 - 2087	762	76	838
Total	**42,402.00**	**12,110.00**	**54,512.00**

12. ENVIRONMENTAL REMEDIATION

MTA LIRR has implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The statement establishes standards for determining when expected pollution remediation outlays should be accrued as a liability or, if appropriate, capitalized. An operating expense and corresponding liability, measured at its current value using the expected cash flow method, have been recognized for certain pollution remediation obligations that are no longer able to be capitalized as a component of a capital project.

Pollution remediation obligations, which are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations, occur when any one of the following obligating events takes place:

- An imminent threat to public health due to pollution exists.
- MTA LIRR is in violation of a pollution prevention-related permit or license.
- MTA LIRR is named by a regulator as a responsible or potentially responsible party to participate in remediation.
- MTA LIRR is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities, or
- MTA LIRR voluntarily commences or legally obligates itself to commence remediation efforts.

MTA LIRR does not anticipate any changes in the near future that would have a material impact on the recorded obligations due to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. In addition, MTA LIRR does not expect any recoveries of cost that would have a material effect on the recorded obligations.

In accordance with GASB Statement No. 49, pollution remediation expenses were recorded on the Statement of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2022 and 2021, respectively. The expense provision was measured at its current value utilizing the prescribed expected cash flow method.

As of December 31, the pollution remediation liability totaled $40,270 for 2022 and $27,770 for 2021, primarily consisting of future remediation activities associated with lead and asbestos abatement.

A summary of activity in estimated liability arising from environmental remediation as of December 31, 2022 and 2021 is presented below:

	2022	2021
Balance—beginning of year	$27,770	$30,612
Activity during the year:		
Current year remediation and changes in estimates	16,055	1,071
Remediation paid	(3,554)	(3,913)
Balance—end of year	40,271	27,770
Less current portion	(11,303)	(387)
Long-term liability	$28,968	$27,383

13. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consisted mainly of the estimated long-term sick leave payout for employees amounting to $81.7 million in 2022 and $86.7 million in 2021. All represented employees who have worked for MTA LIRR for 10 years can receive a non-pensionable lump sum severance payment representing 50% of the value of all accrued but unused sick days. Management employees who have worked for MTA LIRR for 10 years or more are paid half of their sick days with a maximum payout of 120 days. Other long-term liabilities increased due to the payroll tax deferral resulting from the CARES Act.

A summary of activity in estimated liability arising from other liabilities as of December 31, 2022 and 2021 is presented below:

	2022	2021
Balance—beginning of year	$ 86,475	$100,673
Activity during the year:		
Current year changes in sick leave estimate	(258)	6,642
Sick leave payout	(4,486)	(4,606)
Other long term liabilities	60	(16,234)
Balance—end of year	$ 81,791	$ 86,475

14. COMMITMENTS AND CONTINGENCIES

Management has reviewed with counsel all other actions and proceedings pending against or involving MTA LIRR, including personal injury claims. Although the ultimate outcome of such actions and proceedings cannot be predicted with certainty at this time, management believes that losses, if any, in excess of amounts accrued resulting from those actions will not have a significant impact on MTA LIRR's financial position, cash flows or results of operations.

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 MTA LIRR have been infrequent in prior years.

15. CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

Labor Negotiation Update—There are collective bargaining agreements in effect between the MTA LIRR and nine of the labor unions through June 15, 2023, after which the contracts become amendable and subject to negotiation pursuant to the Railway Labor Act. MTA LIRR is continuing to engage in negotiations with the one remaining union, the IBEW, whose contract became amendable in April 2021. We anticipate reaching terms soon that follow those reached with the other labor unions in 2023.

16. 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 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.

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's $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 ($0.6 billion) and January 2022 ($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 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 An additional estimated $100 million is expected to be submitted for the period ended December 31, 2022.

17. SUBSEQUENT EVENT

MTA LIRR has evaluated all subsequent events through April 10, 2023, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2022. 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 MTA LIRR’s portion of the MTA Defined Benefit Plan for each year were $156.86 million and $153.77 million, respectively. The prepayment amounts for the LIRR Additional Plan were $71.74 million and $68.66 million respectively.

* * * * * *

DRAFT

REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)

DRAFT

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE MTA LIRR'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE LIRR COMPANY PLAN FOR ADDITIONAL PENSIONS AT DECEMBER 31
(In thousands, except percentages)

	2021	2020	2019	2018	2017	2016
TOTAL PENSION LIABILITY:						
Service cost	$260	$ 453	$ 621	$ 1,057	$ 1,874	$ 2,752
Interest	83,489	86,918	93,413	97,612	101,477	104,093
Differences between expected and actual experience		10,428	63,646	213	1,890	15,801
Benefit payments and withdrawals	(148,630)	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)
Net change in total pension liability	(34,852)	(54,247)	426	(60,684)	(54,476)	(35,947)
TOTAL PENSION LIABILITY—Beginning	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251
TOTAL PENSION LIABILITY—Ending(a)	1,322,471	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304
FIDUCIARY NET POSITION:						
Employer contributions	70,553	68,724	62,774	59,500	76,523	81,100
Non-Employer contributions					145,000	70,000
Member contributions	73	140	249	333	760	884
Net investment income (loss)	90,515	4,024	116,092	(31,098)	112,614	58,239
Benefit payments and withdrawals	(148,630)	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)
Administrative expenses	(610)	(612)	(718)	(1,180)	(1,070)	(611)
Net change in plan fiduciary net position	11,901	(79,771)	21,143	(132,010)	174,110	51,019
PLAN FIDUCIARY NET POSITION—Beginning	760,690	840,460	819,317	951,327	777,217	726,198
PLAN FIDUCIARY NET POSITION—Ending(b)	772,591	760,690	840,460	819,317	951,327	777,217
EMPLOYER'S NET PENSION LIABILITY—Ending(a)-(b)	$ 549,880	$ 596,633	$ 571,110	$ 591,827	$ 520,501	$ 749,087
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	58.42 %	56.04 %	59.54 %	58.06 %	64.64 %	50.92 %
COVERED—EMPLOYEE PAYROLL	$ 1,994	$ 3,509	$ 5,210	$ 13,169	$ 20,500	$ 29,312
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	37,567.33 %	17,001.65 %	10,976.23 %	4,494.20 %	2,539.07 %	2,555.56 %

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

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE MTA LIRR'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IN THE MTA DEFINED BENEFIT PENSION PLAN AT DECEMBER 31
(In thousands, except percentages)

	2021	2020	2019	2018	2017	2016
MTA Long Island Rail road's proportion of the net pension liability 37 %	37.59%	37.270 %	34.790 %	33.176 %	35.402 %	33.186 %
MTA Long Island Rail road's proportionate sha re of the net pension liability	$ 629,503	$ 722,023	$ 602,256	$ 485,694	$ 361,550	$ 455,330
MTA Long Island Rail road's actual covered-employee payroll	$ 885,711	$ 872,612	$ 880,114	$ 885,247	$ 794,719	$ 741,461
MTA Long Island Rail road's proportionate sha re of the net pension liability as a percentage of the Authority's covered-employee payroll	71.07 %	82.743 %	68.429 %	54.865 %	45.494 %	61.410 %
Plan fiduciary net position as a percentage of the total pension liability	77.45 %	72.126 %	73.483 %	73.326 %	79.868 %	71.820 %

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

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA LIRR'S CONTRIBUTIONS TO ALL PENSION PLANS
FOR THE YEARS ENDED DECEMBER 31
(In thousands, except percentages)

	2022	2021	2020	2019	2018	2017	2016
Additional Plan							
Actuarially determined contribution	$70,764	$ 70,553	$ 68,723	$ 62,774	$ 59,196	$ 76,523	$ 83,183
Actual employer contribution	70,764	70,553	68,724	62,774	59,500	76,523	81,100
Contribution deficiency (excess)	$ -	$ -	$ (1)	$ -	$ (304)	$ -	$ 2,083
Covered payroll	$ 2,043	$ 3,230	$ 5,174	$ 7,236	$ 13,169	$ 20,500	$ 29,312
Contributions as a % of covered payroll	3,463.99 %	2,184.33 %	1,328.25 %	867.47 %	451.83 %	373.29 %	276.68 %
MTA Defined Benefit Pension Plan							
Actuarially determined contribution	$ 151,551	$ 148,242	$ 146,427	$ 121,740	$ 114,854	$ 109,304	$ 101,965
Actual employer contribution	151,551	148,242	146,427	121,740	114,854	111,459	99,800
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (2,155)	$ 2,165
Covered payroll	$894,798	$ 885,711	$ 872,612	$ 880,114	$ 885,247	$ 794,719	$ 741,461
Contributions as a % of covered payroll	16.94%	16.74 %	16.78 %	13.83 %	12.97 %	14.02 %	13.46 %

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

DRAFT

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

The following actuarial methods and assumptions were used in the funding valuation for the LIRR Company Plan for Additional Pensions:

Valuation dates	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016
Measurement date	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Period specified in current valuation report (closed 13 year period beginning January 1, 2021) with level dollar payments	Period specified in current valuation report (closed 13 year period beginning January 1, 2020) with level dollar payments	Period specified in current valuation report (closed 14 year period beginning January 1, 2019) with level dollar payments	Period specified in current valuation report (closed 15 year period beginning January 1, 2018) with level dollar payments	Period specified in current valuation report (closed 15 year period beginning January 1, 2017) with level dollar payments	Period specified in current valuation report (closed 15 year period beginning January 1, 2016) with level dollar payments
Asset valuation method	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The 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 Ra te	6.5%	6.5%	7.0%	7.0%	7.0%	7.0%
Investment rate of return	6.5% per annum, compounded annually, net of investment expenses.	7.0% per annum, compounded annually, net of investment expenses.	7.0% per annum, compounded annually, net of investment expenses.	7.0% per annum, compounded annually, net of investment expenses.	7.0% per annum, compounded annually, net of investment expenses.	7.0% per annum, compounded annually, net of investment expenses.
Mortality	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.
Inflation/Railroad Retirement Wage Base	2.25%; 3.25%	2.25%; 3.25%	2.25%; 3.25%	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%
Salary increases	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Cost-of-living adjustments	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule of MTA LIRR's Contributions to the MTA Defined Benefit Plan:

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 MTA Defined Benefit 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 January 1, 2021 funding valuation.

Changes of Assumptions—The expected investment return assumption remained 6.5%.

DRAFT

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE MTA LIRR'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY IN THE MTA OPEB PLAN FOR THE YEARS ENDING DECEMBER 31:
(In thousands)

Plan Measurement Date (December 31):	**2021**	**2020**	**2019**
MTA Long Island Rail Road's proportion of the net OPEB liability	10.30%	11.78 %	11.480 %
MTA Long Island Rail Road's proportionate share of the net OPEB liability	$ 2,513,054	$ 2,875,214	$ 2,424,927
MTA Long Island Rail Road's covered payroll	$ 896,841	$ 901,217	$ 888,502
MTA Long Island Rail Road's proportionate share of the net OPEB liability as a percentage of its covered payroll	280.21%	319.04 %	272.92 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.00%	1.93 %

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.

DRAFT

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE MTA LIRR'S CONTRIBUTIONS TO THE MTA OPEB PLAN AND NOTES TO THE SCHEDULE OF THE MTA LIRR'S CONTRIBUTIONS TO THE MTA OPEB PLAN
FOR THE YEARS ENDED DECEMBER 31
(In thousands)

	2022	2021	2020	2019
Actuarially determined contribution		N/A	N/A	N/A
Actual employer contribution (1)	$ 87,145	$ 84,539	$ 55,970	$ 84,422
Contribution deficiency (excess)	N/A	N/A	N/A	N/A
Covered payroll	896,841	901,217	888,502	898,755
Actual contribution as a percentage of covered payroll	9.72 %	9.38 %	6.30 %	9.39 %

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $19,990, $12,719, $22,765, and $24,241 for the year ended December 31, 2021, 2020, 2019, and 2018, respectively.

(2) Notes to Schedule of the MTA LIRR's Contribution to the OPEB Plan:

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2021
Measurement date	December 31, 2021
Discount rate	2.06%, net of expenses
Inflation	2.30%
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.25%
Investment rate of return	2.06%

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 was a change in assumptions. The discount rate used to measure liabilities was updated to incorporate GASB 75 guidance and changed to reflect the current municipal bond rate.

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.

DRAFT

Metro-North Commuter Railroad Company

(Component Unit of the Metropolitan Transportation Authority "MTA")

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

DRAFT

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

TABLE OF CONTENTS

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Metropolitan Transportation Authority

Opinion

We have audited the financial statements of the Metro-North Commuter Railroad Company (the "MTA Metro-North Railroad"), 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 MTA Metro-North Railroad'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 financial position of the MTA Metro-North Railroad as of December 31, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 MTA Metro-North Railroad, 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 opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the MTA Metro-North Railroad is a component unit of the MTA. The MTA is a component unit of the State of New York. MTA Metro-North Railroad requires significant subsidies from and has material transactions with MTA. MTA Metro-North Railroad also relies on subsidies from the Connecticut Department of Transportation to support the Connecticut operations of the New Haven Line. Our opinion is 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 MTA Metro-North Railroad'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 opinion. 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 MTA Metro-North Railroad'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 MTA Metro-North Railroad'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 audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's discussion and analysis, the Schedule of Changes in the MTA Metro-North Railroad Company's Net Pension Liability and Related Ratios for the Metro-North Cash Balance Plan, the Schedule of the MTA Metro-North Commuter Railroad Company's Proportionate Share of the Net Pension Liability in the MTA Defined Benefit Pension Plan, the Schedule and Notes to the Schedule of MTA Metro-North Commuter Railroad Company's Contributions to all Pension Plans, the Schedule of MTA Metro-North Railroad's Proportionate Share of Net Other Postemployment Benefit ("OPEB") Liability in the MTA OPEB Plan, and the Schedule and Notes to the Schedule of MTA Metro-North Railroad's Contribution to the MTA 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.

___________, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction

The following is a narrative overview and analysis of the financial activities of the Metro-North Commuter Railroad Company (the "MTA Metro-North Railroad", "MNR", or the "Company"), a component unit of the Metropolitan Transportation Authority ("MTA"), as of and for the years ended December 31, 2022 and 2021. It is intended to serve as an introduction to the MTA Metro-North Railroad's financial statements which have the following components: (1) Management's Discussion and Analysis (MD&A), (2) Financial Statements, (3) Notes to the Financial Statements and (4) Required Supplementary Information.

Management's Discussion and Analysis

The management's discussion and analysis provides an assessment of how the MTA Metro-North Railroad's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Company's overall financial position. It may contain opinions, assumptions or conclusions by the Company's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements.

The Financial Statements

The Statements of Net Position provide information about the nature and amounts of resources with present service capacity that the MTA Metro-North Railroad presently controls (assets), consumption of net assets by the Company that is applicable to a future reporting period (deferred outflow of resources), present obligations to utilize resources that the Company has little or no discretion to avoid (liabilities), and acquisition of net assets by the Company 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 Statements of Revenues, Expenses and Changes in Net Position show how MTA Metro-North Railroad's net position changed during each year and accounts for all the current and prior year's revenues and expenses, measure the success of the Company's operations over the twelve months and can be used to determine how the Company has funded its costs.

The Statements of Cash Flows provide information about the MTA Metro-North Railroad's cash receipts, cash payments and net changes in cash resulting from operations; noncapital financing and capital related financing activities.

The Notes to the Financial Statements

The notes provide information that is essential to understanding the financial statements, such as the MTA Metro-North Railroad's basis of presentation and significant accounting policies.

The notes also have the details of cash, capital assets, employee benefits, lease transactions and future commitments and contingencies of the MTA Metro-North Railroad, including any other events or developing situations that could materially affect the MTA Metro-North Railroad's financial position.

Required Supplementary Information

The Required Supplementary Information provides information concerning MTA Metro-North Commuter Railroad Company's progress in funding its obligation to provide pension and other postemployment benefits to its employees. It also includes the Schedule of Changes in the MTA Metro-North Commuter Railroad Company's Net Pension Liability and Related Ratios for the Metro-North Commuter Railroad Company Cash Balance Plan, the Schedule of the MTA Metro-North Commuter Railroad Company's Proportionate Share of the Net Pension Liability in the MTA Defined Benefit Pension Plan, the Schedule of MTA Metro-North Commuter Railroad Company's Contributions to All Pension Plans, the Notes to Schedule of MTA Metro-North Commuter Railroad Company's Contributions to all Pension Plans, the Schedule of MTA Metro-North Commuter Railroad Company's Proportionate Share of the Net Other Postemployment Benefit Liability in the MTA Other Postemployment Benefit Plan, and the Schedule and Notes of MTA Metro-North Commuter Railroad Company's Contributions to Other Postemployment Benefit Plan and Notes to Schedule of Contributions to the Other Postemployment Benefit Plan.

FINANCIAL REPORTING ENTITY

The MTA Metro-North Railroad is a component unit of the MTA, established in September 1982 pursuant to the New York State Public Authorities Law and is a part of the related financial reporting group of the MTA. The MTA is a component unit of the State of New York.

The MTA Metro-North Railroad plays a vital role in the transportation network for the region. Commuter service is provided every day of the year, although frequency of service varies by route, day of week and time of day. Passenger transportation is provided between New York City and the suburban communities in Westchester, Dutchess, Putnam, Orange, and Rockland counties in New York State, and New Haven and Fairfield counties in Connecticut. The Company has direct operating responsibility for the entire New Haven commuter railroad line under a Service Agreement among MTA, MTA Metro-North Railroad and the Connecticut Department of Transportation ("CDOT"). Under the terms of the Service Agreement, CDOT pays 65% of the net operating deficit of the New Haven main line operating deficit.

The MTA Metro-North Railroad also has a service agreement with New Jersey Transit ("NJT"). The agreement allows NJT to provide passenger service on the Port Jervis and Pascack Valley Lines in the State of New York (referred to as "West of Hudson"). The MTA Metro-North Railroad compensates NJT for that service, for their operating deficit, capital needs and under certain prescribed circumstances for fare hold down amounts.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in the MTA Metro-North Railroad'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 financial statements and the various exhibits presented are in conformity with the MTA Metro-North Railroad's financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America.

Total Assets, Distinguishing Between Current Assets, Noncurrent Assets and Deferred Outflows of Resources

Noncurrent assets include, but are not limited to structures, construction of buildings, the acquisition of equipment, passenger cars, and locomotives. Right-of-use assets for leases on building, office space, storage space, equipment and vehicle 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. The leased assets have been measured at the present value of payments expected to be made during the lease term. Refer to footnote 2 for additional information.

Current assets include, but are not limited to cash, receivables due from MTA and affiliates, other receivables, farecards (MetroCard subway tickets) on consignment, materials and supplies net of the reserve for obsolescence and prepaid expenses. This also include the lease receivable from leases of MTA's land, building, station space, equipment, and right-of-way to other entities as a result of the implementation of GASB Statement No. 87, *Leases*. MTA recognized and measured the lease receivable at the present value of the lease payments expected to be received for the applicable lease, using an applicable discount rate stated or implicit in the lease, less any provisions for uncollectible amounts. Refer to footnote 2 for additional information.

Deferred outflows of resources for pensions reflect changes in pension valuation and employer contributions subsequent to the measurement date.

Deferred outflows of resources for OPEB reflect changes in the valuation of OPEB and employer contributions subsequent to the measurement date.

($ in thousands)

	As of December 31,			Increase/ (Decrease)	
	2022	2021 (Restated)	2020	2022-2021	2021-2020 (Restated)
Current Assets	$ 987,012	$ 579,173	$ 432,314	$ 407,839	$ 146,859
Noncurrent assets	7,034,928	6,455,149	5,828,155	579,779	626,994
Deferred Outflow of resources for Pension	388,236	445,057	444,757	(56,821)	300
Deferred Outflows of resources for OPEB	351,938	404,141	146,643	(52,203)	257,498
Total asest and deferred outflows of resources	$8,762,114	$ 7,883,520	$ 6,851,869	$ 878,594	$ 1,031,651

Significant changes in Assets and Deferred Outflows of resources include:

December 31, 2022 versus 2021

- Current assets increased in 2022 by $407,839 or 70.42% primarily due to an increase from MTA and affiliate agencies receivable by $543,309 due to the allocation of the American Rescue Plan Additional Assistance proceeds from MTA; increase in other current assets of $9,570 mainly due to the implementation of GASB Statement 87, *Leases*. These increases were offset by a decrease of $140,368 in funds invested at MTA.

- Noncurrent assets increased in 2022 by $579,779 or 8.98%. Increases in construction work-in-progress of $926,395 included $139,763 of Harmon Shop Replacement related expenses and $266,627 for Design build of Penn Station access. Major additions to capital assets in 2022 were $48,534 for Grand Central Trainshed and tunnel structure, $22,859 for Harlem and Hudson line improvements and $110,988 for the M-8 fleet purchase. These increases were offset by depreciation and amortization of $334,614.

- Deferred outflows of resources for Pensions decreased by $56,821 or 12.77% due to a decrease in difference between expected and actual experience of $12,219; a decrease in difference between projected versus actual plan investment earnings of $25,131; a decrease in difference of contributions made after measurement date of $14,979; and a decrease in the proportion of share due to the differences in employer contributions of $8,021 offset by an increase in the actuarial assumption of $3,529.

- Deferred outflows of resources for OPEB decreased by $52,203 or 12.92% due to decrease in actuarial assumption changes or inputs of $50,521; decrease in difference between projected versus actual plan investment earnings of $1,532; and decrease in the proportion of share due to the differences in employer contributions $20,043; offset by increase in contributions after measurement date of $5,150; and increase in recognition of the differences between expected and actual experience of $14,744.

December 31, 2021 versus 2020

- In 2021, Total noncurrent assets increased by $626,994 or 10.76% compared to December 2020. Other noncurrent receivables increased by $358,842 due to the implementation of GASB Statement 87, *Leases*. Increases in construction work-in-progress of $579,571 included $97,435 of Harmon Shop Replacement related expenses and $78,601 for locomotive purchases. Major additions to capital assets in 2021 were $592,924 primarily for Enhanced Station Initiatives for $125,768, Customer Communication projects for $111,170, Overhead Bridge Program for $41,235 and Grand Central Terminal PA Head End and VIS System for $59,316 and Port Jervis Station Improvements for $5,976. These increases were offset by depreciation and amortization of $335,275.

- Current assets increased in 2021 by $146,859 or 33.97%. Invested funds at MTA increased by $62,922 due to timing of accounts payable disbursements; due from MTA increased by $78,831 primarily due to the timing of funding for the 2020-2024 Capital Program, increase in accruals for unbilled third-party invoices and force account retroactive wage adjustments. These increases were offset by a decrease of $6,032 in cash.

- Deferred outflows of resources for Pensions increased by $300 or 0.7% due to an increase indifference between expected and actual experience of $13,667; an increase in difference between projected versus actual plan investment earnings of $25,131 offset by a decrease in the actuarial assumption of $30,701; decrease in the proportion of share due to the differences in employer contributions of $8,358; decrease in difference of contributions made after measurement date of $562.

- Deferred outflows of resources for OPEB increased by $257,498 or 175.60% due to increase in actuarial assumption changes or inputs of $132,474; increase in difference between projected versus actual plan investment earnings of $5,033; increase in the proportion of share due to the differences in employer contributions $101,068; and increase in contributions after measurement date of $20,345; offset by a decrease in recognition of the differences between expected and actual experience of $1,422.

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

Current liabilities include: accrued payroll and related fringe benefits, the short-term portion of claims liabilities, amounts due to MTA and affiliates and accounts payable accrued in the normal course of business. This also include the current portion of long-term lease liability as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

Noncurrent liabilities include: net pension and net OPEB liabilities, long-term portion of claims liabilities, environmental and loans payable. This also include the long-term lease liability as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

Deferred inflows of resources reflect the difference between actual and projected pension plan and OPEB investment earnings. 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 was recognized. Refer to footnote 2 for additional information.

($ in thousands)

	As of December 31,			Increase/ (Decrease)	
	2022	2021 (Restated)	2020	2022-2021	2021-2020 (Restated)
Current liabilities	$ 601,407	$ 495,632	$ 518,462	$ 105,775	$ (22,830)
Noncurrent liabilities	2,707,577	3,012,513	2,361,428	(304,936)	651,085
Deferred inflows of resources	491,324	267,155	204,219	224,169	62,936
Total liabilities and deferred inflows of resources	$ 3,800,308	$ 3,775,300	$ 3,084,109	$ 25,008	$ 691,191

Significant changes in liabilities include:

December 31, 2022 versus 2021

- Current liabilities increased in 2022 by $105,775 or 21.34%. The increase is primarily due to the reclass of funds invested at MTA of $81,882; timing in payments made to vendors of $8,308; and $13,220 in retroactive wage accrual for agreement employees with expired agreements. These increases were offset by a decrease in unearned passenger and rental revenues of $5,095 and a decrease of $3,934 in lease liability.

- Non-current liabilities decreased in 2022 by $304,936 or 10.12%. The decrease was primarily attributable to the decrease in net pension liability of $99,701; decrease of $174,279 for GASB 75 net OPEB liability; a decrease in other liability of $13,129 due to the implementation of GASB 87 and a decrease of $11,713 in long-term lease liability.

- Deferred inflows of resources increased by $224,169 or 83.91% primarily due to the increase in deferred inflows for OPEB and pensions per the actuarial report. The increases were due to changes in several actuarial inputs including changes in proportionate share of liability, discount rates, assumption changes, effect of economic gains and losses, and the effects of projected vs investment earnings. See Note 7 and 8 of the financial statements for further information.

December 31, 2021 versus 2020

- Current liabilities decreased in 2021 by $22,830 or 4.40%. The decrease is primarily due to the payment of the loan to the MTA of $50,000; $6,664 due to timing in payments made to vendors $20,902 in salaries, wages and payroll taxes due to the payment of the deferred payroll taxes as part of the CARES Act; $9,182 in other liabilities due to disbursements from escrow funds for the capitalized costs for Maybrook and Grand Central Terminal Continuing Maintenance. These decreases were offset by an increase in Due to MTA and other affiliates of $25,122; $25,865 Due to CDOT primarily due to increases in advances for capital projects and inventory deposit and $16,653 due to the implementation of GASB 87.

- Non-current liabilities increased in 2021 by $651,086 or 27.57%. The increase was primarily attributable to the increase in net pension liability of $66,704; increase of $393,062 for GASB 75 net OPEB liability and $215,586 due to the implementation of GASB Statement No.87, *Leases*. These increases were offset by a decrease of $3,315 for environmental remediation, and a decrease of $4,193 for personal injury liability.

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

In 2022, the total net position increase of $853,586 or 20.78% is primarily due to increased payments made by MTA for operating and capital subsidies.

In 2021, the total net position increase of $340,460 or 9.04% is primarily due to increased payments made by MTA for operating and capital subsidies. In addition, this includes a restatement of $6,432 as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

($ in thousands)

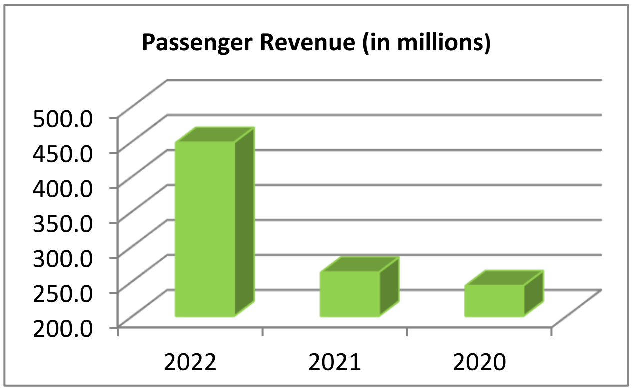
	As of December 31,			Increase/(Decrease)	
	2022	**2021 (Restated)**	**2020**	**2022-2021**	**2021-2020 (Restated)**
Net investment in capital assets	6,677,883	$6,081,288	$ 5,813,853	$596,595	$267,435
Unrestricted	(1,716,077)	(1,973,068)	(2,046,093)	256,991	73,025
Total net position	$4,961,806	$4,108,220	$ 3,767,760	$853,586	$ 340,460

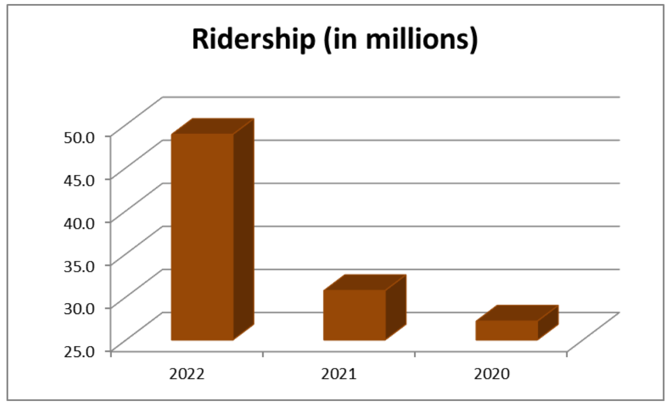
Condensed Statements of Revenues, Expenses and Changes in Net Position

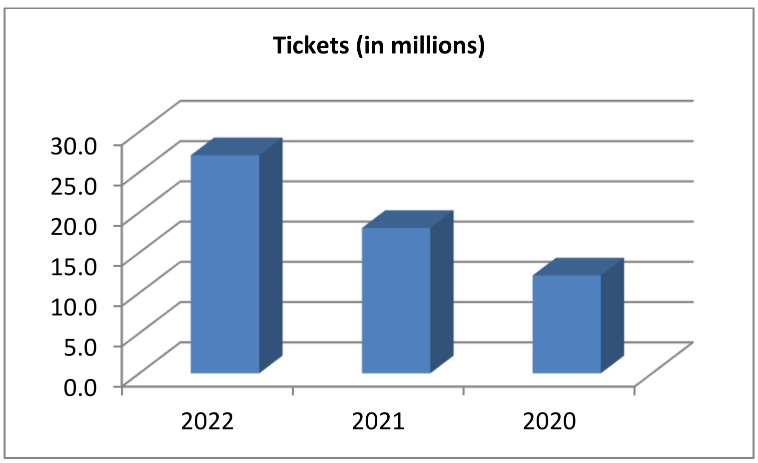
($ in thousands)

	Years Ended December 31,			Favorable/(Unfavorable)	
	2022	**2021 (Restated)**	**2020**	**2022–2021**	**2021–2020 (Restated)**
Operating revenues	$ 487,317	$ 289,749	$ 274,195	$ 197,568	$ 15,554
Operating expenses	(1,839,086)	(1,735,445)	(1,600,187)	(103,641)	(135,258)
Operating loss	(1,351,769)	(1,445,696)	(1,325,992)	93,927	(119,704)
Total nonoperating revenues and capital contributions	2,205,355	1,786,156	1,633,943	419,199	152,213
Change in net position	853,586	340,460	307,951	513,126	32,509
Net position—beginning of year	4,108,220	3,767,760	3,459,809	340,460	307,951
Net position—end of year	$ 4,961,806	$ 4,108,220	$ 3,767,760	$ 853,586	$ 340,460

Operating Revenues by Major Source







Passenger fares accounted for 91.97% and 90.65% of operating revenues in 2022 and 2021, respectively. The remaining revenue represents rental income from retail businesses in and around passenger stations and from advertising revenues.

MTA Metro-North (East of Hudson) passenger revenue increased in 2022 by $183.3 million or 71.5% MTA Metro-North (West of Hudson) passenger revenue increased in 2022 by $2.2 million or 35.9%, mainly due to increased ridership as people are returning to work, travel and leisure activities as most pandemic-time restrictions and mandates were lifted.

MTA Metro-North (East of Hudson) ridership increased in 2022 by 18.1 million or 59.0% from 2021. When adjusted for the same number of calendar workdays, the 2022 ridership increased by 17.8 million or 59.2%. MTA Metro-North (West of Hudson) ridership increased in 2022 by 268.8 thousand or 43.0% from 2021.

MTA Metro-North (East of Hudson) passenger revenue increased in 2021 by $18.7 million or 7.9% MTA Metro-North (West of Hudson) passenger revenue increased in 2021 by $512 thousand or 9.0%.

MTA Metro-North (East of Hudson) ridership increased in 2021 by 3.5 million or 13.3% from 2020. When adjusted for the same number of calendar workdays, the 2021 ridership increased by 3.9 million or 14.8%. MTA Metro-North (West of Hudson) ridership increased in 2021 by 37.7 thousand or 6.5% from 2020.

Expenses by Category

December 31, 2022 versus 2021

Salaries and wages increased by $50,823 or 8.40% in 2022 over 2021. The increase reflects higher overtime as well as lower reimbursable recoveries due to scheduling and timing changes in capital project expenditures.

Retirement and Other Employee Benefits increased by $9,914 or 3.39% in 2022 over 2021. The increase is primarily due to higher pension costs of $4,634 from increased interest on the pension liability; higher employee claim costs of $7,731; higher health and welfare costs of $11,986 and higher unemployment costs of $1,182. These increases were offset by higher overhead costs recovery of $10,979 due to increased capital worked performed.

Postemployment Benefits other than Pensions decreased by $40,607 or 23.56%. This decrease is based on the latest actuarial report.

Electric Power costs increased by $34,855 or 59.11% as compared to 2021. This is primarily due to increased service and higher rates.

Fuel costs increased by $15,868 or 88.51% as compared to 2021. This increase primarily reflects higher consumption due to the increased service level as well as higher rates.

Maintenance and Other Operating Contracts increased by $8,877 or 10.11%. This increase was due to higher in-revenue vehicle maintenance and repairs of $2,073; increase in security services of $1,202 and ferry service expense of $3,587. These increases were offset by lower weed and control and cleaning expenses of $1,318; safety equipment and supplies of $2,714.

Professional service contracts increased by $7,730 or 24.03%. This increase is primarily due to the adjusted higher allocation of MTA Information Technology and Business Service Center costs for the New Haven Line of $717; other outside services of $1,352 and engineer services of $4,057. These increases were offset by lower legal costs of $341.

Environmental Remediation increased by $367 or 159.57% and is mainly attributable to timing of projects requiring remediation.

Materials and supplies increased by $4,520 or 4.74% primarily due to maintenance plans adjustments and lower rolling stock material usage due to the reduced service schedule partially offset by the net impact of adjustments for obsolete material reserves and other inventory adjustments.

Other business expenses increased by $8,482 or 39.17% primarily due to higher subsidy payments to New Jersey Transit of $7,670 which included inflationary adjustments of approximately $7,100 and increased service levels for the Pascack Valley lines; and higher credit card fees of $3,532 and higher miscellaneous expenses of $4,646. These increases were offset by higher recovery costs from other railroads of $6,749.

December 31, 2021 versus 2020

Salaries and wages decreased by $10,055 or 1.64% in 2021 over 2020. The decrease is attributable to lower headcount due to vacant positions and higher attrition. This was offset by higher overtime pay for Other than Train and Engine (OT&E) $7,335 primarily from preparation and cleanup from several storms.

Retirement and Other Employee Benefits increased by $41,237 or 16.4% in 2021 over 2020. The increase is primarily due to lower overhead costs recovery of $16,432 due to decreased capital work performed; higher pension costs of $11,795 from increased interest on the pension liability; higher employee claim costs of $5,885; higher health and welfare costs of $4,250 and higher unemployment costs of $2,822.

Postemployment Benefits other than Pensions increased by $41,042 or 31.3%. This increase is primarily due to the OPEB plan's change in actuarial assumptions as a result of the decrease in the applied discount rate.

Electric Power costs increased by $5,534 or 10.4% as compared to 2020. This is primarily due to increased service and higher rates.

Fuel costs increased by $5,615 or 45.6% as compared to 2020. This increase primarily reflects higher consumption due to the increased service level as well as higher rates.

Maintenance and Other Operating Contracts decreased by $26,094 or 22.91%. This decrease was due to lower in-revenue vehicle maintenance and repairs of $5,039; decrease in water of $1,459, steam of $1,126 and $23,224 due to the implementation of GASB Statement No. 87*, Leases*. These decreases were offset by higher janitorial and custodial services expenses of $3,088; non-revenue vehicle repair services of $1,252 and weed control and cleaning of $1,052.

Professional service contracts increased by $2,381 or 8.0%. This increase is primarily due to the adjusted higher allocation of MTA Information Technology and Business Service Center costs for the New Haven Line of $1,674; other outside services of $1,123. These increases were offset by lower engineer services of $1,030.

Environmental Remediation decreased by $1,481 or 118.39% and is mainly attributable to timing of projects requiring remediation.

Materials and supplies increased by $3,721 or 4.1% primarily due to maintenance plans adjustments and lower rolling stock material usage due to the reduced service schedule partially offset by the net impact of adjustments for obsolete material reserves and other inventory adjustments.

Other business expenses increased by $4,863 or 29.0% primarily due to higher subsidy payments to New Jersey Transit of $6,431 due to increased service levels for the Port Jervis and Pascack Valley lines; and higher claims of $2,608 primarily due to higher actuarial claims valuation a result of higher than expected growth to reported claim costs, higher exposures and partially due to the residual impact of the reduction to estimates for prior accident years. These increases were offset by lower miscellaneous expenses of $1,980.

Accumulated Depreciation and amortization expense increased by $66,044 or 24.53%. This was primarily attributable to a full year of depreciation for Positive Train Control and assets placed in service for Customer Communications, GCT PA and VIS System, Enhanced Station Initiatives, Harlem and Hudson Power Improvements, Turnouts and the Cyclical Track Program and the implementation of GASB Statement No. 87*, Leases*.

Nonoperating Revenues and Capital Contributions by Major Source

December 31, 2022 versus 2021

MTA Contributions for Capital Projects—MTA capital contributions increased in 2022 by $366,993 or 67.33%. The increase in 2022 is primarily due to timing of capital contributions.

MTA Operating Subsidies—MTA operating subsidies are driven by the excess of operating expenses over fare and other revenues. Subsidies is lower in 2022 compared to 2021 by $96,510 or 16.35%. Labor related expenses increased by $20,130 and non-labor expenses increases by $83,511. These were offset by an increase in fare revenue collection of $185,536.

CDOT Subsidies Relating to the New Haven Line—CDOT subsidies decreased in 2022 by approximately $45,230 or 15.5% primarily due to a decrease in operating deficit subsidy of $43,915, reduced by a lower administrative asset allocation to CDOT of approximately $1,315. The decrease in operating deficit subsidy is attributed to higher revenues associated with workers returning to work which resulted in higher ridership and an increase to train services during the calendar 2022. The amount CDOT is required to contribute is derived from an agreed upon formula based on the New Haven Line deficit.

December 31, 2021 versus 2020

MTA Contributions for Capital Projects—MTA capital contributions decreased in 2021 by $17,049 or 3.0%. The decrease in 2021 is primarily due to timing of capital contributions.

MTA Operating Subsidies—MTA operating subsidies are driven by the excess of operating expenses over fare and other revenues. These subsidies increased in 2021 over 2020 by $91,980 or 18.46%, primarily due to increases in expenses. Labor related expenses increased by $72,224 and non-labor expenses increases by $60,670. These were offset by an increases in fare revenue collection of $19,234 and reimbursements for operating projects of $23,623.

CDOT Subsidies Relating to the New Haven Line—CDOT subsidies increased in 2021 by approximately $36,021 or 14.1% primarily due to an increase in operating deficit subsidy of $36,156, slightly reduced by a lower administrative asset allocation to CDOT of $135. The increase in operating deficit subsidy is attributed to lower revenues associated with the pandemic and higher expenses related to increased train services starting in August 2021, reduced by a credit issued for higher actual CDOT effective percentage share than estimated in the 2020 monthly billings. The amount CDOT is required to contribute is derived from an agreed upon formula based on the New Haven Line deficit.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

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. The MTA consists of urban subway and bus systems, suburban rail systems, and bridge and tunnel facilities, all of which are affected by a myriad of economic forces. To achieve maximum efficiency and success in its operations, the MTA must identify economic trends and continually implement strategies to adapt to changing economic conditions.

Preliminary 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 compared with the fourth quarter of 2021, MTA New York City Transit subway ridership increased by 33.9 million trips (13.9%), MTA New York City Transit bus decreased by 72 thousand trips (-0.1%), MTA Long Island Rail Road ridership increased by 2.9 million trips (25.3%), MTA Metro-North Railroad increased by 3.6 million trips (34.4%), MTA Bus increased by 423 thousand trips (2.0%), and MTA Staten Island Railway increased by 32 thousand trips (6.3%). Vehicle traffic at MTA Bridges and Tunnels facilities in 2022 exceeded 2020 levels by 73.1 million crossings (28.9%), and B&T traffic in the fourth quarter, compared with the fourth quarter of 2021, was up 1.4 million crossings (1.7%).

The Central Business District Tolling Program (CBDTP) was authorized by the MTA Reform and Traffic Mobility Act and enacted in April 2019. The CBDTP will impose a toll for vehicles entering or remaining in the Central Business District (CBD), which is defined as Manhattan south of and inclusive of 60th Street, not including 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). If implemented, changes in travel patterns are predicted as drivers to the CBD may avoid the toll by switching to transit or other modes, taking alternative routes, or not making the trip. On August 10, 2022, the Environmental Assessment (EA) was released for public review as part of the formal public comment period, which also included six public hearings, and meetings of the Environmental Justice Technical Advisory Group and Environmental Justice Stakeholder Working Group. Subsequent to the closing of the public comment period on September 23, 2022, the FHWA and MTA began and are currently coordinating to review and respond to each of the thousands of comments received. Taking into account the EA analysis, the comments and responses to them, and any modifications as a result of those comments, FHWA will then determine whether there are no significant effects or whether any significant effects have been mitigated so they are no longer significant. If a favorable decision is issued by FHWA, a Finding of No Significant Impact (FONSI) will be issued and the notice to proceed to our contractor can follow. The contractor will have up to 310 days to complete the design, development, installation, and testing, and then commence toll collection.

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 percent. 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 and further actions and impacts will be noted as necessary in subsequent updates.

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 the MTA receiving $6.9 billion in aid from ARPA.

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.

Results of Operations

As a result of the COVID-19 pandemic and related safety restrictions, systemwide Metro-North ridership was still significantly lower than pre-pandemic ridership but did increase slightly in 2022 to about 48.9 million rides from about 30.7 million the previous year.

East-of-Hudson ridership was up 59.2% to about 48.0 million. Ridership on the Harlem Line was up 56.7% to 15.0 million rides; on the Hudson Line up by 56.7% to 10.0 million rides; and on the New Haven Line up by 61.9% to 23.0 million rides.

West-of-Hudson ridership was up approximately by 893.8 thousand rides, 43.0% above the previous year.

Combined ridership on Metro-North's three connecting services- Hudson Rail Link, Haverstraw-Ossining Ferry and Newburgh-Beacon Ferry increased in 2022 approximately 108.0% to 221.8 thousand.

System-wide on-time performance for 2022 totaled 97.1%, remained flat to 2021 and above the railroad's goal of 94.0%. The Hudson, Harlem, and New Haven Lines performed at 97.0%, 97.3%, and 94.0% respectively

West-of-Hudson on-time performance totaled 93.0%, a decrease of 0.4 percentage point from 93.4% in the previous year and below goal.

Rolling Stock Mean Distance Between Failures (MDBF) which is the average number of miles a locomotive travel before causing a failure or delay, increased in 2022 to 233,617 miles from 190,518 miles in 2021. Consist Compliance Rate, which is the percentage of cars required for service and providing seats for customer each day, was consistently at 100.0%.

2021

As a result of the COVID-19 pandemic and related safety restrictions, systemwide Metro-North ridership was still significantly lower than pre-pandemic ridership but did increase slightly in 2021 to about 30.7 million rides from about 27.2 million1 the previous year.

East-of-Hudson ridership was up 14.8% to about 30.1 million. Ridership on the Harlem Line was up 10.0% to 9.56 million rides; on the Hudson Line up by 16.0% to 6.39 million rides; and on the New Haven Line up by 17.9% to 14.2 million rides.

West-of-Hudson ridership was up approximately by 0.6 million rides, 6.5% above the previous year.

Combined ridership on Metro-North's three connecting services- Hudson Rail Link, Haverstraw-Ossining Ferry and Newburgh-Beacon Ferry fell even further in 2021 to a combined low of 106,375.

System-wide on-time performance for 2021 totaled 97.1%, down from 97.9% in 2020 and above the railroad's goal of 94.0%. The Hudson, Harlem, and New Haven Lines performed at 97.4%, 97.2%, and 96.9% respectively. In 2019, Metro-North Railroad's East of Hudson system-wide on time performance was 94.4%, with the Harlem Line at 95.3%, the Hudson Line at 95.0% and the New Haven Line at 93.4%.

West-of-Hudson on-time performance totaled 93.4%, a decrease of 1.0 percentage point from 94.4% in the previous year and below goal. In 2019, the on-time performance for West-of-Hudson service was 89.8%.

Mean Distance Between Failures (MDBF) declined in 2021 to 190,518 miles from 278,951 miles in 2020. This was primarily caused by a Positive Train Control (PTC) system software issue, which resulted in delays on the M-8 fleet in the first half of 2021. Once corrected, MDBF improved in the second half of 2021 and, discounting known delays caused by the software issue, overall fleet MDBF performance would have increased from 190,518 to 272,169. The compliance rate of train cars, which is the percentage of cars required for service and providing seats for customer each day, was consistently at 100.0%. In 2019, the overall fleet MDBF was 238,464 that had consist compliance of 99.4%.

1 2020 actual rides restated to simulate the 2021 calendar for comparison purposes.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program— Metro-North Railroad's portion of the MTA 2020-2024 Core Capital Plan as approved by the MTA Board via plan amendment in July 2022, totals $3,457.4 million. With these updates, this program provides for fleet modernization of $725.7 million, GCT, stations and parking improvements of $899.1 million, track and structures repairs and improvements of $1,226.6 million, and communications, signals and power improvements of $470.1 million***.***

Metro-North Railroad's portion of the MTA 2015-2019 Core Capital Program as approved by the MTA Board via plan amendment in September 2019, totals $1,464.3 million, subsequently revised to $1,560.3 million. With these updates, this program provides for fleet modernization of $242.4 million, shop and yard improvements of $473.3 million, GCT, stations and parking improvements of $480.8 million, track and structures repairs and improvements of $428.7 million, communications and signals upgrade of $358.4 million and power rehabilitation and improvements of $89.3 million.

Metro-North Railroad's portion of the MTA 2010-2014 Core Capital Program as approved by the MTA Board via plan amendment in September 2019, was $1,564.3 million, subsequently revised to $1,560.3 million, including $242.4 million for fleet modernization, shop and yard improvements of $322.5 million, track and structures repair and rehabilitation work at $300.9 million, $307.3 million for communications and signals work primarily focused on positive train control implementation, $187.3 million of GCT, stations and parking improvements, and $115.9 million for power investments. These investments focus on safety and maintaining the core infrastructure. The majority of the projects in this program are either completed or nearing completion.

In the past, the capital program has addressed infrastructure state of good repair needs, including track, bridges, passenger stations, communications and maintenance shops. The achievements of the investments made during prior capital programs yielded dramatic improvements in trip times, reliability, on-time performance, passenger comfort, safety and convenience. See Capital Assets Note 5 for further details.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

MTA Metro-North Railroad adopted on March 27, 2020, an Essential Service Plan, operating an amended weekend schedule on the Hudson, Harlem, and New Haven Lines. The amended schedule provided all-day service for healthcare workers, first responders and essential employees who have been on the frontlines of the COVID-19 public health crisis. With the suspension of Peak-service trains, Off- Peak fares were placed into effect. The reduction in service followed a significant drop in ridership in response to federal, state and local health precautionary directives against COVID-19. The measure was also taken to protect the health and safety of customers and employees. Reduced train service at 63% of pre-pandemic levels continued for two weeks between March 27-April 10, 2020, then was reduced to 43% of pre-pandemic levels between April 13-June 12, and then resumed 63% levels between June 14, 2020, and August 28, 2021. As ridership slowly returned, service increased to 82% of pre-pandemic levels between August 29, 2021, and March 27, 2022, when it increased to 89% of pre-pandemic service levels. Peak-hour fares were restored on March 1, 2022. Service levels increased on July 10, 2022, to 93% of pre-pandemic service levels in conjunction with Connecticut DOT-sponsored service increases.

Passenger Rail Investment and Improvement Act

Pursuant to a 1991 trackage rights agreement with Amtrak, Metro-North is reimbursed for incremental operating costs associated with Amtrak's use of the New Haven Line, which is shared with CDOT at 65%. Under Section 212 of the Passenger Rail Investment and Improvement Act ("PRIIA") of 2008, the Northeast Corridor Infrastructure and Operations Advisory Commission (the "Commission") was established to develop and implement a cost-sharing arrangement (the "cost allocation policy") for the Northeast Corridor ("NEC") infrastructure used for commuter and intercity rail services. The cost allocation policy creates a standardized formula to ensure each intercity and commuter service is assigned the costs associated with its sole-benefit use of the NEC and a proportional share of costs resulting from joint-benefit use.

On April 26, 2018, an amendment to the 1991 agreement was executed which incorporates the applicable terms of the NEC cost allocation policy retroactively from October 1, 2015. The Amtrak expense recoveries (shared with CDOT at 65%) were approximately $32.2 million in 2022 and $29.2 million in 2021.

Impacts from Global Coronavirus Pandemic:

On March 12, 2020, the World Health Organization declared the current novel coronavirus ("COVID-19") outbreak to be a pandemic in the face of the global spread of the virus. By order of Governor Cuomo ("New York State on PAUSE"), effective March 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a severe 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. Social distancing mandates were eased, and the region moved into a late-pandemic phase. 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. 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.

- ***Federal Legislative Actions.*** Three major pieces of federal emergency legislation have provided and will provide incremental federal aid to the MTA. The first was the CARES Act, which was signed into law on March 27, 2020. The CARES Act, through the Federal Transit Administration's ("FTA") formula funding provisions provided $4.0 billion to MTA. The second major COVID-19 pandemic aid bill was the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA"), which became law on December 27, 2020. The MTA received $4.1 billion in aid from the CRRSAA between December 2021 ($0.6 billion) and January 2022 ($3.5 billion). The third major COVID-19 pandemic aid bill is the $1.9 trillion "American Rescue Plan Act of 2021 ("ARPA") which was signed into law by President Biden on March 11, 2021. On November 9, 2021, an agreement was reached on the allocation of the CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut. MTA received $6.1 billion in federal aid from ARPA in 2022. In September of 2021, additional ARPA Assistance funding was made available to transit systems demonstrating additional pandemic associated needs. MTA received $769 million in such additional aid in the fourth quarter of 2022.

- ***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 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. An additional estimated $100 million is expected to be submitted for the period ended December 31, 2022.

- For additional information, refer to Note 15 of the MTA's Consolidated Financial Statements for more information 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.

* * * * * *

DRAFT

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2022 AND 2021
(Dollars in thousands)

	Business-Type Activities	
	2022	**2021**
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		(Restated)
CURRENT ASSETS:		
Cash (Note 3)	$ 19,155	$ 16,792
Fare cards	2,575	8,229
Invested funds at MTA (Note 12)	12,439	152,808
Receivables:		
Due from MTA and affiliated agencies (Note 12)	723,170	179,861
Due from NYSDOT	1,334	2,597
Due from AMTRAK	1,005	590
Rents	5,626	13,343
Other	32,064	22,494
Less: allowance for doubtful accounts	(6,440)	(8,374)
Receivables—net	756,759	210,511
Materials and supplies, net of allowance of $72,991 and $63,982 in 2022 and 2021, respectively	165,317	157,622
Advance to Defined Benefit Pension Trust	0	3,597
Prepaid expenses and other current assets	30,767	29,614
Total current assets	987,012	579,173
NONCURRENT ASSETS:		
Capital assets (Notes 2 and 5):		
Land and construction work-in-progress	2,321,913	1,733,973
Other capital assets, net of accumulated depreciation	4,601,897	4,590,939
Other Non Current Receivables	111,118	130,237
Total noncurrent assets	7,034,928	6,455,149
Total assets	8,021,940	7,034,322
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows for pension (Note 7)	388,236	445,057
Deferred outflows for postemployment benefits other than pensions (Note 8)	351,938	404,141
Total deferred outflows of resources	740,174	849,198
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 8,762,114	$ 7,883,520

(Continued)

DRAFT

Metro-North Commuter Railroad Company
(Component Unit of the MTA)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2022 AND 2021
(Dollars in thousands)

	Business-Type Activities	
	2022	2021
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		(Restated)
CURRENT LIABILITIES:		
Accounts payable	$ 73,680	$ 64,608
Due to MTA and affiliated agencies (Note 12)	201,690	117,064
Due to CDOT	52,182	40,642
Accrued expenses:		
Salary, wages and payroll taxes	95,726	86,398
Vacation and sick pay benefits	105,749	105,651
Other	40,440	43,017
Total accrued expenses	241,915	235,066
Current portion- retirement and death benefits	-	8
Current portion—estimated liability arising from injuries to persons (Note 10)	11,888	12,253
Current portion—loan payable (Note 6)	2,398	2,777
Current portion lease payable (Note 9)	12,719	16,653
Environmental remediation (Note 11)	710	710
Unearned revenues	4,225	5,851
Total current liabilities	601,407	495,632
NONCURRENT LIABILITIES:		
Net liability for other postemployment benefits (Note 8)	1,854,464	2,028,743
Net pension liability (Note 7)	572,904	672,605
Estimated liability arising from injuries to persons (Note 10)	43,993	45,950
Loan payable (Note 6)	6,219	8,609
Environmental remediation (Note 11)	2,560	4,326
Lease payable (Note 9)	224,591	236,305
Other long-term liabilities (Note 13)	2,846	15,975
Total noncurrent liabilities	2,707,577	3,012,513
Total liabilities	3,308,984	3,508,145
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows from pension (Note 7)	67,229	10,885
Deferred inflows from post employment benefits other than pensions (Note 8)	311,354	121,607
Deferred inflows from leases	112,741	134,663
Total deferred inflows of resources	491,324	267,155
NET POSITION:		
Net investment in capital assets	6,677,883	6,081,288
Unrestricted deficit	(1,716,077)	(1,973,068)
Total net position	4,961,806	4,108,220
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 8,762,114	$ 7,883,520

See notes to financial statements.

(Concluded)

Metro-North Commuter Railroad Company
(Component Unit of the MTA)

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

	Business-Type Activities	
	2022	**2021** (Restated)
OPERATING REVENUES:		
Passenger	$ 448,196	$ 262,660
Rents and utilities	25,853	22,584
Advertising	13,268	4,505
Total operating revenues	487,317	289,749
OPERATING EXPENSES:		
Salaries and wages	655,586	604,763
Retirement and other employee benefits	301,976	292,062
Postemployment Benefits other than pensions	131,746	172,353
Electric Power	93,824	58,969
Fuel	33,795	17,927
Insurance	18,924	17,421
Claims	648	1,553
Maintenance and other operating contracts	96,690	87,813
Environmental remediation	137	(230)
Professional service contracts	39,899	32,169
Material and supplies	99,788	95,268
Depreciation and amortization	335,935	335,275
Other	30,138	20,102
Total operating expenses	1,839,086	1,735,445
OPERATING LOSS	(1,351,769)	(1,445,696)
NONOPERATING REVENUES:		
Operating subsidies from MTA	493,606	590,116
Federal Transit Authority ("FTA") Reimbursement	558,846	357,379
CDOT subsidies	246,566	291,796
Other non operating revenues (expenses)	(5,727)	1,794
Total nonoperating revenues	1,293,291	1,241,085
LOSS BEFORE CAPITAL CONTRIBUTIONS	(58,478)	(204,611)
CAPITAL CONTRIBUTIONS—MTA contributions for capital projects	912,064	545,071
CHANGE IN NET POSITION	853,586	340,460
NET POSITION—Beginning of year	4,108,220	3,767,760
NET POSITION—End of year	$ 4,961,806	$ 4,108,220

Metro-North Commuter Railroad Company
(Component Unit of the MTA)

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

	Business-Type Activities	
	2022	**2021** (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts	$ 446,517	$ 262,204
Rents, advertising, and other receipts	24,239	28,653
Payroll and related fringe payments	(1,066,097)	(1,020,515)
Other operating expenses	(137,981)	(339,231)
Net cash used in operating activities	(733,322)	(1,068,889)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating subsidies from MTA	493,606	590,116
Operating subsidies from CDOT	246,199	285,193
Other non-operating revenues - net	(5,459)	6,300
MTA Loan		(50,000)
FTA reimbursement	58,570	298,809
Cash provided by noncapital financing activities	792,916	1,130,418
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Receipts from Leases	17,794	15,751
Payments of Leases	(16,363)	(23,903)
Capital contributions from MTA	73,624	99,441
Capital expenditures incurred for capital program	(132,286)	(158,850)
Net cash provided by (used in) in capital financing activities	(57,231)	(67,561)
NET DECREASE IN CASH	2,363	(6,032)
CASH—Beginning of year	16,792	22,824
CASH—End of year	$ 19,155	$ 16,792
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (1,351,769)	$ (1,445,696)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	335,935	335,175
Net increase in accounts payable, accrued expenses, other liabilities, unearned revenues	145,746	94,576
Net increase in receivables	142,017	(54,824)
Net increase in materials and supplies, prepaid expenses and other current assets, other assets	(5,251)	1,880
NET CASH USED IN OPERATING ACTIVITIES	$ (733,322)	$ (1,068,889)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital assets	$ 727,488	$ 362,946
Capital assets and related liabilities	33,961	313,094
Interest expenses for leases	7,631	7,296
Interest income from leases	3,283	3,121
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	$ 772,363	$ 686,457

See notes to financial statements.

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
($ In thousands, except as noted)

1. BASIS OF PRESENTATION

Reporting Entity—The Metro-North Commuter Railroad Company (the "MTA Metro-North Railroad") is a component unit of the MTA, established in September 1982 pursuant to the New York State Public Authorities Law and is a part of the related financial reporting group of the MTA. The MTA is a component unit of the State of New York.

The MTA Metro-North Railroad performs a public service by providing essential commuter passenger transportation between New York City and the suburban communities in Westchester, Dutchess, Putnam, Orange, and Rockland Counties in New York State, and New Haven and Fairfield Counties in Connecticut. The Company has direct operating responsibility for the entire New Haven commuter railroad line under a service agreement among MTA, MTA Metro- North Railroad and the Connecticut Department of Transportation ("CDOT"). It also has direct operating responsibility for the Harlem/Hudson Lines in New York State. In addition, pursuant to a service agreement between the MTA Metro-North Railroad and New Jersey Transit Rail Operations, Inc. ("New Jersey Transit") the Company funds certain net operating costs of the Port Jervis and Pascack Valley Lines operated by New Jersey Transit.

MTA Metro-North Railroad is operationally and legally independent of the MTA. MTA Metro-North Railroad enjoys certain rights typically associated with separate legal status. However, MTA Metro-North Railroad is included in the MTA's consolidated financial statements as a blended component unit because of the MTA's financial accountability and MTA Metro-North Railroad is under the direction of the MTA Board (a reference to "MTA Board" means the board of MTA and/or the boards of the MTA Metro-North Railroad 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 MTA Metro-North Railroad in its consolidated financial statements.

Substantial deficits result from providing these services and the MTA Metro-North Railroad expects that such deficits will continue in the foreseeable future. Funding for the MTA Metro-North Railroad's operations and capital needs is provided by MTA and CDOT. MTA obtains the required funds from state and federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to the MTA Metro-North Railroad on a discretionary basis. The continuance of the MTA Metro-North Railroad's operations has been, and will continue to be, dependent upon the receipt of adequate funds from the MTA, as well as subsidies provided by CDOT.

The MTA Metro-North Railroad is not liable for real estate or personal property taxes on its properties, or sales taxes on substantially all of its purchases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with GAAP.

The MTA Metro-North Railroad applies Governmental Accounting Standards Board (“GASB”) Codification of Governmental Accounting and Financial Reporting Standards (“GASB Codification”) Section P80, Proprietary Accounting and Financial Reporting.

New Accounting Standards— The MTA Metro-North Railroad adopted the following GASB Statements for the year ended December 31, 2022:

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 MTA 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. There was no cumulative-effect adjustment to the prior period net position as a result of the adoption.

The following schedule summarizes the net effect of adopting GASB Statement No. 87, *Leases* in the Consolidated Statement of Net Position as of December 31, 2021 (in thousands):

DRAFT

	As Previously Stated	GASB Statement No. 87 Impact	Restatement Reported
Balance as of			
CURRENT ASSETS			
Receivables:			
Other	8,003	14,491	22,494
Receivables- net	196,020	14,491	210,511
Total Current assets	564,682	14,491	579,173
NONCURRENT ASSETS:			
Capital Assets:			
Other capital assets, net of accumulated depreciation	4,362,334	228,605	4,590,939
Other Non Current Receivables	-	130,237	130,237
Total noncurrent assets	6,096,307	358,842	6,455,149
Total Assets	6,660,989	373,333	7,034,322
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	7,510,187	373,333	7,883,520
CURRENT LIABILITIES:			
Current portion-lease payable	-	16,653	16,653
Total current liabilities	478,979	16,653	495,632
NONCURRENT LIABILITIES:			
Lease Payable	-	236,305	236,305
Other long- term liabilities	36,696	(20,720)	15,976
Total noncurrent liabilities	2,796,928	215,585	3,012,513
Total liabilities	3,275,907	232,238	3,508,145
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflow from leases	-	134,663	134,663
Total deferred inflows of resources	132,492	134,663	267,155
NET POSITION:			
Net Investment in capital assets	6,084,921	(3,633)	6,081,288
Unrestricted deficit	(1,983,133)	10,065	(1,973,068)
Total net position	4,101,788	6,432	4,108,220
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSTION	7,510,187	373,333	7,883,520

***Right of Use Assets and Accumulated Amortization are included in Capital assets, net of accumulated depreciation and amortization*

In addition, GASB 87 required revenues, expenses and net position as of December 31, 2021 to be restated as follows:

	As Previously Stated	GASB Statement No. 87 Impact	Restement Reported
Operating Revenues:			
Rents and utilities	15,640	6,944	22,584
Total operating revenues	282,805	6,944	289,749
Operating Expenses:			
Maintenance and other operating contracts	111,037	(23,224)	87,813
Depreciation and amortization	315,715	19,560	335,275
Total operating expenses	1,739,109	(3,664)	1,735,445
OPERATING LOSS	(1,456,304)	10,608	(1,445,696)
NONOPERATING REVENUES:			
Other non-operating revenues (expenses)	5,970	(4,176)	1,794
Total nonoperating revenues, net	1,245,261	(4,176)	1,241,085
LOSS BEFORE CAPITAL CONTRIBUTIONS	(211,043)	6,432	(204,611)
CHANGE IN NET POSITION	334,028	6,432	340,460
NET POSITION-Beginning of Year	3,767,760	-	3,767,760
NET POSITION-End of Year	4,101,788	6,432	4,108,220

The following schedule summarizes the cash flow impact of adopting GASB Statement No. 87, *Leases* in Capital and Related Financing Activities in the consolidated statement of cash flows (in thousands) for certain leases previously classified as operating leases:

	As Previously Stated	GASB Statement No. 87 Impact	Restatement Reported
Year-ended December 31,2021			
CASHFLOWS FROM OPERATING ACTIVITIES:			
Rents and other receipts	21,709	6,944	28,653
Other operating expenses	(340,439)	1,208	(339,231)
Net Cashed used in operating activities	(1,077,041)	8,152	(1,068,889)
CASHFLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Receipts from leases	-	15,751	15,751
Payments from leases	-	(23,903)	(23,903)
Net cash provided by (used in) capital financing activities	(59,409)	(8,152)	(67,561)
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating loss	(1,456,304)	10,608	(1,445,696)
Depreciation and amortization	315,715	19,460	335,175
Net increase (decrease) in payables, accrued expenses, and other liabilities	116,492	(21,916)	94,576
Net Cash used in Operating Activities	(1,077,041)	8,152	(1,068,889)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital assets and related liabilities	60,137	252,957	313,094
Interest expenses for leases	-	7,296	7,296
Interest income from leases	-	3,121	3,121
Total Noncash Capital and Related Financing Activities	423,083	263,374	686,457

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 MTA.

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 did not have an impact on the financial position, results of operations or cash flows of the MTA.

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 is expected to cease 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 MTA.

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 MTA Metro-North Railroad upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accouting Standard	MTA 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

Capital Assets—Effective January 1, 2020, in accordance with GASB Statement No. 89, the MTA Metro-North no longer capitalizes interest costs related to the construction of capital assets.

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

Invested funds at MTA—The MTA, on behalf of the MTA Metro-North Railroad, invests funds which are not immediately required for the MTA Metro-North Railroad's operations in securities permitted by the MTA's All-Agency Investment Guidelines in accordance with 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 MTA has no financial instruments with significant individual or group concentration of credit risk. 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.

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

Materials and Supplies—Materials and supplies, except for repaired and repairable items, are recorded at average cost. Reserve for obsolete and excess materials was $72,991 and $63,982 in 2022 and 2021, respectively. Repaired items, such as engines and motors, are valued at 50% of their current purchase price.

Fare Cards—MTA Metro-North Railroad sells joint prevalued MetroCard ("fare cards") on consignment on behalf of an affiliated agency. Such fare cards are recorded at cost and reimbursed to the affiliated agency upon sale.

Capital Assets—Capital assets and improvements include all land, buildings, leasehold improvements, and equipment of the MTA Metro-North Railroad having a useful life of greater than two years and having a cost of at least $25.

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. 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.

Accumulated depreciation and amortization are reported as reductions of capital assets. Depreciation is computed using the straight-line method based upon estimated useful lives, 25 to 30 years for road and structures, 50 years for rail and buildings, and 3 to 20 years for other equipment. Right-of-use assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less.

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment loss on assets to be sold, if any, is based on the estimated proceeds to be received, less estimated costs to sell.

Expenditures for maintenance and repairs that do not extend the useful life of the asset are charged to operations as incurred. Funding for substantially all capital projects of the MTA Metro-North Railroad is provided by MTA. Asset acquisitions funded by MTA on capital projects are transferred to the MTA Metro-North Railroad monthly.

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.

Pollution Remediation Projects—Pollution remediation costs have been expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (see Note 10). 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 MTA Metro-North Railroad is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; the MTA Metro-North Railroad is named by a regulator as a responsible or potentially responsible party to participate in remediation; the MTA Metro-North Railroad voluntarily commences or legally obligates itself to commence remediation efforts; or the MTA Metro-North Railroad is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

Operating Revenues—Passenger revenues from the sale of tickets are recognized as income as they are sold; unearned revenue is recorded for tickets sold in advance of the period for which the ticket is valid. Revenues from rents, advertising and other related income are recorded when earned.

Nonoperating Revenues—The MTA Metro-North Railroad receives both Capital Contributions and Operating Subsidies from the MTA, and subsidies relating to New Haven Line operations from the Connecticut Department of Transportation. In addition, FTA CRRSA funding allocation for 2022 was

$58,570 and $298,739 in 2021. MTA Metro-North Railroad recognized this funding as non-operating subsidy.

Nonexchange Transactions with MTA—In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, funds contributed by MTA for the MTA Metro-North Railroad's capital project expenditures are reported as nonoperating revenue when such expenditures are accrued. MTA contributions for capital projects are included as nonoperating capital projects subsidy in the accompanying statements of revenues, expenses and changes in net position.

The cost of certain services provided by MTA for the benefit of the MTA Metro-North Railroad are accrued as incurred, including the cost of police services relating to the New Haven Line. MTA does not charge the MTA Metro—North Railroad (or other related groups) for the cost of police services relating to the other lines.

CDOT Subsidies—The portion of the deficit from operations relating to the New Haven line recoverable from CDOT is recorded as nonoperating revenue based on billings reflecting the monthly deficit. The CDOT Service Agreement (the "Service Agreement"), dated June 21, 1985, governs the operations of the New Haven Line. The Service Agreement provides for automatic five-year renewals. The present renewal term commenced January 1, 2020 and expires December 31, 2024.

Under the terms of the Service Agreement, CDOT pays 100% of the net operating deficit of the branch lines (New Canaan, Danbury and Waterbury) and 65% of the New Haven main line operating deficit. The New Haven Line's share of the net operating deficit of Grand Central Terminal (GCT) is funded by a fixed fee for the use of GCT, calculated using several years as a base, with annual increases for inflation and the actual cost of operating GCT North End Access beginning in 1999. The Service Agreement also provides that CDOT shall pay 100% of the cost of nonmovable capital assets located in Connecticut, 100% of movable capital assets to be used primarily on the branch lines and 65% of the cost of other movable capital assets allocated to the New Haven Line. Remaining funding for New Haven Line capital assets is provided by MTA. Capital assets completely funded by CDOT are not reflected in the MTA Metro- North Railroad's financial statements, as ownership is retained by CDOT.

The Service Agreement provides that final billings for each year be subject to audit by CDOT. The audits of 2020 and 2021 billing are still open.

Compensated Absences—The MTA Metro-North Railroad has accrued the full value (including fringe benefits) of all vacation and sick leave benefits earned by employees to date if the leave is attributable to past service and it is probable that the MTA Metro-North Railroad will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Accruals for vacation benefits were $65.5 million and $67.7 million at December 31, 2022 and 2021, respectively. Accruals for sick leave benefits were $40.2 million and $38.0 million at December 31, 2022 and 2021, respectively.

Liability Insurance— The 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 limits for MTA Metro-North Railroad was $8 million. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limits for MTA Metro-North Railroad was $9 million. Effective November 1, 2012 the self-insured retention limits for ELF was increased to $10 million for MTA Metro-North Railroad. Effective October 31, 2015, the self-insured retention limits for ELF was increased to $11 million for the MTA Metro-North Railroad. 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 $174.04 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 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. The program limit is $11 million per occurrence on a combined single limit with a $1 million per occurrence deductible. Primary limits of $6 million were procured through the commercial marketplace. Excess limits of $5 `million were procured through FMTAC. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

On December 15, 2022, FMTAC renewed the primary coverage on the Station Liability and Force Account liability policies $11 million per occurrence loss for MTA Metro-North Railroad.

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.

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.

All Agency Protective Liability—FMTAC All-Agency Protective Liability Program. Under the All-Agency Protective Liability Program ("AAPL"), FMTAC directly insures the Related Entities against claims arising out of work performed by independent contractors on capital projects. The policy provides coverage of $2 million per occurrence.

FMTAC All-Agency Protective Excess Liability Program. FMTAC directly insures the Related Entities to provide excess coverage on top of the AAPL. The policy provides coverage of $9 million in excess of $2 million per occurrence, with an $18 million annual aggregate. Any excess is covered by the ELF program.

Self-Insurance and Risk Retention—The MTA Metro-North Railroad is self-insured for liabilities arising from injuries to passengers, employees and others with the exception of injuries to non-employees and off-duty employees arising from occurrences at NYS stations ("Station Liability"), and employees and non- employees, arising from reimbursable project work ("Force Account"). The MTA Metro-North Railroad accrues the estimated total cost for the self-insured liability arising out of these claims. For incidents occurring on or before October 31, 2012, claims arising from Station Liability and Force Account are fully insured up to $9 million per occurrence. That amount was increased to $10 million per occurrence for incidents occurring on or after November 1, 2012 and increased to $11 million on

October 31, 2015.

Retirement Benefits—The MTA Metro-North Railroad's pension plans are governmental plans and, accordingly, are not subject to funding and other requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

MTA Metro-North Railroad adopted the standards of GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for its pension plans.

MTA Metro-North Railroad 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 MTA Metro-North Railroad's proportionate share thereof in the case of a cost-sharing multiple-employer plan, determined as of MTA Metro-North Railroad's measurement date. Changes in the net pension liability during the period 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 period 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 period 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.

Postemployment Benefits Other Than Pensions—MTA Metro-North adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus* for the OPEB Plan.

The MTA Metro-North 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.

Contributed Capital—Capital assets contributed by the MTA and 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.

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. The bank balances in 2022 and 2021 that were not insured were maintained in major financial institutions.

At December 31, 2022 and 2021, cash consisted of (in thousands):

	2022		2021	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits (FDIC)	$250	$250	$ 250	$ 250
Collateralized deposits	14,242	13,910	13,484	13,804
Uninsured amounts held by ticket agents and deposits in transit	4,663	-	3,058	-
	$19,155	$14,160	$ 16,792	$ 14,054

Certain of these cash accounts are held in the name of a trustee; the carrying amount of the trustee accounts at December 31, 2022 and 2021 were $4,742 and $2,591, respectively. These accounts include revenue pledged by the MTA Metro-North Railroad as collateral for the MTA Transportation Revenue Bonds, as discussed more fully in Note 4.

4. TRANSPORTATION REVENUE BONDS

The MTA Metro-North Railroad's capital programs are partially funded from the proceeds of bonds, including the MTA's Transportation Revenue Bonds. The MTA's Transportation Revenue Bonds are special obligations of MTA, payable from, and secured by a pledge of:

- the gross operating revenues of the MTA Metro-North Railroad, MTA Long Island Rail Road and the New York City Transit Authority ("MTA New York City Transit") and its component, the Manhattan and Bronx Surface Transit Operating Authority, until monthly deposits of principal and interest are satisfied under the Transportation Revenue Bond Resolution,
- Triborough Bridge and Tunnel Authority's operating surplus,
- general operating subsidies from the State and local governments,
- special tax-supported operating subsidies, and
- station maintenance and service reimbursements.

5. CAPITAL ASSETS

Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA 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. 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. Accumulated depreciation and amortization are reported as reductions of fixed assets and right-of-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Right-of-use assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Capital and right-of-use assets consist of the following at December 31, 2019, December 31, 2020 and December 31, 2021 (in millions):

The following is a summary of capital assets activity at January 1, 2021, December 31, 2021 and December 31,2022 (in thousands):

	As of January 1, 2021	Additions (Restated)	Deletions (Restated)	As of December 31, 2021 (Restated)	Additions	Deletions	As of December 31, 2022
Capital assets, not being depreciated:							
Land	$ 116,990	$ 1,657	$ 670	$ 117,977	$ -	$ (603)	$ 118,580
Construction work-in-progress	1,761,454	$ 576,673	$ 722,131	1,615,996	926,395	339,058	2,203,333
Total capital assets, not being depreciated	1,878,444	578,330	722,801	1,733,973	926,395	338,455	2,321,913
Capital assets, being depreciated:							
Roads	2,149,304	145,601	4,145	2,290,760	33,736	-	2,324,496
Buildings and structure	3,930,501	295,172	24,443	4,201,230	173,299	-	4,374,529
Buildings and structure under capital leases	17,367	6,262		23,629	- (16)	-	23,613
West of Hudson Improvements	315,856	2,931		318,787	6,054	-	324,841
Passenger cars	1,654,006	21,784		1,675,790	111,401		1,787,191
Locomotives	202,224	(312)		201,912	4,689		206,601
Other	442,484	256,906	7,951	691,439	17,397	2,244	706,592
Total capital assets, being depreciated	8,711,742	728,344	36,539	9,403,547	346,560	2,244	9,747,863
Less accumulated depreciation:							
Roads	1,280,428	59,802	4,662	1,335,568	58,071	(517)	1,394,156
Buildings and structure	1,957,385	133,077	24,478	2,065,984	124,123	(196)	2,190,303
Buildings and structure under capital leases	33	225		258	381		639
West of Hudson Improvements	104,855	10,584		115,439	11,607		127,046
Passenger cars	968,462	63,962		1,032,424	68,894		1,101,318
Locomotives	135,130	7,314		142,444	7,416	-	149,860
Other	315,738	40,751	7,393	349,096	45,267	1,935	392,428
Total accumulated depreciation	4,762,031	315,715	36,533	5,041,213	315,759	1,222	5,355,750
Total capital assets, being depreciated/amortized, net	3,949,711	412,629	6	4,362,334	30,801	1,022	4,392,113
Capital assets, net	$ 5,828,155	$ 990,959	$ 722,807	$ 6,096,307	$ 957,196	$ 339,477	$ 6,714,026
Right-of-Use Assets being amortized:							
Leased buildings and structures	235,849	507		236,356	-	-	236,356
Leased equipment and vehicles	8,702	2,516		11,218	1,356	-	12,574
Leased other	491			491	-	-	491
Total Right-of-Use Assets being amortized	245,042	3,023		248,065	1,356		249,421
Less accumulated amortization:							
Leased buildings and structures	-	14,233		14,233	14,318		28,551
Leased equipment and vehicles	-	5,196		5,196	5,828		11,024
Leased other	-	31		31	31		62
Total accumulated amortization		19,460		19,460	20,177		39,637
Right of Use Assets being amortized – net	245,042	(16,437)		228,605	(18,821)		209,784
Total Capital Assets, including Right-of-Use Asset, net of depreciation and amortization	$ 6,073,197	$ 974,522	$ 722,807	$ 6,324,912	$ 938,375	$ 339,477	$ 6,923,810

In 2021 MTA and Metro-North Railroad closed on a Transit Oriented Development project with a real estate developer encompassing property at a commuter parking lot. In exchange for ownership of approximately 75% of the commuter parking lot, the developer built at its own cost and expense a commuter parking garage on the portion of land that Metro-North Railroad retained. The parking garage was valued at the approximate market value of the conveyed property and a gain of $6.1 million was recognized as a non- operating revenue.

MTA Metro-North Railroad owns all trackage in New York State including the land and related improvements constituting the New Haven Line between the Connecticut border at Port Chester, New York and Woodlawn Junction. The Harlem and Hudson railroad lines along with the Grand Central Terminal were purchased by MTA on February 28, 2020 (see Note 9).

On April 24, 2015, the Federal Railroad Administration approved a U.S. Federal Railroad Administration loan of $967.1 million under its Railroad Rehabilitation and Improvement Financing Program. MTA, on behalf of Metro-North Railroad, and the Long Island Rail Road, applied for funding to improve the safety of signal systems. The loan's purpose was to finance the installment of Positive Train Control, a technology designed to remove the potential for human error that can lead to train-involved accidents. The loan was approved by the MTA Board at its meeting on April 29, 2015 and the loan was closed in May 2015. A total of $690.9 million was drawn down till 2020. On May 5, 2021, the MTA prepaid the outstanding obligation in full, terminated all commitments under the Financing Agreement, and cancelled the Bond.

As of 12/31/2022, $66.6 billion is unexpended from the MTA's Capital Program (2005-2024) and $22.9 billion has been committed.

As of 12/31/2021, $72.8 billion is unexpended from the MTA's Capital Program and $16.9 billion has been committed.

6. 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 MTA affiliates and subsidiaries 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 with no penalty.

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

Year	Principal	Interest	Total
2023	$ 2,398	$ 387	$ 2,785
2024	2,228	270	2,498
2025	2,339	152	2,491
2026	544	65	609
2027	179	53	232
2028–2032	929	114	1,043
Total	$ 8,617	$ 1,041	$ 9,658

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 semi- annually.

7. EMPLOYEE BENEFITS

Deferred Compensation Program— Consists of two defined contribution plans that provide benefits based solely on the amount contributed to each participant's account(s), plus or minus any income, expenses and gains/losses. The Deferred Compensation Program is comprised of the Deferred Compensation Plan for Employees of the MTA, its Subsidiaries and Affiliates ("457 Plan") and the Thrift Plan For Employees of the MTA, its Subsidiaries and Affiliates ("401(k) Plan"). Certain MTA Related Groups employees are eligible to participate in both deferred compensation plans. Both Plans are designed to have participant charges, including investment and other fees, pay for the administrative cost of running the Deferred Compensation Program.

In 1984, the MTA established the 457 Plan to provide benefits competitive with private industry. Only managerial employees were permitted to participate in the Plan and investment options were limited to five funds: a Guaranteed Interest Fund, a Common Stock Fund, a Money Market Fund, a Managed Fund, and a Stock Index Fund. Pursuant Internal Revenue Code ("Code") Section 457, the MTA has established a trust or custodial account to hold plan assets for the exclusive benefit of the participants and their beneficiaries. Participation in the 457 Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 457 Plan, and all income attributable to such compensation, less expenses and fees, are in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 457 Plan is not reflected on the MTA's consolidated statements of net position.

In 1985, the MTA Board adopted the 401(k) Plan, a tax-qualified plan under section 401(k) of the Code. The 401(k) Plan remained dormant until 1988 when an IRS ruling "grandfathered" the plan under the Tax Reform Act of 1986. Participation in the 401(k) Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 401(k) Plan, and all income attributable to such compensation, less expenses and fees, are in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 401(k) Plan is not reflected in the accompanying consolidated statements of net position. The 401(k) Plan received a favorable determination letter from the Internal Revenue Service dated October 27, 2016.

As the Deferred Compensation Program's asset base and contribution flow increased, participants' investment options were expanded by the Deferred Compensation Committee with the advice of its Financial Advisor to provide greater diversification and flexibility. In 1988, after receiving an IRS determination letter for the 401(k) Plan, the MTA offered its managers the choice of either participating in the 457 Plan or the 401(k) Plan. By 1993, the MTA offered eight investment funds: a Guaranteed Interest Account Fund, a Money Market Fund, a Common Stock Fund, a Managed Fund, a Stock Index Fund, a Government Income Fund, an International Fund and a Growth Fund.

In 1998, the Deferred Compensation Committee approved the unbundling of the Plans. In 2008, the Plans' investment choices were restructured to set up a four tier strategy:

1. ***Tier 1***—The MTA Target-Year Lifecycle Funds, which are comprised of a mix of several funds, most of which are available as separate investments in the Deferred Compensation Program. The particular mix of investments for each Fund is determined by the "target" date, which is the date the money is intended to be needed for retirement income.

2. ***Tier 2***—The MTA Index Funds offer a tier of index funds, which invest in the securities of companies that are included in a selected index, such as the Standard & Poor's 500 (large cap) Index or Russell Mid Cap Index.

3. ***Tier 3***—The MTA Actively Managed Portfolios, which are comprised of actively managed portfolios that are directed by one or a team of professional managers who buy and sell a variety of holdings in an effort to outperform a selected index. These institutional strategies provide participants with a diversified array of distinct asset classes, with a single fund option in each class to simplify the decision-making process.

4. ***Tier 4***—Self-Directed Mutual Fund Option is designed for the more experienced investors. Offers access to an expanded universe of mutual funds from hundreds of well-known mutual fund families. Participants may invest only a portion of their account balances in this tier.

In 2011, the Deferred Compensation Program began offering Roth contributions. Employees can elect after-tax Roth contributions and before-tax contributions in both the 401(k) Plan and the 457 Plan. The total combination of Roth after-tax contributions and regular before-tax contributions cannot exceed the IRS maximum of $19,500 in 2021 and $20,500 in 2022. For those over age 50, the maximums are $26,000 for 2021 and $27,000 for 2022.

Matching Contributions—Metro-North Railroad employees represented by certain unions who elected to opt-out of participation in the MTA Defined Benefit Pension Plan receive an annual employer contribution equal to 4% of the member's compensation. Effective on the first full pay period following the nineteenth anniversary date of an eligible Metro-North Railroad member's continuous employment, MTA Metro-North Railroad contributes an amount equal to 7% of the member's compensation. Eligible Metro-North Railroad members vest in these employer contributions as set forth below:

Years of Service	Vested Percentage
Less than 5	0%
5 or more	100%

Additional Deposits (Incoming Rollover or Transfers)—Participants in the Deferred Compensation Program are eligible to roll over both their before-tax and after-tax assets from other eligible retirement plans into the 401(k) and 457 Plans. Under certain conditions, both Plans accepts rollovers from all eligible retirement plans (as defined by the Code), including 401(a), 457, 401(k), 403(b), and rollover IRAs.

Forfeitures—Nonvested contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the years ended December 31, 2022 and 2021, no forfeitures reduced the Plan's expense.

The following is a summary of activity for the 401k and 457 deferred compensation programs ($ in thousands):

	2022	2021
Contributions:		
Employee contributions—net of loans	$50,110	$76,722
Participant rollovers	3,260	2,327
Employer contributions	2,471	2,447
Total contributions	$55,841	$81,496

Pensions—MTA Metro-North Railroad sponsors and participates in two defined benefit pension plans for their employees, the Metro-North Commuter Railroad Company Cash Balance Plan (the "MNR Cash Balance Plan") and the Metropolitan Transportation Authority Defined Benefit Plan (the "MTA Defined Benefit Plan"). A brief description of each of the pension plans follows:

Plan Descriptions

1. *MNR Cash Balance Plan*—The MNR Cash Balance Plan is a single employer, defined benefit pension plan administered by MTA Metro-North Railroad. The Plan covers non-collectively bargained employees, formerly employed by Conrail, who joined MTA Metro-North Railroad as management employees between January 1 and June 30, 1983 and were still employed as of December 31, 1988. Effective January 1, 1989, these management employees became covered under the Metro- North Commuter Railroad Defined Contribution Plan for Management Employees (the "Management Plan") and the MNR Cash Balance Plan was closed to new participants. The assets of the Management Plan were merged with the Metropolitan Transportation Authority Defined Benefit Plan for Non-Represented Employees (now titled as the Metropolitan Transportation Authority Defined Benefit Pension Plan) as of the asset transfer date of July 14, 1995. The MNR Cash Balance Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) and 501(a) of the Internal Revenue Code. Accordingly, the MNR Cash Balance Plan is tax-exempt and is not subject to the provisions of the Employee Retirement Income Security Act ("ERISA") of 1974.

   The MTA Board of Trustees appoints a Board of Managers of Pensions consisting of five individuals who may, but need not, be officers or employees of the company. The Board of Managers control and manage the operation and administration of the Plan's activities, including establishing and amending contributions and benefits.

   The financial information for the MNR Cash Balance Plan is not included in the financial statements of MTA Metro- North Railroad as the balances and activities are not material to MTA Metro-North Railroad. Further information about the MNR Cash Balance Plan is more fully described in the separately issued financial statements that can be obtained by writing to MTA, Deputy Chief, Controller's Office, 2 Broadway, New York, New York, 10004. These statements are also available at www.mta.info.

2. *MTA Defined Benefit Plan*—The MTA Defined Benefit Pension Plan (the "MTA Plan" or the "Plan") is a cost sharing, multiple-employer pension plan. The Plan covers certain MTA Long Island Rail Road nonrepresented employees hired after December 31, 1987, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 23, 1983, MTA Police, MTA Long Island Rail Road represented employees hired after December 31, 1987 and certain MTA Metro-North Railroad represented employees. MTA Staten Island Railway represented and nonrepresented employees and certain employees of the MTA Bus Company ("MTA Bus"). MTA Long Island Rail Road, MTA Metro-North Railroad, MTA, MTA Staten Island Railway and MTA Bus contribute to the MTA Plan, which offers distinct retirement, disability retirement and death benefit programs for their covered employees and beneficiaries.

   The MTA Defined Benefit Plan is administered by the Board of Managers of Pensions. The MTA Plan, including benefits and contributions, may be amended by action of the MTA Board.

   The pension plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the MTA, Deputy Chief, Controller's Office, 2 Broadway, New York, New York, 10004. This report is also available at www.mta.info.

Benefits Provided

1. MNR Cash Balance Plan

Pension Benefits—Participants of the Plan obtain a nonforfeitable right to their accrued benefit upon the earlier of (a) the completion of 5 years of service with the MTA Metro-North Railroad or (b) the attainment of age 62. The accrued benefit is a participant's Initial Account Balance increased each month by the benefit escalator. The benefit escalator is defined as the Pension Benefit Guaranty Corporation ("PBGC") immediate annuity rate in effect for December of the year preceding the year for which the determination is being made) divided by 180. The accrued benefit is paid as an Escalating Annuity. Vested participants are entitled to receive pension benefits commencing at age 65. Participants of the MNR Cash Balance Plan may elect to receive the value of their accumulated plan benefits as a lump-sum distribution upon retirement or they may elect to receive their benefits as a life annuity payable monthly from retirement. Participants may also elect to receive their pension benefits in the form of a joint and survivor annuity.

Participants of the Plan are eligible for early retirement benefits upon termination of employment, the attainment of age 62, or age 60 and completion of 15 years of service, or age 55 and the completion of 30 years of service. The early retirement benefits paid is the normal retirement pension deferred to age 65 or an immediate pension equal to the life annuity actuarial equivalent of a participant's Escalating Annuity at normal retirement date indexed by the Initial Benefit Escalator from early retirement date to normal retirement date and reduced by 5/9 of 1% for each month retirement precedes age 65 up to 60 months and 5/18 of 1% for each month after 60 months.

For members with cash balances who are currently members of the Metropolitan Transportation Authority Defined Benefit Pension Plan, an additional benefit is provided equal to the amount needed to bring their total benefits (i.e., Railroad Retirement Tier I and II benefits, Conrail Plan benefits, Cash Balance Plan benefits, and MTA Defined Benefit Pension Plan benefits) up to a minimum of 65% of their 3-year final average pay under the MTA Defined Benefit Plan. In no event will the Additional Benefit exceed 2% of 3-year final average pay multiplied by the Conrail Management Service prior to July 1, 1983. This benefit is payable as a life annuity and is reduced for commencement prior to age 65 in the same manner as the regular cash balance benefit. This additional benefit is payable only in the form of a life annuity or 100% or 50% contingent annuity.

Death Benefits—Benefits are paid to vested participants' beneficiaries in the event of a participants' death. The amount of benefits payable is the participant's account balance at the date of his or her death. Pre-retirement death benefits paid for a participant's death after 55 is equal to the amount the spouse would have received had the participant elected retirement under the normal form of payment on the day preceding his death. Pre-retirement death benefits paid for a participant's death before 55 is equal to the amount the spouse would have received had the participant survived to age 55 and retired under the normal form of payment on that date. The benefit is based on service to the participant's date of death and is payable beginning on the date the participant would have attained age 55.

In lieu of the above benefit, the surviving spouse can elect to receive the participant's account balance in a single lump sum payment immediately. If the participant was not married, the participant's beneficiary is entitled to receive the participant's Account Balance as of the participant's date of death in a single lump sum payment.

2. MTA Defined Benefit Plan

Pension Benefits—Retirement benefits are paid from the Plan to covered MTA Metro-North Railroad employees as service retirement allowances or early retirement allowances. A participant is eligible for a service retirement allowance upon termination if the participant satisfied both age and service requirements. A participant is eligible for an early retirement allowance upon termination if the participant has attained age 55 and completed at least 10 years of credited service. Terminated participants with 5 or more years of credited service are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on the first day of the month following the participant's 62nd birthday.

Certain represented employees of the MTA Metro-North Railroad continue to make contributions to the Plan for 15 years. Certain represented employees of the MTA Metro-North Railroad are eligible for an early retirement allowance upon termination if the participant has attained age 60 and completed at least 5 years of credited service or has attained age 55 and completed at least 30 years of credited service. The early retirement allowance is reduced one-quarter of 1% per month for each full month that retirement predates age 60 for certain represented employees of the MTA Metro-North Railroad.

Effective in 2007, members and certain former members who become (or became) employed by another MTA agency which does not participate in the Plan continue to accrue service credit based on such other employment. Upon retirement, the member's vested retirement benefit from the Plan will be calculated on the final average salary of the subsequent MTA agency, if higher. Moreover, the Plan benefit will be reduced by the benefit, if any, payable by the other plan based on such MTA agency employment. Such member's disability and ordinary death benefit will be determined in the same way.

Death and Disability Benefits—In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after 10 years of credited service for covered MTA Metro-North Railroad management and represented employees.

The disability retirement allowance for covered MTA Metro-North Railroad management is calculated based on the participant's credited service and final average salary ("FAS") but not less than ⅓ of FAS.

The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than $5,000 is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

Death benefits are paid to the participant's beneficiary in the event of the death of a covered MTA Metro-North Railroad employee after completion of one year of credited service. The death benefit payable is calculated based on a multiple of a participant's salary based on years of credited service up to three years and is reduced beginning at age sixty-one. There is also a post-retirement death benefit which, in the 1st year of retirement, is equal to 50% of the pre-retirement death benefit amount, whichever is greater, 25% the 2nd year and 10% of the death benefit payable at age 60 for the 3rd and later years. This death benefit is payable in a lump sum distribution. Moreover, an accidental death benefit is payable for the death of a participant who is a covered MTA Metro-North Railroad employee and dies as the result of an on-the-job accidental injury. This death benefit is paid as a pension equal to 50% of the participant's salary and is payable to the spouse for life, or, if none, to children until age eighteen (or twenty-three, if a student), or if none, to a dependent parent.

In 2020, an amendment to the MTA Defined Benefit Plan was approved by the MTA 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 Plan. This special benefit expired on August 31, 2021.

Retirement benefits establishment and changes for representative employees are collectively bargained and must be ratified by the respective union and the MTA Board. For nonrepresented employees, retirement benefits establishment and changes are presented to the MTA Board and must be accepted and approved by the MTA Board.

Membership

Membership in the MNR Cash Balance Plan as of the date of the actuarial valuation consisted of the following:

	January 1, 2022	January 1, 2021
Active plan members	0	0
Retirees and beneficiaries receiving benefits	23	23
Vested formerly active members not yet receiving benefits	5	5
	27	28

Contributions and Funding Policy

1. *MNR Cash Balance Plan*

Funding for the Plan is provided by MTA Metro-North Railroad, a public benefit corporation that receives funding for its operations and capital needs from the MTA and the Connecticut Department of Transportation (“CDOT”). Certain funding by MTA is made to the MTA Metro-North Railroad on a discretionary basis. The continuance of funding for the Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

MTA Metro-North Railroad’s funding policy with respect to the Plan was to contribute the full amount of the pension benefit obligation (“PBO”) of approximately $2,977 to the trust fund in 1989. As participants retire, the Trustee has made distributions from the plan. MTA Metro-North Railroad anticipated that no further contributions would be made to the Plan. However, due to changes in actuarial assumptions and market performance, additional contributions were made to the Plan in several subsequent years.

Actual employer contributions for the years ended December 31, 2022 and 2021 were $4 and $0, respectively.

2. *MTA Defined Benefit Plan*

MTA Metro-North Railroad’s contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the Plan are recognized in the period in which the contributions are due.

The following summarizes the types of employee contributions made to the Plan:

Effective January 1, 1994, MTA Metro-North Railroad non-represented employees are required to contribute to the Plan to the extent that Railroad Retirement Tier II employee contribution is less than the pre-tax cost of the 3% employee contributions. Effective October 1, 2000, employee contributions, if any, were eliminated after ten years of contributing to the Plan. MTA Metro-North Railroad employees may purchase prior service from January 1, 1983 through December 31, 1993 by paying the contributions that would have been required of that employee for the years in question, calculated as described in the first sentence, had the Plan been in effect for those years.

Covered MTA Metro-North Railroad represented employees who first became eligible to be Plan participants prior to January 30, 2008 contribute 3% of salary. Certain Metro-North represented employees, depending on their collective bargaining agreements, were required to make employee contributions until the completion of required years of credited service as per the relevant collective bargaining agreements.

Contributions as a percent of covered payroll were 20.01% and 21.67% for the years ended December 31, 2022 and December 31, 2021, respectively. The actual contributions for the years ended December 31, 2022 and December 31, 2021 were $135,463 and $137,242 respectively.

Net Pension Liability

MTA Metro-North Railroad's net pension liabilities for each of the pension plans reported at December 31, 2022 and December 31, 2021 were measured as of December 31, 2021 and December 31, 2020, respectively. The total pension liability at December 31, 2021 and December 31, 2020 for the MTA Defined Benefit Plan was determined by actuarial valuations as of the valuation date of January 1, 2021 and January 1, 2020, respectively. The total pension liability at December 31, 2021 and December 31, 2020 for the MNR Cash Balance plan was determined by an actuarial valuation as of the valuation date of January 1, 2019. Each of the pension plans total pension liabilities was calculated based on the discount rate and actuarial assumptions below and then projected forward to the measurement date. Information about the fiduciary net position of each qualified pension plan has been determined on the same basis as reported by each respective qualified pension plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan and investments are reported at fair value.

Actuarial Assumptions

The actuarial assumptions used in the January 1, 2020 and January 1, 2019 valuations for the MTA plans are based on the results of actuarial experience studies for the period from January 1, 2012 through December 31, 2017 dated October 4, 2019 and January 1, 2006 through December 31, 2011, respectively.

The 2022 and 2021 post retirement mortality assumptions are based on an experience analysis covering the period from January 1, 2011 to December 31, 2015 for all MTA plans.

The pre-retirement and post retirement healthy annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee. As generational tables, they reflect mortality improvements both before and after measurement date.

The total pension liability in the actuarial valuations was determined using the following actuarial assumptions for each of the pension plans as follows:

	January 1, 2022		January 1, 2021	
	MNR Cash Balance Plan	**MTA Defined Benefit Plan**	**MNR Cash Balance Plan**	**MTA Defined Benefit Plan**
Investment Rate of Return	3.0% per annum, net of investment expenses.	6.5% per annum, net of investment expenses.	3.0% per annum, net of investment expenses.	6.50% per annum, net of investment expenses.
Salary Increases	Not applicable	Varies by years of employment, and employee group.	Not applicable	Varies by years of employment, and employee group.
Inflation	2.25 %	2.25%, 3.25% for Railroad Retirement Wage Base.	2.25 %	2.25%, 3.25% for Railroad Retirement Wage Base.
Cost-of Living Adjustments	Not applicable	60% of inflation assumption or 1.35%, if applicable	Not applicable	60% of inflation assumption or 1.35%, if applicable
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	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale MP-2021. As a generational table, it reflects mortality improvements both before and after the measurement date.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA. Mortality assumption is based on a 2017 experience study for all the MTA plans.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee. Mortality assumption is based on an experience analysis covering the period from January 1, 2011 to December 31, 2015

	January 1, 2022		January 1, 2021	
	MNR Cash Balance Plan	MTA Defined Benefit Plan	MNR Cash Balance Plan	MTA Defined Benefit Plan
Pre-retirement	Pri-2012 Employee mortality table for Males and Females with blue collar adjustments.	Pri-2012 Employee Mortality Table with Males and Females with blue-collar adjustments.	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.
Post-retirement-	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 97% for males and 100% for females.	Pri-2012 Retiree mortality table for blue collar adjustments multiplied by 97% for males and 100% 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.	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.
Post-retirement-Disabled Lives	Not applicable	PRI-2012 Disabled Annuitant mortality table for males and females.	Not applicable	RP-2014 Disabled Annuitant mortality table for males and females.

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
Core Fixed Income	Bloomberg Barclays Aggregate	100.00 %	1.03%

Assumed Inflation—Mean	2.34 %
Assumed Inflation—Standard Deviation	1.23 %
Portfolio Nominal Mean Return	3.37 %
Portfolio Standard Deviation	4.06 %
Long Term Expected Rate of Return selected by MTA	3.00 %

The target allocation and best estimates of arithmetic real rates of return ("RROR") for each major asset class included in each of the pension funds are as follows:

December 31, 2021	MNR Cash Balance Plan		MTA Defined Benefit Plan	
Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return	Target Asset Allocation	Long-Term Expected Real Rate of Return
US core fixed income	100 %	1.03 %	10.50 %	1.39 %
US long bonds			2.00 %	1.16 %
US bank/leveraged loans			1.50 %	3.49 %
US inflation-indexed bonds			2.00 %	0.60%
US high yield bonds			3.00 %	3.92 %
Emerging market bonds			2.00 %	3.98 %
US large caps			18.00 %	4.94 %
US small caps			7.00 %	6.73 %
Foreign developed equity			12.00 %	6.27 %
Emerging markets equity			4.50 %	8.82 %
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 %
Private Credit			7.00 %	6.93 %
Emerging Markets small cap equity			1.50 %	8.89 %
	100 %		100.00 %	
Assumed inflation—mean		2.34 %		2.30%
Assumed inflation—standard deviation		1.23 %		1.23 %
Portfolio nominal mean return as per actuary		3.37 %		7.39 %
Portfolio standard deviation		4.06 %		12.15 %
Long term expected rate of return selected by MTA		3.00 %		6.50 %

Discount Rate

As of December 31, 2021 and December 31, 2020, the discount rates used to measure the total pension liability of the MNR Cash Balance Plan were 3.0%.

As of December 31, 2021 and December 31, 2020, the discount rates used to measure the total pension liability of the MTA Defined Benefit Plan was 6.5%.

The projection of cash flows used to determine the discount rate assumed that plan contributions would be made in accordance with the Employer funding policy as projected by the Plan's actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

DRAFT

Changes in Net Pension Liability – MNR Cash Balance Plan

Changes in Metro-North Railroad's net pension liability for the Metro-North Cash Balance Plan for the year ended December 31, 2022, based on the December 31, 2021 measurement date and for the year ended December 31, 2021, based on the December 31, 2020 measurement date, are as follows (in thousands):

	Metro-North Cash Balance Plan		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance as of December 31, 2020	$ 378	$394	$(16)
Changes for calendar year 2020:			
Interest on total pension liability	11	-	11
Effect of plan changes	-	-	-
Effect of economic /demographic (gains) or losses	(11)	-	(11)
Effect of assumption changes or inputs	15	-	15
Benefit payments	(38)	(38)	0
Administrative expense		-	-
Net investment income		(5)	5
Employer contributions		-	-
Balance as of December 31, 2021	$ 355	$351	$4

	Metro-North Cash Balance Plan		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance as of December 31, 2019	$ 448	$ 455	$ (6)
Changes for calendar year 2019:			
Interest on total pension liability	14	-	14
Effect of plan changes	-	-	-
Effect of economic /demographic (gains) or losses	10	-	10
Effect of assumption changes or inputs	11	-	11
Benefit payments	(105)	(105)	-
Administrative expense		3	(3)
Net investment income		32	(32)
Employer contributions		9	(9)
Balance as of December 31, 2020	$ 378	$ 394	$(15)

MTA Metro-North Railroad's– Cash Balance Plan

The following presents MTA Metro-North Railroad's net pension liability/(asset) as of December 31, 2022 calculated using the current discount rate at January 1, 2022 of 3.0% for the 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 (2.0%) or 1-percentage point higher (4.0%) than the current rate:

	1% Decrease 2.0%	Current Discount Rate 3.0%	1% Increase 4.0%
		(in thousands)	
Net pension liability	$ 27	$ 4	$ (16)

The following presents MTA Metro-North Railroad's net pension liability/(asset) as of December 31, 2021 calculated using the current discount rate at January 1, 2021 of 3.0% for the 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 (2.0%) or 1-percentage point higher (4.0%) than the current rate:

	1% Decrease 2.0%	Current Discount Rate 3.0%	1% Increase 4.0%
		(in thousands)	
Net pension liability	$ 7	$ (16)	$(36)

MTA Metro-North Railroad's Proportionate Share of the Net Pension Liability – MTA Defined Benefit Plan

The following table presents MTA Metro-North Railroad's proportionate share of the net pension liability of the MTA Defined Benefit Plan at (in thousands):

	December 31, 2021	December 31, 2020
MTA Metro-North Railroad's proportion of the net pension liability	34.21%	34.72 %
MTA Metro-North Railroad's proportionate share of the net pension liability	$572,899	$ 672,605

MTA Metro-North Railroad's proportion of the respective Plan's net pension liability was based on actual required contributions of the participating employer for the calendar year.

The following table presents MTA Metro-North Railroad's proportionate share of the net pension liability as of December 31, 2021 based upon the January 1, 2021 actuarial valuation calculated using the discount rate of 6.50% for the MTA Defined Benefit 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 (5.5%) or 1-percentage point higher (7.5%) than the current rate (in thousands):

	MTA Defined Benefit Plan		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
MTA Metro-North Railroad's proportionate share of the net pension liability	$894,649	$572,899	$302,701

The following table presents MTA Metro-North Railroad's proportionate share of the net pension liability as of December 31, 2020 based upon the January 1, 2020 actuarial valuation calculated using the discount rate of 6.50% for the MTA Defined Benefit 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 (5.5%) or 1-percentage point higher (7.5%) than the current rate (in thousands):

	MTA Defined Benefit Plan		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
MTA Metro-North Railroad's proportionate share of the net pension liability	$979,325	$672,605	$416,853

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

MTA Metro-North Railroad recognized pension expense related to each pension plans as follows (in thousands):

	December 31, 2022	December 31, 2021
Pension plans		
MNR cash balance plan	$ 3	$ 7
MTA defined benefit plan	132,826	128,213
Total	$ 132,829	$ 128,220

The pension expenses are presented net of reimbursable expenses of $15,506 and $17,598 and 401K employer contributions of $2.5 and $2.4 in 2022 and 2021, respectively.

At December 31, 2022, MTA Metro-North Railroad reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

($ in thousands)	MNR Cash Balance Plan		MTA Defined Benefit Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$	$63,615	$ 3,547	$63,615	$ 3,547
Changes in assumptions			189,524	2,673	189,524	2,673
Net difference between projected and actual earnings on pension plan investments		3		61,006		61,009
Changes in proportion and differences between contributions and proportionate share of contributions			12,834		12,834	
Employer contribution to plan subsequent to the measurement date of net pension liability	4	-	122,259	-	122,263	-
Total	$ 4	$ 3	$ 388,232	$ 67,226	$ 388,236	$ 67,229

At December 31, 2021, MTA Metro-North Railroad reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

($ in thousands)	MNR Cash Balance Plan		MTA Defined Benefit Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$	$ 75,834	$ 4,762	$ 75,834	$ 4,762
Changes in assumptions			185,995	6,104	185,995	6,104
Net difference between projected and actual earnings on pension plan investments		19	25,131		25,131	19
Changes in proportion and differences between contributions and proportionate share of contributions			20,855		20,855	
Employer contribution to plan subsequent to the measurement date of net pension liability			137,242		137,242	
Total	$	$19	$445,057	$10,866	$445,057	$10,885

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 annual differences between expected and actual experience and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over closed periods ranging from 7.7 to 8.6 years for the MTA Defined Benefit Plan, beginning in the year in which the deferred amount occurs.

The amounts of $122,263 and $137,242 reported as deferred outflows of resources related to pensions resulting from the Company's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years-ended December 31, 2022 and December 31, 2021, respectively. 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 (income) as follows:

($ in thousands) Year ending December 31:	MNR Cash Balance Plan	MTA Defined Benefit Pension Plan	Total
2023	$ (5)	$ 47,727	$ 47,722
2024	-	16,873	16,873
2025	3	38,012	38,015
2026	-	20,295	20,295
2027	-	40,129	40,129
Thereafter	-	35,710	35,710
Total	$ (2)	$198,747	$ 198,745

8. OTHER POSTEMPLOYMENT BENEFITS

The MTA Metro-North participates in a defined benefit OPEB plan for its employees, the Metropolitan Transportation Authority Retiree Welfare Benefits Plan ("OPEB Plan"). A description of the Plan follows:

(1) 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 MTA Metro-North'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, Deputy Chief, Controller's Office, 2 Broadway, 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 agency, 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. Certain agencies provide benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of the MTA Metro-North Railroad are members of the following pension plans: the MTA Defined Benefit Plan and the MNR Cash Balance Plan. Certain employees of MTA Metro-North Railroad participate in the 401(k) Plan. Eligible employees of the MTA may elect to join the New York State Voluntary Defined Contribution Plan ("VDC").

The MTA Metro-North Railroad 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.

The MTA Metro-North Railroad 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 MTA Metro-North Railroad must:

(a) have retired;

(b) be receiving a pension (except in the case of the 401(k) Plan);

(c) have at least 10 years of credited service as a member of the MTA Defined Benefit Plan, the MNR Cash Balance Plan, the 401(k) Plan or the VDC; 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.

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 MTA Metro-North Railroad 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 MTA Metro-North paid $64,075 and $58,925 of PAYGO to the OPEB Plan, respectively. In addition, the OPEB Plan paid $31,656 in OPEB benefits in 2020. The PAYGO amounts include an implicit rate subsidy adjustment of $18,457 and $17,151 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.

During 2012, the MTA funded $250 into the Trust and an additional $50 during 2013. There have been no further contributions made to the Trust. The investment trust was liquidated in 2020 covering a portion of the year's benefit payments resulting in lower contributions than the payments for the year.

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 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 General Obligation 20-Bond Municipal Bond 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 premium's 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 December 31, 2020, the employer made a cash payment for retiree healthcare of $17,151 and $19,322, 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.

Blended and Age-adjusted Premium (in thousands)	**2021 Retirees**	**2020 Retirees**
Total blended premiums	$41,774	$40,913
Employment payment for retiree healthcare	17,151	19,322
Net Payments	$58,925	$60,235
Payments from liquidation of trust	-	(28,040)
Net Contributions	$58,925	$32,195

(2) Net OPEB Liability

At December 31, 2022 and December 31, 2021, the MTA Metro-North reported net OPEB liability of $1,854,464 and $2,028,743, respectively, for its proportionate share of the Plan. The net OPEB liability was measured as of the OPEB's Plan's fiscal year-ends of December 31, 2021 and December 31, 2020, respectively. The total OPEB liability as of December 31, 2022 and December 31, 2021 was determined by an actuarial valuation date of July 1, 2021 and rolled forward to December 31, 2022 and December 31, 2021. The MTA Metro-North's proportion of the net OPEB liability was based on a projection of the MTA Metro-North's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2022 and December 31, 2021, the MTA Metro-North's proportion was 7.43% and 8.31%, respectively.

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. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report or at www.mta.info.

(3) 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 any 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 MTA Metro-North 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, 2019. Update procedures were used to roll forward the total OPEB liability to December 31, 2021 and December 31, 2020, the measurement dates. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

	December 31, 2022	December 31, 2021
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 %
Investment rate of return	2.12%	2.12 %

Salary Scale—salaries are assumed to increase by years of service.

Rates are shown below:

Managers

Years of Service	Rate of Increase	Rate of Increase
0 - 1	8.00 %	8.00 %
2	7.00	7.00
3	6.50	6.50
4	5.50	5.50
5	5.00	5.00
6	4.90	4.90
7	4.80	4.80
8	4.70	4.70
9	4.60	4.60
10+	3.25 - 4.50	3.25 - 4.50

Represented Employees

Years of Service	Rate of Increase	Rate of Increase
0 - 1	12.50 %	12.50 %
2	11.50	11.50
3 - 4	10.00	10.00
5	6.00	6.00
6	4.25	4.25
7	4.00	4.00
8	3.75	3.75
9	3.50	3.50
10+	3.25	3.25

Healthcare Cost Trend—The healthcare trend assumption for the July 1, 2019 valuation is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, and healthcare reform provisions including changes due to H.R. 1865 (December 2019), separately for NYSHIP. Long-term trend increases are 3.5% for dental and vision benefits and 3.5% for Medicare Part B reimbursements, but not more than projected medical and pharmacy trends.

Healthcare Cost Trend Rates—The following lists illustrative rates for NYSHIP trend assumptions (all amounts are in percentages).

Trend from Year Ending	NYSHIP	
	Pre-65 Trend	Post-65 Trend
2021-2022	5.30 %	4.60 %
2022-2023	5.10	4.60

2023-2024	4.80	4.60
2024-2025	4.60	4.60
2025-2026	4.50	4.50
2026-2027	4.40	4.40
2027-2028	4.30	4.30
2028-2029	4.20	4.20
2029-2030	4.00	4.00
2030-2031	3.90	3.90
2040-2041	3.90	3.90
2050-2051	3.80	3.80
2060-2061	3.80	3.80
2070-2071	3.50	3.50
2080-2081	3.30	3.30
2090-2091	3.30	3.30
2100-2101	3.30	3.30

For purposes of applying the Entry Age Normal Cost method, the healthcare trend prior to the valuation date are based on the ultimate rates, which are 3.7% for medical and pharmacy.

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:

Rail Member (LI Bus, LIRR, Metro-North and SIRTOA): 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 97% .RP-2000 Employee Mortality Table for Males and Females with blue-collar adjustments.

Expected Rate of Return on Investments—The best-estimate range for the long-term expected rate of return is 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.

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
US cash	100.00 %	(0.26)%
Long term expected rate of return selected by MTA		2.06 %

Discount Rate—The discount rate used in this valuation to measure the total OPEB liability was updated to incorporate GASB Statement No. 75 guidance.

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 of 2.06% and December 31, 2020 of 2.12%.

Sensitivity of the MTA Metro-North Railroad's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate—The following presents the MTA Metro-North Railroad's proportionate share of the net OPEB liability, as well as what the MTA Metro-North Railroad'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, 2022	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
		(in thousands)	
Proportionate share of the net OPEB liability	$2,144,395	$1,854,464	$1,619,227

December 31, 2021	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
		(in thousands)	
Proportionate share of the net OPEB liability	$ 2,335,319	$ 2,028,743	$ 1,777,989

Sensitivity of the MTA Metro-North Railroad's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates—The following presents the MTA Metro-North Railroad's proportionate share of the net OPEB liability, as well as what the MTA Metro-North Railroad'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, 2022	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(in thousands)	
Proportionate share of the net OPEB liability	$1,57,256	$1,854,464	$ 2,212,146

December 31, 2021	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(in thousands)	
Proportionate share of the net OPEB liability	$ 1,711,765	$ 2,028,743	$ 2,434,804

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

(4) OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2022 and December 31, 2021, the MTA Metro-North Railroad recognized OPEB expense of $131,746 and $172,353, 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 an 8.1 year closed period, beginning the year in which the deferred amount occurs.

The MTA Metro-North Railroad reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	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	$ 30,778	$ 3,118	$ 16,034	$ 4,156
Changes in the assupmtions	145,067	109,137	195,589	88,960
Changes in proportion	108,517	199,099	128,561	28,491
Net difference between projected and actual earnings on OPEB plan investments	3,501		5,032	
Employer contributions to the plan subsequent to the measurement of net OPEB liability	64,075		58,925	
Total	$ 351,938	$ 311,354	$ 404,141	$ 121,607

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	$ (623)
2024	(1,262)
2025	(6,229)
2026	(3,395)
2027	1,877
Thereafter	(13,857)
	$(23,491)

9. LEASES

MTA Metro-North entered into various lease agreements that convey control of the right to use other entities' nonfinancial assets. The initial measurement of MTA Metro-North leased asset and lease liability for those agreements was as of January 1, 2021. The lease liability was reduced as payments were made, and an outflow of resources for interest on the liability was recognized. The lease asset is amortized ion 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 were recognized on the lease receivable and an inflow of resources from the deferred inflow of resources were recognized on a straight-line basis over the term of the lease.

As Lessor

MTA leases its land, building, station space, equipment, and right of way to other entities. These leases have terms between 1 year to 90 years, with payments required monthly, quarterly, semi-annually, or annually. In addition, MTA also receives payments for variable leases and operating expenses associated with spaces that are not included in the measurement of lease receivable.

The total amount of inflows of resources recognized for the years ended December 31, 2022 and 2021 is presented below:

	2022	2021
Lease Revenue	$ 23,882	$ 22,695
Interest Revenue	3,284	3,121
Other Variable	4,533	3,267

The balance of lease receivable as of December 31, 2022 was $132,168 of which, $21,050 was included in current assets and $111,118 was included in non-current assets in the Consolidated Statement of Net Position. MTA recognized $43 revenue associated with residual value guarantees and termination penalties. The principal and interest requirements to maturity for the lease receivable subsequent to December 31, 2022, are as follows:

Year Ended December 31	Principal	Interest	Total
2023	21,050	2,967	24,017
2024	19,704	2,522	22,226
2025	18,933	2,087	21,020
2026	17,846	1,654	19,500
2027	14,715	1,251	15,966
2028 - 2032	38,522	1,863	40,385
2033 - 2037	476	182	658
2038 - 2042	404	124	528
2043 - 2047	258	63	321
2048 - 2052	99	46	145
2053 - 2057	2	30	32
2058 - 2062	3	29	32
2063 - 2067	3	29	32
2068 - 2072	4	28	32
2073 - 2077	5	27	32
2078 - 2082	6	26	32
2083 - 2087	7	25	32
2088 - 2092	8	23	31
2093 - 2097	11	22	33
2098 - 2102	13	19	32
2103 - 2107	15	17	32
2108 - 2112	83	9	92
			0
Total	**132,167**	**13,043**	**145,210**

As Lessee

MTA Metro-North leases building, office space, storage space, equipment, vehicle, and cell tower space from other entities. These leases have terms between 1 year to 40 years, with payments required monthly, quarterly, or annually. Lease liabilities are measured at the present value of payments expected to be made during the lease term, using MTA'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.

On August 29, 2013, MTA Metro-North Railroad entered into a Fourth Lease Modification, Extension and Expansion Space Agreement with SLG Graybar Mesne Lease, LLC for space at 420 Lexington Ave, New York, NY 10170 also known as the Graybar Building ("Graybar"). This agreement extends the lease term originally expiring in 2016, for an additional term of approximately 20 years. In addition, the agreement grants the Company expanded square footage. Due to the adoption of GASB Statement No. 87 *Leases*, the Graybar capital lease was converted to a GASB 87 lease.

The amount of lease expense recognized for variable payment not included in the measurement of lease liability was $1,714 for the year ended December 31, 2022 and $2,241 for the year ended December 31, 2021. MTA Metro-North recognized $0 expense attributable to residual value guarantees and termination penalties for 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:

Year Ended December 31	Principal	Interest	Total
2023	12,719	7,255	19,974
2024	12,038	6,894	18,932
2025	13,506	6,517	20,022
2026	14,108	6,102	20,210
2027	14,457	5,673	20,131
2028-2032	83,890	21,283	105,173
2033-2037	43,129	9,845	52,974
2038-2042	13,705	6,593	20,298
2043-2047	16,534	3,764	20,298
2048-2052	13,223	662	13,885
Total	**237,309**	**74,589**	**311,898**

10. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

A summary of activity in estimated liability arising from claims related to injuries to persons, including employees, and damage to third-party property, for the years ended December 31, 2022 and 2021, is presented below:

($ in thousands)	**2022**	**2021**
Balance—beginning of year	$58,203	$ 64,597
Activity during the year:		
Current year claims and changes in estimates	17,353	7,748
Claims paid—settlements only	(19,675)	(14,142)
Balance—end of year	55,881	58,203
Less current portion	(11,888)	(12,253)
Long-term liability	$ 43,993	$ 45,950

11. ESTIMATED LIABILITY FOR POLLUTION REMEDIATION OBLIGATIONS

MTA Metro-North Railroad has implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The statement establishes standards for determining when expected pollution remediation outlays should be accrued as a liability or, if appropriate, capitalized. An operating expense and corresponding liability, measured at its current value using the expected cash flow method, have been recognized for certain pollution remediation obligations that are no longer able to be capitalized as a component of a capital project.

Pollution remediation obligations, which are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations, occur when any one of the following obligating events takes place:

- An imminent threat to public health due to pollution exists
- MTA Metro-North Railroad is in violation of a pollution prevention-related permit or license
- MTA Metro-North Railroad is named by a regulator as a responsible or potentially responsible party to participate in remediation
- MTA Metro-North Railroad is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities, or
- MTA Metro-North Railroad voluntarily commences or legally obligates itself to commence remediation efforts

MTA Metro-North Railroad does not anticipate any changes in the near future that would have a material impact on the recorded obligations due to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. In addition, MTA Metro-North Railroad does not expect any recoveries of cost that would have a material effect on the recorded obligations.

In accordance with GASB Statement No. 49, pollution remediation expense provisions totaling $0.14 million and ($0.2) million were recorded on the Statement of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2022 and 2021, respectively. The expense provision was measured at its current value utilizing the prescribed expected cash flow method.

As of December 31, pollution remediation liabilities of $0.70 million (short-term) and $2.6 million (long-term) for 2022 and $.70 million (short-term) and $4.3 million (long- term) for 2021 were recorded. These consist primarily of future remediation activities associated with lead and asbestos abatement.

12. RELATED PARTY TRANSACTIONS

The MTA Metro-North Railroad and other affiliated MTA agencies receive support from MTA in the form of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, some of which are charged back. The MTA Metro-North Railroad's subsidies from MTA for use in operations are recorded as credits to operations when received. Funds for the MTA Metro-North Railroad's capital project expenditures are also provided by MTA. The MTA Metro-North Railroad recognizes funds contributed by MTA for the MTA Metro-North Railroad's capital project expenditures as nonoperating revenue.

The MTA Metro-North Railroad also sells joint prevalued fare cards on consignment on behalf of an affiliated agency. These amounts are reflected in the accompanying statements of net position. The following table shows the dollar volume of such related party transactions at December 31, 2022 and 2021:

Payments to MTA and affiliated agencies	$134,414	$ 198,925
Payments from MTA and affiliated agencies	79,266	108,790

The resulting receivables and payables from the above transactions are recorded in the due from/to MTA and affiliated agencies account included in the accompanying statements of net position.

Due from/to MTA and affiliated agencies consists of the following at December 31, 2022 and 2021:

($ in thousands)	**2022**		**2021**	
	Receivable	**(Payable)**	**Receivable**	**(Payable)**
MTA	$ 723,017	$ (198,461)	$ 179,736	$ (108,373)
Affiliated agencies	153	(3,229)	125	(8,691)
Total MTA and affiliated agencies	$ 723,170	$(201,690)	$ 179,861	$ (117,064)

In addition, MTA Metro-North Railroad had investments in the MTA Investment Pool of $12,439 and $152,808 at December 31, 2022 and 2021, respectively.

On July 29, 1998, the MTA, the MTA New York City Transit and Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels") entered into a lease and related agreements whereby each agency, as sub lessees, will rent an office building at Two Broadway in lower Manhattan, for an initial lease term through June 30, 2048, renewable for two additional 15-year terms. Through separate triple-net sublease agreements, the lease was appointed 21% to MTA, on behalf of the MTA Long Island Railroad and the MTA Metro-North Railroad, 68.7% to the MTA New York City Transit, and 10.3% to the MTA Bridges and Tunnels. Total annual rental payments over the initial lease term are $1.6 billion. Base building and tenant improvements at Two Broadway were financed through the issuance by MTA of Two Broadway Certificates of Participation. The MTA Long Island Railroad and the MTA Metro-North Railroad are obligated to pay 21% of the ground lease payments and payments relating to the Two Broadway Certificates of Participation.

Pursuant to an agreement by and among the MTA, the MTA Long Island Railroad, the MTA Metro-North Railroad, the MTA New York City Transit and the MTA Bridges and Tunnels; the MTA New York City Transit and the MTA Bridges and Tunnels have agreed to reimburse the MTA Long Island Rail Road and the MTA Metro-North Railroad for the space occupied by the MTA New York City Transit and the MTA Bridges and Tunnels. Presently, the MTA, the MTA New York City Transit and the MTA Bridges and Tunnels occupy substantially all of the space at Two Broadway and rent is paid directly to the landlord.

13. OTHER LONG-TERM LIABILITIES

A summary of activity in other long-term liabilities for the years ended December 31, 2022 and 2021, is presented below:

($ in thousands)	**2022**	**2021 (Restated)**
Balance—beginning of year	$ 15,975	$ 50,643
Activity during the year:		
Deferred payroll taxes	13,099	(13,099)
Deferred rent on lease	-	(21,501)
Other	(749)	(68)
Balance—end of year	$ 2,846	$ 15,975

14. COMMITMENTS AND CONTINGENCIES

From time to time, the MTA Metro-North Railroad becomes aware of the existence of pollutants and/or hazardous waste at MTA Metro-North Railroad facilities. When estimates can be made of the cost to remediate pollutants and/or hazardous waste at MTA Metro-North Railroad facilities, amounts are recorded in the financial statements.

Management has reviewed with counsel all actions and proceedings against or involving the MTA Metro-North Railroad, including personal injury claims. While the ultimate outcome of such actions and proceedings cannot be predicted with certainty at this time, management believes that losses, if any, in excess of amounts accrued, resulting from such actions will not be material to the financial position, results of operations or cash flows of the MTA Metro- North Railroad.

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 MTA Metro- North Railroad have been infrequent in prior years.

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 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.

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's $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 ($0.6 billion) and January 2022 ($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 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 An additional estimated $100 million is expected to be submitted for the period ended December 31, 2022

16. SUBSEQUENT EVENTS

The company has evaluated all subsequent events through April 16, 2023, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2022.

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 MTA Metro-North's portion of the MTA Defined Benefit Plan for each year were $140.59 and $135.60, respectively.

On January 25,2023 Grand Central Madison, 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 scheduled on February 27, 2023. As one of the MTA's East Side Access projects, and costing approximately $11 billion, Grand Central Madison extends Long Island Rail Road to Grand Central Terminal and projects to cut commute time by as much as 40 minutes per day (round-trip) for some customers.

* * * * * *

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE METRO-NORTH COMMUTER RAILROAD COMPANY CASH BALANCE PLAN AT DECEMBER 31:
(In thousands, except %)

	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY:							
Service cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	11	14	18	20	21	24	29
Effect of liability gains and losses				(11)	12	(15)	(10)
Effect of assumption changes or inputs	15	11	4				18
Effect of economic/ demographic (gains) or losses	(11)	10					
Benefit payments and withdrawals	(38)	(105)	(53)	(58)	(71)	(77)	(113)
Net change in total pension liability	(23)	(70)	(31)	(49)	(38)	(68)	(76)
TOTAL PENSION LIABILITY—Beginning	378	448	479	528	566	634	710
TOTAL PENSION LIABILITY—Ending(a)	355	378	448	479	528	566	634
FIDUCIARY NET POSITION:							
Employer contributions	0	9		5		23	18
Net investment income	(5)	32	40		20	16	6
Benefit payments and withdrawals	(38)	(105)	(53)	(58)	(71)	(77)	(113)
Administrative expenses	0	3	(3)				3
Net change in plan fiduciary net position	(43)	(61)	(16)	(53)	(51)	(38)	(86)
PLAN FIDUCIARY NET POSITION—Beginning	394	455	471	523	574	612	698
PLAN FIDUCIARY NET POSITION—Ending(b)	351	394	455	471	523	574	612
EMPLOYER'S NET PENSION LIABILITY—Ending(a)-(b)	$ 4	$ (16)	$ (7)	$ 8	$ 5	$ (8)	$ 22
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	98.91%	104.20 %	101.45 %	98.28 %	99.01 %	101.39 %	96.56 %
COVERED-EMPLOYEE PAYROLL	$ -	$ -	$ 277	$ 278	$ 268	$ 648	$ 995
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	0%	%	(2.35)%	2.97 %	1.95 %	(1.22)%	2.20 %

Note: This schedule is intended to show information for ten years . Additional years will be displayed as they become available, in accordance

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IN THE MTA DEFINED BENEFIT PENSION PLAN AT DECEMBER 31:
(In thousands, except %)

	2021	2020	2019	2018	2017	2016	2015
PROPORTION OF THE NET PENSION LIABILITY	34.21%	34.72 %	35.10 %	35.24 %	36.10 %	36.33 %	35.43 %
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 572,890	$ 672,605	$ 605,988	$ 494,107	$ 370,698	$ 460,804	$ 457,065
ACTUAL COVERED-EMPLOYEE PAYROLL	$ 676,909	$ 672,888	$ 653,851	$ 627,407	$ 589,000	$ 598,291	$ 562,928
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF THE AUTHORITY'S COVERED-EMPLOYEE PAYROLL	84.63%	100.04 %	92.68 %	78.75 %	62.94 %	77.02 %	81.19 %
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	77.45%	72.13 %	73.48 %	73.33 %	79.87 %	71.82 %	70.44 %

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

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S CONTRIBUTIONS TO ALL PENSION PLANS FOR THE YEARS ENDED DECEMBER 31:
(Amounts in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
MNR CASH BALANCE PLAN:								
Actuarially determined contribution	$ 4	$ -	$ -	$ 9	$ 5	$ -	$ 23	$ -
Actual employer contribution	4	-	-	9	5	-	23	14
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (14)
Covered payroll	$ -	$ -	$ 277	$ 278	$ 268	$ 471	$ 846	$ 1,474
Contributions as a % of covered payroll	- %	- %	- %	3.09 %	2.03 %	- %	2.68 %	0.96 %
MTA DEFINED BENEFIT PENSION PLAN:								
Actuarially determined contribution	$ 135,463	$ 133,645	$ 136,422	$ 122,819	$ 116,000	$ 114,407	$ 105,508	$ 96,983
Actual employer contribution	135,463	137,242	137,690	122,819	116,005	120,515	99,083	70,500
Contribution deficiency (excess)	$ -	$ (3,597)	$ (1,268)	$ -	$ (5)	$ (6,108)	$ 6,425	$ 26,483
Covered payroll	$ 676,909	$ 672,888	$ 697,241	$ 723,599	$ 698,639	$ 616,231	$ 596,129	$ 648,852
Contributions as a % of covered payroll	20.01%	20.40 %	19.75 %	16.97 %	16.60 %	19.56 %	16.62 %	10.87 %

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

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO SCHEDULE OF MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S CONTRIBUTIONS TO ALL PENSION PLANS

Except for the investment return and benefit escalator assumptions, all other assumptions used are consistent with the assumptions used in the January 1, 2021 Actuarial Valuation Report dated November 30, 2022. The following actuarial methods and assumptions were used in the January 1, 2021 funding valuation for the Metro-North Commuter Railroad Company Cash Balance Plan:

	MNR Cash Balance Plan
Valuation dates	January 1, 2021
Measurement date	December 31, 2021
Actuarial cost method	Unit Credit
Amortization method	One year amortization of the unfunded liability, if any.
Asset valuation Method	Actuarial value equals market value
Inflation	2.25 %
Actuarial assumptions:	
Discount rate	3.00 %
Investment rate of return	3.00%, net of investment expenses
Mortality	Based on experience of all MTA members reflecting mortality improvement generational basis using scale MP-2021
Salary increases	N/A
Cost-of-living adjustments	N/A

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 MTA Defined Benefit 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 noted for the January 1, 2020 funding valuation.

Changes of Assumptions

The report reflects updates to the mortality assumptions in accordance with a mortality experience study dated April 21,2022.

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY IN THE MTA OPEB PLAN
(In thousands, except %)

AT DECEMBER 31	2021	2020	2019	2018
PROPORTION OF THE NET OPEB LIABILITY	7.43%	8.31 %	7.75 %	7.92 %
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	$ 1,854,464	$ 2,028,743	$ 1,635,681	$ 1,553,115
ACTUAL COVERED-EMPLOYEE PAYROLL	$ 676,909	$ 682,336	$ 562,643	$ 698,639
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AS A PERCENTAGE OF THE AUTHORITY'S COVERED-EMPLOYEE PAYROLL	273.96%	297.32 %	290.71 %	22.31 %
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	0.00%	0.00%	1.93 %	1.86 %

Note: This schedule i s 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.

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S CONTRIBUTIONS TO THE MTA OPEB PLAN AND NOTES TO SCHEDULE OF CONTRIBUTIONS TO THE MTA OPEB PLAN FOR THE YEARS ENDED DECEMBER 31:
(In thousands, except %)

	2022	2021	2020	2019	2018
ACTUARIALLY DETERMINED CONTRIBUTION	N/A	N/A	N/A	N/A	N/A
ACTUAL EMPLOYER CONTRIBUTION [1]	$ 64,075	$ 58,925	$ 38,580	$ 57,345	$ 54,762
CONTRIBUTION DEFICIENCY (EXCESS)		N/A	N/A	N/A	N/A
COVERED PAYROLL	$676,909	$ 682,336	$ 562,643	$ 723,599	$ 698,639
ACTUAL CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	9.59%	8.64 %	6.86 %	7.92 %	7.84 %

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $18,457, $10,767, $19,322, $19,213, and $18,346 for the years ended December 31, 2022, 2021, 2020, 2019 and 2018, respectively.

Notes to Schedule of the MTA Metro-North Commuter Railroad Companies Contribution to the OPEB Plan:

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2021
Measurement date	December 31, 2021
Discount rate	2.06%, net of expenses
Inflation	2.30 %
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.25 %
Investment rate of return	2.06 %

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 was a change in assumptions. The discount rate used to measure liabilities was updated to incorporate GASB 75 guidance and changed to reflect the current municipal bond rate.

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.

DRAFT

Metropolitan Transportation Authority ("MTA")
MTA Bus Company

(Component Unit of the MTA)

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

DRAFT

MTA BUS COMPANY
(Component Unit of the MTA)

TABLE OF CONTENTS

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Opinion

We have audited the financial statements of MTA Bus Company (the "Company"), 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 Company'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 financial position of the Company as of December 31, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Company 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 opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Company is a component unit of the MTA. The MTA is a component unit of the State of New York. The Company requires significant subsidies from and has material transactions with MTA, The City of New York and the State of New York. Our opinion is 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 Company'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 opinion. 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 Company'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 Company'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 audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of MTA Bus's Proportionate Share of Net Pension Liability in the MTA Defined Benefit Plan, the Schedule of MTA Bus's Contributions for all Pension Plans, the Schedule of MTA Bus's Proportionate Share of Net OPEB Liability in the MTA OPEB Plan, and the Schedule and Notes to the Schedule of MTA Bus's Contributions to the MTA 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.

___________, 2023

MTA BUS COMPANY
(Component Unit of the MTA)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2022 AND 2021
($ in thousands, except as noted)

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction—The following is a narrative overview and analysis of the financial activities of MTA Bus Company ("MTA Bus" or the "Company")—Component Unit of the Metropolitan Transportation Authority for the years ended December 31, 2022 and 2021. It is intended to serve as an introduction to MTA Bus's financial statements, which have the following Components: (1) Management's Discussion and Analysis ("MD&A"), (2) Financial Statements, (3) Notes to Financial Statements, and (4) Required Supplementary Information.

Management's Discussion and Analysis—The MD&A provides an assessment of how MTA Bus's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected MTA Bus's overall financial position. It may contain opinions, assumptions or conclusions by MTA Bus's management that should not be considered a replacement for and must be read in conjunction with the financial statements described below.

Financial Statements—The Statements of Net Position provide information about the nature and amounts of resources with present service capacity that MTA Bus presently controls (assets), consumption of net assets by MTA Bus that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that MTA Bus has little or no discretion to avoid (liabilities), and acquisition of net assets by MTA Bus 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 Statements of Revenues, Expenses and Changes in Net Position, show how MTA Bus's net position changed during the year. It accounts for all the current year's revenues and expenses, measures the financial results of MTA Bus's operations over the past year and can be used to determine how MTA Bus has funded its costs.

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

Notes to Financial Statements—The Notes to Financial Statements provide information that is essential to understanding the basic financial statements, such as MTA Bus's accounting methods and policies, details of cash and investments, capital assets, employee benefits, lease transactions and future commitments and contingencies of MTA Bus. Any other events or developing situations that could materially affect MTA Bus's financial position, results of operations and cash flows.

Required Supplementary Information (Unaudited)—The Required Supplementary Information provides information concerning MTA Bus's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

FINANCIAL REPORTING ENTITY

MTA Bus is a public benefit corporation established pursuant to the New York State Public Authorities Law, to operate local and express bus service within The City of New York ("The City"). MTA Bus is a Component Unit of the Metropolitan Transportation Authority, which is a Component Unit of the State of New York 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.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the changes in MTA Bus's financial position for the years ended December 31, 2022 and 2021. The changes from year to year are due to, among other things, the continuing purchase of new buses. It should be noted that for purposes of MD&A, summaries of the financial statements and tables presented conform to MTA Bus's financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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

				Increase (Decrease)	
(In thousands)	**2022**	**2021 (Restated)**	**2020**	**2022–2021**	**2021–2020 (Restated)**
Capital assets, at cost	$ 1,047,034	$ 1,075,536	$ 1,014,246	$ (28,502)	$ 61,290
Accumulated depreciation & amortization	(583,276)	(665,418)	(650,032)	82,142	(15,386)
Capital assets, net	463,758	410,118	364,214	53,640	45,904
Total current assets	838,495	347,837	214,212	490,658	133,625
Total assets	1,302,253	757,955	578,426	544,298	179,529
Deferred outflows of resources	383,834	402,923	360,303	(19,089)	42,620
Total assets and deferred outflows of resources	$ 1,686,087	$ 1,160,878	$ 938,729	$ 525,209	$ 222,149

Significant Changes in Assets Includes:

December 31, 2022 versus 2021

MTA Bus's Capital assets, at cost amounted to $1,047.0 million and $1,075.5 million as of December 31, 2022 and 2021, respectively. Of the December 31, 2022, total buses accounted for 63.7%, facilities and yards, data processing equipment and other were 5.5%, service vehicles were 0.3%, assets under construction consisting of buses and facility upgrades were 4.4%, and capital non bus were 26.1%.

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

Capital assets, net increased from December 31, 2021 by $53.6 million or 13.1%. The net increase is comprised of additions to fixed assets of $102.3 million (127 buses placed in service), offset by asset disposals of ($132.4) million (264 buses fully depreciated/disposed), less depreciation of ($49.7) million, offset by asset disposals of $132.4 million. The additions included $80.6 million for buses placed in service, $12.1 million for the new fare payment system and $9.6 million to assets under construction for the Spring Creek, JFK, College Point, Eastchester and LaGuardia depot renovations and upgrades.

Total current assets increased by $490.7 million or 141.1% compared with the prior year. This is due to increases in due from affiliates of $525.0 million, subsidy receivable from New York City of $3.2 million, other subsidy receivable of $9.7 million, other receivable of $1.0 million and materials and supplies of $1.3 million. These increases were offset by a decrease in cash of $0.3 million, decrease in invested funds at MTA of $48.7 million and a decrease in prepaid expenses of $0.5 million.

Other assets include, but are not limited to: cash, restricted and unrestricted investments, State and regional mass transit taxes receivables from New York City. This also includes the receivables from leases of MTA Bus's land, buildings, equipment, and right of way to third parties as a result of implementation of GASB No. 87, *Leases*. Refer to Note 2 for additional information.

Deferred outflows of resources reflect changes in fair market values of hedging derivative instruments that are determined to be effective, unamortized loss on debt refunding, deferred outflows from pension activities, and deferred outflows from OPEB activities.

MTA Bus is reporting deferred outflows of resources related to pension liabilities of $173.8 million at December 31, 2022. See Note 7 to the financial statements for more information regarding MTA Bus's pensions.

MTA Bus is reporting deferred outflows of resources related to OPEB liabilities of $210.0 million at December 31, 2022. See Note 8 to the financial statements for more information regarding MTA Bus's other postemployment benefits.

December 31, 2021 versus 2020

MTA Bus's Capital assets, at cost amounted to $1,075.5 million and $1,014.2 million as of December 31, 2021 and 2020, respectively. Of the December 31, 2021, total buses accounted for 66.8%, facilities and yards, data processing equipment and other were 5.3%, service vehicles were 0.3%, assets under construction consisting of buses and facility upgrades were 5.3%, and capital non bus were 22.3%.

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

Capital assets, net increased from December 31, 2020 by $45.9 million or 12.6%. The net increase is comprised of additions to fixed assets of $62.2 million less depreciation of $16.3 million. The additions included $39.1 million for buses placed in service and $23.1 million to assets under construction for the Spring Creek, JFK, College Point, Eastchester and LaGuardia depot renovations and upgrades.

Total current assets increased by $133.6 million or 62.4% compared with the prior year. This is due to increases in cash of $0.2 million, due from affiliates of $75.1 million, invested funds at MTA of $57.5 million, subsidy receivable from New York City of $0.65 million, other receivable of $0.2 million and materials and supplies of $0.05 million. These increases were offset by a decrease in prepaid expenses of $0.1 million.

Other assets include, but are not limited to: cash, restricted and unrestricted investments, State and regional mass transit taxes receivables from New York City. This also includes the receivables from leases of MTA Bus's land, buildings, equipment, and right of way to third parties as a result of implementation of GASB No. 87, *Leases*. Refer to Note 2 for additional information.

Deferred outflows of resources reflect changes in fair market values of hedging derivative instruments that are determined to be effective, unamortized loss on debt refunding, deferred outflows from pension activities, and deferred outflows from OPEB activities.

MTA Bus is reporting deferred outflows of resources related to pension liabilities of $187.0 million at December 31, 2021. See Note 7 to the financial statements for more information regarding MTA Bus's pensions.

MTA Bus is reporting deferred outflows of resources related to OPEB liabilities of $215.9 million at December 31, 2021. See Note 8 to the financial statements for more information regarding MTA Bus's other postemployment benefits.

Total Liabilities, Distinguishing Between Current and Noncurrent Liabilities and Deferred Inflows of Resources

				Increase (Decrease)	
(In thousands)	**2022**	**2021 (Restated)**	**2020**	**2022–2021**	**2021–2020 (Restated)**
Total current liabilities	$ 199,812	$ 217,349	$ 247,850	$ (17,537)	$ (30,501)
Total noncurrent liabilities	1,589,878	1,559,168	1,469,274	30,710	89,894
Total liabilities	1,789,690	1,776,517	1,717,124	13,173	59,393
Total deferred inflows of resources	218,016	203,402	185,781	14,614	17,621
Total liabilities and deferred inflows of resources	$ 2,007,706	$ 1,979,919	$ 1,902,905	$ 27,787	$ 77,014

Significant Changes in Liabilities Includes:

December 31, 2022 versus 2021

At the end of 2022, MTA Bus's total liabilities consisted primarily of postemployment benefits, 50.2%, injuries to persons (workers compensation and public liability), 26.8%, and net pension liability, 14.3%.

Total current liabilities decreased from December 31, 2021 to December 31, 2022 by $17.5 million or 8.1%. The decrease was due to a decrease in accrued expenses of $17.7 million, and a decrease in due to MTA and affiliated agencies of $5.1 million. These decreases were offset by an increase in accounts payable of $5.3 million.

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

Total noncurrent liabilities increased from December 31, 2021 to December 31, 2022 by $30.7 million or 2.0%. The increase was due to an increase in postemployment benefits other than pensions of $34.2 million and an increase in liabilities from injuries to persons of $39.6 million. These increases were offset by a decrease in net pension liability of $43.0 million and a decrease in pollution remediation of $0.1 million.

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

Deferred inflows of resources reflect unamortized gains on debt refunding, pension related deferred inflows, and deferred inflows from OPEB activities. 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 was recognized. Refer to footnote 2 for additional information.

MTA Bus is reporting deferred inflows of resources related to pension liabilities of $96.6 million at December 31, 2022. See Note 7 to the financial statements for more information regarding MTA Bus's pensions.
MTA Bus is reporting deferred inflows of resources related to OPEB liabilities of $121.4 million at December 31, 2022. See Note 8 to the financial statements for more information regarding MTA Bus's postemployment benefits.

December 31, 2021 versus 2020

At the end of 2021, MTA Bus's total liabilities consisted primarily of postemployment benefits, 48.6%, injuries to persons (workers compensation and public liability), 25.0%, and net pension liability, 16.8%.

Total current liabilities decreased from December 31, 2020 to December 31, 2021 by $30.5 million or 12.3%. The decrease was due to a decrease in accounts payable of $6.0 million, and a decrease in due to MTA and affiliated agencies of $40.0 million. These decreases were offset by an increase in accrued expenses of $15.5 million.

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

Total noncurrent liabilities increased from December 31, 2020 to December 31, 2021 by $89.9 million or 6.1%. The increase was due to an increase in postemployment benefits other than pensions of $50.7 million, an increase in liabilities from injuries to persons of $44.0 million, and an increase in net pension liability of $3.6 million. These increases were offset by a decrease in deferred payroll taxes of $7.8 million and a decrease in pollution remediation of $0.6 million.

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

Deferred inflows of resources reflect unamortized gains on debt refunding, pension related deferred inflows, and deferred inflows from OPEB activities. 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 was recognized. Refer to footnote 2 for additional information.

MTA Bus is reporting deferred inflows of resources related to pension liabilities of $83.6 million at December 31, 2021. See Note 7 to the financial statements for more information regarding MTA Bus's pensions.

MTA Bus is reporting deferred inflows of resources related to OPEB liabilities of $119.8 million at December 31, 2021. See Note 8 to the financial statements for more information regarding MTA Bus's postemployment benefits.

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

(In thousands)	2022	2021 (Restated)	2020	Increase (Decrease) 2022–2021	Increase (Decrease) 2021–2020 (Restated)
Net investment in capital assets	$ 463,758	$ 410,118	$ 364,214	$ 53,640	$ 45,904
Unrestricted (deficit)	(785,376)	(1,229,159)	(1,328,390)	443,783	99,231
Total net position	$ (321,618)	$ (819,041)	$ (964,176)	$ 497,423	$ 145,135

Net position represents the residual interest in MTA Bus's assets after liabilities are deducted and consist of two component units: net investment in capital assets, and unrestricted. Net investment in capital assets, include capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Other net positions are unrestricted.

In 2022, the total net position increase of $0.04 million is primarily due to a restatement as a result of the implementation of GASB No. 87, *Leases*. Refer to Note 2 for additional information.

Significant Changes in Net Position Includes:

December 31, 2022 versus 2021

Total net position was ($321.6) million at the end of 2022, a net increase of $497.4 million from the end of 2021. The net increase was comprised of capital contributions of $101.8 million, net non-operating income of $1,126.2 million, offset by operating losses ($730.6) million, and restatement of beginning of net position of $0.04 million, mainly due to the effect of adopting GASB STATEMENT NO. 87, LEASES.

December 31, 2021 versus 2020

Total net position was ($819.0) million at the end of 2021, a net increase of $145.1 million from the end of 2020. The net increase was comprised of capital contributions of $90.4 million, net non-operating income of $789.0 million, offset by operating losses ($734.3) million.

DRAFT

Condensed Statements of Revenues, Expenses and Changes in Net Position

(In thousands)	Year Ended December 31, 2022	2021 (Restated)	2020
Total operating revenues	$ 186,802	$ 146,738	$ 102,530
Total operating expenses	(917,395)	(881,039)	(837,788)
Operating loss	(730,593)	(734,301)	(735,258)
Nonoperating revenues			
Operating subsidies from NYC	525,054	456,587	349,348
Other nonoperating revenue	601,180	332,423	359,938
Total nonoperating revenues	1,126,234	789,010	709,286
Gain (loss) before capital contributions	395,641	54,709	(25,972)
Capital contributions	101,818	90,425	31,252
Changes in net position	497,459	145,134	5,280
Net position, beginning of year	(819,041)	(964,176)	(969,456)
RESTATEMENT OF BEGINNING NET POSITION (Note 2)	(36)	-	-
Net position, end of year	$ (321,618)	$ (819,042)	$ (964,176)

Revenues from Fares/Ridership:

December 31, 2022 versus 2021

Bus revenues from fares totaled $163.4 million in 2022 versus $140.2 million in 2021, an increase of $23.3 million, resulting from increased ridership.

Total passenger ridership was 82.6 million in 2022 versus 71.4 million in 2021, an increase of 11.2 million, or 15.6%. This increase may be attributed to increased use of public transportation as vaccinations against COVID-19 increased.

December 31, 2021 versus 2020

Bus revenues from fares totaled $140.2 million in 2021 versus $95.4 million in 2020, an increase of $44.8 million, resulting from increased ridership and resumption of fare collection which was suspended during the outbreak of the Coronavirus pandemic in March 2020.

Total passenger ridership was 71.4 million in 2021 versus 45.8 million in 2020, an increase of 25.6 million, or 55.9%. This increase may be attributed to increased use of public transportation as vaccinations against COVID-19 increased.

Operating Expenses, by Major Function

(In thousands)	2022	2021 (Restated)	2020	Increase (Decrease) 2022–2021	Increase (Decrease) 2021–2020 (Restated)
Salaries and wages	$ 394,230	$ 390,098	$ 389,210	$ 4,132	$ 888
Retirement and other employee benefits	205,884	206,037	191,368	(153)	14,669
Postemployment benefits other than pensions	73,395	69,220	75,698	4,175	(6,478)
Fuel	40,677	23,657	14,035	17,020	9,622
Electric power	2,437	2,139	1,601	298	538
Insurance	5,440	5,212	4,602	228	610
Public liability claims	50,004	40,094	15,639	9,910	24,455
Materials and supplies	40,286	37,990	40,724	2,296	(2,734)
Professional services	25,613	26,959	24,417	(1,346)	2,542
Pollution remediation services	119	11	715	108	(704)
Maintenance and other operating expenses	25,269	28,960	29,750	(3,691)	(790)
Depreciation and amortization	49,206	47,062	47,472	2,144	(410)
Other business expenses	4,827	3,600	2,557	1,227	1,043
Interest expense operating	8	-	-	8	-
Total operating expenses	$ 917,395	$ 881,039	$ 837,788	$ 36,356	$ 43,251

December 31, 2022 versus 2021

Total operating expenses increased by $36.4 million or 4.1% versus the prior year, as follows:

- Salaries and wages exceeded 2021 by $4.1 million or 1.1%, due to increased salaries resulting from contract settlements/retroactive wage accruals.
- Retirement and other employee benefits decreased by $0.2 million.
- Postemployment benefits other than pensions increased by $4.2 million in accordance with the provisions of GASB 75.
- Fuel costs increased by $17.0 million or 71.9%, due to higher prices and the resumption of bus service that was previously reduced due to the Coronavirus pandemic.
- Insurance expense increased by $0.2 million or 4.4%, due to higher premiums. This is comprised of excess liability, property and other insurance coverage paid under the MTA All-Agency insurance programs.
- Public liability and no fault claims increased by $9.9 million. This resulted from increased exposure as ridership increased by 15.6% in 2022 vs 2021.
- MTA Bus relies extensively on professional services provided by other MTA agencies, particularly NYC Transit, the Business Service Center, and MTA Headquarters. Professional service contracts decreased by $1.3 million.
- Other business expenses increased by $1.2 million. This includes Automated Fare Collection (“AFC”) revenue collection fees paid to New York City Transit Authority, debit/credit card fees from the OMNY fare payment system, office supplies and other miscellaneous charges.

December 31, 2021 versus 2020

Total operating expenses increased by $43.2 million or 5.2% versus the prior year, as follows:

- Salaries and wages exceeded 2020 by $0.9 million or 0.2%, due to increased salaries resulting from contract settlements/retroactive wage accruals.
- Retirement and other employee benefits increased by $14.7 million.
- Postemployment benefits other than pensions decreased by $6.5 million in accordance with the provisions of GASB 75.
- Fuel costs increased by $9.6 million or 68.6%, due to higher prices and the resumption of bus service that was previously reduced due to the Coronavirus pandemic.
- Insurance expense increased by $0.6 million or 13.3%, due to higher premiums. This is comprised of excess liability, property and other insurance coverage paid under the MTA All-Agency insurance programs.
- Public liability and no fault claims increased by $24.5 million. This resulted from increased exposure as ridership increased by 55.9% in 2021 vs 2020.
- MTA Bus relies extensively on professional services provided by other MTA agencies, particularly NYC Transit, the Business Service Center, and MTA Headquarters. Professional service contracts increased by $2.5 million.
- Other business expenses increased by $1.0 million. This includes Automated Fare Collection ("AFC") revenue collection fees paid to New York City Transit Authority, debit/credit card fees from the OMNY fare payment system, office supplies and other miscellaneous charges.

Nonoperating Revenues and Expenses

As defined by the letter of agreement between The City of New York ("The City") and MTA, The City is to provide operating assistance subsidies to MTA Bus. These subsidies amounted to $525.1 million and $456.6 million in 2022 and 2021, respectively.

Since the outbreak of the Coronavirus pandemic in March 2020, federal legislative actions have provided additional subsidies to MTA Bus. The first was the CARES Act, which provided $335.5 million to MTA Bus in 2020. Subsequently, MTA Bus was allocated $308.5 million through the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") in 2021. Finally, MTA Bus was allocated $547.4 million in ARPA funds in 2022.

In 2022, pursuant to MTA Board approval, MTA Bus received $12.3 million in discretionary Mortgage Recording Tax—2 ("MRT-2") monies as a subsidy from the MTA. The funds were used to pay commercial paper debt totaling $1.7 million.

Capital contributions of $101.8 million in 2022 and $90.4 million in 2021 represent capital program funding from several sources including bonds, Federal, State and City funding.

Budget Highlights

Financial:

Total revenue from fares in 2022 was $163.4 million. Passenger revenue was up $23.3 million over 2021 levels, resulting from increased ridership.

Operations:

The focus on improving service, introducing new buses and performing scheduled maintenance on the bus fleet, as well as aggressive shop programs to improve the existing fleet yielded continued notable improvements in the reliability of the bus fleet. In addition, a significant level of facility work continued during 2022 to upgrade conditions and comply with environmental regulations. Additional work needs to be done to improve facility conditions in 2023 and beyond.

OVERALL FINANCIAL POSITION, RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Overall Financial Position and Results of Operations

MTA Bus is responsible for both the local and express bus operations of the seven previously private bus companies, consolidating their operations, maintaining current buses, purchasing new buses to replace the aging fleet currently in service, and adjusting schedules and route paths to better match travel demand. MTA Bus operates 44 local bus routes and 3 Select Bus Service routes in the Bronx, Brooklyn, and Queens; and 43 express bus routes between Manhattan and the Bronx, Brooklyn, or Queens. It has a fleet of 1,310 buses, which makes MTA Bus the 10th largest bus fleet in the United States and Canada, serving nearly 400,000 riders daily.

Between 2005 and 2022, MTA Bus purchased 754 new high capacity, high customer amenity express buses, 389 new environmentally friendly hybrid electric local buses, 213 new compressed natural gas (CNG) buses, 128 new low-floor articulated buses, and 45 new standard buses.

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.

Preliminary 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 compared with the fourth quarter of 2021, MTA New York City Transit subway ridership increased by 33.9 million trips (13.9%), MTA New York City Transit bus decreased by 72 thousand trips (-0.1%), MTA Long Island Rail Road ridership increased by 2.9 million trips (25.3%), MTA Metro-North Railroad increased by 3.6 million trips (34.4%), MTA Bus increased by 423 thousand trips (2.0%), and MTA Staten Island Railway increased by 32 thousand trips (6.3%). Vehicle traffic at MTA Bridges and Tunnels facilities in 2022 exceeded 2020 levels by 73.1 million crossings (28.9%), and B&T traffic in the fourth quarter, compared with the fourth quarter of 2021, was up 1.4 million crossings (1.7%).

The Central Business District Tolling Program (CBDTP) was authorized by the MTA Reform and Traffic Mobility Act and enacted in April 2019. The CBDTP will impose a toll for vehicles entering or remaining in the Central Business District (CBD), which is defined as Manhattan south of and inclusive of 60th Street, not including 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). If implemented, changes in travel patterns are predicted as drivers to the CBD may avoid the toll by switching to transit or other modes, taking alternative routes, or not making the trip. On August 10, 2022, the Environmental Assessment (EA) was released for public review as part of the formal public comment period, which also included six public hearings, and meetings of the Environmental Justice Technical Advisory Group and Environmental Justice Stakeholder Working Group. Subsequent to the closing of the public comment period on September 23, 2022, the FHWA and MTA began and are currently coordinating to review and respond to each of the thousands of comments received. Taking into account the EA analysis, the comments and responses to them, and any modifications as a result of those comments, FHWA will then determine whether there are no significant effects or whether any significant effects have been mitigated so they are no longer significant. If a favorable decision is issued by FHWA, a Finding of No Significant Impact (FONSI) will be issued and the notice to proceed to our contractor can follow. The contractor will have up to 310 days to complete the design, development, installation, and testing, and then commence toll collection.

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 percent. 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 and further actions and impacts will be noted as necessary in subsequent updates.

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 the MTA receiving $6.9 billion in aid from ARPA.

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.

Results of Operations— Bus revenues from fares totaled $163.4 million in 2022 versus $140.2 million in 2021. Total ridership was 82.6 million in 2022 versus 71.4 million in 2021, an increase in passenger ridership of 11.2 million, or 15.6%. The increase in revenue is attributable to increased ridership as vaccinations against COVID-19 increased and more people returned to the office. Calendar year 2022 ended with a $109.4 million cash surplus, while 2021 ended with a surplus of $158.1 million. This was attributable to the timing of New York City subsidy payments which cover shortfalls in working capital, and receipt of funds from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) during 2022. The MTA expects that, over time, Federal and State economic stimulus measures and the rebuilding of downtown infrastructure will further improve the New York City economy.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program—As last approved by the CPRB, the Bus Company's portion of the MTA's 2000-2004, 2005-2009, 2010-2014, 2015-2019 and 2020-2024 Capital Programs totaled $501.6 million, $152.0 million, $297.0 million, $376.0 million, and $870.4 million respectively.

On December 19, 2012, the MTA Board approved an amendment to the 2010-2014 Capital Program to add projects for the repair and restoration of MTA agency assets damaged as a result of Superstorm Sandy, which struck the region on October 29, 2012. The revised program provided for an additional $25.0 million to the Bus Company in Sandy recovery-related capital expenditures. On January 23, 2013, the amended program as submitted was deemed approved by the CPRB. On July 22, 2013, the MTA Board approved a further amendment to the 2010-2014 Capital Program to include specific revisions to planned projects and to include new resilience/mitigation initiatives in response to Superstorm Sandy. The further revised program provides for an additional $46.0 million to the Bus Company in resilience/mitigation-related capital expenditures. On August 27, 2013, the amended program as submitted was deemed approved by the CPRB. On July 28, 2014, the MTA Board approved an amendment to select elements of the MTA Sandy recovery-related capital expenditures and NYCT portions of the 2010-2014 Capital Program. The amendment transfers $46.0 million in resiliency/mitigation capital budget from the Bus Company to LIRR. On September 3, 2014, the amended program as submitted was deemed approved by the CPRB. On April 20, 2016, the MTA Board approved a fully funded 2015-2019 Capital Program. This submission was approved by the CPRB on May 23, 2016. On May 24, 2017, the MTA Board approved amendments to the 2010-2014 and the 2015-2019 capital programs primarily to reflect budgetary and funding adjustments to the Sandy program in the 2010-2014 Capital Program, and increasing support for priority projects in the 2015-2019 Capital Program. In the amendment to the 2010-2014 program, the $25.0 million originally budgeted for Bus Company's Sandy recovery project was adjusted to $15.0 million. The amended capital programs, as submitted, were deemed approved by the CPRB on July 31, 2017. On September 25, 2019, the MTA Board approved full amendments to the 2010-2014 and 2015-2019 capital programs reflecting updated project timing and cost estimates, new needs, and changing priorities. The amended 2010-2014 Capital Program adjusted the Bus Company's Sandy repair project to $11.0 million to reflect final project cost. The total value of Bus Company's core programs has not changed in both amendments. Also on September 25, 2019, the MTA Board approved a fully funded 2020-2024 Capital Program. This submission was approved by the CPRB on January 1, 2020.

As of December 31, 2022, $500.0 million has been committed under the 2000-2004 Program, of which $496.0 million has been expended. During 2022, 127 new buses were placed in service.

Among the projects included in the 2005-2009 MTA Bus Company Capital Program are initiatives to bring bus maintenance facilities up to a state of good repair and to replace heavy duty, non-revenue vehicles. As of December 31, 2022, $142.0 million has been committed under the 2005-2009 Program, of which $138.0 million has been expended.

The MTA Board approved 2010-2014 MTA Bus Company Capital Program, as last amended in 2019, includes projects to replace the aging bus fleet, replace outdated depot equipment, improve depot facilities, and repair Superstorm Sandy damaged MTA Bus facilities. As of December 31, 2022, $291.0 million has been committed under the 2010-2014 Program, of which $272.0 million has been expended.

The MTA Board approved 2015-2019 MTA Bus Company Capital Program, as last amended in 2019, includes projects to replace the aging bus fleet, replace outdated depot equipment, and improve depot facilities. As of December 31, 2022, $330.0 million has been committed under the 2015-2019 Program, of which $238.0 million has been expended.

The MTA Board approved 2020–2024 MTA Bus Company Capital Program, as last amended in 2022, includes projects to replace the aging bus fleet, replace outdated depot equipment, and improve depot facilities. As of December 31, 2022, $340.0 million has been committed under the 2020-2024 Program, of which $0.0 has been expended.

CAPITAL FINANCING

The MTA 2000-2004 Capital Program includes $501.6 million in capital projects for MTA Bus, a substantial portion of which is designed for bus fleet replacement. The MTA 2005-2009 Capital Program includes $152.0 million in capital projects for MTA Bus, which includes improvements to bus maintenance and storage facilities. The MTA 2010-2014 Capital Program, as last approved by the MTA Board on September 25, 2019, includes $297.0 million in capital projects for MTA Bus, which includes bus fleet replacement and depot improvements, plus an additional $11.0 million for Superstorm Sandy repairs. The MTA 2015-2019 Capital Program includes $376.0 million for MTA Bus, which includes bus fleet replacement and depot improvements. The 2020-2024 Capital Program includes $870.4 million for MTA Bus, which includes bus fleet replacement as well as depot and equipment investments.

The MTA Bus capital projects included in the MTA 2000-2004 Capital Program, the MTA 2005-2009 Capital Program, the MTA 2010-2014 Capital Program, the MTA 2015-2019 Capital Program, and the MTA 2020-2024 Capital Program are funded from a combination of Federal grants, city funds, MTA Bond proceeds, and other sources. The combined funding sources for the 2000-2004 MTA Bus Company Capital Program include $49.0 million in City funds, $327.6 million in MTA Bond proceeds, and $125.0 million from other sources. The combined funding sources for the 2005-2009 MTA Bus Company Capital Program include $107.7 million in Federal funds, $41.4 million in City funds, and $2.9 million from other sources. The combined funding sources for the 2010-2014 MTA Bus Company Capital Program, as last amended by the MTA Board in September 2019, include $203.6 million in Federal funds, $50.9 million in City funds and $42.5 million in MTA Bond proceeds. The MTA Bus Company will also receive $11.0 million in federal reimbursement proceeds for Superstorm Sandy repair. The combined funding sources for the 2015-2019 MTA Bus Company Capital Program, as last approved by the MTA Board, includes $133.0 million in Federal funds, $32.0 million in City funds, and $211.0 million in MTA Bond proceeds. The 2020-2024 MTA Bus Company Capital Program will be funded by a combination of Federal, City and local capital resources.

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 $7.0 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 McKinsey 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.

At the start of 2023, approximately $5.6 billion of COVID funds will remain. This funding will cover only a portion of the deficits projected for 2023 through 2026, which total $11.4 billion. The November Plan proposes to lower these deficits through a series of MTA actions, including applying COVID funds to offset MTA liabilities and cover a portion of the deficits in each year of the Plan. Alternatively, the remaining federal COVID funds could be spent to fully cover deficits in 2023 and 2024. This would result in much larger deficits starting in 2025. To close the 2023 deficit, and reduce the deficits in the out-years, several actions are being proposed beyond the actions proposed in the July 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.

New Government Funding or Additional MTA Actions - The 2023 budget assumes $600 million in additional government funding and/or additional MTA actions, both of which have not yet been specified. If no additional government funding is made available, MTA actions could include further expense reduction, additional revenues, or acceleration of federal COVID aid to achieve balance for 2023 that would have otherwise been used to reduce deficits in the years after 2023.

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.

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.

New Government Funding or Additional MTA Actions - The 2023 budget assumes $600 million in additional government funding and/or additional MTA actions, both of which have not yet been specified. If no additional government funding is made available, MTA actions could include further expense reduction, additional revenues, or acceleration of federal COVID aid to achieve balance for 2023 that would have otherwise been used to reduce deficits in the years after 2023.

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.

Labor Update

The status of MTA Bus's collective bargaining agreements is as follows:

- TWU Local 100
  - An MOU between MTA Bus Company and the TWU covering the period from May 16, 2019 through May 15, 2023 was approved by the MTA Board on January 23, 2020. Negotiations for a successor agreement began on April 17, 2023.
- ATU Local 1179
  - An Impasse Award was issued covering the contract period from May 2012 through October 2019. The Parties began negotiations for a successor agreement which were paused based on notice from MTA that a reevaluation of our budget and bargaining position is necessary in light of the financial burden resulting from the pandemic. The Union subsequently filed for impasse on or about August 4, 2020. The impasse award was issued on or about December 19, 2021 covering the term from November 1, 2019 to October 31, 2023.
- ATU Local 1181
  - An MOU covering the contract period from July 2012 through October 2019 was ratified by the MTA Board on July 25, 2018. An initial bargaining session was held on May 28, 2021, and the Parties are in the process of scheduling follow-up meetings.
- TWU Local 106, TSO (Transit Supervisors Organization)
  - An MOU between MTA Bus Company and TWU, Local 106 expired in 2013. The Parties proceeded to an Interest Arbitration and an award was issued on December 28, 2018, covering the period from June 8, 2013 through August 31, 2018. The Parties began negotiations for a successor agreement which were paused based on notice from MTA that a reevaluation of our budget and bargaining position is necessary in light of the financial burden resulting from the pandemic. The Union filed for impasse on or about June 11, 2020 and the case proceeded to hearing. The Parties entered into an MOU covering the period from September 2018 through December 2020, which was ratified by the Board on June 23, 2021.
- United Transit Leadership Organization (UTLO)
  - The UTLO and MTA Bus Company entered a preliminary MOU in November 2018, covering the period from November 2017 through June 2019. The Parties agreed to continue discussions

regarding finalizing an initial collective bargaining agreement, which is still pending. The Parties entered into a successor MOU covering the period from July 1, 2019 through December 31, 2021, which was ratified by the MTA Board on December 15, 2021.

- TWU Local 100 (Administrative Personnel)
  - The TWU was certified as the bargaining representative for certain administrative, professional and technical titles on or about December 18, 2017. The Parties entered a limited MOU covering the period through July 13, 2019. The Parties agreed to continue discussions regarding finalizing an initial collective bargaining agreement. The Parties have held some initial discussions.

CONTACTING MTA CONTROLLER'S OFFICE

This financial report is designed to provide our customers and other interested parties with a general overview of MTA Bus's finances and to demonstrate 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.

* * * * * *

DRAFT

MTA BUS COMPANY
(Component Unit of the MTA)

STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021
(Amounts in thousands)

	2022	2021 (Restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	$ 374	$ 690
Receivables:		
Due from MTA and other affiliated agencies (Note 13)	686,934	161,978
Invested funds at MTA (Note 4)	109,399	158,089
Subsidy due from New York City	8,789	5,543
Other subsidy	10,566	859
Other	1,379	429
Total receivables	817,067	326,898
Materials and supplies inventory—net of allowances of $2,827 and $2,634 in 2022 and 2021, respectively	15,839	14,494
Prepaid expenses and other current assets	5,215	5,756
Total current assets	838,495	347,838
CAPITAL ASSETS:		
Construction work in progress (Note 5)	45,613	68,706
Capital assets—net of accumulated depreciation and amortization (Note 5)	418,145	341,412
Capital assets—net (Note 5)	463,758	410,118
Total assets	1,302,253	757,955
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows for pensions (Note 7)	173,796	186,993
Deferred outflows for OPEB (Note 8)	210,038	215,930
Total Deferred Outflows of Resources	383,834	402,923
TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,686,087	$ 1,160,878
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 7,678	$ 2,388
Accrued expenses:		
Salaries, wages and payroll taxes	17,953	31,076
Vacation and sick pay benefits	48,846	49,670
Current portion—estimated liability from injuries to persons (Note 10)	48,000	51,400
Current portion—pollution remediation projects (Note 12)	7,474	7,640
Other	28,776	28,949
Total accrued expenses	151,049	168,735
Due to MTA and other affiliated agencies (Note 13)	41,084	46,226
Loan from MTA	-	-
Total current liabilities	199,811	217,349
NONCURRENT LIABILITIES:		
Postemployment benefits other than pensions (Note 8)	898,016	863,774
Estimated liability arising from injuries to persons (Note 10)	431,800	392,204
Net pension liability (Note 7)	255,552	298,533
Deferred payroll taxes	-	-
Pollution remediation projects (Note 12)	4,511	4,657
Total noncurrent liabilities	1,589,879	1,559,168
Total liabilities	1,789,690	1,776,517
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows for pensions (Note 7)	96,643	83,583
Deferred inflows for OPEB (Note 8)	121,373	119,820
Total deferred inflows of resources	218,016	203,403
NET POSITION:		
Net Investment in Capital Assets	463,758	410,118
Unrestricted (deficit)	(785,377)	(1,229,159)
Total net position	(321,619)	(819,042)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 1,686,087	$ 1,160,878

DRAFT

MTA BUS COMPANY
(Component Unit of the MTA)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in thousands)

	2022	2021 (Restated)
OPERATING REVENUES:		
Fare revenue	$ 163,430	$ 140,164
Rents, freight, and other revenue	23,372	6,574
Total operating revenue	186,802	146,738
OPERATING EXPENSES:		
Salaries and wages	394,230	390,098
Retirement and other employee benefits	205,884	206,037
Postemployment benefits other than pensions	73,395	69,220
Fuel	40,677	23,657
Electric power	2,437	2,139
Insurance	5,440	5,212
Public liability claims	50,004	40,094
Materials and supplies	40,286	37,990
Professional services	25,613	26,959
Pollution remediation services	119	11
Maintenance and other operating expenses	25,269	28,960
Depreciation and amortization	49,206	47,062
Other business expenses	4,827	3,600
Interest expense operating	8	-
Total operating expenses	917,395	881,039
OPERATING LOSS	(730,593)	(734,301)
NONOPERATING REVENUES:		
NYC Operating subsidies	525,054	456,587
Federal subsidy—ARPA (2022)/CRRSAA (2021)	547,424	308,540
Other Nonoperating revenues	28,506	23,883
MTA Subsidy	25,250	-
Total nonoperating revenues	1,126,234	789,010
GAIN/(LOSS) BEFORE CAPITAL CONTRIBUTIONS	395,641	54,709
CAPITAL CONTRIBUTION	101,818	90,425
CHANGE IN NET POSITION	497,459	145,134
NET POSITION—Beginning of year	(819,042)	(964,176)
RESTATEMENT OF BEGINNING NET POSITION - GASB 87	(36)	-
NET POSITION—End of year	$ (321,619)	$ (819,042)

See notes to financial statements.

DRAFT

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in thousands)

	2022	2021 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from passenger, tenants, advertisers, and others	$ 184,990	$ 144,069
Cash payments for payroll and related employee costs	(654,145)	(637,448)
Cash payments to suppliers for goods and services	(201,198)	(137,376)
Net cash used in operating activities	(670,353)	(630,755)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Subsidies received from NYC—operations	521,808	455,933
Subsidies received from Federal CRRSAA/CARES Act	47,353	261,187
MTA Subsidy	25,250	-
Receipt of mortgage recording tax revenue and TA reimburs	23,788	23,792
Proceeds from/(Repayment of) MTA loan	-	(50,000)
Net cash provided by noncapital financing activities	618,199	690,912
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments of leases	(542)	-
Capital contributed	101,818	90,425
Capital project costs incurred for capital program	(102,846)	(92,966)
Net cash used in capital and related financing activities	(1,570)	(2,541)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in invested funds at MTA	48,690	(57,491)
Earnings on investments	4,718	92
Net cash used in investing activities	53,408	(57,399)
NET INCREASE/(DECREASE) IN CASH	(316)	217
CASH—Beginning of year	690	473
CASH—End of year	$ 374	$ 690

(Continued)

DRAFT

MTA BUS COMPANY
(Component Unit of the MTA)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in thousands)

	2022	2021 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (730,593)	$ (734,301)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	49,206	47,062
Changes in operating assets and liabilities:		
Increase in receivables	(35,579)	(27,996)
(Increase) Decrease in material and supplies, and prepaid expenses	(459)	(260)
Increase in payables, accrued expenses & other liabilities	47,072	84,740
NET CASH USED IN OPERATING ACTIVITIES	$ (670,353)	$ (630,755)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest expense for leases	$ 8	$ -
MTA Contributed capital assets	108,612	74,144
TOTAL NONCASH CAPITAL & RELATED FINANCING ACTIVITIES	$ 108,620	$ 74,144

1. BASIS OF PRESENTATION

Reporting Entity—The accompanying financial statements present the accounts of MTA Bus Company ("MTA Bus"), which is a public benefit corporation created pursuant to the Public Authorities Law (the "Act") of the State of New York (the "State") to operate public bus service within The City of New York (the "City"). MTA Bus, which is a Component Unit of the Metropolitan Transportation Authority (MTA), was created to take over the operations of seven private bus lines that operated under franchises from The City of New York.

MTA Bus is operationally and legally independent of the MTA. MTA Bus enjoys certain rights typically associated with separate legal status. However, MTA Bus is included in the MTA's consolidated financial statements as a blended component unit because of the MTA's financial accountability, and MTA Bus is under the direction of the MTA Board (a reference to "MTA Board" means the board of MTA and/or the boards of the MTA Bus and other MTA component units that apply in the specific context, all of which are comprised of the same persons). Under GAAP, the MTA is required to include MTA Bus in its consolidated financial statements.

MTA Bus has material transactions with affiliated agencies included in the MTA financial reporting group. Such agencies include the MTA, the New York City Transit Authority ("NYCTA"), and the Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA"). All material transactions between MTA Bus and affiliated agencies have been recorded as of December 31, 2022 and 2021.

MTA Bus is 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. 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.

Operations—Operations are conducted per the letter agreement dated December 8, 2004, between The City and the MTA, which includes provisions for the lease of City bus assets including real property and related facilities, buses and related materials and supplies, and any other assets acquired by The City and made available to MTA Bus for the operations of the former private bus lines.

The City has the option to terminate the letter agreement at any time upon one year's written notice to the MTA. In the event of termination, The City is required to assume the assets and liabilities, including OPEB and pension liabilities, of MTA Bus and must pay or make provisions for the payment of any outstanding debt incurred by the MTA on behalf of MTA Bus. Any liabilities incurred by the franchised bus companies prior to the date of acquisition are liabilities of The City.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

MTA Bus applies Governmental Accounting Standards Board ("GASB") Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section P80, *Proprietary Accounting and Financial Reporting*.

New Accounting Standards

MTA Bus adopted the following GASB Statements for the year ended December 31, 2022:

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.

MTA Bus 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. There was no cumulative-effect adjustment to the prior period net position as a result of the adoption.

The following schedule summarizes the net effect of adopting GASB Statement No. 87 in the Consolidated Statement of Net Position as of December 31, 2021 (in thousands):

	As Previously Stated	GASB Statement No. 87 Impact	Restatement Reported
CURRENT ASSETS:			
Lease receivable, as lessor	$0	0	$0
NONCURRENT ASSETS:			
Lease receivable, as lessor	0	0	0
Right of use assets being amortized*	0	1,541	1,541
Accumulated amortization*	0	(535)	(535)
CURRENT LIABILITIES:			
Lease payable, as lessee	0	1,041	1,041
NONCURRENT LIABILITIES:			
Lease payable, as lessee	0	0	0
Obligation under capital lease	0	0	0

DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to leases	0	0	0
Net position:			
Net investment in capital assets	410,118	1,005	411,123
Unrestricted	(1,229,159)	1,041	(1,230,200)

**Right of Use Assets and Accumulated Amortization are included in Other Capital Assets, net of accumulated depreciation and amortization on the Statement of Net Position*

In addition, revenues, expenses and net position as of 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:			
Rents, freight, and other revenue	$0	$0	$0
OPERATING EXPENSES:			
Maintenance and other operating contracts	512	(512)	0
Depreciation and amortization	0	535	535
NON-OPERATING REVENUES (EXPENSES):			
Other net non-operating expenses	0	13	13
NET POSITION - End of period	0	(36)	(36)

The following schedule summarizes the cash flow impact of adopting GASB Statement No. 87, Leases in the consolidated statement of cash flows (in thousands) for certain leases previously classified as operating and capital leases, as of December 31, 2021 (in thousands):

	As Previously Stated	GASB Statement No. 87 Impact	Restatement Reported
CASH FLOWS FROM OPERATING ACTIVITIES:			
Rents and other receipts	$0	$0	$0
Other operating expenses	0	512	512
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Receipts from leases	0	0	0
Payments from leases	0	(512)	(512)
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	0	0	0

Depreciation and amortization	0	0	0
Net increase (decrease) in payables, accrued expenses, and other liabilities	0	512	512
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:			
Noncash capital and related financing activities:			
Capital assets related liabilities	0	0	0
Capital leases related liabilities	0	0	0
Interest expense for leases	0	13	13
Interest income from leases	0	0	0

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 MTA Bus.

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 did not have an impact on the financial position, results of operations or cash flows of MTA Bus.

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 is expected to cease 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 MTA Bus.

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 MTA Bus upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	MTA 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

Due from MTA and affiliated agencies—Fare revenue information for MTA Bus is collected by the NYCTA Metrocards automated fare collection ("AFC") system. NYCTA wires funds to MTA Bus on the first business day of the week for transactions occurring during the prior week. MTA Bus has a receivable from NYCTA, which represents fares collected on behalf of MTA Bus up to the end of the reporting period, but not received by MTA Bus until the next period.

Capital Assets—The City owns or leases the real property, including buildings and improvements, used as bus depots and yards. Accordingly, these assets are not recorded on the books of MTA Bus. However, MTA Bus does record certain other capital assets, which are primarily buses and related equipment (see Note 5). Capital assets have minimum useful life of 3 years and a cost of more than $25,000.

Capital assets are recorded at cost and are depreciated on a straight-line basis over 12 years for buses, with lives generally ranging from 5 to 15 years for other capital assets.

Long lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment loss on assets to be sold, if any, is based on the estimated proceeds to be received, less estimated cost to sell.

Expenditures for maintenance and repairs which do not extend the useful life of assets are charged to operations as incurred.

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. 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.

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 MTA Bus (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, subsidies paid to counties, etc.) are reported as non-operating expenses.

Capital Contribution—Capital funds contributed by the MTA are recorded as capital contributions on the statement of revenues, expenses and changes in net position. Contributed capital is recognized upon identification of capital costs to be funded by the MTA. Capital contributed for the years ended December 31, 2022 and 2021, amounted to $101.8 million and $90.4 million, respectively.

Fare Revenue—Revenues from the sale of farecards are recognized as income as the farecards are used and are reported as operating income.

Materials and Supplies inventory—Materials and supplies are recorded at weighted average cost, net of a reserve for obsolete/excess inventory.

Operating and Nonoperating Expenses—Operating and nonoperating expenses are recognized in the accounting period in which the liability is incurred. All expenses related to operating MTA Bus are reported as operating expenses. All other expenses are reported as nonoperating expenses.

Invested Funds at MTA—The MTA, on behalf of MTA Bus, invests funds which are not immediately required for MTA Bus'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.

MTA Bus 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. Unrealized appreciation, which is not significant to MTA Bus, is retained on the MTA's books and not included in MTA Bus's financial statement.

Investments maturing and expected to be liquidated within a year have been classified as current assets in the financial statements of MTA Bus. Investments are recorded on the Statements of Net Position at fair value which is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. All investment income, including changes in the fair value of investments, is reported as investment income.

Receivables—Receivables are recorded as amounts due to MTA Bus.

Use of Management's Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

The City Operating Subsidy—Pursuant to the letter agreement between The City and the MTA, The City has agreed to pay MTA Bus the difference between the actual costs of operation of the formerly franchised private bus lines and all revenues and other reimbursement subsidies. For calendar years 2022 and 2021, MTA Bus received cash payments of $521.8 million and $455.9 million, respectively, in operating assistance from The City. At years ended December 31, 2022 and 2021, MTA Bus recorded a subsidy receivable due from The City of approximately $8.8 million and $5.5 million, respectively, pursuant to the agreement between MTA Bus and The City's Office of Management and Budget.

Advances from The City—**Environmental Remediation**—In accordance with the supplemental agreement between The City and the MTA, on behalf of MTA Bus, The City agreed to fund an Environmental Remediation Reserve Fund ($6.3 million). With the assistance of the NYCT (CPM Environmental Engineering) and independent consultants working on behalf of the New York City Department of Design and Construction, six Bus Company depots were designated for environmental soil and groundwater remediation work totaling $6.3 million. The City funded this reserve in June 2007 and the amount was used to fund the initial $6.3 million project, as well as future projects. In July 2011 and December 2021, The City funded the Environmental Remediation Reserve Fund with an additional $11.1 million and $2.2 million, respectively. During 2022, MTA Bus reduced the Environmental Remediation Reserve Fund by $0.3 million, based on actual cash expenditures, leaving a balance of $7.5 million as of December 31, 2022. The Environmental Remediation Reserve Fund is held by the MTA on behalf of MTA Bus and is reported as Due from Affiliates—operating. Refer to Note 13 for more information.

Mortgage Recording Tax-2— In 2007, the MTA Board approved the allocation of Mortgage Recording Tax ("MRT-2") receipts to MTA Bus. These funds are to be administered by the MTA Treasurer and used solely for funding the 2005-2009 Capital Program debt service requirements and repayment of the $113.8 million intercompany capital pool loan. Amounts budgeted from MRT-2 funds for such purposes were $12.3 million for 2022. The $12.3 million received in 2022 was used to repay $1.7 million for debt service on transportation Revenue Bonds.

Pension Plans—MTA Bus adopted the standards of GASB Statement No. 68, *Accounting & Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and subsequent effective amendments to these standards, for its pension plans.

MTA Bus 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 MTA's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the MTA's fiscal year-end. Changes in the net pension liability during the period 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 period 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 period 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.

Postemployment Benefits Other Than Pensions—MTA Bus adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus* for the OPEB Plan.

GASB has issued Statements No. 74 and 75, which replaced GASB Statements No. 43 and 45. The effective date of GASB Statement No. 74 (which applies to financial reporting on a plan basis) is the year ended December 31, 2017. The effective date of GASB Statement No. 75 (which applies to financial reporting by contributing employers) is the year ended December 31, 2018.

MTA Bus 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.

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.

NYCT Reimbursement—In accordance with the MTA's 2008 Adopted Budget Staff Summary, the NYCT will reimburse MTA Bus approximately $11.5 million per year for debt service, which reflects the fact that the Federal grants and matching City moneys originally intended for use by the City franchise buses taken over by MTA Bus could not be used by MTA Bus, so they were assigned to NYCT for use in its capital projects.

Risk Management—Prior to January 1, 2006, Liberty Lines Express, Queens Surface, New York Bus Service and Command Bus were covered for the cost of injury liability and property damage under the New York City Department of Transportation insurance pool program. This insurance program covered the administration and payment of claims without the need for self-insurance coverage on the part of the former private lines.

Subsequent to January 1, 2006, the former private bus lines are now self-insured up to certain per occurrence limits for liability claims arising from injuries to persons, excluding employees, under the MTA's various insurance programs. Claims arising between January 1, 2006, and October 31, 2006, are subject to a $7.0 million per occurrence limit; claims arising between October 31, 2006, and October 31, 2009, are subject to an $8.0 million per occurrence limit; and claims arising after October 31, 2009, are subject to a $9.0 million per occurrence limit. Effective November 1, 2012, claims are subject to a $10.0 million per occurrence limit. Effective October 31, 2015, claims are subject to an $11.0 million per occurrence limit. 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 statements of revenues, expenses and changes in net position.

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 $8.0 million. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limit is $9.0 million. Effective November 1, 2012 the self-insured retention limits for ELF was increased to $10.0 million. Effective October 31, 2015, the self-insured retention limits for ELF were increased to $11.0 million. 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 $50.0 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 Related Entities above their specifically assigned self-insured retention with a limit of $50.0 million per occurrence with a $50.0 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 $174.04 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Related Entities additional coverage limits of $357.5 million for a total limit of $407.5 million ($357.5 million excess of $50.0 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 $50.0 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 and its subsidiaries and affiliates with the exception of NYCT, MTA Bus and TBTA. The program limit is $11.0 million per occurrence on a combined single limit with a $1.0 million per occurrence deductible. Primary limits of $6.0 million were procured through the commercial marketplace. Excess limits of $5.0 million were procured through FMTAC. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

On March 1, 2022, the "Access-A-Ride" automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for NYCT's Access-A-Ride program, including the contracted operators. This policy provides a $1.0 million per occurrence limit excess of $2.0 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 $25.0 million per occurrence deductible, subject to an annual $75.0 million aggregate deductible. The total All Risk program annual limit is $500.0 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.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. 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 $500.0 million per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of $100.0 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 $215.0 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 $5.0 million and less than the $200.0 million TRIPRA trigger up to a maximum recovery of $200.0 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 $215.0 million. Recovery under the terrorism policy is subject to a deductible of $25.0 million per occurrence and $75.0 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 $75.0 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.

Injuries to Employees—MTA Bus's predecessor's workers' compensation program was insured through American International Group (AIG). This policy was continued through January 2, 2006. When New York Bus and Command Bus became members of MTA Bus, their workers' compensation exposures were rolled into the AIG program. At the time of its merger with MTA Bus, coverage for Queens Surface was underwritten by Zurich American Insurance Company, which was also retained through January 2, 2006.

Effective January 3, 2006, and on a prospective basis, the MTA, on behalf of MTA Bus, established a master workers' compensation program with AIG. This insurance coverage provides both claims management and risk financing up to the statutory limits set by the State of New York, including acts of terrorism. When the other private bus lines (Green Bus, Jamaica Buses, and Triboro Coach) were merged into MTA Bus in the first quarter of 2006, they were rolled into the AIG program.

As risk of loss from worker's compensation claims was borne by AIG, MTA Bus did not record a liability reserve in the financial statements at December 31, 2008. Premium payments for worker's compensation coverage amounted to approximately $12.0 million and $13.8 million for the calendar years 2008 and 2007, respectively.

Effective January 2, 2009, MTA Bus established a self-insured workers' compensation program, and has recorded a $189.6 million liability reserve in the financial statements at December 31, 2022. During calendar year 2022, $26.8 million was paid to beneficiaries.

Pollution Remediation Projects—Effective January 1, 2008, 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 12). An operating expense provision and corresponding liability measured at current value using the expected cash flow method has been recognized for certain pollution remediation obligations. Pollution remediation obligations occur when any one of the following obligating events takes place: MTA Bus is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; MTA Bus is named by a regulator as a responsible or potentially responsible party to participate in remediation; MTA Bus voluntarily commences or legally obligates itself to commence remediation efforts; or MTA Bus is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

3. CASH

Cash in bank accounts are insured up to $250,000 in the aggregate by the Federal Deposit Insurance Corporation ("FDIC") for each bank in which funds are deposited.

Cash in bank account balances in 2022 and 2021 that were not insured were maintained in major financial institutions. Management periodically reassess the credit worthiness of such financial institutions.

Cash at December 31, 2022 and 2021, consists of the following:

	2022		2021	
	Book Balance	Bank Balance	Book Balance	Bank Balance
	(Amounts in thousands)			
Insured (FDIC) and collateralized deposits	$ 301	$ 348	$ 312	$ 312
Commercially insured funds on-hand and in transit	73	971	378	1,284
Total cash	$ 374	$ 1,319	$ 690	$ 1,596

The on-hand and in-transit funds consist primarily of passenger revenue funds collected but not yet deposited and petty cash.

4. MTA INVESTMENT POOL

The MTA, on behalf of MTA Bus, invests funds which are not immediately required in MTA Bus'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 MTA's agent, in custody accounts, in the name of the MTA. MTA 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. MTA's investment in the MTA Investment Pool is valued based on other observable inputs (Level 2 inputs).

MTA Bus's earnings from short term investments were $4,718,550 and $91,731 for the years ended December 31, 2022 and 2021, respectively, included in "Other Nonoperating revenues" in the Statement of Revenues, Expenses and changes in Net Position. At December 31, 2022 and 2021, MTA Bus had intercompany investment pool balances of $109.4 million and $158.1 million, respectively, reported in the Statements of Net Position, which were attributable to the timing of subsidy payments from The City for working capital expenditures and receipt of funds from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), during 2022.

5. CAPITAL ASSETS

Capital assets and improvements include all land, buildings, equipment, and infrastructure of MTA Bus having a minimum useful life of three years and having a cost of more than $25,000. 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. 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. Accumulated depreciation and amortization are reported as reductions of fixed assets and right-of-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 12 years for buses, with lives generally ranging from 5 to 15 years for 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. Capital and right-of-use assets consist of the following at December 31, 2020, December 31, 2021 and December 31, 2022 (in thousands):

Capital assets as of December 31, 2022 and 2021, consist of the following:

	December 2021 (Restated)	Additions	Cost Adjustments	Transfers / Disposals	December 2022
			(Amounts in thousands)		
Capital assets, at cost					
Buses	$ 718,681	$ 80,626	$ -	$ (132,419)	$ 666,888
Service vehicles	3,060	-	-	-	3,060
Furniture, fixtures and equipment	28,064	12,127	-	-	40,191
Facilities & yards	16,802	-	-	-	16,802
Capital non bus	240,223	27,986	4,730	-	272,939
	1,006,830	120,739	4,730	(132,419)	999,880
Non-depreciable assets					
Assets under construction	68,706	103,807	(1,432)	(125,468)	45,613
Total	$ 1,075,536	$ 224,546	$ 3,298	$ (257,887)	$ 1,045,493

	December 2021 (Restated)	Additions	Cost Adjustments	Transfers / Disposals	December 2022
			(Amounts in thousands)		
Accumulated depreciation					
Buses	$ (550,395)	$ (28,122)	$ -	$ 132,419	$ (446,098)
Service vehicles	(2,674)	(145)	-	-	(2,819)
Furniture, fixtures and equipment	(23,610)	(3,272)	-	-	(26,882)
Facilities & yards	(14,543)	(400)	-	-	(14,943)
Capital non bus	(74,196)	(17,267)	-	-	(91,463)
Total	$ (665,419)	$ (49,206)	$	$ 132,419	$ (582,205)
Capital assets, net	$ 410,117	$ 175,340	$ 3,298	$ (125,468)	$ 463,287

Capital assets as of December 31, 2021 and 2020, consist of the following:

	December 2020	Additions	Cost Adjustments	Transfers / Disposals	December 2021 (Restated)
		(Amounts in thousands)			
Capital assets, at cost					
Buses	$ 680,524	$ 69,834	$ -	$ (31,676)	$ 718,681
Service vehicles	3,060	-	-	-	3,060
Furniture, fixtures and equipment	28,064	-	-	-	28,064
Facilities & yards	16,802	-	-	-	16,802
Capital non bus	233,676	4,310	2,237	-	240,223
	962,126	74,144	2,237	(31,676)	1,006,830
Non-depreciable assets					
Assets under construction	52,120	93,609	(642)	(76,381)	68,706
Total	$ 1,014,246	$ 167,753	$ 1,595	$ (108,057)	$ 1,075,536

	December 2020	Additions	Cost Adjustments	Transfers / Disposals	December 2021 (Restated)
		(Amounts in thousands)			
Accumulated depreciation					
Buses	$ (556,888)	$ (25,184)	$ -	$ 31,676	$ (550,395)
Service vehicles	(2,495)	(179)	-	-	(2,674)
Furniture, fixtures and equipment	(18,299)	(5,312)	-	-	(23,610)
Facilities & yards	(14,139)	(404)	-	-	(14,543)
Capital non bus	(58,212)	(15,984)	-	-	(74,196)
Total	$ (650,033)	$ (47,063)	$ -	$ 31,676	$ (665,419)
Capital assets, net	$ 364,213	$ 120,690	$ 1,595	$ (76,381)	$ 410,117

DRAFT

The following is a summary of capital and right-to-use assets activity as of December 31, 2022 and 2021:

	Balance January 1, 2021	Additions / Reclassifications (Restated)	Deletions / Reclassifications	Balance December 31, 2021 (Restated)	Additions / Reclassifications	Deletions / Reclassifications	Balance December 31, 2022
Capital assets not being depreciated:							
Construction work-in-progress	52,120	92,966	(76,381)	68,706	102,376	(125,468)	45,613
Total capital assets not being depreciated	**52,120**	**92,966**	**(76,381)**	**68,706**	**102,376**	**(125,468)**	**45,613**
Capital assets being depreciated:							
Buses	680,524	69,834	(31,676)	718,681	80,626	(132,419)	666,889
Equipment	28,064			28,064	12,127		40,191
Depots and yards	16,802			16,802			16,802
Service Vehicles	3,060			3,060			3,060
Other	233,676	6,547		240,223	32,715		272,938
Total capital asset being depreciated	**962,126**	**76,381**	**(31,676)**	**1,006,830**	**125,468**	**(132,419)**	**999,880**
Less accumulated depreciation:							
Buses	(556,888)	(25,184)	31,676	(550,395)	(28,122)	132,419	(446,098)
Equipment	(18,299)	(5,312)		(23,611)	(3,272)		(26,883)
Depots and yards	(14,139)	(404)		(14,543)	(400)		(14,943)
Service Vehicles	(2,495)	(179)		(2,674)	(145)		(2,819)
Other	(58,212)	(15,984)		(74,196)	(17,266)		(91,463)
Total accumulated depreciation	**(650,033)**	**(47,062)**	**31,676**	**(665,419)**	**(49,206)**	**132,419**	**(582,206)**
Total capital assets being depreciated - net	**312,093**	**29,318**	**-**	**341,411**	**76,262**	**-**	**417,674**
Right of use assets being amortized							
Leased buildings and structures	-	1,541	-	1,541	-	-	1,541
Leased equipment and vehicles							-
Leased other							-
Total right of Use Assets being amortized	**-**	**1,541**		**1,541**	**-**		**1,541**
Less accumulated amortization - Right of Use Assets							
Leased buildings and structures	-	(535)	-	(535)	(535)	-	(1,070)
Leased equipment and vehicles							-
Leased other							-
Total accumulated amortization	**-**	**(535)**		**(535)**	(535)		(1,070)
Right of use assets being amortized - net	**-**	**1,006**	**-**	**1,006**	**(535)**		**471**
Total capital assets, including right of use asset -	**364,213**	**123,291**	**(76,381)**	**411,123**	**178,103**	**(125,468)**	**463,758**

Effective January 1, 2020, in accordance with GASB Statement No. 89, the MTA no longer capitalizes interest costs related to the construction of capital assets.

As of December 31, 2022, $1,603 million has been committed to MTA Bus's 2000-2004, 2005-2009, 2010-2014, 2015-2019 and 2020-2024 Capital Programs.

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

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

6. LEASES

MTA Bus entered into various lease agreements that convey control of the right to use other entities' nonfinancial assets. The initial measurement of MTA's leased asset and lease liability for those agreements was as of January 1, 2021. The lease liability was reduced as payments were made, and an outflow of resources for interest on the liability was 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.

As Lessee

MTA Bus leases bus terminal space and cell tower space from other entities. These leases have terms between 1 year to 3 years, with payments required monthly or annually. Lease liabilities are measured at the present value of payments expected to be made during the lease term, using MTA'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 principal and interest requirements to maturity for the lease liability subsequent to December 31, 2022, are as follows:

Year Ended December 31,	Principal	Interest	Total
2023	507,540.24	1,391.71	508,931.95
2024	-	-	-
Total	507,540.24	1,391.71	508,931.95

7. EMPLOYEE BENEFITS:

Pensions—MTA Bus participates in a defined benefit pension plan for their employees, the Metropolitan Transportation Authority (the "MTA" or "Authority") Defined Benefit Pension Plan (the "MTA Defined Benefit Pension Plan" or the "Plan").

The following brief description of the MTA Defined Benefit Pension Plan is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

Plan Description

General – The Plan represents a cost-sharing employer defined benefit pension plan sponsored by the Authority and administered by the Board of Managers of Pension (the "Board of Managers"), covering as relevant to the MTA Bus Company ("MTA Bus") certain represented and management employees of MTA Bus, including represented and non-represented employees who were formerly employed by Liberty Lines Express, Inc., New York Bus Tours, Inc., Command Bus Company, Green Bus Lines Inc., Jamaica Buses Inc., Triboro Coach Corporation and represented and most non-represented employees formerly employed by Queens Surface Corporation.

The Plan contains multiple but distinct benefit structures for the employees of MTA Bus which are based on the plans covering those employees prior to their becoming MTA Bus employees. MTA Bus non-represented employees and employees represented by the UTLO are covered by separate programs. Assets and liabilities are pooled and a single cash contribution amount and annual pension cost is determined. The Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) and 501(b) of the Internal Revenue Code. Accordingly, the Plan is tax-exempt and is not subject to the provisions of the Employee Retirement Income Security Act ("ERISA") of 1974.

Funding for the Plan is provided by the Authority, MTA Metro-North Railroad, MTA Long Island Rail Road, MTA Bus and MTA Staten Island Railway which are public benefit corporations that receive a significant portion of their operating and capital financing requirements from New York City, New York State, federal and regional governmental units and from the sale of bonds to the public. Certain funding is made on a discretionary basis. The continuance of funding for the Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

Plan Administration – The Defined Benefit Pension Plan is administered by the Board of Managers which is comprised of the persons holding the following positions:

(i) the Chairman of the MTA;

(ii) the MTA Chief Financial Officer;

(iii) the MTA Director of Labor Relations; and

(iv) the agency head of each participating Employer.

(a) Designation of Others – Any member of the Board of Managers, serving as such by virtue of holding a position described in (a) of this section, may, by written authorization filed with the Secretary who shall notify the other members of the Board of Managers, designate another individual, not then a member of the Board of Managers, to serve in that member's stead, in accordance with procedures established with the approval of the Executive Director. Any such authorization may be revoked by the designating member at any time in writing filed in the same manner.

The Board of Managers shall be the agent for the service of legal process with respect to the Plan. No bond or other security is required in any jurisdiction of the Board of Managers or any member thereof except as required by law.

A stand-alone financial report may be obtained by writing to the MTA, Deputy Chief, Controller's Office, 2 Broadway, New York, New York, 10004. Pension plan financials can also be found at www.mta.info.

Benefits Provided

MTA Defined Benefit Pension Plan

Pension Benefits— Retirement benefits paid from the Plan to covered represented MTA Bus employees include service retirement allowances or early retirement allowances. Under the programs covering all represented employees at Baisley Park, Eastchester, La Guardia, Spring Creek, and Yonkers Depots and the represented employees at College Point Depot, JFK, Far Rockaway a participant is eligible for a service retirement allowance upon termination if the participant has attained age 65 and completed at least 5 years of credited service or if the participant has attained age 57 and completed at least 20 years of credited service. A participant hired prior to June 2009 from Baisley Park, College Point, and La Guardia Depots is eligible for an early retirement allowance if the participant has attained age 55 and completed 20 years of credited service. Terminated participants with 5 or more years of credited service who are not eligible to receive a service retirement allowance or early retirement allowance are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on or after the participant attains age 65.

The MTA Bus retirement programs covering TWU, ATU and TSO represented employees are fixed dollar plans, i.e., the benefits are a product of credited service and a specific dollar amount.

The retirement benefits for certain former employees of the Alliance Companies are based on a participant's service and final average salary. A normal retirement benefit is payable when the participant attains age 62 with 5 years of service. An early retirement benefit is payable when the participant attains age 55 with 15 years of service. The retirement benefit is payable as a single life annuity or, for married participants, as an unreduced 75% joint and survivor annuity.

MTA Bus non-represented employees and employees represented by the UTLO as of January 1, 2017 will earn benefits under a new set of programs. For service prior to 2017, a component calculated by a flat monthly dollar rate multiplied by years of credited service will be added to a final average salary (FAS) component, based on the platforms provided to similarly situated MaBSTOA Pension Plan members. For service on or after January 1, 2017, the final average salary component platform will be based on date of hire, years of credited service and whether the participant holds an operating or non-operating title. Certain former Liberty Lines employees assigned to the former Liberty Lines bus routes also are eligible for a supplemental plan benefit of 0.75% of final average salary per year of Plan service. TWU Local 100 has been certified as the collective bargaining representative for certain titles previously not represented at MTA Bus. Affected employees will participate in these programs, as set forth in the relevant collective bargaining agreement.

An MTA Bus non-represented or UTLO operating employee hired prior to April 1, 2012 participates in a Tier 4 25/55 operating retirement platform. A Tier 4 25/55 operating retirement platform participant with 25 years of Allowable Service receives upon retirement at age 55 a flat rate benefit equal to $1,380.00 ($115 x 12) for each year of service prior to January 1, 2017, plus a FAS benefit equal to 2% multiplied by FAS multiplied by service accrued after January 1, 2017, up to 30 years of total service, plus 1.5% multiplied by FAS multiplied by service accrued after January 1, 2017 in excess of 30 years of total service.

An MTA Bus non-represented non-operating employee hired prior to April 1, 2012 participates in a Tier 4 57/5 non-operating retirement platform. A Tier 4 57/5 non-operating retirement platform participant receives upon retirement at age 57 a flat rate benefit equal to $1,380.00 ($115 x 12) for each year of service prior to January 1, 2017, plus a FAS benefit equal to, for those with less than 20 years of total service, 1 2/3% multiplied by FAS multiplied by total service accrued after January 1, 2017, or, for those with 20 or more years of total service, 2% multiplied by FAS multiplied by total service accrued after January 1, 2017, up to 30 years of total service, plus 1.5% multiplied by FAS multiplied by total service accrued after January 1, 2017 in excess of 30 years of total service.

An MTA Bus non-represented or UTLO operating employee hired on or after April 1, 2012 participates in a Tier 6 25/55 operating retirement platform. A Tier 6 25/55 operating retirement platform participant with 25 years of Allowable Service receives upon retirement at age 55 a flat rate benefit equal to $1,380.00 ($115 x 12) for each year of service prior to January 1, 2017, plus a FAS benefit equal to 2% multiplied by FAS multiplied by service accrued after January 1, 2017 up to 30 years of total service, plus 1.5% multiplied by FAS multiplied by service accrued after January 1, 2017 in excess of 30 years of total service. The flat rate benefit is vested after the completion of five years of total service and the FAS benefit is vested after the completion of ten years of total service.

An MTA Bus non-represented non-operating employee hired on or after April 1, 2012 participates in a Tier 6 63/10 non-operating retirement platform. A Tier 6 63/10 non-operating retirement platform participant receives upon retirement at age 63 a flat rate benefit equal to $1,380.00 ($115 x 12) for each year of service prior January 1, 2017, plus a FAS benefit equal to, for those with less than 20 years of total service, 1.67% multiplied by FAS multiplied by total service accrued after January 1, 2017, or, for those with 20 or more years of total service, 1.75% multiplied by FAS multiplied by total service accrued after January 1, 2017, up to 20 years of such service, plus 2% multiplied by FAS multiplied by total service accrued after January 1, 2017 in excess of 20 years of total service. The flat rate benefit is vested after the completion of five years of total service and the FAS benefit is vested after the completion of ten years of total service.

Reduced early retirement benefits are payable under all platforms. The Tier 6 definition of wages for civilian members includes an overtime ceiling which limits overtime compensation for pension purposes to no more than $17,067 for 2020, indexed annually thereafter. Any overtime compensation earned in excess of the overtime ceiling is excluded from the final average salary calculation. The Tier 6 definition of wages also excludes wages in excess of the annual salary paid to the New York State Governor, lump-sum payments for deferred compensation, sick leave, accumulated vacation or other credits for time not worked.

TWU, ATU and TSO members who retire after November 16, 2016, and UTLO members and non-represented employees who retire after January 1, 2017 will have their pension benefit increased by a Cost of Living Adjustment (“COLA”). The COLA is an annual adjustment to the retirement benefit based on the Consumer Price Index (“CPI”). The following retirees are eligible to receive a COLA: disability retirees, regardless of age, who have been retired for at least 5 years; retirees who are at least age 62 and have been retired for at least 5 years; and retirees who are at least age 55 and have been retired for at least 10 years. Surviving spouses receiving a joint-and-survivor option benefit are eligible to receive 50% of the monthly COLA that would have been paid to the retiree. For TWU, ATU and TSO members, the COLA calculation is based on the first $18,000 of the retiree’s normal retirement benefit. For UTLO members and non-represented employees, the COLA calculation is based on the first $18,000 of the retiree’s final average salary benefit component. The COLA amount may not be less than 1% nor more than 3% in any year. Once COLA payments begin, they continue automatically and increase each September.

Certain MTA Bus employees represented by TWU Local 100 were granted pension service credit for periods of employment at Liberty Lines Express, Inc. prior to January 3, 2005, with the increase in the Plan benefit offset by the benefit accrued under the TWU-Westchester Private Bus Lines Pension Plan.

Death and Disability Benefits—In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after ten years of covered MTA Bus service. Pursuant to the MTA Bus programs, the disability benefit of TWU, ATU and TSO members is the same as the service retirement benefit.

The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than $5,000 is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

For MTA Bus employees, there is varied death benefit coverage under the Plan. For all represented and non-represented MTA Bus employees at Eastchester and Yonkers Depots and represented MTA Bus employees at Baisley Park, College Point, Far Rockaway, JFK, La Guardia and Spring Creek Depots, if a participant dies prior to being eligible for a retirement benefit, the participant's beneficiary may elect to receive a refund of the participant's contributions plus interest.

Moreover, the spouses of the above employees who are vested are entitled to a presumed retirement survivor annuity which is based on a 50% Joint and Survivor annuity. The date as of which such annuity is determined and on which it commences varies among the different programs depending on whether the participants are eligible for retirement and for payment of retirement benefits.

In addition, the spouse of a non-represented MTA Bus employee at Spring Creek, JFK, La Guardia, Baisley Park and Far Rockaway, if such employee is age 55 and has 15 years of service and is a terminated member with a vested benefit which is not yet payable, may elect the presumed retirement survivor annuity or 1/2 the participant's accrued benefit paid monthly and terminating on the 60th payment or the spouse's death. The spouse of a non-represented MTA Bus employee at Yonkers Depot may also receive a pre-retirement survivor annuity from the supplemental plan. If there is no such spouse, the actuarial equivalent of such annuity is payable.

The dependent children of MTA Bus employees are also entitled to an annuity based on the spouse's pre-retirement survivor annuity (1/2 of the spouse's annuity is payable to each child, but no more than 100% of the spouse's annuity is payable). In addition, the dependent children of retirees who were MTA Bus employees at these Depots are entitled to an annuity based on the presumed retirement survivor's annuity (25% of the spouse's annuity; but no more than 50% of the spouse's annuity is payable).

On July 22, 2020, the MTA Board adopted temporary a COVID-19 Accidental Death Benefits, providing eligible surviving beneficiaries with the option to elect a monthly annuity in lieu of an ordinary death benefit, in certain programs of the Plan. On July 21, 2021, the MTA Board adopted amendments to extend the COVID-19 Accidental Death Benefits for active members of the Plan whose death was caused by COVID-19 from March 1, 2020 through December 31, 2022.

MTA Bus employees represented by TWU 100, ATU 1181, ATU 1179, and TSO 106 participate in Article 14 of the Plan. Unlike other Articles of the Plan, Article 14 provides a monthly survivor benefit (a Qualified Preretirement Survivor Annuity ["QPSA"]) to the spouse of an employee who dies while in active service. The MTA Bus COVID-19 Accidental Death Benefit follows the current benefit structure and enhances the existing QPSA benefit. The MTA Board approved this arrangement, subject to collective bargaining, on July 22, 2020. On July 21, 2021, the MTA Board extended the MTA Bus COVID-19 Accidental Death Benefit for active employees whose death was caused by COVID-19 until December 31, 2022.

Retirement benefits establishment and changes for representative employees are collectively bargained and must be ratified by the respective union and the MTA Board. For non-representative employees, retirement benefits establishment and changes are presented to the MTA Board and must be accepted and approved by the MTA Board.

Contributions and Funding Policy

MTA Defined Benefit Pension Plan

MTA Bus's contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the Plan are recognized in the period in which the contributions are due. The following summarizes the types of employee contributions made to the Plan.

MTA Bus represented participants make contributions in accordance with their respective collective bargaining agreements and arbitration awards. MTA Bus non-represented employees are accessed contributions for their flat rate benefit of $10.33 for each week for the period from January 1, 2012 through December 31, 2016. Effective January 1, 2017, MTA Bus non-represented operating employee hired prior to April 1, 2012 contribute 2% of gross wages. MTA Bus non-represented non-operating employee hired prior to April 1, 2012 contribute 4.85% of gross wages for ten years of service after January 1, 2017, and then 1.85% gross salary thereafter until retirement. Contributions levels for MTA Bus non-represented employees hired on or after April 1, 2012, which are required until retirement, are determined every year at the beginning of the calendar year, and are based on annual wages during the prior year and the following schedule:

Annual Wages Earned During the Prior Year	**Contribution Rate**
Up to $45,000	3.00%
$45,001 to $55,000	3.50%
$55,001 to $75,000	4.50%
$75,001 to $100,000	5.75%
Greater than $100,000	6.00%

Contributions for years ended December 31, 2022 and 2021 were $60.9 million and $59.6 million, respectively. These costs represent the required actual contributions for the year stated.

Contributions as a percent of covered payroll are 15.8% and 16.1%, for the years ended December 31, 2022 and 2021, respectively.

Net Pension Liability

MTA Bus's net pension liability reported at December 31, 2022 was measured as of December 31, 2021. The total pension liability for the Plan was determined as of the actuarial valuation date of January 1, 2021 and rolled forward to the measurement date of December 31, 2021. MTA Bus's net pension liability reported at December 31, 2021 was measured as of December 31, 2020. The total pension liability for the Plan was determined as of the actuarial valuation date of January 1, 2021 and rolled forward to the measurement date of December 31, 2021. 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. 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.

MTA Bus's net pension liability decreased $43.0 million from the prior year.

Actuarial Assumptions

The total pension liabilities in each pension plan's actuarial valuation dates were determined using the following actuarial assumptions for each pension plan, applied to all periods included in the measurement date:

	MTA Defined Benefit Plan	
Valuation Date	**January 1, 2021**	**January 1, 2020**
Investment Rate of Return	6.5% per annum, net of investment expenses.	6.5% per annum, net of investment expenses.
Salary Increases	Varies by years of employment, and employee group; 2.75% General Wage Increases for TWU Local 100 MTA Bus hourly employees.	Varies by years of employment, and employee group; 2.75% General Wage Increases for TWU Local 100 MTA Bus hourly employees.
Inflation	2.25%; 3.25% for Railroad Retirement Wage Base.	2.25%; 3.25% for Railroad Retirement Wage Base.
Cost-of Living Adjustments	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.

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.

Transit Members (MTA Bus): *Pre.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 long-term expected rate of return on pension plan investments was 6.50% for the MTA Defined Benefit Plan. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

The target allocation and best estimates of arithmetic real rates of return (RROR) for each major asset class included in each of the pension funds are as follows:

	MTA Defined Benefit 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 Caps	18.00	4.94
US Small Caps	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 %

Discount Rate

As of December 31, 2022 and 2021, the discount rate used to measure the total pension liability of the MTA Defined Benefit Plan was 6.50% and 6.50%, respectively.

The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in accordance with the Employer funding policy as projected by the Plan's actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

MTA Bus's Proportion of Net Pension Liability—MTA Defined Benefit Plan

The following table presents MTA Bus's proportionate share of the net pension liability of the MTA Defined Benefit Plan at December 31, 2022 and 2021, and the proportion percentage of the net pension liability of the MTA Defined Benefit Plan allocated to MTA Bus:

	2022	2021
	(in thousands, except for %)	
MTA Bus's proportionate share of the net pension liability	$ 255,553	$ 298,534
MTA Bus's proportion of the net pension liability	15.26 %	15.41 %

MTA Bus's proportion of the respective Plan's net pension liability was based on actual required contributions of the participating employer for the fiscal year.

The following table presents MTA Bus's proportionate share of the net pension liability calculated using the discount rate of 6.50% for the MTA Defined Benefit 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 (5.50%) or 1-percentage point higher (7.50%) than the current rate:

MTA Bus's Proportionate Share of the Net Pension Liability	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
		(in thousands)	
2022	415,912	255,553	124,222
2021	485,864	298,534	145,115

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

For the years ended December 31, 2022 and 2021, MTA Bus recognized pension expense of $44.2 million and $49.2 million, respectively, related to the pension plan.

At December 31, 2022 and 2021, MTA Bus reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(Amounts in thousands)			
Differences between expected and actual experience	$ 28,377	$ (1,582)	$ 33,658	$ (2,113)
Changes in assumptions	84,541	(1,192)	82,552	(2,709)
Net difference between projected and actual earnings on pension plan investments	-	(27,213)	11,154	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	(66,655)	-	(78,761)
Employer contribution to plan subsequent to the measurement date of net pension liability	60,879	-	59,629	-
Total	$ 173,797	$ (96,642)	$ 186,993	$ (83,583)

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 annual differences between expected and actual experience and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over the weighted average remaining service life of all members, beginning the year in which the deferred amount occurs.

$60.9 million and $59.6 million reported as deferred outflows of resources related to pensions resulting from MTA Bus's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended December 31, 2023 and 2022, respectively.

Deferred Compensation Program

Description—The Deferred Compensation Program consists of two defined contribution plans that provide benefits based solely on the amount contributed to each participant's account(s), plus or minus any income, expenses and gains/losses. The Deferred Compensation Program is comprised of the Deferred Compensation Plan For Employees of the Metropolitan Transportation Authority ("MTA"), its Subsidiaries and Affiliates ("457 Plan") and the Thrift Plan For Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates ("401(k) Plan"). Certain MTA Related Groups employees are eligible to participate in both deferred compensation plans. Both Plans are designed to have participant charges, including investment and other fees, pay for the administrative cost of running the Deferred Compensation Program.

The Deferred Compensation Program is administered and may be amended by the Deferred Compensation Committee.

In 1998, the Deferred Compensation Committee approved the unbundling of the Plans. In 2008, the Plans' investment choices were restructured to set up a four-tier strategy:

- Tier 1—The MTA Target-Year Lifecycle Funds, which are comprised of a mix of several funds, most of which are available as separate investments in the Deferred Compensation Program. The particular mix of investments for each Fund is determined by the "target" date, which is the date the money is intended to be needed for retirement income.
- Tier 2—The MTA Index Funds offer a tier of index funds, which invest in the securities of companies that are included in a selected index, such as the Standard & Poor's 500 (large cap) Index or Russell Mid Cap Index.
- Tier 3—The MTA Actively Managed Portfolios, which are comprised of actively managed portfolios that are directed by one or a team of professional managers who buy and sell a variety of holdings in an effort to outperform a selected index. These institutional strategies provide participants with a diversified array of distinct asset classes, with a single fund option in each class to simplify the decision-making process.
- Tier 4—Self-Directed Mutual Fund Option is designed for the more experienced investors. Offers access to an expanded universe of mutual funds from hundreds of well-known mutual fund families. Participants may invest only a portion of their account balances in this Tier.

In 2011, the Deferred Compensation Program began offering Roth contributions. Employees can elect after-tax Roth contributions and before-tax contributions in both the 401(k) Plan and the 457 Plan. The total combination of Roth after-tax contributions and regular before-tax contributions cannot exceed the IRS maximum of $20,500 or $27,000 for those over age 50 for the year ending December 31, 2022.

The two Plans offer the same array of investment options to participants. Eligible participants for the Deferred Compensation Program include employees (and in the case of MTA Long Island Bus, former employees) of:

- MTA
- MTA Long Island Rail Road
- MTA Bridges and Tunnels
- MTA Long Island Bus
- MTA Metro-North Railroad
- MTA New York City Transit
- MTA Staten Island Rapid Transit
- MTA Capital Construction
- MTA Bus

Matching Contributions—Certain members who were employed by Queens Surface Corporation on February 26, 2005, and who became employees of MTA Bus on February 27, 2005, receive a matching contribution equal to 50% of member's before-tax contributions provided that the maximum matching contribution shall not exceed 3% of the member's base pay. MTA Bus also made a basic contribution equal to 2% of the member's compensation. There have been no matching contributions since 2018 as all formerly eligible employees are either retired or are now in the MTA Bus pension plan.

Additional Deposits (Incoming Rollover or Transfers)—Participants in the Deferred Compensation Program are eligible to roll over both their before-tax and after-tax assets from other eligible retirement plans into the 401(k) and 457 Plans. Under certain conditions, both Plans accept rollovers from all eligible retirement plans (as defined by the Code), including 401(a), 457, 401(k), 403(b), and rollover IRAs.

Forfeitures—Nonvested contributions are forfeited upon termination of employment. For the years ended December 31, 2022 and 2021, no forfeiture money was used to offset the employer contributions or for plan expenses.

The Trustee for the MTA Deferred Compensation Program is Prudential Bank & Trust FSB. Recordkeeper and/or Administrative Services are provided by Prudential Retirement Insurance & Annuity Company ("PRIAC"). Investment management services are provided by Prudential Retirement Insurance & Annuity Company and Galliard Capital Management: separate accounts are managed by Denver Investment Advisors Conestoga Capital Advisors and TCW-Metropolitan West Asset Management. Financial Advisor Mercer reviews the investment policies as stipulated by the Investment Committee, the Plans' portfolios and the Investment Managers' performance.

8. OTHER POSTEMPLOYMENT BENEFITS

MTA Bus 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:

(1) 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 MTA Bus'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, Deputy Chief, Controller's Office, 2 Broadway, 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 agency, 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. Certain agencies provide benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of MTA Bus are members of the MTA Defined Benefit Plan.

The MTA Bus Company 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. MTA Bus retirees 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 MTA Bus Company 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 MTA Bus must:

(a) have retired;

(b) be receiving a pension (except in the case of the 401(k) Plan);

(c) have at least 10 years of credited service as a member of the MTA Defined Benefit 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

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—MTA Bus 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, MTA Bus paid $32.1 million and $28.9 million of PAYGO to the OPEB Plan, respectively. The PAYGO amounts include an implicit rate subsidy adjustment of $681 and $595 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.

During 2012, the MTA funded $250 million into the Trust and an additional $50 million during 2013. There have been no further contributions made to the Trust. The investment Trust was liquidated in 2020 covering a portion of the year's benefit payments resulting in lower contributions than the payments for the year.

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 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 General Obligation 20-Bond Municipal Bond 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 $681 and $595, 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.

Blended and Age-Adjusted Premium	**2021 Retirees** (Amounts in thousands)	**2020 Retirees**
Total blended premiums	$ 31,372	$ 28,285
Employment payment for retiree healthcare	681	595
Net payments	$ 32,053	$ 28,880

(2) Net OPEB Liability

At December 31, 2022 and 2021, MTA Bus reported a net OPEB liability of $898.0 million and $863.8 million, respectively, for its proportionate share of the Plan's net OPEB liability. The net OPEB liability was measured as of the OPEB Plan's fiscal year-end of December 31, 2021 and 2020. 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. MTA Bus's proportion of the net OPEB liability was based on a projection of MTA Bus's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2022 and 2021, MTA Bus's proportion was 3.60% and 3.54%, respectively.

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. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report or at www.mta.info.

(3) 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. MTA Bus 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 an actuarial valuation performed on July 1, 2021 and July 1, 2019. Update procedures were used to roll forward the total OPEB liability to December 31, 2021, 2020 and 2019, the measurement dates. 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	July 1, 2019
Measurement date	December 31, 2021	December 31, 2020	December 31, 2019
Discount rate	2.06%, net of expenses	2.12%, net of expenses	2.74%, net of expenses
Inflation	2.25 %	2.25 %	2.25 %
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25 %	4.25 %	4.50 %
Salary Increases	3.00 %	3.00 %	3.00 %
Investment rate of return	2.06 %	2.12 %	5.75 %

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 MTA Bus (all amounts are in percentages).

Trend from Year Ending	**NYSHIP**		**MTA Bus**	
	< 65	**>=65**	**< 65**	**>=65**
2021	5.3	4.6	5.9	0.0
2022	5.1	4.6	5.6	5.1
2023	4.8	4.6	5.4	5.1
2024	4.6	4.6	5.1	5.1
2025	4.5	4.5	5.0	5.0
2026	4.4	4.4	4.9	4.8
2027	4.3	4.3	4.7	4.7
2028	4.2	4.2	4.6	4.6
2029	4.0	4.0	4.5	4.5
2030	3.9	3.9	4.4	4.4
2040	3.9	3.9	4.3	4.3
2050	3.8	3.8	4.2	4.2
2060	3.8	3.8	4.2	4.2
2070	3.5	3.5	3.9	3.9
2080	3.3	3.3	3.7	3.7
2090	3.3	3.3	3.7	3.7
2100	3.3	3.3	3.7	3.7

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date are 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.

Transit Members (MTA Bus): *Pre.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 is 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	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	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 discount rate used in this valuation to measure the total OPEB liability was updated to incorporate GASB Statement No. 75 guidance.

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 MTA Bus's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate—The following presents MTA Bus's proportionate share of the net OPEB liability, as well as what MTA Bus'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:

Proportionate Share of the Net OPEB Liability	1% Decrease (1.06%)	Current Discount Rate (2.06%) (in thousands)	1% Increase (3.06%)
2022	$ 1,038,387	$ 898,016	$ 784,083
2021	994,305	863,774	757,011

Sensitivity of MTA Bus's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates—The following presents MTA Bus's proportionate share of the net OPEB liability, as well as what MTA Bus'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:

Proportionate Share of the Net OPEB Liability	1% Decrease	Healthcare Cost Current Trend Rate* (in thousands)	1% Increase
2022	$ 762,790	$ 898,016	$ 1,071,194
2021	728,815	863,774	1,036,662

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

(4) OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2022 and 2021, MTA Bus recognized OPEB expense of $73.4 million and $69.2 million, 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 an 8.1 year closed period, beginning the year in which the deferred amount occurs.

At December 31, 2022 and 2021, MTA Bus reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(Amounts in thousands)			
Differences between expected and actual experience	$ 14,904	$ (1,510)	$ 6,827	$ (1,770)
Changes in assumptions	70,248	(52,849)	83,275	(37,876)
Net difference between projected and actual earnings on OPEB plan investments	1,695	-	2,143	-
Changes in proportion and differences between contributions and proportionate share of contributions	91,137	(67,014)	94,805	(80,174)
Employer contribution to plan subsequent to the measurement date of net OPEB liability	32,053	-	28,880	-
Total	$ 210,037	$ (121,373)	$ 215,930	$ (119,820)

For the years ended December 31, 2022 and 2021, $32.1 million and $28.9 million was reported as deferred outflows of resources related to OPEB. This amount includes both MTA Bus'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 years ended December 31, 2022 and December 31, 2021, 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:	(in thousands)
2023	$ 9,296
2024	8,986
2025	6,581
2026	12,379
2027	17,882
Thereafter	1,487
	$ 56,611

9. DUE TO NYCTA

NYCTA bills MTA Bus for the administration and payment of health and welfare claims, for materials and supplies issued from NYCTA storerooms, and for NYCTA employees that have been permanently assigned to MTA Bus. In addition, MTA Bus is charged for the cost of labor and overhead for operating support (mainly NYCTA Department of Buses) and for employees assigned to MTA Bus to perform facilities related maintenance, construction and repair work.

10. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

MTA Bus establishes its liability for injuries to persons, excluding employees, on the basis of independent actuarial estimates of future liability. A summary of activity in estimated liability arising from injuries to persons and damage to third-party property, for the years ended December 31, 2022 and 2021, is as follows:

	2022	2021
	(Amounts in thousands)	
Balance—beginning of year	$ 269,497	$ 240,343
Activity during the year:		
Current year claims and changes in estimates	48,798	40,094
Claims paid	(28,109)	(10,940)
Balance—end of year	290,186	269,497
Less—current liability	(24,600)	(30,300)
Noncurrent liability	$ 265,586	$ 239,197

Not included in the 2022 and 2021 amounts are $23.4 million and $21.1 million, respectively, of current liability and $166.2 million and $153.0 million, respectively, of noncurrent liability related to employees.

11. CONTINGENCIES

Neither the MTA nor its Component Unit, MTA Bus, assumed any liability for claims, suits, and any other pending litigation matters arising from or in connection with the operation of the former seven privately franchised bus companies prior to their merger dates into MTA Bus. Beginning January 3, 2006, and on each of the three merger dates occurring thereafter (Green Bus on January 9, 2006, Jamaica Bus on January 30, 2006, and Triboro Coach on February 2006), MTA Bus assumed responsibility for all liability claims arising from operating the former City bus routes. Legal counsel to MTA Bus believes that there is no litigation or claims that could have a material effect on the financial position of MTA Bus.

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 MTA Bus have been infrequent in prior years.

12. ENVIRONMENTAL POLLUTION REMEDIATION

In accordance with GASB Statement No. 49, a pollution remediation expense provision totaling $119,032 and a corresponding liability were recorded on the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position. As of December 31, 2022, and 2021, the pollution remediation liability totaled $12.0 million and $12.3 million, respectively, primarily consisting of future remediation activities associated with asbestos removal, lead abatement, ground water contamination, soil contamination, and arsenic contamination at MTA Bus. MTA Bus does not anticipate any changes in the near future that would have a material impact on the recorded obligations due to changes resulting from price increase or reduction, technology, or changes in applicable laws or regulations. In addition, MTA Bus does not expect any recoveries of cost that would have a material effect on the recorded obligations.

During 2005, environmental consultants, on behalf of the New York City Department of Design performed on site investigation at the former Green, Jamaica and Triboro Coach Bus lines prior to their merger into MTA Bus. As a result of the site investigations, these depots were found to require extensive soil and groundwater remediation. The Transit Authority's Capital Programs Management Environmental Engineering Division estimated that the cost to remediate the contaminated sites would total approximately $4.3 million. During 2006, the New York State Department of Environmental Conservation issued stipulation and consent decrees requiring MTA Bus to commence soil and ground water remediation at the College Point and Eastchester depots. The estimated cost for cleanup efforts at these sites was approximately $2.0 million. Pursuant to the letter agreement between The City and the MTA, remediation costs will be reimbursable by The City and, as such, a reserve for environmental remediation was not recorded in MTA Bus's financial statements. As stated in Note 2, The City funded the $6.3 million in estimated costs for potential environmental remediation. In July 2011 and December 2021, The City funded the Environmental Remediation Reserve Fund with an additional $11.1 million and $2.2 million, respectively. At December 31, 2022, the Environmental Remediation Reserve fund had a balance of $7.5 million remaining for future Environmental projects.

	2022	2021
	(Amounts in thousands)	
Balance beginning of year	$ 12,297	$ 11,380
Activity during the year:		
Current year changes in estimates	(47)	1,571
Payments	(265)	(654)
Balance end of year	11,985	12,297
Less—current liability	(7,474)	(7,640)
Non current liability	$ 4,511	$ 4,657

13. RELATED PARTY TRANSACTIONS

MTA Bus receives support from MTA in the form of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, some of which are charged back. Funds for MTA Bus's capital project expenditures are also provided by MTA. MTA Bus recognizes funds contributed by MTA for MTA Bus's capital project expenditures as contributed capital.

Due from/to MTA and affiliated agencies consists of the following at December 31, 2022 and 2021:

	2022		2021	
	Receivable	(Payable)	Receivable	(Payable)
	(Amounts in thousands)			
MTA	$669,007	$ 11,880	$142,023	$ 11,966
Affiliated agencies	17,927	29,204	19,955	34,260
Total MTA and affiliated agencies	$686,934	$ 41,084	$161,978	$ 46,226

14. 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 has been 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 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 $335.5 million has been released to MTA Bus for operating assistance that occurred from January 20, 2020 through July 31, 2020. MTA Bus 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 $2.097 billion MLF loan matures in December 2023.

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 CRRSAA between December 2021 and January 2022. 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. MTA Bus received $261.2 million in December 2021 with the balance of $47.3 million received in January 2022. This federal relief is expected to offset operating deficits in 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, of which $43.6 million pertained to MTA Bus, 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. An additional estimated $100 million is expected to be submitted for the period ended December 31, 2022.

15. SUBSEQUENT EVENTS

On January 17, 2023 and January 24, 2023, MTA prepaid the 2023 and 2024 projected Actuarially Determined Contributions (ADC's) for MTA-Sponsored Pension Plans. The prepayment amounts for MTA Buses' portion of the MTA Defined Benefit Plan for each year were $62.49 million and $60.27 million, respectively.

* * * * * *

DRAFT

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

DRAFT

MTA BUS COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA BUS'S PROPORTIONATE SHARE OF NET PENSION LIABILITY IN THE MTA DEFINED BENEFIT PLAN
FOR THE YEARS ENDED DECEMBER 31

	MTA Defined Benefit Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
	(in thousands, except %)							
MTA Bus's proportion of the net pension liability	15.26 %	15.41 %	17.08 %	17.11 %	16.45 %	20.10 %	15.94 %	16.51 %
MTA Bus's proportionate share of the net pension liability	$ 255,553	$ 298,534	$ 294,880	$ 301,790	$ 166,590	$ 269,740	$ 205,690	$ 170,800
MTA Bus's actual covered-employee payroll	$ 370,580	$ 380,786	$ 367,056	$ 367,802	$ 323,411	$ 325,651	$ 289,491	$ 312,784
MTA Bus's proportionate share of the net pension liability as a percentage of its covered-employee payroll	68.96 %	78.40 %	80.34 %	82.05 %	51.51 %	82.83 %	71.05 %	54.61 %
Plan fiduciary net position as a percentage of the total pension liability	77.45%	72.13 %	73.48 %	73.33 %	79.87 %	71.82 %	70.44 %	70.44 %

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.

DRAFT

MTA BUS COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA BUS'S CONTRIBUTIONS FOR ALL PENSION PLANS FOR THE YEARS ENDED DECEMBER 31

(in thousands, except %)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
MTA Defined Benefit Plan									
Actuarially determined contribution	$ 60,879	$ 59,629	$ 60,549	$ 59,768	$ 56,731	$ 52,133	$ 44,927	$ 43,852	$ 45,717
Actual employer contribution	60,879	59,629	61,100	59,769	57,264	50,479	44,300	45,928	46,606
Contribution deficiency (excess)	$ -	$ -	$ (551)	$ (0.907)	$ (533)	$ 1,654	$ 627	$ (2,077)	$ (889)
Covered payroll	$ 386,168	$ 370,580	$ 380,786	$ 367,056	$ 367,802	$ 323,411	$ 325,651	$ 289,491	$ 312,784
Contributions as a % of covered payroll	15.76 %	16.09 %	16.05 %	16.28 %	15.57 %	15.61 %	13.60 %	15.87 %	14.90 %

Notes to Schedule of MTA Bus's Contributions to Pension Plan:

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 MTA Defined Benefit 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: covered employees.

Changes of Benefit Terms

The January 1, 2018 funding valuation reflects Arbitration and Impasse Awards and an MOU between MTA Bus and ATU Local 1179/1181 and TSO Local 106 TWU Local 100 that provide enhanced benefits to covered employees. The January 1, 2016 funding valuation reflects an Arbitration Award between MTA Bus and TWU Local 100 that provides enhanced benefits to covered employees.

There were no changes of benefit terms in the January 1, 2017 and 2015 funding valuation.

Changes of Assumptions

There were no changes of benefit assumptions in the January 1, 2016 and January 1, 2015 funding valuation.

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.

MTA BUS COMPANY
(Component Unit of the MTA)

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

Plan Measurement Date (December 31):	2021	2020	2019	2018	2017
			(in thousands, except %)		
MTA Bus's proportion of the net OPEB liability	3.60 %	3.54 %	3.85 %	3.24 %	3.39 %
MTA Bus's proportionate share of the net OPEB liability	$ 898,016	$863,774	$813,117	$633,567	$695,529
MTA Bus's covered payroll	$ 370,580	$380,786	$367,056	$367,802	$323,411
MTA Bus's proportionate share of the net OPEB liability as a percentage of covered payroll	242.33 %	226.84 %	221.52 %	172.26 %	215.06 %
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. Additional years will be displayed as they become available. In accordance with GASB No. 75, information was not readily available for periods prior to 2017.

MTA BUS COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA BUS'S CONTRIBUTIONS TO THE MTA OPEB PLAN
FOR THE YEARS ENDED DECEMBER 31:

	2022	2021	2020	2019	2018	2017
			(in thousands, except %)			
Actuarially Determined Contribution	N/A	N/A	N/A	N/A	N/A	N/A
Actual Employer Contribution [1]	$ 32,053	$ 28,880	$ 25,646	$ 28,339	$ 23,214	$ 22,095
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A
Covered Payroll	$ 386,168	$ 370,580	$ 380,786	$ 367,056	$ 367,802	$ 323,411
Actual Contribution as a Percentage of Covered Payroll	8.30%	7.79%	6.74%	7.97%	6.31%	8.03%

[1] Actual employer contribution includes the implicit rate of subsidy adjustment of $681, $595, $791, $975, $770 and $909 for the years ended December 31, 2022, 2021, 2020, 2019, 2018 and 2017, respectively.

Notes to Schedule of MTA Bus's Contribution to the OPEB Plan:

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2021
Measurement date	December 31, 2021
Discount rate	2.06%, net of expenses
Inflation	2.25 %
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.25 %
Salary increases	3.00 %
Investment rate of return	2.06 %

Changes of benefit terms: In the July 1, 2017 actuarial valuation, there were no changes to the benefit terms.

Changes of assumptions: In the July 1, 2017 actuarial valuation, there was a change in assumptions. The discount rate used to measure liabilities was updated to incorporate GASB 75 guidance and changed to reflect the current municipal bond rate.

Changes in Actuarial Assumptions since Prior Valuation: The retirement rates for other non-represented members were revised to reflect changes in retirement eligibility conditions, as they are now eligible for MABSTOA style pension benefits. The impact of this change is considered a plan change.

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. 75, information was not readily available for periods prior to 2017.

DRAFT

Metropolitan Transportation Authority

(A Component Unit of the State of New York)

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

Table of Contents

METROPOLITAN TRANSPORTATION AUTHORITY

(A Component Unit of the State of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

($ In Millions, except as noted)

FINANCIAL REPORTING ENTITY

The Metropolitan Transportation Authority ("MTA" or "MTA Group") was established under the New York Public Authorities Law and is a public benefit corporation and a component unit of the State of New York 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 financial reporting entity consists of subsidiaries and affiliates, considered component units of the MTA, because the Board of the MTA serves as the overall governing body of these related entities.

The Reporting entity includes:

(1) the MTA is comprised of the following:

- Metropolitan Transportation Authority Headquarters ("MTAHQ") provides support in budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services to the related groups listed below.
- The Long Island Rail Road Company ("MTA Long Island Rail Road") provides passenger transportation between New York City ("NYC") and Long Island.
- Metro-North Commuter Railroad Company ("MTA Metro-North Railroad") provides passenger transportation between NYC and the suburban communities in Westchester, Dutchess, Putnam, Orange, and Rockland counties in New York State ("NYS") and New Haven and Fairfield counties in Connecticut.
- Staten Island Rapid Transit Operating Authority ("MTA Staten Island Railway") provides passenger transportation on Staten Island.
- First Mutual Transportation Assurance Company ("FMTAC") provides primary insurance coverage for certain losses, some of which are reinsured, and assumes reinsurance coverage for certain other losses.
- MTA Construction and Development Company ("MTA Construction and Development"), formerly called MTA Capital Construction Company, provides oversight for the planning, design and construction of current and future major MTA system-wide expansion projects.
- MTA Bus Company ("MTA Bus") operates certain bus routes in areas previously served by private bus operators pursuant to franchises granted by the City of New York.
- New York City Transit Authority ("MTA New York City Transit") and its subsidiary, Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA"), provide subway and public bus service within the five boroughs of New York City.
- Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels") operates seven toll bridges, two tunnels, and the Battery Parking Garage, all within the five boroughs of New York City.
- MTA Grand Central Madison Concourse Operating Company ("MTA GCMC") operates and maintains the infrastructure and structures supporting Long Island Rail Road access into Grand Central Terminal.
- MTAHQ, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Staten Island Railway, FMTAC, MTA Capital Construction, MTA Bus, MTA New York City Transit, MTA Bridges and Tunnels, and MTA GCMC collectively are referred to herein as MTA. MTA Long Island Rail Road and MTA Metro-North Railroad are referred to collectively as the Commuter Railroads.

The MTA provides transportation services in the New York metropolitan area, operations of seven bridges and two tunnels within New York City and primary insurance coverage. The MTA engages in Business-Type Activities. The financial results of the MTA are reported as consolidated financial statements.

(2) Fiduciary Funds comprised of Pension and Other Employee Benefit Trust Funds:

- Pension Trust Funds:
  - MTA Defined Benefit Pension Plan
  - The Long Island Rail Road Company Plan for Additional Pensions ("Additional Plan")

  - Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA Plan")
  - Metro-North Commuter Railroad Cash Balance Plan ("MNR Cash Balance Plan")
- Other Employee Benefit Trust Funds
  - MTA Other Postemployment Benefits Plan ("OPEB Plan")

OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

This report consists of: Management's Discussion and Analysis ("MD&A"), Consolidated Financial Statements, Fiduciary Funds Financial Statements, Notes to the Consolidated Financial Statements, Required Supplementary Information, Supplementary Information - Combining Fiduciary Fund Financial Statements, and Supplementary Information.

Management's Discussion and Analysis

This MD&A provides a narrative overview and analysis of the financial activities of the Metropolitan Transportation Authority and its consolidated subsidiaries and affiliates (the "MTA" or "MTA Group") as of and for the years ended December 31, 2022 and 2021. For financial reporting purposes, the subsidiaries and affiliates of the MTA are blended component units. This management discussion and analysis is intended to serve as an introduction to the MTA Group's consolidated financial statements. It provides an assessment of how the MTA Group's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the MTA Group's overall financial position. It may contain opinions, assumptions, or conclusions by the MTA Group's management that must be read in conjunction with, and should not be considered a replacement for, the consolidated financial statements.

The Consolidated Financial Statements

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

The Consolidated Statements of Revenues, Expenses and Changes in Net Position, which provide information about the MTA's changes in net position for the period then ended and accounts for all of the period's revenues and expenses, measures the success of the MTA Group's operations during the year and can be used to determine how the MTA has funded its costs.

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

The Fiduciary Funds Financial Statements

Fiduciary funds are used to account for resources held in a trustee capacity for the benefit of parties outside of a government entity. Fiduciary funds are not reported in the MTA's consolidated financial statements because the resources of those funds are not available to support the MTA's own programs. The MTA's fiduciary funds are collectively reported as Pension and Other Employee Benefit Trust Funds.

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

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

Notes to the Consolidated Financial Statements

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

Required Supplementary Information

The required supplementary information provides information about the changes in the net pension liability and net other postemployment benefits ("OPEB") liability, employer contributions for the OPEB and pension plans, actuarial assumptions used to calculate the net pension liability and net OPEB liability, historical trends, and other required supplementary information related to the MTA Group's cost-sharing multiple-employer defined benefit pension plans.

Supplementary Information - Combining Fiduciary Funds Financial Statements

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

Supplementary Information

The supplementary information provides a series of reconciliations between the MTA Group's financial plan and the consolidated statements of revenues, expenses and changes in net position.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following sections discuss the significant changes in the MTA Group's financial position as of and for the years ended December 31, 2022 and 2021. An analysis 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, the information contained within the summaries of the consolidated financial statements and the various exhibits presented were derived from the MTA Group's consolidated financial statements.

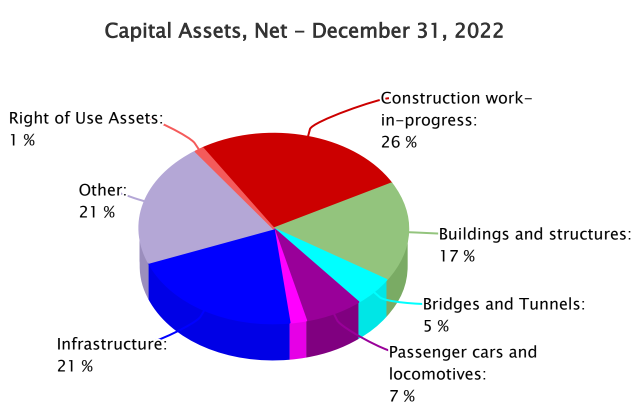
Total Assets and Deferred Outflows of Resources, Distinguishing Between Capital Assets, Other Assets and Deferred Outflows of Resources

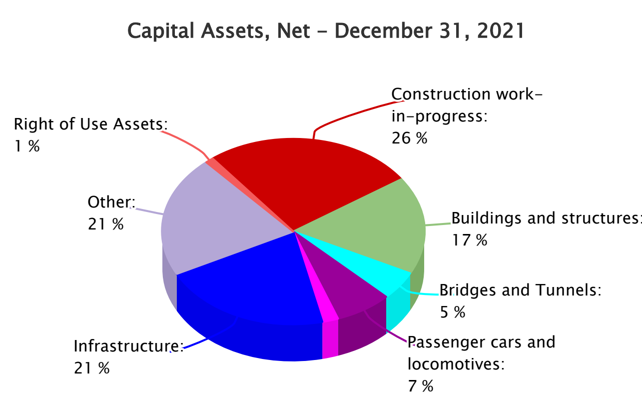
Capital assets include, but are not limited to: bridges, structures, tunnels, construction of buildings and the acquisition of buses, equipment, passenger cars, and locomotives. Right-of-use assets for leases on building, office space, storage space, equipment and vehicle have been included as a result 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, restricted and unrestricted investments, State and regional mass transit taxes receivables, and receivables from New York State. This also includes the receivable from leases of MTA's land, building, station space, equipment, 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: changes in fair market values of hedging derivative instruments that are determined to be effective, unamortized loss on debt refunding, deferred outflows from pension activities, and deferred outflows from OPEB activities.

(In millions)	**December 31, 2022**	**2021 (Restated)**	**2020**	**Increase / (Decrease) 2022 - 2021**	**2021 - 2020 (Restated)**
Capital assets — net (see Note 6)	$ 87,414	$ 84,410	$ 80,895	$ 3,004	$ 3,515
Other assets	21,137	20,354	12,899	783	7,455
Total Assets	108,551	104,764	93,794	3,787	10,970
Deferred outflows of resources	8,274	7,863	6,201	411	1,662
Total assets and deferred outflows of resources	$ 116,825	$ 112,627	$ 99,995	$ 4,198	$ 12,632





Significant Changes in Assets and Deferred Outflows of Resources Include:

***December 31, 2022* versus December 31, 2021**

- Net capital assets increased at December 31, 2022 by $3,004 or 3.6%. There was an increase in buildings and structures of $2,788, an increase in infrastructure of $2,120, an increase in other capital assets of $1,468, an increase in bridges and tunnels of $253, an increase in buses of $172, an increase in passenger cars and locomotives of $103, and an increase in right-of-use assets of $5. This was offset by a net increase in accumulated depreciation of $2,903, and an increase in amortization of $69 and a decrease in construction in progress of $800. See Note 6 to the MTA's Consolidated Financial Statements for further information. Some of the more significant projects contributing to the net increase included:
  - Continued progress on the East Side Access, Second Avenue Subway and the subway action plan.
  - Infrastructure work including:
    - Repairs and improvements of all MTA Bridge and Tunnels' facilities.
    - Construction of a third track between Floral Park and Hicksville by MTA Long Island Railroad.
    - Improvements to MTA Long Island Railroad's road-assets, replacement of signal power lines, various right-of-way enhancements and upgrades of radio communications.
    - Continued improvements to MTA Metro-North Railroad stations, tracks and structures, power rehabilitation of substations, and security.
    - Subway and bus real-time customer information and communications systems.
    - Continued structural rehabilitation and repairs of the ventilation system at various facilities.
    - Continued passenger station rehabilitation for Penn Station and East Side Access Passenger station.
    - Ongoing work by MTA New York City Transit to make stations fully accessible and structurally reconfigured in accordance with the Americans with Disability Act ("ADA") standards.
- Other assets increased by $783, or 3.8%. The major items contributing to this change include:
  - An increase in cash and investments of $4,172 primarily due to the timing of proceeds received from the American Rescue Plan Assistance grants.
  - An increase in various other current assets and noncurrent assets of $106.

  Offsetting these increases was:

  - A $3,459 net decrease in current receivables, primarily due to Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") funds received during 2022 which were accrued for in 2021.
- Deferred outflows of resources increased by $411, or 5.2%. This was due to an increase of $784 related to OPEB and pensions, primarily due to change in assumptions offset by a decrease in deferred outflows related to pensions 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*. Offsetting this increase were decreases in the fair value of derivative instruments of $275 and deferred outflows for unamortized losses on refundings of $201.

***December 31, 2021* versus December 31, 2020**

- Net capital assets increased at December 31, 2021 by $3,515 or 4.4%. There was an increase in construction in progress of $1,600, an increase in other capital assets of $1,200, an increase infrastructure of $1,155, an increase in buildings and structures of $1,044, a net increase in right of use assets of $651, an increase in bridges and tunnels of $195, an increase in passenger cars and locomotives of $166, an increase in buses of $142, and an increase in land of $1. This was offset by a net increase in accumulated depreciation of $2,852. See Note 6 to the MTA's Consolidated Financial Statements for further information. Some of the more significant projects contributing to the net increase included:
  - Continued progress on the East Side Access, Second Avenue Subway and Number 7 Extension Project.
  - Infrastructure work including:
    - Repairs and improvements of all MTA Bridge and Tunnels' facilities.
    - Improvements to MTA Long Island Railroad's road-assets, replacement of signal power lines, various right-of-way enhancements and upgrades of radio communications.
    - Continued improvements to MTA Metro-North Railroad stations, tracks and structures, power rehabilitation of

substations, and security.

- ○ Subway and bus real-time customer information and communications systems.
- ○ Continued structural rehabilitation and repairs of the ventilation system at various facilities.

- Continued improvements made to the East River Tunnel Fire and Life Safety project for 1st Avenue, Long Island City and construction of three Montauk bridges.
- Continued passenger station rehabilitations for Penn Station and East Side Access Passenger station.
- Ongoing work by MTA New York City Transit to make stations fully accessible and structurally reconfigured in accordance with the Americans with Disability Act ("ADA") standards.

● Other assets increased by $7,455, or 57.8.%. The major items contributing to this change include:

- An increase in investments of $3,432 mainly due to proceeds received from the $4,000 issuance of Grant Anticipation Notes in December 2021.
- An increase in current receivable of $3,787 primarily due to an increase in receivable from the federal government for the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") of $3,523, an increase in State and regional mass transit taxes of $21, an increase in subsidies from New York City for MTA New York City Transit and MTA Bus of $102, an increase in Mortgage Recording Tax of $12, and a decrease in State and local operating assistance of $1. There was also a net increase in various current receivables of $201.
- An increase in non-current receivable of $369 primarily due to the implementation at GASB Statement No. 87.
- An increase in various other current assets of $41, primarily due to an increase in derivative fuel hedge assets of $24.
- A decrease in various other noncurrent assets of $1.
- A decrease in cash of $244 from net cash flow activities.

● Deferred outflows of resources increased by $1,662, or 26.8%. This was due to an increase of $2,216 related to OPEB, primarily due to change in assumptions offset by a decrease in deferred outflows related to pensions of $347 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. In addition, there was a decrease in the fair value of derivative instruments of $110 and a decrease in deferred outflows for unamortized losses on refundings of $97.

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

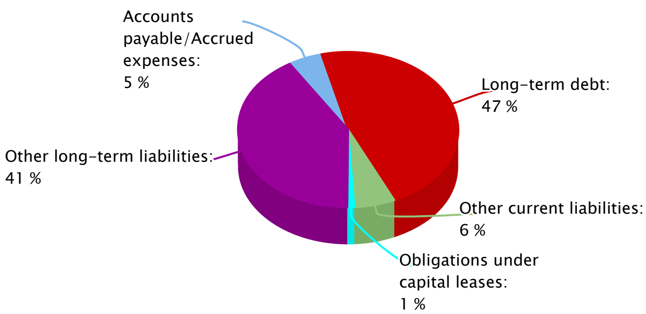
Current liabilities include: accounts payable, accrued expenses, current portions of long-term debt, pollution remediation liabilities, unredeemed fares and tolls, and other current liabilities. This also includes the current portion of long-term lease liability as a result of the implementation of GASB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

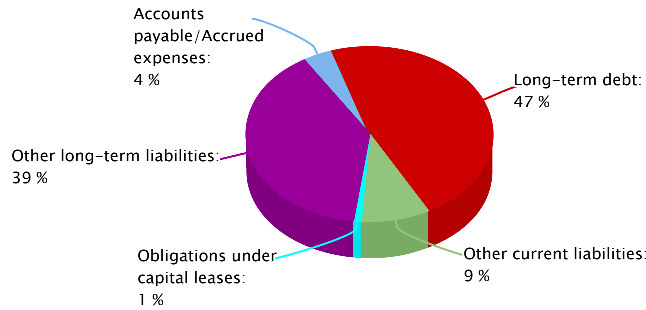
Deferred inflows of resources reflect unamortized gains on debt refunding, pension related deferred inflows, and deferred inflows from OPEB activities. As a result of the implementation of GASB Statement No. 87, *Leases*, a deferred inflow of resources from leases at the amount of the lease receivable was recognized. Refer to footnote 2 for additional information.

(In millions)	December 31, 2022	December 31, 2021 (Restated)	December 31, 2020	Increase/(Decrease) 2022 - 2021	Increase/(Decrease) 2021 - 2020 (Restated)
Current liabilities	$ 10,557	$ 13,601	$ 7,184	$ (3,044)	$ 6,417
Non-current liabilities	85,385	84,785	85,263	600	(478)
Total liabilities	95,942	98,386	92,447	(2,444)	5,939
Deferred inflows of resources	4,072	5,100	2,565	(1,028)	2,535
Total liabilities and deferred inflows of resources	$ 100,014	$ 103,486	$ 95,012	$ (3,472)	$ 8,474

Total Liabilities – December 31, 2022



Total Liabilities – December 31, 2021



Significant Changes in Liabilities and Deferred Inflows of Resources Include:

***December 31, 2022* versus December 31, 2021**

- Current liabilities decreased by $3,044, or 22.4%. The decrease was primarily due to:
  - A decrease in the current portion of long-term debt of $3,269, primarily from the redemption of MTA Grant Anticipation Notes and MTA Bond Anticipation Notes.
  - Net decreases in accounts payable, accrued expenses and other current liabilities of $150.

  Offsetting increases were:
  - An increase in unearned revenue of $377 due to timing of New York State’s funding towards the MTA Capital Program and processing of capital payments.
  - An increase in interest payable of $76, mainly due to timing of interest payments on long-term debt.
- Non-current liabilities increased by $600, or 0.7%. This increase was mainly due to:
  - An increase in net pension liability and post retirement benefits other than pensions of $2,573 due to actuarial valuation.
  - An increase of $312 in estimated liability arising from injuries to persons.

  Offsetting decreases were:
  - A net decrease in the non-current portion of long-term debt of $1,938 due to redemptions and maturities.
  - Decreases in derivative liabilities of $248 resulting mainly from changes in market valuation and a reduction in the notional amount of derivative contracts.
  - A net decrease in other various non-current liabilities of $98.
- Deferred inflows of resources decreased by $1,028, or 20.2%, primarily due to a decrease in deferred inflows related to pensions of $1,939 as a result of changes in the actuarially determined calculations for the pension plans as required by GASB Statement No. 68, an increase in deferred inflows related to OPEB of $962 due to changes in actuarial calculations for OPEB as required by GASB Statement No. 75, and a decrease in other deferred inflows from leases of $44.

***December 31, 2021* versus December 31, 2020**

- Current liabilities increased by $6,417, or 89.3%. The net increase in current liabilities was primarily due to an increase in the current portion of long-term debt of $6,526, due mainly to the issuance of Grant Anticipation Notes of $4,000 in December 2021, which will mature on November 15, 2022, an increase in accrued expenses of $53, an increase of $65 in employee related accruals, an increase in interest payable of $50, and an increase in the lease payable (see Note 9) of $10, and a net increase in various other current liabilities of $72. This was offset by a decrease in accounts payable due to vendors of $113, a decrease in unearned premiums of $116, and a decrease in capital accruals of $130.

- Non-current liabilities decreased by $478, or 0.6%. This decrease was mainly due to:
  - A decrease in the non-current portion of long-term debt of $1,039 primarily due to the movement of early retirement of bond anticipation notes to current liability, as required by GASB Statement No. 62 (see Note 7).
  - A decrease in pension liability of $3,460, resulting from actuarial calculations as required by GASB Statement No. 68 (see Note 4).
  - A decrease in contract retainage payable of $63.
  - A decrease in other long-term liabilities of $73, due to higher employer social security taxes payments in 2021 that were accrued in 2020 under the payroll tax deferral relief offered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
  - An increase in lease payable and financing agreements of $621, which includes an increase of $625 from the adoption of GASB Statement No. 87, *Leases* (see Note 2).
  - An increase in estimated liability arising from injuries to persons (see Note 11) of $373 due to revised actuarial calculations of the workers' compensation reserve.
  - A decrease in derivative liability (see Note 8) of $110.
  - An increase in net OPEB liability of $3,292 due to changes in actuarial calculations for OPEB as required by GASB Statement No. 75 (see Note 5).
  - A net decrease in other various non-current liabilities of $19.
- Deferred inflows of resources increased by $2,535, or 98.8%, primarily due to an increase in deferred inflows related to pensions of $2,198 as a result of changes in the actuarially determined calculations for the pension plans as required by GASB Statement No. 68, an increase in deferred inflows from leases of $342 due to the adoption of GASB Statement No. 87, *Leases* (see Note 2), an increase in deferred inflows related to OPEB of $2 due to changes in actuarial calculations for OPEB as required by GASB Statement No. 75, and a decrease in the gain on refunding of debt of $7.

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

In 2021, the total net position increase of $7,667 is primarily due to increased payments made by MTA for operating and capital subsidies. In addition, this includes a restatement of -$2 as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

(In millions)	December 31, 2022	December 31, 2021 (Restated)	December 31, 2020	Increase/(Decrease) 2022 - 2021	Increase/(Decrease) 2021 - 2020 (Restated)
Net investment in capital assets	$ 34,784	$ 29,884	$ 32,884	$ 4,900	$ (3,000)
Restricted for debt service	381	1,039	480	(658)	559
Restricted for claims	193	225	287	(32)	(62)
Restricted for other purposes	4,491	1,346	1,184	3,145	162
Unrestricted	(23,038)	(23,353)	(29,852)	315	6,499
Total Net Position	$ 16,811	$ 9,141	$ 4,983	$ 7,670	$ 4,158

Significant Changes in Net Position Include:

***December 31, 2022* versus December 31, 2021**

At December 31, 2022, total net position increased by $7,670, or 83.9%, when compared with December 31, 2021. This change is a result of net non-operating revenues of $14,578 and appropriations, grants and other receipts externally restricted for capital projects of $4,517, which was offset by operating losses of $11,416.

The net investment in capital assets increased by $4,900, or 16.4%. Funds restricted for debt service, claims and other purposes increased by $2,455, or 94.1% in the aggregate, mainly due to an increase in funds restricted for other purposes of $3,145, offset by a decrease in funds restricted for debt service of $658. Unrestricted net position increased by $315, or 1.3%.

***December 31, 2021* versus December 31, 2020**

At December 31, 2021, total net position increased by $4,158, or 83.4%, when compared with December 31, 2020. This change is a result of net non-operating revenues of $11,414 and appropriations, grants and other receipts externally restricted for capital projects of $3,789, which was offset by operating losses of $11,045.

The net investment in capital assets decreased by $3,000, or 9.1%. Funds restricted for debt service, claims and other purposes increased by $659, or 33.8% in the aggregate, mainly due to a $559 increase in funds restricted for debt service and an increase in funds restricted for other purposes of $162, which was offset by a decrease in funds restricted for claims of $62. Unrestricted net position increased by $6,499, or 21.8%.

Condensed Consolidated Statement of Revenues, Expenses and Changes in Net Position

(In millions)	December 31, 2022	December 31, 2021 (Restated)	December 31, 2020	Increase/(Decrease) 2022 - 2021	Increase/(Decrease) 2021 - 2020 (Restated)
Operating revenues					
Passenger and tolls	$ 6,356	$ 5,218	$ 4,265	$ 1,138	$ 953
Other	648	561	463	87	98
Total operating revenues	7,004	5,779	4,728	1,225	1,051
Non-operating revenues					
Grants, appropriations and taxes	8,419	7,761	6,014	658	1,747
Other	8,080	5,476	4,961	2,604	515
Total non-operating revenues	16,499	13,237	10,975	3,262	2,262
Total revenues	23,503	19,016	15,703	4,487	3,313
Operating expenses					
Salaries and wages	6,578	6,204	6,246	374	(42)
Retirement and other employee benefits	2,890	2,264	3,054	626	(790)
Postemployment benefits other than pensions	1,892	1,865	1,677	27	188
Depreciation and amortization	3,361	3,219	3,011	142	208
Other expenses	3,699	3,272	3,030	427	242
Total operating expenses	18,420	16,824	17,018	1,596	(194)
Non-operating expenses					
Interest on long-term debt	1,904	1,810	1,722	94	88
Other net non-operating expenses	18	13	13	5	-
Total non-operating expenses	1,922	1,823	1,735	99	88
Total expenses	20,342	18,647	18,753	1,695	(106)
Loss before appropriations, grants and other receipts externally restricted for capital projects	3,161	371	(3,050)	2,792	3,419
Appropriations, grants and other receipts externally restricted for capital projects	4,509	3,789	3,582	720	207
Change in net position	7,670	4,158	532	3,512	3,626
Net position, beginning of year	9,141	4,983	4,451	4,158	532
Restatement of beginning net position -					
Net position, end of year	$ 16,811	$ 9,141	$ 4,983	$ 7,670	$ 4,158

Revenues and Expenses, by Major Source:

Years ended December 31, 2022 versus 2021

- Total operating revenues increased by $1,225, or 21.2%. The increase was mainly due to increased ridership on trains and subways, as well as increased tolls from vehicle crossings. Fare and toll revenue had increases of $976 and $162, respectively. Other operating revenues increased by $87 when compared with the same period in 2021 due to higher advertising revenues and higher paratransit reimbursement subsidy.
- Total non-operating revenues increased by $3,262, or 24.6%.
  - Other subsidies increased by $2,612, primarily due to $6,967 from the Federal government's American Rescue Plan Act ("ARPA") to support operations. In 2021, the MTA reported $4,114 from the Federal government's Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA"). There was an increase in operating subsidies from New York City of $52. These increases were offset by a decrease in other net non-operating revenues of $249 and a decrease in subsidies from the Connecticut Department of Transportation for the MTA Metro-North Railroad of $44.
  - Grants, appropriations, and taxes increased by $658 primarily due to an increase in Metropolitan Mass Transportation Operating Assistance of $354, ,an increase in Urban Tax of $144, an increase in Mansion Tax of $119, an increase in New York City Assistance Fund of $92, an increase in Payroll Mobility Tax of $24, and an increase in Mass Transportation Trust Fund from New York State of $14. This was offset by a decrease in Mortgage Recording Tax

of $37, a decrease in Operating Assistance of $37, a decrease in Internet Sales Tax of $14, and a decrease in Build America Bond Subsidy of $1.

- Labor costs increased by $1,027, or 9.9%. The major changes within this category are:
  - Retirement and employee benefits increased by $627 primarily due to changes in the actuarial valuation for pensions under GASB Statement No. 68.
  - Salaries and wages increased by $374 mainly due to an increase in headcount coupled with wage adjustments.
  - Postemployment benefits other than pensions increased by $29 due to changes in the actuarial valuation for OPEB.
- Non-labor operating costs increased by $568, or 8.7%. The variance was primarily due to:
  - An increase in depreciation and amortization of $143, due to more assets placed in service in the current year.
  - An increase in electric power of $126 and fuel of $119 due to higher rates and consumption.
  - An increase in material and supplies of $75, mainly due to higher maintenance and repairs requirements.
  - An increase in paratransit service contracts of $66 primarily due to increased ridership.
  - An increase in maintenance and other operating contracts by $21.
  - A net increase in other various expenses of $31 due to changes in operational requirements.
- Total net non-operating expenses increased by $99, or 5.4% primarily due to an increase in interest on long-term debt.
- Appropriations, grants and other receipts externally restricted for capital projects increased by $720, or 19.%, mainly due to timing in the availability of Federal and State grants for capital projects.

Years ended December 31, 2021 versus 2020

- Total operating revenues increased by $1,051, or 22.2%. This was attributable to the increase in fare and toll revenues of $423 and $530, respectively, mainly due to the lifting of major travel restrictions of the Stay at Home Executive Order issued by New York State governor in March 2020 and a toll increase effective April 11, 2021. Other operating revenues increased by $98 when compared with the same period in 2020 due to higher advertising revenues and higher paratransit reimbursement subsidy.
- Total non-operating revenues increased by $2,262, or 20.6%.
  - The favorable variance of $1,747 in grants, appropriations, and taxes was primarily due to increases in tax-supported subsidies from New York State, New York City and local service areas. There was an increase in Metropolitan Mass Transportation Operating of $683, increase in Payroll Mobility Tax of $247, an increase in Internet Sales Tax of $85, an increase in Mansion Tax of $214, an increase in Mortgage Recording Tax subsidies of $195 due to greater mortgage transactions in the MTA service area, an increase in Urban Tax subsidies of $160, an increase in MTA Aid Trust of $16, an increase in Operating Assistance of $78, an increase in Mass Transportation Trust Fund of $21, and an increase in New York City Assistance Fund $53. The increases were offset by a decrease in Build America Bond subsidy of $5.
  - Other non-operating revenues increased by $79 primarily due to an increase in funds from the Federal government's Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") over CARES funding received in 2020 of $104, an increase in subsidies from the Connecticut Department of Transportation for the MTA Metro-North Railroad of $36, an increase in other net non-operating revenues of $276, an increase in Station maintenance of $3, and an increase in subsidies from New York City of $105 for MTA Bus and MTA Staten Island Railway for the deficit funding requirement for MTA Bus.
- Labor costs decreased by $644, or 5.9%. The major changes within this category are:
  - Retirement and employee benefits decreased by $790 primarily due to changes in the actuarial valuation for pensions under GASB Statement No. 68.
  - Salaries and wages decreased by $42 mainly due to a decrease in headcount as a result of retirements and the sustained agency hiring freeze.
  - Postemployment benefits other than pensions increased by $188 due to changes in the actuarial valuation for OPEB.
- Non-labor operating costs increased by $450, or 7.5%. The variance was primarily due to:
  - An increase in claims arising from injuries to persons of $189 based on the most recent actuarial valuations.

- An increase in depreciation of $208 (including $61 from the adoption of GASB Statement No. 87, *Leases*) due to more assets placed in service in the current year.
- An increase in paratransit service contracts of $20 primarily due to increased ridership.
- An increase in professional service contracts of $65 primarily due to changes in consulting service requirements.
- An increase in electric power of $45 and fuel of $60 due to higher rates and consumption.
- An increase in insurance of $31 due to changes in property and liability reserve requirements.
- A decrease in material and supplies by $57, mainly due to revised maintenance and repairs requirements for transit and commuter systems.
- A decrease in pollution remediation projects of $86 primarily due to identification of additional areas of exposure requiring environmental remediation in 2020.
- A decrease in maintenance and other operating contracts by $71, including a decrease of $67 from adoption of GASB Statement No. 87, *Leases*.
- A net increase in other various expenses of $46 due to changes in operational requirements.

● Total net non-operating expenses increased by $88, or 5.1% primarily due to an increase in interest on long-term debt.

● Appropriations, grants and other receipts externally restricted for capital projects increased by $207, or 5.8%, mainly due to timing in the availability of Federal and State grants for capital projects.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

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. The MTA consists of urban subway and bus systems, suburban rail systems, and bridge and tunnel facilities, all of which are affected by a myriad of economic forces. To achieve maximum efficiency and success in its operations, the MTA must identify economic trends and continually implement strategies to adapt to changing economic conditions.

Preliminary 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 compared with the fourth quarter of 2021, MTA New York City Transit subway ridership increased by 33.9 million trips (13.9%), MTA New York City Transit bus decreased by 72 thousand trips (-0.1%), MTA Long Island Rail Road ridership increased by 2.9 million trips (25.3%), MTA Metro-North Railroad increased by 3.6 million trips (34.4%), MTA Bus increased by 423 thousand trips (2.0%), and MTA Staten Island Railway increased by 32 thousand trips (6.3%). Vehicle traffic at MTA Bridges and Tunnels facilities in 2022 exceeded 2020 levels by 73.1 million crossings (28.9%), and B&T traffic in the fourth quarter, compared with the fourth quarter of 2021, was up 1.4 million crossings (1.7%).

The Central Business District Tolling Program (CBDTP) was authorized by the MTA Reform and Traffic Mobility Act and enacted in April 2019. The CBDTP will impose a toll for vehicles entering or remaining in the Central Business District (CBD), which is defined as Manhattan south of and inclusive of 60th Street, not including 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). If implemented, changes in travel patterns are predicted as drivers to the CBD may avoid the toll by switching to transit or other modes, taking alternative routes, or not making the trip. On August 10, 2022, the Environmental Assessment (EA) was released for public review as part of the formal public comment period, which also included six public hearings, and meetings of the Environmental Justice Technical Advisory Group and Environmental Justice Stakeholder Working Group. Subsequent to the closing of the public comment period on September 23, 2022, the FHWA and MTA began and are currently coordinating to review and respond to each of the thousands of comments received. Taking into account the EA analysis, the comments and responses to them, and any modifications as a result of those comments, FHWA will then determine whether there are no significant effects or whether any significant effects have been mitigated so they are no longer significant. If a favorable decision is issued by FHWA, a Finding of No Significant Impact (FONSI) will be issued and the notice to proceed to our contractor can follow. The contractor will have up to 310 days to complete the design, development, installation, and testing, and then commence toll collection.

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 percent. 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 and further actions and impacts will be noted as necessary in subsequent updates.

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 the MTA receiving $6.9 billion in aid from ARPA.

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.

Results of Operations

MTA Bridges and Tunnels - For the twelve months ended December 31, 2022, operating revenue from tolls totaled $2,332, which was $162, or 7.47%, higher than the twelve months of 2021. Total crossings in 2022 were 326.3 million versus 307.3 million crossings in 2021, an increase of 6.2%. Traffic continued to recover from the impacts of the Covid-19 pandemic but is still below pre-pandemic levels.

MTA New York City Transit - 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, other post-employment benefits and environmental remediation expenses, were $11,792 in 2022, an increase of $1,295 or 12.3%.

MTA Long Island Rail Road – Total operating revenue for the twelve months ended December 31, 2022 was $492, which was higher by $168, or 51.9%, compared to twelve months ended December 31, 2021. For the same comparative period, operating expenses were higher by $99, or 4.8%, totaling $2,156 for the twelve months ended December 31, 2022.

MTA Metro-North Railroad – For the twelve months ended December 31, 2022, operating revenues totaled $487, an increase of $198, or 68.2%, compared to December 31, 2021. During the same period, operating expenses increased by $104, or 6.0%, to $1,735. Passenger fares accounted for 91.97% and 90.65% of operating revenues in 2022 and 2021, respectively. The remaining revenue represents rental income from retail businesses in and around passenger stations and from advertising revenues.

The MTA receives the equivalent of four quarters of Metropolitan Mass Transportation Operating Assistance ("MMTOA") receipts each year, with the state advancing the first quarter of each succeeding calendar year's receipts in the fourth quarter of the current year. This results in little or no Metropolitan Mass Transportation Operating Assistance receipts being received during the first quarter of each calendar year. The MTA has made other provisions to provide for cash liquidity during this period. During April 2022, the State appropriated $2.6 billion in MMTOA funds. There has been no change in the timing of the State's payment of, or MTA's receipt of, Dedicated Mass Transportation Trust Fund ("MTTF") receipts, which MTA anticipates will be sufficient to make monthly principal and interest deposits into the Debt Service Fund for the Dedicated Tax Fund Bonds. The total MRT for the year ended December 31, 2022 was $622.9 compared to $464.5 at December 31, 2021.

Capital Programs

At December 31, 2022, $18,076 had been committed and $4,283 had been expended for the 2020-2024 MTA Bridges and Tunnels Capital Program, $30,606 had been committed and $23,372 had been expended for the combined 2015-2019 MTA Capital Programs and the 2015-2019 MTA Bridges and Tunnels Capital Program, and $29,403 had been committed and $27,477 had been expended for the combined 2010- 2014 MTA Capital Programs and the 2010-2014 MTA Bridges and Tunnels Capital Program, and $24,117 had been committed and $23,971 had been expended for the combined 2005- 2009 MTA Capital Programs and the 2005-2009 MTA Bridges and Tunnels Capital Program.

The MTA Group has ongoing capital programs, which except for MTA Bridges and Tunnels are subject to the approval of the Metropolitan Transportation Authority Capital Program Review Board ("CPRB"), and are designed to improve public transportation in the New York Metropolitan area.

2020-2024 Capital Program – Capital programs totaling $54,799 covering the years 2020-2024 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro- North Railroad (the "2020–2024 Commuter Capital Program"), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the "2020–2024 Transit Capital Program") were originally approved by the MTA Board on September 25, 2019. The capital programs were subsequently submitted to the Capital Program Review Board ("CPRB") on October 1, 2019 and approved on January 1, 2020. The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the "2020–2024 MTA Bridges and Tunnels Capital Program") was approved by the MTA Board on September 25, 2019 and was not subject to CPRB approval. On December 15, 2021, the MTA Board approved an amendment to increase the 2020-2024 Capital Program by $535 million to support the Penn Station Access project. 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 revised 2020-2024 MTA Bridges and Tunnels Capital Program totaling $3,327 as approved by the MTA Board on July 27, 2022, was not subject to CPRB approval.

By December 31, 2022, the revised 2020-2024 Capital Programs provided $55,442 in capital expenditures. The combined funding sources for the 2020–2024 MTA Capital Programs and the 2020- 2024 MTA Bridges and Tunnels Capital Program, include $15,000 in Central Business District tolling sources, $10,000 in new revenue sources, $8,041 in MTA bonds and PAYGO, $3,327 in MTA Bridges and Tunnels bonds, $12,424 in Federal funds, $3,101 in State of New York funding, $3,007 in City of New York funding, and $542 in other contributions.

2015-2019 Capital Program — Capital programs covering the years 2015-2019 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the "2015–2019 Commuter Capital Program"), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the "2015–2019 Transit Capital Program") were originally approved by the MTA Board in September 2014. The capital programs were subsequently submitted to the Capital Program Review Board ("CPRB") in October 2014. This plan was disapproved by the CPRB, without prejudice, in October 2014.The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the "2015–2019 MTA Bridges and Tunnels Capital Program") was approved by the MTA Board in September 2014 and was not subject to CPRB approval.

On April 20, 2016, the MTA Board approved revised capital programs for the years covering 2015-2019. The revised capital programs provided for $29,456 in capital expenditures. On May 23, 2016, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems as submitted. The revised 2015-2019 MTA Bridges and Tunnels Capital Program, was approved by the MTA Board on April 20, 2016. On February 23, 2017, the MTA Board approved a revision to the CPRB portion of the capital programs for the years covering 2015-2019, adding $119 transferred from prior capital programs to support additional investment projects. On March 30, 2017, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems as submitted. On May 24, 2017, the MTA Board approved a full amendment to the 2015-2019 Capital Programs to reflect updated project estimates and rebalanced programs to address budgetary and funding needs of priority projects that include Second Avenue Subway Phase 2, MTA Long Island Rail Road regional mobility, station enhancement work, investments at Penn Station, and new Open Road Tolling at MTA Bridges and Tunnels. On July 31, 2017, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems totaling $29,517, as submitted. The revised 2015-2019 MTA Bridges and Tunnels Capital Program totaling $2,940, as approved by the MTA Board in May 2017, was not subject to CPRB approval. On December 13, 2017, the MTA Board approved an amendment adding $349 to the 2015-2019 Capital Program for the Transit system in support of the NYC Subway Action Plan. On April 25, 2018, the MTA Board approved a full amendment to increase the 2015-2019 Capital Programs to

$33,270 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 May 31, 2018, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems totaling $30,334, as submitted. The revised 2015-2019 MTA Bridges and Tunnels Capital Program totaling $2,936, as approved by the MTA Board in April 2018, was not subject to CPRB approval. On September 25, 2019, the MTA Board approved a full amendment to increase the 2015-2019 Capital Program to $33,913 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 Program for the Transit and Commuter systems totaling $30,977, as submitted. The revised 2015- 2019 MTA Bridges and Tunnels Capital Program totaling $2,936, as approved by the MTA Board in September 2019, was not subject to CPRB approval.

By December 31, 2022, the revised 2015-2019 Capital Programs provided $33,969 in capital expenditures, of which $16,749 relates to ongoing repairs of, and replacements to, the transit system operated by MTA New York City Transit and MaBSTOA and the rail system operated by MTA Staten Island Railway; $6,142 relates to ongoing repairs of, and replacements to, the commuter system operated by MTA Long Island Rail Road and MTA Metro-North Railroad; $7,507 relates to the expansion of existing rail networks for both the transit and commuter systems; $258 relates to Planning and Customer Service; $376 relates to MTA Bus Company initiatives; and $2,935 in capital expenditures for ongoing repairs of, and replacements to, MTA Bridges and Tunnels facilities.

The combined funding sources for the revised 2015–2019 MTA Capital Programs and the 2015-2019 MTA Bridges and Tunnels Capital Program, include $8,398 in MTA bonds, $2,942 in MTA Bridges and Tunnels dedicated funds, $9,196 in State of New York funding, $7,638 in Federal funds, $2,669 in City of New York funding, $2,156 in pay-as-you-go ("PAYGO") capital, $806 from asset sale/leases, and $163 from other sources.

2010-2014 Capital Program — Capital programs covering the years 2010-2014 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the "2010–2014 Commuter Capital Program"), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the "2010–2014 Transit Capital Program") were originally approved by the MTA Board in September 2009.The capital programs were subsequently submitted to the CPRB in October 2009.This plan was disapproved by the CPRB, without prejudice, in December 2009 allowing the State Legislature to review funding issues in their 2010 session. The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the "2010–2014 MTA Bridges and Tunnels Capital Program") was approved by the MTA Board in September 2009 and was not subject to CPRB approval. The MTA Board approved the revised plan for the Transit and Commuter systems on April 28, 2010 and CPRB approval of the five- year program of projects was obtained on June 1, 2010. The approved CPRB program fully funded only the first two years (2010 and 2011) of the plan, with a commitment to come back to CPRB with a funding proposal for the last three years for the Transit and Commuter Programs. On December 21, 2011, the MTA Board approved an amendment to the

2010-2014 Capital Program for the Transit, Commuter, and Bridges and Tunnels systems that fund the last three years of the program through a combination of self-help (efficiency improvements and real estate initiatives), participation by our funding partners, and innovative and pragmatic financing arrangements. On March 27, 2012, the CPRB deemed approved the amended 2010-2014 Capital Programs for the Transit and Commuter systems as submitted.

On December 19, 2012, the MTA Board approved an amendment to the 2010-2014 Capital Programs for the Transit, Commuter, and Bridges and Tunnels systems to add projects for the repair/restoration of MTA agency assets damaged as a result of Superstorm Sandy, which struck the region on October 29, 2012. On January 22, 2013, the CPRB deemed approved the amended 2010-2014 Capital Programs for the Transit and Commuter systems as submitted. On July 22, 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 in response to Superstorm Sandy.

On August 27, 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 select elements of the Disaster Recovery (Sandy) and MTA New York City Transit portions of the 2010- 2014 Capital Programs, and a change in the funding plan. On September 3, 2014, the CPRB deemed approved the amended 2010-2014 Capital Programs for the Transit and Commuter systems as submitted.

In May 2017, the MTA Board approved an amendment to the 2010-2014 Capital Programs to reflect scope transfers and consolidation between the approved capital programs, and to reflect reductions to the MTA Superstorm Sandy capital projects to match current funding assumptions. This amendment, which provided $29,237 in capital expenditures for the Transit and Commuter systems, was deemed approved by the CPRB as submitted on July 31, 2017.The amended 2010-2014 MTA Bridges and Tunnels Capital Program, which provided $2,784 in capital expenditures, was not subject to CPRB approval. On September 25, 2019, the MTA Board approved an amendment to decrease the 2010-2014 Capital Programs to $31,704 reflecting administrative budget adjustments and updated project cost and timing assumptions. On February 21, 2020, the CPRB deemed approved the revised 2010-2014 Capital Programs for the Transit and Commuter systems totaling $28,917, as submitted. The revised 2010-2014 MTA Bridges and Tunnels Capital Program totaling $2,787, as approved by the MTA Board in September 2019, was not subject to CPRB approval.

By December 31, 2022, the 2010-2014 MTA Capital provided $31,701 in capital expenditures, of which $11,371 relates to ongoing repairs of, and replacements to, the transit system operated by MTA New York City Transit and MaBSTOA and the rail system operated by MTA Staten Island Railway; $3,921 relates to ongoing repairs of, and replacements to, the commuter system operated by MTA Long Island Rail Road and MTA Metro-North Railroad; $5,861 relates to the expansion of existing rail networks for both the transit and commuter systems to be managed by MTA Capital Construction; $256 relates to a multi-faceted security program including MTA Police Department; $216 relates to MTA Interagency; $297 relates to MTA Bus Company initiatives; $2,022 relates to the ongoing repairs of, and replacements to, MTA Bridges and Tunnels facilities; and $7,757 relates to Superstorm Sandy recovery/mitigation capital expenditures.

The combined funding sources for the CPRB-approved 2010–2014 MTA Capital Programs and 2010– 2014 MTA Bridges and Tunnels Capital Program include $11,701 in MTA Bonds, $2,025 in MTA Bridges and Tunnels dedicated funds, $7,327 in Federal Funds, $132 in MTA Bus Federal and City Match, $611 from City Capital Funds, and $1,531 from other sources. Also included is $770 in State Assistance funds added to re-establish a traditional funding partnership. The funding strategy for Superstorm Sandy repair and restoration assumes the receipt of $6,698 in insurance and federal reimbursement proceeds (including interim borrowing by MTA to cover delays in the receipt of such proceeds), $18 in pay-as-you- go capital, supplemented, to the extent necessary, by external borrowing of up to $887 in additional MTA and MTA Bridges and Tunnels bonds.

2005-2009 Capital Program — Capital programs covering the years 2005-2009 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the “2005–2009 Commuter Capital Program”), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the “2005–2009 Transit Capital Program”) were originally approved by the MTA Board in April 2005 and subsequently by the CPRB in July 2005.The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the “2005–2009 MTA Bridges and Tunnels Capital Program”) was approved by the MTA Board in April 2005 and was not subject to CPRB approval. The 2005–2009 amended Commuter Capital Program and the 2005–2009 Transit Capital program (collectively, the “2005–2009 MTA Capital Programs”) were last amended by the MTA Board in July 2008.This latest 2005-2009 MTA Capital Program amendment was resubmitted to the CPRB for approval in July 2008, and was approved in August 2009.

As last amended by the MTA Board, the 2005–2009 MTA Capital Programs and the 2005–2009 MTA Bridges and Tunnels Capital Program, provided for $24,353 in capital expenditures. By December 31, 2022, the 2005-2009 MTA Capital Programs budget increased by $634 primarily due to the receipt of new American Recovery and Reinvestment Act (“ARRA”) funds and additional New York City Capital funds for MTA Capital Construction work still underway. Of the $23,353 provided in capital expenditures, $11,515 relates to ongoing repairs of, and replacements to the transit system operated by MTA New York City Transit and MaBSTOA and the rail system operated by MTA Staten Island Railway; $3,723 relates to ongoing repairs of, and replacements to, the commuter system operated by MTA Long Island Rail Road and MTA Metro-North Railroad; $166 relates to certain interagency projects; $7,671 relates generally to the expansion of existing rail networks for both the transit and commuter systems to be managed by the MTA Capital Construction Company (including the East Side Access, Second Avenue Subway and No.7 subway line) and a security program throughout MTA's transit network; $1,127 relates to the ongoing repairs of, and replacements to, bridge and tunnel facilities operated by MTA Bridges and Tunnels; and $152 relates to capital projects for the MTA Bus.

The combined funding sources for the MTA Board-approved 2005–2009 MTA Capital Programs and 2005– 2009 MTA Bridges and Tunnels Capital Program include $11,189 in MTA and MTA Bridges and Tunnels Bonds (including funds for LaGuardia Airport initiative), $1,450 in New York State general obligation bonds approved by the voters in the November 2005 election, $7,776 in Federal Funds, $2,823 in City Capital Funds, and $1,097 from other sources.

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 $7.0 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 McKinsey 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.

At the start of 2023, approximately $5.6 billion of COVID funds will remain. This funding will cover only a portion of the deficits projected for 2023 through 2026, which total $11.4 billion. The November Plan proposes to lower these deficits through a series of MTA actions, including applying COVID funds to offset MTA liabilities and cover a portion of the deficits in each year of the Plan. Alternatively, the remaining federal COVID funds could be spent to fully cover deficits in 2023 and 2024. This would result in much larger deficits starting in 2025. To close the 2023 deficit, and reduce the deficits in the out-years, several actions are being proposed beyond the actions proposed in the July 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.

Savings from Deficit Note Repayment - MTA will use a portion of federal COVID aid to repay, rather than long-term bond, the Federal Reserve Municipal Liquidity Facility Bond Anticipation Note at maturity, eliminating debt service costs of $558 million during the Plan period.

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.

Applying federal COVID funds to reduce debt and operating costs through 2026 - MTA is proposing to use the remaining federal COVID funds to both offset a portion of the deficits in 2023 and reduce debt and liability costs throughout the entire financial plan period.

New Government Funding or Additional MTA Actions - The 2023 budget assumes $600 million in additional government funding and/or additional MTA actions, both of which have not yet been specified. If no additional government funding is made available, MTA actions could include further expense reduction, additional revenues, or acceleration of federal COVID aid to achieve balance for 2023 that would have otherwise been used to reduce deficits in the years after 2023.

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

On March 12, 2020, the World Health Organization declared the current novel coronavirus ("COVID-19") outbreak to be a pandemic in the face of the global spread of the virus. By order of Governor Cuomo ("New York State on PAUSE"), effective March 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a severe 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. Social distancing mandates were eased, and the region moved into a late-pandemic phase. 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. 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.
- ***Federal Legislative Actions.*** Three major pieces of federal emergency legislation have provided and will provide incremental federal aid to the MTA. The first was the CARES Act, which was signed into law on March 27, 2020. The CARES Act, through the Federal Transit Administration's ("FTA") formula funding provisions provided $4.0 billion to MTA. The second major COVID-19 pandemic aid bill was the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA"), which became law on December 27, 2020. The MTA received $4.1 billion in aid from the CRRSAA between December 2021 ($0.6 billion) and January 2022 ($3.5 billion). The third major COVID-19 pandemic aid bill is the $1.9 trillion "American Rescue Plan Act of 2021 ("ARPA") which was signed into law by President Biden on March 11, 2021. On November 9, 2021, an agreement was reached on the allocation of the CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut. MTA received $6.1 billion in federal aid from ARPA in 2022. In September of 2021, additional ARPA Assistance funding was made available to transit systems demonstrating additional pandemic associated needs. MTA received $769 million in such 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 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. An additional estimated $100 million is expected to be submitted for the period ended December 31, 2022.

For additional information, refer to Note 14 to the MTA's Consolidated Interim Financial Statements for more information regarding the impact from the COVID-19 pandemic.

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.

Tropical Storm Sandy Update

The total allocation of emergency relief funding from the Federal Transit Administration ("FTA") to MTA in connection with Superstorm Sandy to date is $5.83 billion, including $1.599 billion allocated on September 22, 2014, through a competitive resiliency program. A total of $5.81 billion in FTA Emergency Relief Funding has been executed: seven repair/local priority resiliency grants totaling $4.55 billion and seventeen competitive resiliency grants totaling$1.26 billion. As of December 31, 2022, MTA has drawn down a total of $3.91 billion in grant reimbursement for eligible operating and capital expenses. The balance of funds to be drawn down from all twenty-four grants is available to MTA for reimbursement of eligible expenses as requisitions are submitted by MTA and approved by FTA. Additional requisitions are in process. At MTA and Amtrak's request, in April 2018, FTA transferred $13.5 million of MTA's emergency relief allocation to the Federal Railroad Administration ("FRA") to allow Amtrak to execute a portion of MTA Long Island Rail Road's Competitive Resilience scope.

All MTA-allocated Superstorm Sandy FTA emergency relief funding/grants have been executed.

Labor Update

During the fourth quarter of 2022, the MTA continued to negotiate equitable and financially prudent labor agreements whose economic provisions are patterned after the 2019-2023 agreement reached between New York City Transit and the Transport Workers Union (TWU Local 100). That four-year agreement included wage increases of 2.0% for 2019, 2.25% for 2020, 2.5% for 2021 and 2.75% for 2022 as well as other cost and savings provisions that, together, established the guideposts for collective bargaining with most other unions at all MTA agencies.

The ensuing paragraphs describe in greater detail the terms of new labor agreements, as well as the status of collective bargaining at each MTA agency through December 31, 2022.

MTA Long Island Rail Road – As of December 31, 2022, MTA Long Island Rail Road has approximately 7,229 employees. Approximately 6,433 of the railroad's employees are represented by 8 different unions in 19 bargaining units. Beginning in early 2021, collective bargaining efforts produced several agreements that were ratified and approved by the MTA Board in June of that year. These agreements, reached separately with all MTA Long Island Rail Road unions other than the Brotherhood of Locomotive Engineers and a small group of Supervisors in the International Railway Supervisors Association, covered more than 90% of the represented workforce at MTA Long Island Rail Road. Spanning the two-year period from April 16, 2019 through April 15, 2021, the agreements included identical provisions. They each awarded the same wage increases as the first two years of the current 4-year TWU Local 100 agreement: that is, 2.0% on the first day of the new agreement and an additional 2.25% one year later. They included no other financial terms.

As virtually all these agreements had expired upon ratification by the MTA Board, in the third quarter of 2022 the MTA reached successor deals that mirror the remaining two years of the TWU agreement. All union signatories of the railroad's 2019-2021 agreements, except for the International Brotherhood of Electrical Workers, also signed on for 2021 to 2023. The successor agreements cover the period April 16, 2021 through June 15, 2023 and provide their members the final two wage increases of the TWU pattern: 2.5% for 2021, and 2.75% for 2023. The two-month contract extension is a partial offset to the costs of these increases and has been included to achieve financial consistency with the net cost of the TWU pattern. As such, the recurrent agreement costs are consistent with MTA financial plans.

In December, the MTA Board approved an agreement between LIRR and the Brotherhood of Locomotive Engineers—as mentioned, one of the only unions to decline to sign onto the 2019-2021 agreement. The new agreement provides the terms of the full four-year TWU pattern, covering the period April 16, 2019 through June 15, 2023. Its provisions are identical to those in every other LIRR labor agreement for 2019-2023: wage increases of 2.0% for 2019, 2.25% for 2020, 2.5% for 2021 and 2.75% for 2022. Like all the other agreements, it includes a 2-month contract extension as a partial offset to the cost of the wage increases to maintain consistency with the TWU agreement.

MTA Metro-North Railroad – As of December 31, 2022, Metro-North Railroad employs approximately 6,028 people. Among these are approximately 5,222 employees represented by ten different unions.

At the start of the third quarter of 2022, Metro-North Railroad had reached 2-year labor agreements virtually identical to those reached at LIRR with more than 60% of its represented population. These deals, spanning 24-month periods between 2019 and 2021, depending upon varying contract start dates, provided the first two general wage increases common to all earlier railroad agreements: 2.0% for 2019 and 2.25% for 2020. In July 2022, the MTA Board approved another such agreement between Metro-North Railroad and approximately 385 Locomotive Engineers represented by the Association of Commuter Rail Employees Division 9 (ACRE-9). Like most of the other MNR agreements reached between June 2021 and the end of June 2022, the ACRE-9 agreement covered a lapsed period; therefore, around 60% of the railroad's represented population was seeking new agreement terms.

In the third quarter of 2022, the MTA was able to pass five successor agreements with more than 1,700 represented Metro-North employees [1]. These agreements follow the TWU-pattern wage increases (2.5% and 2.75%, respectively, for 2021 and 2022); and they include, as a partial offset, a two-month contract extension. Except for contract start and end dates, the terms of these deals are identical to those reached with the railroad unions at LIRR for 2021-2023.

MTA Headquarters – As of December 31, 2022, MTA Headquarters employs approximately 3,358 union members. With the MTA Board's approval of new labor agreements in the fourth quarter, most represented Headquarters employees are currently covered by effective labor agreements.

In October, the Board passed two agreements with the Transportation Communications Union, Local 643, which represents or technically covers approximately 247 Business Service Center employees and Procurement titles. The 50-month agreements, running from April 1, 2020 through March 31, 2024 include the identical wage increase schedule present in the 2019-2023 TWU agreement and in all the pattern-following railroad agreements reached since 2021. The agreements also include, as a partial cost offset, the same two-month contract extension present in the railroad agreements. They are likewise consistent with the net cost of the TWU deal and are anticipated in the MTA financial plan.

The October Board also approved an agreement between MTA Headquarters and the Police Benevolent Association (PBA), representing approximately 1,109 active Police Officers, Sergeants, Lieutenants and Detectives. The previous agreement with PBA expired on October 14, 2018. The new deal will cover the 5 year, 6-month period from October 15, 2018 through April 14, 2014 and conforms to the MTA patterns established in earlier negotiations with TWU Local 100 with respect to long-term net costs and anticipated wage increases [2]. The agreement also provides all incumbent employees a $5,000 adjustment to base pay, effective March 1, 2023. All Police Officers hired after ratification, however, will now be subject to a new 10-step wage progression, which will result in significant savings over time through the inclusion of two additional steps, partly offsetting the cost of the pay adjustment. As distinct from incumbents, new hires will not be eligible to receive the $5000 adjustment until having completed 10 years of service. The wage progressions of newly promoted Sergeants and Lieutenants will also be lengthened, a further savings provision. Also on the savings side, the agreement includes new work rules designed to produce efficiencies for the Police Department by enhancing deployment flexibilities.

MTA New York City Transit/Manhattan and Bronx Surface Transit Operating Authority – As of December 31, 2022, MTA New York City Transit and MaBSTOA currently employ approximately 46,644 people, 45,463 of whom are represented by 12 unions with 19 bargaining units. Aside from the TWU Local 100 agreement, which covers approximately 33,000 current hourly employees, resumption of collective bargaining since 2021 has produced several pattern-following agreements, as detailed in previous editions of this report.

In the fourth quarter, three labor new labor agreements received Board approval. In October, an agreement between New York City Transit/Manhattan and Bronx Surface Transit Operating Authority and the United Federation of Law Enforcement Officers (UFLEO), representing approximately 172 employees, was passed. Covering the four-year period from April 1, 2021 through March 31, 2025, it includes wage increases of 2.0% for 2021, 2.25% for 2022, 2.5% for 2023 and 2.75% for 2024. In accordance with UFLEO's collective bargaining agreement, members participate for the first 10 years in the bargaining unit in the hourly health benefits package, and they have consented to the same package of plan changes that was part of the TWU Local 100 agreement. The UFLEO membership has also agreed to the elimination of NYSHIP upon reaching 10 years of service, a concession that affects all current UFLEO members and future retirees. These savings measures offset the costs from new longevity payments and uniform allowances-- provisions that are not directly analogous to those in the most recent TWU deal-- and they thereby ensure that the agreement's net cost matches that of TWU.

In December, the Board ratified two agreements with separate bargaining units of TWU Local 106, the Transit Supervisors Organization ("TSO"), covering: a) eight Station Supervisors, Level II, for the 50-month, 10-day period from April 16, 2020 through October 25, 2024; and b) seventeen Transit Support Coordinators, Levels I and II, for the 50-month, 16-day period from July 14, 2019 through September 30, 2023. The agreements with these 25 employees both include the schedule of wage increases present in the 2019-2023 TWU agreement and also include certain provisions that were included in prior TWU Agreements that the Union sought to extend to its members, such as an enhanced death benefit for Station Supervisors and the provision of Maternity/Paternity leave for the Transit Support Coordinators; in exchange for these provisions the bargaining units have individually agreed to extend their contracts beyond the 2-months common to virtually all other pattern-followers over the period. As such, the agreements maintain consistency with the TWU deal and with the MTA Financial Plan.

In 2020, in response to the COVID-related necessity of delaying collective bargaining, the Amalgamated Transit Unions (Locals 726 and 1056), which represent approximately 3,400 operational employees at MTA New York City Transit, began impasse mediation proceedings to compel a new agreement [3]. The union sought delivery of a full four-year agreement matching the 2019-23 TWU pattern. The Arbitrator of the case issued a decision that upholds the economic provisions of the full four-year TWU agreement. Accordingly, approximately 3,400 members of ATU's 1056 and 726 will receive annual wage increases, retroactive to 2019, of 2.0%, 2.25%, 2.50% and 2.75%. At the end of the fourth quarter, it remained to negotiate the other costs and savings of the TWU-based settlement.

MTA Bus Company – As of December 31, 2022, MTA Bus Company has 3,846 employees, approximately 3,727 of whom are represented by three different unions (now including UTLO) and five bargaining units. The largest of these is TWU Local 100, whose members were co-parties to the agreement approved by the MTA Board in January 2020 and whose current agreement will run through May 14, 2023.

In October, an agreement between MTA Bus Company and the Amalgamated Transit Union, Local 1181 ("ATU-Local 1181") was approved. The four-year agreement will run from November 1, 2019 to October 31, 2023 and will cover approximately

259 hourly employees. The deal includes many of the terms that were present in the 2019 to 2023 TWU Local 100 compact, as most of those provisions are directly applicable to members of ATU Local 1181 members. Its general wage increases are 2.0% for 2019; 2.25% for 2020; 2.5% for 2021; and 2.75% for 2022.

The operational employees represented by the Amalgamated Transit Union ("ATU Local 1179") were party to the arbitration proceedings that included bargaining the ATU bargaining units at NYCT, as described above. As a result of the arbitration ruling, they will also be covered by a TWU-based agreement that will run through October 31, 2023.

MTA Bridges and Tunnels – As of December 31, 2022, MTA Bridges and Tunnels has 905 employees, approximately 718 of whom were represented by three different labor unions (four bargaining units).

As described in the previous edition, after arduous collective bargaining, a settlement was finally reached this year between MTA Bridges and Tunnels and the Superior Officers Benevolent Association, and it was approved by the September 2022 Board. The agreement covers the 126-month (ten and a half year) period from March 15, 2012 through September 14, 2022. During this timeframe, New York City Transit has enacted three agreements with its largest, pattern-setting union, TWU Local 100. The SOBA agreement includes the same schedule of wage increases that were present in these TWU covenants. Members' wages will increase by a compounded 21.6%, relative to 2012 levels: 1.0% for 2012; 1.0% for 2013; 2.0% for 2014; 2.0% for 2015; 2.0% for 2016; 2.5% for 2017; 2.5% for 2018; 2.0% for 2019; 2.25% for 2020; and 2.5% for 2021. Because the three TWU agreements reached since 2012 have covered 136 months, whereas the proposed SOBA agreement covers 126 months, the SOBA deal does not include the final TWU wage increase of 2.75%.

In recognition that the Superior Officers will now principally perform Law Enforcement duties, the new agreement also includes the $6,033 wage adjustment that was provided in the agreement between the Authority and BTOBA members. Accordingly, the parties have agreed on the functional and geographic expansion of law enforcement duties, including whatever enforcement duties are assumed by the Employer as part of the imposition of a congestion zone, subject to 'impact' bargaining obligations imposed by the law. The agreement provides that the employer may assign up to 50% of Sergeants and 50% of Lieutenants to the Fare Evasion Task Force and allows Sergeants and Lieutenants the flexibility to be deployed to different locations from where they start tours. Also included are other measures designed to produce savings: new entrant contributions to health care coverage and a newly structured wage progression for new entrants to the bargaining unit.

At the end of the fourth quarter, labor negotiations continued with B&T's other unions.

MTA Staten Island Railway – As of the fourth quarter of 2022, MTA Staten Island Railway has 349 employees, approximately 332 of whom are represented by four different unions. Three of the four are now covered under effective labor agreements.

In October, the MTA Board ratified an agreement between Staten Island Railway and approximately 25 employees represented by the Transportation Communications Union. Like all the railroad agreements that have covered the 2021-2023 portion of the TWU Local 100 agreement, it provides wage increases 2.5% for 2021 and 2.75% for 2022; and it also includes a 2-month contract extension as a partial savings offset to the agreement's costs. Because members of this bargaining unit were eligible for certain cost and savings provisions that were present in the TWU agreement, this deal includes many of those same provisions. The agreement runs from April 17, 2021 to June 16, 2023.

[1] These agreements were with approximately 600 members of the Transportation Communications Union (TCU); approximately 200 employees in the American Airway and Railway Supervisor Association, Maintenance of Equipment Division (ARSA MoE); approximately 70 employees represented by the American Airway and Railway Supervisor Association, Maintenance of Equipment Division (ARSA MoW); approximately 750 employees represented by the International Brotherhood of Teamsters, (IBT Local 808); and approximately 90 employees represented by the National Conference of Firemen and Oilers (NCF&O).

[2] The wage increases are a subset of the increases provided in the 2017-2019 and the 2019-2023 TWU agreements and, as such, have been anticipated in MTA's financial plans.

[3] The Amalgamated Transit Union Local 1179, representing employees at MTA Bus Company, is also a party to the arbitration proceedings. (See MTA Bus Company, below).

****

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF NET POSITION

AS OF DECEMBER 31, 2022 AND 2021

($ in millions)

	Business-Type Activities	
	December 31, 2022	**December 31, 2021 (Restated)**
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash unrestricted (Note 3)	$ 403	$ 526
Cash restricted (Note 3)	537	256
Unrestricted investments (Note 3)	9,559	6,111
Restricted investments (Note 3)	1,682	5,451
Restricted investments held under financed purchase obligations (Notes 3 and 8)	101	151
Receivables:		
Station maintenance, operation, and use assessments	113	116
State and regional mass transit taxes	158	167
Mortgage Recording Tax receivable	39	63
State and local operating assistance	10	11
Other receivable from New York City and New York State	180	244
Due from Build America Bonds	3	1
Receivable from federal and state government	81	3,555
Other	904	791
Less allowance for doubtful accounts	(372)	(333)
Total receivables — net	1,116	4,615
Materials and supplies	681	675
Prepaid expenses and other current assets (Note 2)	217	173
Total current assets	14,296	17,958
NON-CURRENT ASSETS:		
Capital assets (Note 6):		
Land and construction work-in-progress	22,826	23,626
Other capital assets (net of accumulated depreciation and amortization)	64,588	60,784
Unrestricted investments (Note 3)	2,496	1,001
Restricted investments (Note 3)	3,623	739
Restricted investments held under financed purchase obligations (Notes 3 and 8)	258	252
Other non-current receivables	383	385
Receivable from New York State	10	10
Other non-current assets	71	9
Total non-current assets	94,255	86,806
TOTAL ASSETS	108,551	104,764
DEFERRED OUTFLOWS OF RESOURCES:		
Accumulated decreases in fair value of derivative instruments (Note 7)	109	384
Loss on debt refunding (Note 7)	540	740
Deferred outflows related to pensions (Note 4)	3,181	2,706
Deferred outflows related to OPEB (Note 5)	4,444	4,033
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,274	7,863
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 116,825	$ 112,627

See notes to the consolidated financial statements. (Continued)

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF NET POSITION

AS OF DECEMBER 31, 2022 AND 2021

($ in millions)

	Business-Type Activities	
	December 31, 2022	**December 31, 2021 (Restated)**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 480	$ 378
Accrued expenses:		
Interest	393	317
Salaries, wages and payroll taxes	525	575
Vacation and sick pay benefits	1,106	1,113
Current portion — retirement and death benefits	31	37
Current portion — estimated liability from injuries to persons (Note 11)	567	543
Capital accruals	554	511
Accrued expenses	132	589
Other	669	541
Total accrued expenses	3,977	4,226
Current portion — loan payable (Note 7)	12	14
Current portion — long-term debt (Note 7)	4,800	8,069
Current portion — financed purchase (Note 9)	-	14
Current portion — pollution remediation projects (Note 13)	40	29
Derivative fuel hedge liability (Note 16)	-	-
Unearned revenues	1,248	871
Total current liabilities	10,557	13,601
NON-CURRENT LIABILITIES:		
Net pension liability (Note 4)	6,923	4,899
Estimated liability arising from injuries to persons (Note 11)	4,868	4,557
Net OPEB liability (Note 5)	24,956	24,409
Loan payable (Note 7)	71	82
Long-term debt (Note 7)	46,493	48,431
Lease Payable (Note 8)	843	625
Financed Purchase (Note 9)	170	423
Pollution remediation projects (Note 13)	116	116
Contract retainage payable	435	416
Derivative liabilities (Note 7)	144	392
Other long-term liabilities	366	435
Total non-current liabilities	85,385	84,785
TOTAL LIABILITIES	95,942	98,386
DEFERRED INFLOWS OF RESOURCES:		
Gain on debt refunding	24	31
Deferred inflows related to leases (Note 8)	298	342
Deferred inflows related to pensions (Note 4)	1,055	2,994
Deferred inflows related to OPEB (Note 5)	2,695	1,733
TOTAL DEFERRED INFLOWS OF RESOURCES	4,072	5,100
NET POSITION:		
Net investment in capital assets	34,784	29,884
Restricted for debt service	381	1,039
Restricted for claims	193	225
Restricted for other purposes (Note 2)	4,491	1,346
Unrestricted	(23,038)	(23,353)
TOTAL NET POSITION	16,811	9,141
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 116,825	$ 112,627

See notes to the consolidated financial statements. (Concluded)

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2022 AND 2021

($ in millions)

	Business-Type Activities	
	December 31, 2022	**December 31, 2021 (Restated)**
OPERATING REVENUES:		
Fare revenue	$ 4,024	$ 3,048
Vehicle toll revenue	2,332	2,170
Rents, freight, and other revenue	648	561
Total operating revenues	7,004	5,779
OPERATING EXPENSES:		
Salaries and wages	6,578	6,204
Retirement and other employee benefits	2,890	2,264
Postemployment benefits other than pensions (Note 5)	1,892	1,865
Electric power	556	430
Fuel	282	163
Insurance	9	26
Claims	374	426
Paratransit service contracts	412	346
Maintenance and other operating contracts	680	659
Professional service contracts	554	503
Pollution remediation projects (Note 12)	26	37
Materials and supplies	561	486
Depreciation and amortization (Note 2)	3,361	3,219
Other	245	196
Total operating expenses	18,420	16,824
OPERATING LOSS	(11,416)	(11,045)
NON-OPERATING REVENUES (EXPENSES):		
Grants, appropriations and taxes:		
Tax-supported subsidies — NYS:		
Mass Transportation Trust Fund subsidies	597	583
Metropolitan Mass Transportation Operating Assistance subsidies	2,601	2,247
Payroll Mobility Tax subsidies	2,032	2,008
MTA Aid Trust Account subsidies	264	264
Internet sales tax subsidies	331	345
Tax-supported subsidies — NYC and Local:		
Mortgage Recording Tax subsidies	623	660
Urban Tax subsidies	657	513
Mansion Tax	513	394
Other subsidies:		
Operating Assistance - 18-B program	373	410
Build America Bond subsidy	83	84
New York City Assistance Fund	345	253
Total grants, appropriations and taxes	$ 8,419	$ 7,761

See notes to the consolidated financial statements.

(Continued)

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2022 AND 2021

($ In millions)

	Business-Type Activities	
	December 31, 2022	**December 31, 2021 (Restated)**
NON-OPERATING REVENUES (EXPENSES):		
Connecticut Department of Transportation	$ 248	$ 292
Subsidies paid to Dutchess, Orange, and Rockland Counties	(18)	(13)
Interest on long-term debt (Note 2)	(1,904)	(1,810)
Station maintenance, operation and use assessments	188	177
Operating subsidies recoverable from NYC	535	483
Federal Transit Administration reimbursement related to CRRSAA and ARPA COVID-19	6,967	4,114
Other net non-operating revenues	142	410
Net non-operating revenues	14,577	11,414
GAIN BEFORE APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS	3,161	369
APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS	4,509	3,789
CHANGE IN NET POSITION	7,670	4,158
NET POSITION— Beginning of year	9,141	4,983
NET POSITION — End of year	$ 16,811	$ 9,141

See notes to the consolidated financial statements. (Concluded)

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

($ In millions)

	Business-Type Activities	
	December 31, 2022	December 31, 2021 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts/tolls	$ 6,351	$ 5,219
Rents and other receipts	833	240
Payroll and related fringe benefits	(10,113)	(10,334)
Other operating expenses	(3,185)	(3,092)
Net cash used by operating activities	(6,114)	(7,967)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grants, appropriations, and taxes	8,641	7,837
Operating subsidies from CDOT	246	285
Subsidies paid to Dutchess, Orange, and Rockland Counties	(21)	(13)
Federal Transit Administration reimbursement related to COVID-19	9,805	593
Other non-capital financing activities	(6)	
Internet and Mansion Tax	853	719
Net cash provided by noncapital financing activities	19,518	9,421
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
MTA bond proceeds	770	1,648
MTA Bridges and Tunnels bond proceeds	7,413	3,595
MTA bonds refunded/reissued	(2,686)	(1,770)
MTA Bridges and Tunnels bonds refunded/reissued	(330)	-
MTA anticipation notes proceeds	-	4,000
MTA anticipation notes redeemed	(7,339)	(1,250)
MTA credit facility proceeds	-	720
MTA credit facility refunded	(1,196)	(1)
Federal and local grants	2,775	1,700
Other capital financing activities	281	1,498
Payment for capital assets	(6,229)	(5,222)
Debt service payments	(2,843)	(3,136)
Receipts from leases	40	35
Payments from leases	(72)	(72)
Net cash (used by) / provided by capital and related financing activities	(9,416)	1,745
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of long-term securities	(17,756)	(12,297)
Sales or maturities of long-term securities	9,204	10,604
Net sales (purchases) or maturities of short-term securities	4,608	(1,802)
Earnings on investments	114	52
Net cash used by investing activities	(3,830)	(3,443)
NET INCREASE / (DECREASE) IN CASH	158	(244)
CASH — Beginning of year	782	1,026
CASH — End of year	$ 940	$ 782

See notes to the consolidated financial statements. (Continued)

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

($ In millions)

	Business-Type Activities	
	December 31, 2022	December 31, 2021 (Restated)
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss (Note 2)	$ (11,420)	$ (5,909)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and amortization	3,361	3,069
Net increase in payables, accrued expenses, and other liabilities	2,036	855
Net increase / (decrease) in deferred outflows related to pensions	475	(347)
Net increase in deferred outflows related to OPEB	410	2,216
Net increase / (decrease) in deferred inflows related to pensions	1,938	(2,197)
Net decrease in deferred inflows related to OPEB	(962)	(3)
Net (decrease) / increase in net pension liability and related accounts	(2,024)	3,460
Net decrease in net OPEB liability and related accounts	(548)	(3,293)
Net increase / (decrease) in receivables	695	(807)
Net decrease in materials and supplies and prepaid expenses	(75)	(18)
NET CASH USED BY OPERATING ACTIVITIES	$ (6,114)	$ (2,974)
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:		
Noncash investing activities:		
Interest expense includes amortization of net (premium) / discount (Note 2)	$ 202	$ 251
Noncash capital and related financing activities:		
Lease assets related liabilities	554	1,158
Lease related liabilities	1,013	290
Interest expense for leases		37
Interest income from leases		6
Total Noncash capital and related financing activities	1,567	1,491
TOTAL NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES	$ 1,769	$ 1,742

See notes to the consolidated financial statements. (Concluded)

(A Component Unit of the State of New York)

STATEMENTS OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
AS OF DECEMBER 31, 2022 AND 2021
($ In thousands)

	Fiduciary Activities	
	December 31, 2022	**December 31, 2021**
ASSETS:		
Cash	$ 22,683	$ 39,379
Receivables:		
Employee loans	26,521	26,082
Participant and union contributions	-	(20)
Investment securities sold	1,962	5,671
Accrued interest and dividends	5,858	4,882
Other receivables	2,680	3,770
Total receivables	37,022	40,385
Investments at fair value	9,300,235	10,144,509
Total assets	$ 9,359,940	$ 10,224,273
LIABILITIES:		
Accounts payable and accrued liabilities	$ 6,474	$ 8,315
Payable for investment securities purchased	9,992	14,759
Accrued benefits payable	75	74
Accrued postretirement death benefits (PRDB) payable	5,719	5,405
Accrued 55/25 Additional Members Contribution (AMC) payable	2,527	3,847
Other liabilities	1,082	2,987
Total liabilities	25,870	35,387
NET POSITION:		
Restricted for pensions	9,322,335	10,188,803
Restricted for postemployment benefits other than pensions	11,735	83
Total net position	9,334,070	10,188,886
Total liabilities and net position	$ 9,359,940	$ 10,224,273

See notes to the consolidated financial statements.

(A Component Unit of the State of New York)

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
($ In thousands)

	Fiduciary Activities	
	December 31, 2022	**December 31, 2021**
ADDITIONS:		
Contributions:		
Employer contributions	$ 1,418,340	$ 1,362,952
Implicit rate subsidy contribution	57,989	52,933
Member contributions	60,069	58,840
Total contributions	1,536,398	1,474,725
Investment income:		
Net in fair value of investments	(881,052)	1,112,770
Dividend income	126,737	115,369
Interest income	29,152	20,453
Less:		
Investment expenses	60,081	85,192
Investment income, net	(785,244)	1,163,400
Other additions:		
Total additions	751,155	2,638,125
DEDUCTIONS:		
Benefit payments and withdrawals	1,541,904	1,456,931
Implicit rate subsidy payments	57,989	52,933
Transfer to other plans	-	474
Distribution to participants	-	2,175
Administrative expenses	6,077	4,434
Total deductions	1,605,970	1,516,947
Net (decrease) / increase in fiduciary net position	(854,816)	1,121,178
NET POSITION:		
Restricted for Benefits:		
Beginning of year	10,188,886	9,067,708
End of year	$ 9,334,070	$ 10,188,886

See notes to the consolidated financial statements.

(A Component Unit of the State of New York)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

($ In millions, except as noted)

1. BASIS OF PRESENTATION

Reporting Entity — The Metropolitan Transportation Authority ("MTA") was established in 1965, under Section 1263 of the New York Public Authorities Law, and is a public benefit corporation and a component unit of the State of New York ("NYS") 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.

These consolidated financial statements are of the Metropolitan Transportation Authority ("MTA"), including its related groups (collectively, the "MTA Group"), which are listed below. The Business-Type activities in these consolidated financial statements purport the operations of the MTA Group.

Metropolitan Transportation Authority and Related Groups (Component Units)

- Metropolitan Transportation Authority Headquarters ("MTAHQ") provides support in budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services to the related groups listed below.
- The Long Island Rail Road Company ("MTA Long Island Rail Road") provides passenger transportation between New York City ("NYC") and Long Island.
- Metro-North Commuter Railroad Company ("MTA Metro-North Railroad") provides passenger transportation between NYC and the suburban communities in Westchester, Dutchess, Putnam, Orange, and Rockland counties in NYS and New Haven and Fairfield counties in Connecticut.
- Staten Island Rapid Transit Operating Authority ("MTA Staten Island Railway") provides passenger transportation on Staten Island.
- First Mutual Transportation Assurance Company ("FMTAC") provides primary insurance coverage for certain losses, some of which are reinsured, and assumes reinsurance coverage for certain other losses.
- MTA Construction and Development ("MTA Construction and Development") provides oversight for the planning, design and construction of current and future major MTA system-wide expansion projects.
- MTA Bus Company ("MTA Bus") operates certain bus routes in areas previously served by private bus operators pursuant to franchises granted by the City of New York.
- MTA Grand Central Madison Concourse Operating Company ("MTA GCMC") operates and maintains the infrastructure and structures supporting Long Island Rail Road access into Grand Central Terminal.
- MTAHQ, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Staten Island Railway, FMTAC, MTA Capital Construction, MTA Bus, and MTA GCMC collectively are referred to herein as MTA. MTA Long Island Rail Road and MTA Metro-North Railroad are referred to collectively as the Commuter Railroads.
- New York City Transit Authority ("MTA New York City Transit") and its subsidiary, Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA"), provide subway and public bus service within the five boroughs of New York City.
- Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels") operates seven toll bridges, two tunnels, and the Battery Parking Garage, all within the five boroughs of New York City.

The subsidiaries and affiliates, considered component units of the MTA, are operationally and legally independent of the MTA. These related groups enjoy certain rights typically associated with separate legal status including, in some cases, the ability to issue debt. However, they are included in the MTA's consolidated financial statements as blended component units because of the MTA's financial accountability for these entities and they are under the direction of the MTA Board (a reference to "MTA Board" means the board of MTAHQ and/or the boards of the other MTA Group entities 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 these related groups in its financial statements. While certain units are separate legal entities, they do have legal capital requirements and the revenues of all of the related groups of the MTA are used to support the organizations as a whole. The components do not constitute a separate accounting entity (fund) since there is no legal requirement to account for the activities of the components as discrete accounting entities. Therefore, the MTA financial statements are presented on a consolidated basis with segment disclosure for each distinct operating activity. All of the component units publish separate annual financial statements, which are available by writing to the MTA Comptroller, 2 Broadway, 15th Floor, New York, New York 10004.

Although the MTA Group collects fares for the transit and commuter service, they provide and receive revenues from other sources, such as the leasing out of real property assets, and the licensing of advertising. Such revenues, including anticipated revenues from fare increases, are not sufficient to cover all operating expenses associated with such services. Therefore, to maintain a balanced budget, the members of the MTA Group providing transit and commuter service rely on operating surpluses transferred from MTA Bridges and Tunnels, operating subsidies provided by NYS and certain local governmental entities in the MTA commuter district, and service reimbursements from certain local governmental entities in the MTA commuter district and from the State of Connecticut. Non-operating subsidies to the MTA Group for transit and commuter service for the year ended December 31, 2022 and 2021 totaled $8.4 billion and $7.8 billion, respectively.

Basis of Presentation - Fiduciary Funds – The fiduciary fund financial statements provide information about the funds that are used to report resources held in trust for retirees and beneficiaries covered by pension plans and other employee benefit trust funds of the MTA. Separate financial statements are presented for the fiduciary funds.

The following MTA fiduciary component units comprise the fiduciary activities of the MTA and are categorized within Pension and Other Employee Benefit Trust Funds.

- Pension Trust Funds
  - MTA Defined Benefit Plan
  - The Long Island Rail Road Company Plan for Additional Pensions (“Additional Plan”)
  - Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA Plan”)
  - Metro-North Commuter Railroad Company Cash Balance Plan (“MNR Cash Balance Plan”)
- Other Employee Benefit Trust Funds
  - MTA Other Postemployment Benefits Plan (“OPEB” Plan)

These 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. For reporting purposes, the financial results of the MNR Cash Balance Plan are not material and therefore not included in the fiduciary statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — 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 MTA applies Governmental Accounting Standards Board (“GASB”) Codification of Governmental Accounting and Financial Reporting Standards (“GASB Codification”) Section P80, Proprietary Accounting and Financial Reporting.

New Accounting Standards —The MTA adopted the following GASB Statements for the year ended December 31, 2022:

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 MTA 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. There was no cumulative-effect adjustment to the prior period net position as a result of the adoption.

The following schedule summarizes the net effect of adopting GASB Statement No. 87 in the Consolidated Statement of Net Position as of December 31, 2021 (in millions):

	As Previously Stated	GASB 87 Impact	Restated
CURRENT ASSETS:			
Other	$ 720	$ 71	$ 791
Total receivables — net	4,544	71	4,615
Total current assets	17,887	71	17,958
NONCURRENT ASSETS:			
Other capital assets (net of accumulated depreciation and amortization)*	60,133	651	60,784
Other non-current receivables	231	154	385
Total non-current assets	86,001	805	86,806
TOTAL ASSETS	103,888	876	104,764
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	111,751	876	112,627
CURRENT LIABILITIES:			
Other	499	42	541
Total accrued expenses	4,184	42	4,226
Total current liabilities	13,559	42	13,601
NON-CURRENT LIABILITIES:			
Lease payable	-	625	625
Total non-current liabilities	84,160	625	84,785
TOTAL LIABILITIES	97,719	667	98,386
DEFFERED INFLOWS OF RESOURCES:			
Deferred inflows related to leases	-	342	342
TOTAL DEFERRED INFLOWS OF RESOURCES	4,758	342	5,100
NET POSITION:			
Net investment in capital assets	29,899	(15)	29,884
Unrestricted	(23,366)	13	(23,353)
TOTAL NET POSITION	9,143	(2)	9,141
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	111,620	1,007	112,627

**Right of Use Assets and Accumulated Amortization are included in Other Capital Assets, net of accumulated depreciation and amortization on the Statement of Net Position.*

In addition, revenues, expenses and net position as of December 31, 2021 were required to be restated by GASB Statement 87 as follows:

	As Previously Stated	GASB 87 Impact	Restatement
OPERATING REVENUES:			
Rents, freight, and other revenue	$210	$4	$561
Total operating revenues	5,775	4	5,779
OPERATING EXPENSES:			
Maintenance and other operating contracts	726	(67)	659
Depreciation and amortization	3,158	61	3,219
Total operating expenses	16,830	(6)	16,824
OPERATING LOSS	(11,055)	10	(11,045)
NON-OPERATING REVENUES (EXPENSES)			
Interest on long-term debt	(1,813)	3	(1,810)
Other net non-operating expense	425	(15)	410
Net non-operating revenues	11,426	(12)	11,414
GAIN BEFORE APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS	371	(2)	369
CHANGE IN NET POSITION	4,160	(2)	4,158
NET POSITION — End of year	9,143	(2)	9,141

The following schedule summarizes the cash flow impact of adopting GASB Statement No. 87, Leases in the consolidated statement of cash flows (in millions) for certain leases previously classified as operating and capital leases:

Year-ended December 31, 2021	**As Previously Stated**	**GASB 87 Impact**	**Restated**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Rents and other receipts	$233	$7	$240
Other operating expenses	(3,122)	30	(3,092)
Net cash used by operating activities	(8,004)	37	(7,967)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Receipts from leases	-	35	35
Payments from leases	-	(72)	(72)
Net cash (used by) / provided by capital and related financing activities	1,782	(37)	1,745
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	(11,055)	22	(11,033)
Depreciation and amortization	3,158	-	3,158
Net (decrease) / increase in receivables	(807)	(9)	(816)
Net increase (decrease) in payables	882	(31)	851
NET CASH USED BY OPERATING ACTIVITIES	(8,004)	(18)	(8,022)
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital assets related liabilities	948	625	1,573
Interest expense for leases	0	44	44
Interest income from leases	0	8	8

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 MTA.

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 did not have an impact on the financial position, results of operations or cash flows of the MTA.

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 is expected to cease 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.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

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

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 MTA upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	MTA 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

Use of Management Estimates — The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the fair value of investments, allowances for doubtful accounts, valuation of derivative instruments, arbitrage rebate liability, accrued expenses and other liabilities, depreciable lives of capital assets, estimated liability arising from injuries to persons, pension benefits and other postemployment benefits. Actual results could differ significantly from those estimates.

Principles of Consolidation — The consolidated financial statements consist of MTAHQ, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Staten Island Railway, FMTAC, MTA Bus, MTA Construction and Development, MTA New York City Transit (including its subsidiary MaBSTOA), and MTA Bridges and Tunnels for years presented in the financial statements. All related group transactions have been eliminated for consolidation purposes.

Net Position – Restricted for Other Purposes – This category is classified within net position and includes net investments restricted for capital leases and MTA Bridges and Tunnels necessary reconstruction reserve.

Investments — The MTA Group's investment policies comply with the New York State Comptroller's guidelines for such operating and capital policies. Those policies permit investments in, among others, obligations of the U.S. Treasury, its agencies and instrumentalities, and repurchase agreements secured by such obligations. FMTAC's investment policies comply with New York State Comptroller guidelines and New York State Department of Insurance guidelines.

Investments expected to be utilized within a year of December 31st have been classified as current assets in the consolidated financial statements.

In accordance with the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, investments are recorded on the consolidated statement of net position at fair value, except for commercial paper, certificates of deposit, and repurchase agreements, which are recorded at amortized cost or contract value. All investment income, including changes in the fair value of investments, is reported as revenue on the consolidated statement of revenues, expenses and changes in net position. Fair values have been determined using quoted market values at December 31, 2022 and 2021.

Investment derivative contracts are reported at fair value using the income approach.

Materials and Supplies — Materials and supplies are valued at average cost, net of obsolescence reserve at December 31, 2022 and 2021 of $231 and $213, respectively.

Prepaid Expenses and Other Current Assets — Prepaid expenses and other current assets reflect advance payment of insurance premiums as well as farecard media related with ticket machines, WebTickets and AirTrain tickets.

Capital Assets — Properties and equipment are carried at cost and are depreciated on a straight-line basis over their estimated useful lives. Expenses for maintenance and repairs are charged to operations as incurred. Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA 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. GASB 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. Accumulated depreciation and amortization are reported as reductions of capital and right-of-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. 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.

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 MTA (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, subsidies paid to counties, etc.) are reported as non-operating expenses.

Pollution remediation projects —Pollution remediation costs have been expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (See Note 12). 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 MTA is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; the MTA is named by a regulator as a responsible or potentially responsible party to participate in remediation; the MTA voluntarily commences or legally obligates itself to commence remediation efforts; or the MTA is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

Operating Revenues — Passenger Revenue and Tolls — Revenues from the sale of tickets, tokens, electronic toll collection system, and farecards are recognized as income when tickets or farecards are used. Tickets are assumed to be used in the month of purchase, with the exception of advance purchases of monthly and weekly tickets. When the farecards expire, revenue is recorded for the unused value of the farecards.

MTA Bridges and Tunnel has two toll rebate programs at the Verrazano-Narrows Bridge: the Staten Island Resident ("SIR") Rebate Program, available for residents of Staten Island participating in the SIR E-ZPass toll discount plan, and the Verrazano-Narrows Bridge Commercial Rebate Program ("VNB Commercial Rebate Program"), available for commercial vehicles making more than ten trips per month using the same New York Customer Service Center ("NYCSC") E-ZPass account. The VNB Commercial Rebate Program and SIR Rebate Program are funded by the State and MTA.

Capital Financing — The MTA has ongoing programs on behalf of its subsidiaries and affiliates, 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 operations.

Federal Transit Administration CARES Act — On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act, also known as the CARES Act, was signed into law in response to the economic fallout of the COVID-19 pandemic. The CARES Act through the Federal Transit Administration's ("FTA") formula funding provisions provided the MTA with $4.010 billion of operating assistance. More detailed information about the CARES Act is presented in Note 14 to the consolidated interim financial statements.

Coronavirus Response and Relief Supplemental Appropriations Act of 2021 — On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") was signed into law in response to the economic fallout of the COVID-19 pandemic. CRRSAA, through the FTA's formula funding provision provided the MTA with $4.1 billion of operating assistance. Additional information about the CRRSAA is presented in Note 14 to the consolidated interim financial statements.

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 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 approximately $769 million in such additional aid.

Non-operating Revenues

Operating Assistance — The MTA Group receives, subject to annual appropriation, NYS operating assistance funds that are recognized as revenue after the NYS budget is approved and adopted. Generally, funds received under the NYS operating assistance program are fully matched by contributions from NYC and the seven other counties within the MTA's service area.

Mortgage Recording Taxes ("MRT") — Under NYS law, the MTA receives capital and operating assistance through a Mortgage Recording Tax ("MRT-1"). MRT-1 is collected by NYC and the seven other counties within the MTA's service area, at the rate of 0.25% of the debt secured by certain real estate mortgages. Effective September 2005, the rate was increased from 25 cents per 100 dollars of recorded mortgage to 30 cents per 100 dollars of recorded mortgage. The MTA also receives an additional Mortgage Recording Tax ("MRT-2") of 0.25% of certain mortgages secured by real estate improved or to be improved by structures containing one to nine dwelling units in the MTA's service area. MRT-1 and MRT-2 taxes are recognized as revenue based upon reported amounts of taxes collected.

- MRT-1 proceeds are initially used to pay MTAHQ's operating expenses. Remaining funds, if any, are allocated 55% to certain transit operations and 45% to the commuter railroads operations. The commuter railroad portion is first used to fund the NYS Suburban Highway Transportation Fund in an amount not to exceed $20 annually (subject to the monies being returned under the conditions set forth in the governing statute if the Commuter Railroads are operating at a deficit).
- The first $5 of the MRT-2 proceeds is transferred to the MTA Dutchess, Orange, and Rockland ("DOR") Fund ($1.5 each for Dutchess and Orange Counties and $2 for Rockland County). Additionally, the MTA must transfer to each County's fund an amount equal to the product of (i) the percentage by which each respective County's mortgage recording tax payments (both MRT-1 and MRT-2) to the MTA increased over such payments in 1989 and (ii) the base amount received by each county as described above. The counties do not receive any portion of the September 1, 2005 increase in MRT-1 from 25 cents per $100 of recorded mortgage to 30 cents. As of December 31, 2022, the MTA paid to Dutchess, Orange and Rockland Counties the 2021 excess amounts of MRT-1 and MRT-2 totaling $7.5.
- In addition, MTA New York City Transit receives operating assistance directly from NYC through a mortgage recording tax at the rate of 0.625% of the debt secured by certain real estate mortgages and through a property transfer tax at the rate of one percent of the assessed value (collectively referred to as "Urban Tax Subsidies") of certain properties.

Mobility Tax — In June of 2009, Chapter 25 of the NYS Laws of 2009 added Article 23, which establishes the Metropolitan Commuter Transportation Mobility Tax ("MCTMT"). The proceeds of this tax, administered by the New York State Tax Department, are to be distributed to the Metropolitan Transportation Authority. This tax is imposed on certain employers and self-employed individuals engaging in business within the metropolitan commuter transportation district which includes New York City, and the counties of Rockland, Nassau, Suffolk, Orange, Putnam, Dutchess, and Westchester. This Tax is imposed on certain employers that have payroll expenses within the Metropolitan Commuter Transportation District, to pay at a rate of 0.34% of an employer's payroll expenses for all covered employees for each calendar quarter. The employer is prohibited from deducting from wages or compensation of an employee any amount that represents all or any portion of the MCTMT. The effective date of this tax was March 1, 2009 for employers other than public school district; September 1, 2009 for Public school districts and January 1, 2009 for individuals.

Supplemental Aid — In 2009, several amendments to the existing tax law provided the MTA supplemental revenues to be deposited into the AID Trust Account of the Metropolitan Transportation Authority Financial Assistance Fund established pursuant to Section 92 of the State Finance law. These supplemental revenues relate to: 1) supplemental learner permit/ license fee in the Metropolitan Commuter Transportation District, 2) supplemental registration fee, 3) supplemental tax on every taxicab owner per taxicab ride on every ride that originated in the City of New York and terminates anywhere within the territorial boundaries of the Metropolitan Commuter Transportation District, and 4) supplemental tax on passenger car rental. This Supplemental Aid Tax is provided to the MTA in conjunction with the Mobility Tax.

Dedicated Taxes — Under NYS law, subject to annual appropriation, the MTA receives operating assistance through a portion of the Dedicated Mass Transportation Trust Fund ("MTTF") and Metropolitan Mass Transportation Operating Assistance Fund ("MMTOA"). The MTTF receipts consist of a portion of the revenues derived from certain business privilege taxes imposed by the State on petroleum businesses, a portion of the motor fuel tax on gasoline and diesel fuel, and a portion of certain motor vehicle fees, including registration and non-registration fees. Effective October 1, 2005, the State increased the amount of motor vehicle fees deposited into the MTTF for the benefit of the MTA. MTTF receipts are applied first to meet certain debt service requirements or obligations and second to the Transit System (defined as MTA New York City Transit and MaBSTOA), MTA Staten Island Railway and the Commuter Railroads to pay operating and capital costs. The MMTOA receipts are comprised of 0.375% regional sales tax, regional franchise tax surcharge, a portion of taxes on certain transportation and transmission companies, and an additional portion of the business privilege tax imposed on petroleum businesses. MMTOA receipts, to the extent that MTTF receipts are not sufficient to meet debt service requirements, will also be applied to certain debt service obligations, and secondly to operating and capital costs of the Transit System, and the Commuter Railroads.

The State Legislature enacts in an annual budget bill for each state fiscal year an appropriation to the MTA Dedicated Tax Fund for the then-current state fiscal year and an appropriation of the amounts projected by the Director of the Budget of the State to be deposited in the MTA Dedicated Tax Fund for the next succeeding state fiscal year. The assistance deposited into the MTTF is required by law to be allocated, after provision for debt service on Dedicated Tax Fund Bonds (See Note 7), 85% to certain transit operations (not including MTA Bus) and 15% to the commuter railroads operations. Revenues from this funding source are recognized based upon amounts of tax reported as collected by NYS, to the extent of the appropriation.

Build America Bond Subsidy — The MTA is receiving cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the Series of Bonds issued as "Build America Bonds" and authorized by the Recovery Act. The Internal Revenue Code of 1986 imposes requirements that MTA must meet and continue to meet after the issuance in order to receive the cash subsidy payments. The interest on these bonds is fully subject to Federal income taxation to the bondholder.

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.

Dedicated Revenues - 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 $500,000 (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.

Operating Subsidies Recoverable from Connecticut Department of Transportation ("CDOT") — A portion of the deficit from operations relating to MTA Metro-North Railroad's New Haven line is recoverable from CDOT. Under the terms of a renewed Service Agreement, which began on January 1, 2015, and the 1998 resolution of an arbitration proceeding initiated by the State of Connecticut, CDOT pays 100.0% of the net operating deficit of MTA Metro-North Railroad's branch lines in Connecticut (New Canaan, Danbury, and Waterbury), 65.0% of the New Haven mainline operating deficit, and 54.3% of the Grand Central Terminal ("GCT") operating deficit. The New Haven line's share of the net operating deficit for the use of GCT is comprised of a fixed fee, calculated using several years as a base, with annual increases for inflation, and the actual cost of operating GCT's North End Access beginning in 1999. The Service Agreement also provides that CDOT pay 100% of the cost of non-movable capital assets located in Connecticut, 100% of movable capital assets to be used primarily on the branch lines and 65% of the cost of other movable capital assets allocated to the New Haven line. Remaining funding for New Haven line capital assets is provided by the MTA. Capital assets completely funded by CDOT are not reflected in these financial statements, as ownership is retained by CDOT. The Service Agreement provides that final billings for each year be subject to audit by CDOT. The audits of 2020 and 2019 billings are still open.

Reimbursement of Expenses — The cost of operating and maintaining the passenger stations of the Commuter Railroads in NYS is assessable by the MTA to New York City and the other counties in which such stations are located for each NYS fiscal year ending December 31, under provisions of the NYS Public Authorities Law. This funding is recognized as revenue based upon an amount, fixed by statute, for the costs to operate and maintain passenger stations and is revised annually by the increase or decrease of the regional Consumer Price Index.

In 1995, New York City ceased reimbursing the MTA for the full costs of the free/reduced fare program for students. Beginning in 1996, New York State and New York City each began paying $45 million per annum to the MTA toward the cost of the program. In 2009, New York State reduced their $45 million reimbursement to $6.3 million. Beginning in 2010, New York State increased their annual commitment to $25.3 million while New York City's annual commitment remained at $45 million. These commitments have been met by both New York State and New York City for both 2021 and 2022. For the year ended December 31, 2022, the MTA received $100.3 million from New York State and New York City combined, which include $30.0 million prepayment for the year 2023 from The City.

Prior to April 1995, New York City was obligated to reimburse MTA New York City Transit 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, New York City no longer reimburses MTA New York City Transit 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 New York City's expense. MTA New York City Transit continues to be responsible for certain capital costs and support services related to such police activities, a portion of which is reimbursed by New York City. MTA New York City Transit received approximately $4.5 and $2.1 for the years ended December 31, 2022 and 2021, respectively, from New York City for the reimbursement of transit police costs.

MTAHQ bills MTA Metro-North Railroad through its consolidated services for MTA police costs in the New Haven line of which MTA Metro-North Railroad recovers approximately 65% from Connecticut Department of Transportation. The amounts billed for the years ended December 31, 2022 and 2021 were $24.4 and $23.4, respectively. The amounts recovered for the years ended December 31, 2022 and 2021 were approximately $15.9 and $15.2, respectively.

Federal law and regulations require a paratransit system for passengers who are not able to ride the buses and trains because of their disabilities. Pursuant to an agreement between New York City and the MTA, MTA New York City Transit, 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 MTA New York City Transit. New York City reimburses MTA New York City Transit 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 New York City for the preceding calendar year. Fare revenues and New York City reimbursement aggregated approximately $268.5 in the year ended December 31, 2022, and $226.5 in the year ended December 31, 2021. Total paratransit expenses, including paratransit service contracts, were $486.9 and $415.6 in 2022 and 2021, respectively.

Grants and Appropriations — Grants and appropriations for capital projects are recorded when requests are submitted to the funding agencies for reimbursement of capital expenditures meeting eligibility requirements. These amounts are reported separately after Net Non-operating Revenues in the Statements of Revenues, Expenses, and Changes in Net Position.

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 MTA (e.g. salaries, insurance, depreciation, etc.) are reported as operating expenses. All other expenses (e.g. interest on long-term debt, subsidies paid to counties, etc.) are reported as non-operating expenses.

Liability Insurance — 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 limits are: $8 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road, and MTA Metro-North Railroad; $2.3 for MTA Long Island Bus and MTA Staten Island Railway; and $1.6 for MTAHQ and MTA Bridges and Tunnels. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limits are: $9 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $2.6 for MTA Long Island Bus and MTA Staten Island Railway; and $1.9 for MTAHQ and MTA Bridges and Tunnels. Effective November 1, 2012, the self-insured retention limits for ELF were increased to the following amounts: $10 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $3 for MTA Staten Island Railway; and $2.6 for MTAHQ and MTA Bridges and Tunnels. Effective October 31, 2015, the self-insured retention limits for ELF were increased to the following amounts: $11 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $3.2 for MTA Staten Island Railway, MTAHQ and MTA Bridges and Tunnels. 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. 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 per occurrence with a $50 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 $174.04.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $357.5 for a total limit of $407.5 ($357.5 excess of $50). 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.

On March 1, 2022, the "nonrevenue fleet" automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for 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. The program limit is $11 per occurrence on a combined single limit with a $1 per occurrence deductible. Primary limits of $6 were procured through the commercial marketplace. Excess limits of $5 were procured through FMTAC. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

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 per occurrence limit excess of a $2 self-insured retention.

On December 15, 2022, FMTAC renewed the primary coverage on the Station Liability and Force Account liability policies $11 per occurrence loss for MTA Metro-North Railroad and MTA Long Island Rail Road.

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 per occurrence deductible, subject to an annual $75 aggregate deductible. The total All Risk program annual limit is $500 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.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 per occurrence. In addition to the noted $25 per occurrence self-insured deductible, MTA self-insures above that deductible for $85.731 within the overall $500 per occurrence property program as follows: $13.296 (or 26.59%) of the primary $50 layer, plus $17.127 (or 34.25%) of the $50 excess $50 layer, plus $8.08 (or (16.16%) of the $50 excess $100 layer, plus $2.845 (or 5.69%) of the $50 excess $150 layer, plus $1.398 (or 2.79%) of the $50 excess $200 layer, plus $10.559 (or 21.11%) of the $50 excess $250 layer, plus $9.182 (or 18.36%) of the $50 excess $300 layer, plus $6.247 (or 12.49%) of the $50 excess $350 layer, plus $8.747 (or 17.49%) of the $50 excess $400 layer, and $8.247 (or 16.49%) of the $50 excess $450 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 per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of $100 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. 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 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 and less than the $200 TRIPRA trigger up to a maximum recovery of $200 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. Recovery under the terrorism policy is subject to a deductible of $25 per occurrence and $75 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 future losses in that policy year are subject to a deductible of $7.5. The terrorism coverages expire at midnight on May 1, 2023.

Pension Plans — In accordance with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the MTA 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 MTA's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the measurement date of each of the qualified pension plans. 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 year in which the difference occurred.

Postemployment Benefits Other Than Pensions — In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85*, Omnibus* for the OPEB Plan, the MTA recognizes a net OPEB liability, 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.

3. CASH AND INVESTMENTS

Cash - The Bank balances are insured up to $250 thousand in the aggregate by the Federal Deposit Insurance Corporation ("FDIC") for each bank in which funds are deposited. As of December 31, 2022, restricted cash represents $537 received by the MTA from the State of New York and New York City for the Subway Action Plan and other capital projects.

Cash, including deposits in transit, consists of the following at December 31, 2022 and 2021 (in millions):

	2022		2021	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
FDIC insured or collateralized deposits	$ 117	$ 116	$ 281	$ 280
Uninsured and not collateralized	823	801	501	482
Total Balance	$ 940	$ 917	$ 782	$ 762

All collateralized deposits are held by the MTA or its agent in the MTA's name.

The MTA, on behalf of itself, its affiliates and subsidiaries, invests funds which are not immediately required for the MTA's operations in securities permitted by the New York State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero coupon bonds.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the MTA will not be able to recover the value of its deposits. While the MTA does not have a formal deposit policy for custodial credit risk, New York State statues govern the MTA's investment policies. The MTA's uninsured and uncollateralized deposits are primarily held by commercial banks in the metropolitan New York area and are subject to the credit risks of those institutions.

Investments - MTA holds most of its investments at a custodian bank. The custodian must meet certain banking institution criteria enumerated in MTA's Investment Guidelines. The Investment Guidelines also require the Treasury Division to hold at least $100 of its portfolio with a separate emergency custodian bank. The purpose of this deposit is in the event that the MTA's main custodian cannot execute transactions due to an emergency outside of the custodian's control, the MTA has an immediate alternate source of liquidity.

The MTA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The MTA had the following recurring fair value measurements as of December 31, 2022 and 2021 (in millions):

Investments by fair value level	December 31, 2022	Fair Value Measurements Level 1	Fair Value Measurements Level 2	December 31, 2021	Fair Value Measurements Level 1	Fair Value Measurements Level 2
Debt Securities:						
U.S. treasury securities	$ 16,093	$ 12,063	$ 4,030	$ 10,695	$ 10,327	$ 368
U.S. government agency	367	-	367	325	-	325
Commercial paper	300	-	300	1,615	-	1,615
Asset0backed securities	48	-	48	23	-	23
Commercial mortgage0backed securities	159	-	159	166	-	166
Foreign bonds	15	15	-	20	20	-
Corporate bonds	124	124	-	135	135	-
U.S. treasury securities	144	127	17	197	197	-
U.S. government agency	116	64	52	141	76	65
Repurchase agreements	249	217	32	274	274	-
Equity securities	-	-	-	1	1	-
Total investments by fair value level	17,615	$ 12,610	$ 5,005	13,592	$ 11,030	$ 2,562
Financed Purchases	104			113		
Total Investments	$ 17,719			$ 13,705		

Investments classified as Level 1 of the fair value hierarchy, totaling $12,610 and $11,030 as of December 31, 2022 and 2021, respectively, are valued using quoted prices in active markets. Fair values include accrued interest to the extent that interest is included in the carrying amounts. Accrued interest on investments other than Treasury bills and coupons is included in other receivables on the statement of net position. The MTA's investment policy states that securities underlying repurchase agreements must have a fair value at least equal to the cost of the investment.

U.S. Government agency securities totaling $419 and $390, U.S. treasury securities totaling $4,047 and $368, commercial paper totaling $300 and $1,615, asset-backed securities totaling $48 and $23, and commercial mortgage-backed securities totaling $159 and $166, as of December 31, 2022 and 2021, respectively, classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by a third party pricing service. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices and indices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from a third party pricing service or our custodian bank.

In connection with certain lease transactions described in Note 8, the MTA has purchased securities or entered into payment undertaking, letter of credit, or similar type agreements or instruments (guaranteed investment contracts) with financial institutions, which generate sufficient proceeds to make basic rent and purchase option payments under the terms of the leases. If the obligors do not perform, the MTA may have an obligation to make the related rent payments.

All investments, other than the investments restricted for capital lease obligations, are either insured or registered and held by the MTA or its agent in the MTA's name. Investments restricted for capital lease obligations are either held by MTA or its agent in the MTA's name or held by a custodian as collateral for MTA's obligation to make rent payments under capital lease obligations. Investments had weighted average yields of 2.78% and 1.14% for the years ended December 31, 2022 and 2021, respectively.

Credit Risk — At December 31, 2022 and 2021, the following credit quality rating has been assigned to MTA investments by a nationally recognized rating organization (in millions):

Quality Rating Standard & Poor's	December 31, 2022	Percent of Portfolio	December 31, 2021	Percent of Portfolio
A-1+	$ 153	1%	$ 45	0%
A-1	300	2%	1,615	12%
AAA	217	1%	303	2%
AA+	52	0%	65	1%
AA	33	0%	29	0%
A	69	1%	72	1%
A-	122	1%	147	1%
BBB	47	0%	60	0%
Not rated	322	2%	286	2%
U.S. Government	16,300	92%	10,969	81%
Total	17,615	100%	13,591	100%
Financed Purchases	104		114	
Total investment	$ 17,719		$ 13,705	

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. While the MTA does not have a formal policy for interest rate risk, New York State statutes govern the MTA's investment policy. Duration is a measure of interest rate risk. The greater the duration of a bond or portfolio of bonds, the greater its price volatility will be in response to a change in interest rate risk and vice versa. Duration is an indicator of a bond price's sensitivity to a 100 basis point change in interest rates.

	December 31, 2022		December 31, 2021	
(In millions)	**Fair Value**	**Duration (in years)**	**Fair Value**	**Duration (in years)**
U.S. treasury securities	$ 16,093	4.95	$ 10,697	5.14
U.S. government agency	367	5.75	324	5.67
Tax benefit lease investments	259	5.89	337	-
Repurchase agreement	250	-	274	-
Commercial paper	300	-	1,615	-
Asset-backed securities [(1)]	48	3.59	23	3.83
Commercial mortgage-backed securities [(1)]	159	5.07	166	4.29
Foreign bonds [(1)]	15	5.77	20	7.08
Corporates [(1)]	124	5.81	135	6.92
Total fair value	17,615		13,591	
Modified duration		4.83		4.32
Equities [(1)]	-		1	
Investments with no duration reported	104		113	
Total investments	$ 17,719		$ 13,705	

[(1)] These securities are only included in the FMTAC portfolio.

MTA is a public benefit corporation established under the New York Public Authorities Law. MTA's Treasury Division is responsible for the investment management of the funds of the component units. The investment activity covers all operating and capital funds, including bond proceeds, and the activity is governed by State statutes, bond resolutions and the Board-adopted investment guidelines (the "Investment Guidelines"). The MTA Act currently permits the Related Entities to invest in the following general types of obligations:

- obligations of the State or the United States Government;
- obligations of which the principal and interest are guaranteed by the State or the United States government;
- obligations issued or guaranteed by certain Federal agencies;
- repurchase agreements fully collateralized by the obligations of the foregoing United States Government and Federal agencies;
- certain certificates of deposit of banks or trust companies in the State;
- certain banker's acceptances with a maturity of 90 days or less;
- certain commercial paper;
- certain municipal obligations; and
- certain mutual funds up to $10 in the aggregate.

The MTA adopted NYS Statutory Requirements with respect to credit risk of its investments, which include, but are not limited to the following sections:

i. Public Authorities Law Sections 1265(4) (MTA), 1204(19) (MTA New York City Transit Authority) and 553(21) (MTA Bridges and Tunnels);

ii. Public Authorities Law Section 2925 Investment of funds by public authorities and public benefit corporations; general provisions; and

iii. State Finance Law Article 15 – EXCELSIOR LINKED DEPOSIT ACT.

MTA Investment Guidelines limit the dollar amount invested in banker acceptances, commercial paper, and obligations issued or guaranteed by certain Federal agencies to $250 at cost. There are no dollar limits on the purchase of obligations of the United States government, the State or obligations the principal and interest of which are guaranteed by the State or the United States government. Investments in collateralized repurchase agreements are limited by dealer or bank's capital. MTA can invest no greater than $300 with a bank or dealer rated in Tier 1 (i.e. $1 billion or more of capital).

FMTAC is created as a MTA subsidiary and is licensed as a captive direct insurer and reinsurer by the New York State Department of Insurance. As such, FMTAC is responsible for the investment management of its funds. The investment activity is governed by State statutes and the FMTAC Board adopted investment guidelines. The minimum surplus to policyholders and reserve instruments are invested in the following investments:

- obligations of the United States or any agency thereof provided such agency obligations are guaranteed as to principal and interest by the United States;
- direct obligations of the State or of any county, district or municipality thereof;
- any state, territory, possession or any other governmental unit of the United States;
- certain bonds of agencies or instrumentalities of any state, territory, possession or any other governmental unit of the United States;
- the obligations of a solvent American institution which are rated investment grade or higher (or the equivalent thereto) by a securities rating agency; and
- certain mortgage backed securities in amounts no greater than five percent of FMTAC's admitted assets.

FMTAC may also invest non-reserve instruments in a broader range of investments including the following general types of obligations:

- certain equities; and
- certain mutual funds.

FMTAC is prohibited from making the following investments:

- investment in an insolvent entity;
- any investment as a general partner; and
- any investment found to be against public policy.

FMTAC investment guidelines do include other investments, but FMTAC has limited itself to the above permissible investments at this time.

4. EMPLOYEE BENEFITS

Pensions — The MTA Related Groups sponsor and participate in several defined benefit pension plans for their employees, the Long Island Railroad Company Plan for Additional Pensions (the "Additional Plan"), the Manhattan and Bronx Surface Transit Operating Authority Pension Plan (the "MaBSTOA Plan"), the Metro-North Commuter Railroad Company Cash Balance Plan (the "MNR Cash Balance Plan"), the Metropolitan Transportation Authority Defined Benefit Plan (the "MTA Defined Benefit Plan"), the New York City Employees' Retirement System ("NYCERS"), and the New York State and Local Employees' Retirement System ("NYSLERS"). A brief description of each of these pension plans follows:

Plan Descriptions

1. Additional Plan —

The Additional Plan is a single-employer defined benefit pension plan that provides retirement, disability and survivor benefits to members and beneficiaries. The Additional Plan covers MTA Long Island Rail Road employees hired effective July 1, 1971 and prior to January 1, 1988. The Additional Plan's activities, including establishing and amending contributions and benefits are administered by the Board of Managers of Pensions. The Additional Plan is a governmental plan and accordingly, is not subject to the funding and other requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Additional Plan is a closed plan.

The Board of Managers of Pensions is comprised of the Chairman of the MTA, MTA Chief Financial Officer, MTA Director of Labor Relations and the agency head of each participating Employer or the designee of a member of the Board of Managers. The Additional Plan for Additional Pensions may be amended by action of the MTA Board. The Additional Plan is a fiduciary component unit of the MTA and is reflected in the Pension and Other Employee Benefit Trust Funds section of the MTA's basic financial statements.

The pension plan has a separately issued financial statement that is publicly available and contains required descriptions and supplemental information regarding the employee benefit plan. The financial statements may be obtained at www.mta.info or by writing to, MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor New York, NY 10004 or at www.mta.info.

2. *MaBSTOA Plan —*

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 MTA New York City Transit Authority, membership in the MaBSTOA Plan is optional.

The Board of Administration, established in 1963, determines the eligibility of employees and beneficiaries for retirement and death benefits. The MaBSTOA Plan assigns authority to the MaBSTOA Board to modify, amend or restrict the MaBSTOA Plan or to discontinue it altogether, subject, however, to the obligations under its collective bargaining agreements. 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 MTA and is reflected in the Pension and Other Employee Benefit Trust Funds section of the MTA's basic financial statements.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to, MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor New York, NY 10004 or at www.mta.info.

3. *MNR Cash Balance Plan —*

The MNR Cash Balance Plan is a single employer, defined benefit pension plan administered by MTA Metro-North Railroad. The MNR Cash Balance Plan covers non-collectively bargained employees, formerly employed by Conrail, who joined MTA Metro-North Railroad as management employees between January 1 and June 30, 1983, and were still employed as of December 31, 1988. Effective January 1, 1989, these management employees were covered under the Metro-North Commuter Railroad Defined Contribution Plan for Management Employees (the "Management Plan") and the MNR Cash Balance Plan was closed to new participants. The assets of the Management Plan were merged with the Metropolitan Transportation Authority Defined Benefit Plan for Non-Represented Employees (now titled as the Metropolitan Transportation Authority Defined Benefit Pension Plan) as of the asset transfer date of July 14, 1995. The MNR Cash Balance Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) and 501(a) of the Internal Revenue Code. Accordingly, the MNR Cash Balance Plan is tax-exempt and is not subject to the provisions of ERISA.

The MTA Board of Trustees appoints a Board of Managers of Pensions consisting of five individuals who may, but need not, be officers or employees of the company. The Board of Managers control and manage the operation and administration of the MNR Cash Balance Plan's activities, including establishing and amending contributions and benefits.

Further information about the MNR Cash Balance Plan is more fully described in the separately issued financial statements that can be obtained by writing to, MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor New York, NY 10004 or at www.mta.info.

4. *MTA Defined Benefit Plan —*

The MTA Defined Benefit Pension Plan (the "MTA Plan" or the "Plan") is a cost sharing, multiple-employer defined benefit pension plan. The Plan covers certain MTA Long Island Railroad non-represented employees hired after January 1, 1988, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 24, 1983, MTA Police, MTA Long Island Railroad represented employees hired after December 31, 1987, certain MTA Metro-North Railroad represented employees, MTA Staten Island Railway represented and non-represented employees and certain employees of the MTA Bus Company ("MTA Bus"). The MTA, MTA Long Island Railroad, MTA Metro-North Railroad, MTA Staten Island Railway and MTA Bus contribute to the MTA Plan, which offers distinct retirement, disability retirement, and death benefit programs for their covered employees and beneficiaries.

The MTA Defined Benefit Plan is administered by the Board of Managers of Pensions. The MTA Plan, including benefits and contributions, may be amended by action of the MTA Board. The MTA Defined Benefit Plan is a fiduciary component unit of the MTA and is reflected in the Pension and Other Employee Benefit Trust Funds section of the MTA's basic financial statements.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor New York, NY 10004 or at www.mta.info.

5. NYCERS —

NYCERS 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 Administrative Code of the City of New York ("ACNY"), 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 is a fiduciary component unit of The City and is in the Pension and Other Employee Benefit Trust Funds section of The City's Annual Comprehensive Financial Report ("ACFR").

NYCERS issues a publicly available comprehensive annual financial. 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 of the Related Group holding permanent civil service positions in the competitive or labor class are required to become members of NYCERS six months after their date of appointment, but may voluntarily elect to join NYCERS prior to their mandated membership date. All other eligible employees have the option of joining 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.

6. NYSLERS —

NYSLERS is a cost-sharing, multiple-employer defined benefit retirement system. The New York State Comptroller's Office administers the NYSLERS' plan. The net position of NYSLERS is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the plan. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of NYSLERS. NYSLERS' benefits are established under the provisions of the New York State RSSL. Once a public employer elects to participate in NYSLERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

NYSLERS is included in New York State's financial report as a pension trust fund. The report can be accessed on the New York State Comptroller's website at: www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-001.

Pension legislation enacted in 1973, 1976, 1983, 2009 and 2012 established distinct classes of tier 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	Generally, certain members who joined on or after July 27, 1976 but before January 1, 2010 and all other members who joined on or after July 27, 1976, but before September 1, 1983.
Tier 4	Generally, members (with certain member exceptions) who joined on or after September 1, 1983, but before January 1, 2010.
Tier 5	Members who joined on or after January 1, 2010, but before April 1, 2012.
Tier 6	Members who joined on or after April 1, 2012.

Benefits Provided

1. Additional Plan —

Pension Benefits — An employee who retires under the Additional Plan, either: (a) after completing at least 20 years of credited service, or (b) after both attaining age 65 while in service and completing at least five years of credited service, or in the case of those who were active employees on January 1, 1988, after completing at least 10 years of credited service, is entitled to an annual retirement benefit, payable monthly for life. Payments commence to an employee referred to in: (a) only after attaining age 50, or (b) only after attaining age 65.

Benefit and contribution provisions, which are based on the point in time at which participants last entered qualifying service and their length of credited service, are established by, and may only be amended by the MTA Long Island Rail Road, subject to the obligations of the MTA Long Island Rail Road under its collective bargaining agreements.

The Additional Plan has both contributory and non-contributory requirements, with retirement ages varying from 50 to 65 depending upon a participant's length of credited service. Pension benefits payable to age 65, where eligible, are calculated as 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earnings for each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65, regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including any supplemental annuity) value at age 65 under the Federal Railroad Retirement Act.

Participants who entered qualifying service before July 1, 1978 are not required to contribute. Participants who entered qualifying service on or after July 1, 1978, are required to contribute 3% of their wages. The MTA Long Island Railroad contributes additional amounts based on actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due.

Death and Disability Benefits — Participants who become disabled after accumulating 10 years of credited service and who meet the requirements as described in the Additional Plan receive a disability benefit. Disability pension benefits are calculated based on the participant's qualifying service and a percentage of final average compensation reduced by the full amount of benefit under the Federal Railroad Retirement Act. Survivorship benefits are paid to the participant's spouse when a survivorship option is elected or when an active participant has not divested his or her spouse of benefits. The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than five thousand dollars is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

Retirement benefits establishment and changes for representative employees are collectively bargained and must be ratified by the respective union and the MTA Board. For nonrepresented employees, amendments must be approved by the MTA Board.

2. MaBSTOA Plan —

The MaBSTOA Plan provides retirement as well as death, accident, and disability benefits. The benefits provided by the MaBSTOA Plan are generally similar to the benefits provided to MTA New York City Transit participants in NYCERS. Benefits vest after either 5, 10, or 20 years of credited service, depending on the date of membership.

In 2008, NYCERS had 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 — For Tier 1 members the amount of the death benefit is a lump sum equal to six months' pay for members with less than 10 years of service; a lump sum equal to a 12 months of pay for members with more than 10 but less than 20 years of service, and a lump sum equal to two times 12 months of pay for members with more than 20 years of service.

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 dollars.

Tiers 3, 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 Compensation ("FAC") for the first 30 years of service plus 1.5% of FAC for years of service in excess of 30. FAC 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 FAC 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 basic 55/25Plan 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 FAC for the first 30 years of service plus 1.5% of FAC 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 FAC 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 FAC for the first 30 years of service plus 1.5% of FAC 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 FAC multiplied by years of service.

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

Ordinary Death Benefits — For eligible members of the Regular 62/5 Plan, 55/25 Plan, 57/5 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 55/25 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 Final Average Salary ("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 compensation over five consecutive years.

Tier 6 members in the Basic 63/10 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 early retirement precedes age 63.

Ordinary and Accidental Disability Benefits — For eligible members of the 55/25 Special Plan and the Basic 63/10 Plan, ordinary and accidental disability benefits, are provided after 10 years of credited service for ordinary disability benefit. There is no service requirement for accidental disability benefit. 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 55/25 Special Plan and the Basic 63/10 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.

3. MNR Cash Balance Plan —

Pension Benefits — Participants of the MNR Cash Balance Plan are vested in their benefit upon the earlier of (a) the completion of 5 years of service with MTA Metro-North Railroad or (b) the attainment of age 62. The accrued benefit is a participant's Initial Account Balance increased each month by the benefit escalator. The benefit escalator is defined as the Pension Benefit Guaranty Corporation ("PBGC") immediate annuity rate in effect for December of the year preceding the year for which the determination is being made) divided by 180. The accrued benefit is paid as an escalating annuity. Vested participants are entitled to receive pension benefits commencing at age sixty-five. Participants may elect to receive the value of their accumulated plan benefits as a lump-sum distribution upon retirement or they may elect a monthly life annuity. Participants may elect to receive their pension in the form of a joint and survivor annuity.

Participants of the MNR Cash Balance Plan are eligible for early retirement benefits upon termination of employment, the attainment of age 62, or age 60 and completion of 15 years of service, or age 55 and the completion of 30 years of service. The early retirement benefits paid is the normal retirement pension deferred to age 65 or an immediate pension equal to the life annuity actuarial equivalent of a participant's escalating annuity at normal retirement date indexed by the Initial Benefit Escalator from early retirement date to normal retirement date and reduced by 5/9 of 1% for each month retirement precedes age 65 up to 60 months and 5/18 of 1% for each month after 60 months.

For members with cash balances who are currently members of the Metropolitan Transportation Authority Defined Benefit Pension Plan, an additional benefit is provided equal to the amount needed to bring their total benefits (i.e., Railroad Retirement Tier I and II benefits, Conrail Plan benefits, Cash Balance Plan benefits, and MTA Defined Benefit Pension Plan benefits) up to a minimum of 65% of their 3-year final average pay under the MTA Defined Benefit Plan. In no event will the Additional Benefit exceed 2% of 3-year final average pay multiplied by the Conrail Management Service prior to July 1, 1983. This benefit is payable as a life annuity and is reduced for commencement prior to age 65 in the same manner as the regular cash balance benefit. This additional benefit is payable only in the form of a life annuity or 100% or 50% contingent annuity

Death Benefits — Benefits are paid to vested participants' beneficiaries in the event of a participants' death. The amount of benefits payable is the participant's account balance at the date of his or her death. Pre-retirement death benefits paid for a participant's death after 55 is equal to the amount the spouse would have received had the participant elected retirement under the normal form of payment on the day preceding his death. Pre-retirement death benefits paid for a participant's death before 55 is equal to the amount the spouse would have received had the participant survived to age 55 and retired under the normal form of payment on that date. The benefit is based on service to the participant's date of death and is payable beginning on the date the participant would have attained age 55.

In lieu of the above benefit, the surviving spouse can elect to receive the participant's account balance in a single lump sum payment immediately. If the participant was not married, the participant's beneficiary is entitled to receive the participant's Account Balance as of the participant's date of death in a single lump sum payment.

4. MTA Defined Benefit Plan

Pension Benefits — Retirement benefits are paid from the Plan to covered MTA Metro-North Railroad, MTA Staten Island Railway and post - 1987 MTA Long Island Rail Road employees as service retirement allowances or early retirement allowances. A participant is eligible for a service retirement allowance upon termination if the participant satisfied both age and service requirements. A participant is eligible for an early retirement allowance upon termination if the participant has attained age 55 and completed at least 10 years of credited service. Terminated participants with 5 or more years of credited service are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on the first day of the month following the participant's 62nd birthday.

Certain represented employees of the MTA Long Island Rail Road and the MTA Metro-North Railroad continue to make contributions to the Plan for 15 years. Certain represented employees of the MTA Long Island Rail Road and the MTA Metro-North Railroad are eligible for an early retirement allowance upon termination if the participant has attained age 60 and completed at least 5 years of credited service, or has attained age 55 and completed at least 30 years of credited service. The early retirement allowance is reduced one-quarter of 1% per month for each full month that retirement predates age 60 for certain represented employees of the MTA Long Island Rail Road and the MTA Metro-North Railroad.

Effective in 2007, members and certain former members who become (or became) employed by another MTA agency which does not participate in the Plan continue to accrue service credit based on such other employment. Upon retirement, the member's vested retirement benefit from the Plan will be calculated on the final average salary of the subsequent MTA agency, if higher. Moreover, the Plan benefit will be reduced by the benefit, if any, payable by the other plan based on such MTA agency employment. Such member's disability and ordinary death benefit will be determined in the same way.

Retirement benefits are paid from the Plan under the MTA 20-Year Police Retirement Program. A participant is eligible for service retirement at the earlier of completing twenty years of credited Police service or attainment of age 62. Terminated participants with five years of credited police service, who are not eligible for retirement, are eligible for a deferred benefit. Deferred vested benefits are payable on the first of the month following the participant's attainment of age 55.

Retirement benefits paid from the Plan to covered represented MTA Bus employees include service retirement allowances or early retirement allowances. Under the programs covering all represented employees at Baisley Park, Eastchester, La Guardia, Spring Creek, and Yonkers Depots and the represented employees at College Point Depot, JFK, Far Rockaway a participant is eligible for a service retirement allowance upon termination if the participant has attained age sixty-five and completed at least five years of credited service or if the participant has attained age 57 and completed at least 20 years of credited service. A participant hired prior to June 2009 from Baisley Park, College Point, and La Guardia Depots is eligible for an early retirement allowance if the participant has attained age 55 and completed 20 years of credited service. Terminated participants with five or more years of credited service who are not eligible to receive a service retirement allowance or early retirement allowance are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on or after the participant attains age 65.

At Baisley Park, Far Rockaway, JFK, La Guardia and Spring Creek Depots, a participant who is a non-represented employee is eligible for an early retirement allowance upon termination if the participant has attained age 55 and completed 15 years of service. Terminated participants with five or more years of credited service who are not eligible to receive a service retirement allowance or early retirement allowance are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on or after the participant attains age 62.

The MTA Bus retirement programs covering represented and non-represented employees at Eastchester and Yonkers and covering the represented employees at Baisley Park, College Point, Far Rockaway, JFK, La Guardia and Spring Creek are fixed dollar plans, i.e., the benefits are a product of credited service and a specific dollar amount.

The retirement benefits for certain non-represented employees at Baisley Park, Far Rockaway, JFK, La Guardia and Spring Creek are based on final average salary. Certain participants may elect to receive the retirement benefit as a single life annuity or in the form of an unreduced 75% joint and survivor benefit.

Pre-1988 MTA Long Island Rail Road participants are eligible for a service retirement allowance upon termination if the participants has either: (a) attained age sixty-five and completed at least five years of credited service, or if an employee on January 1, 1988 completed at least 10 years of credited service, or (b) attained age fifty and has completed at least 20 years of credited service. Terminated participants who were not employees on January 1, 1988 with five or more years of credited service are eligible for a deferred vested benefit. Pension benefits payable to age 65, where eligible, are calculated as 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earning of each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65 regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including supplemental annuity) value at age

65 under the Federal Railroad Retirement Act. The reduction of pension benefits for amounts payable under the Federal Railroad Retirement Act is 50%.

Death and Disability Benefits — In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after 10 years of covered MTA Bus service; 10 years of credited service for covered MTA Metro-North Railroad and MTA Long Island Rail Road management and represented employees, covered MTA Staten Island Railway employees and covered MTA police participants.

The disability retirement allowance for covered MTA Metro-North Railroad and MTA Long Island Rail Road management and represented covered MTA Staten Island Railway employees is calculated based on the participant's credited service and final average salary ("FAS") but not less than ⅓ of FAS. Under the MTA 20 Year Police Retirement Program, a disabled participant may be eligible for one of three forms of disability retirement: (a) ordinary disability which is payable if a participant has ten years of credited Police service and is calculated based on the participant's credited Police service and FAS but not less than ⅓ of FAS; (b) performance of duty, which is payable if a participant is disabled in the performance of duty and is ½ of FAS, and (c) accidental disability, which is payable if a participant is disabled as the result of an on-the-job accidental injury and is ¾ of FAS subject to an offset of Workers' Compensation benefits. Pursuant to the MTA Bus programs, the disability benefit is the same as the service retirement benefit.

Pre -1988 MTA Long Island Rail Road participants who become disabled after accumulating 10 years of credited service and who meet the requirements as described in the Plan may be eligible to receive a disability benefit. Disability pension benefits are based on the participant's qualified service and a percentage of final average compensation reduced by the full amount of the disability benefit under the Federal Railroad Retirement Act. Survivorship benefits for pre-1988 MTA Long Island Rail Road participants are paid to the spouse when a survivorship option is elected or when an active participant has not divested their spouse of benefits.

The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than $5,000 (whole dollars) is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

Death benefits are paid to the participant's beneficiary in the event of the death of a covered MTA Metro-North Railroad, post-1987 MTA Long Island Rail Road or MTA Staten Island Railway employee after completion of one year of credited service. The death benefit payable is calculated based on a multiple of a participant's salary based on years of credited service up to three years and is reduced beginning at age 61. There is also a post-retirement death benefit which, in the 1st year of retirement, is equal to 50% of the pre-retirement death benefit amount, whichever is greater, 25% the 2nd year and 10% of the death benefit payable at age 60 for the 3rd and later years. For the Police 20 Year Retirement Program, the death benefit is payable after ninety days of credited MTA Police service, and is equal to three times their salary. For non-Police groups, this death benefit is payable in a lump sum distribution while for Police, the member or the beneficiary can elect to have it paid as an annuity. The MTA Police do not have a post retirement benefit.

In the MSBA Employees' Pension Plan, there are special spousal benefits payable upon the death of a participant who is eligible for an early retirement benefit, or a normal service retirement benefit, or who is a vested participant or vested former participant. To be eligible, the spouse and participant must have been married at least one year at the time of death. Where the participant was eligible for an early service retirement benefit or was a vested participant or former participant, the benefit is a pension equal to 40% of the benefit payable to the participant as if the participant retired on the date of death. Where the participant was eligible for a normal service retirement benefit, the eligible spouse can elect either the benefit payable as a pension, as described in the prior sentence, or a lump sum payment based on an actuarially determined pension reserve. If there is no eligible spouse for this pension reserve benefit, a benefit is payable to the participant's beneficiary or estate.

Moreover, an accidental death benefit is payable for the death of a participant who is a covered MTA Metro-North Railroad or post-1987 MTA Long Island Rail Road employee, a covered MTA Staten Island Railway employee or a covered MTA Police member and dies as the result of an on-the-job accidental injury. This death benefit is paid as a pension equal to 50% of the participant's salary and is payable to the spouse for life, or, if none, to children until age eighteen (or twenty-three, if a student), or if none, to a dependent parent.

For MTA Bus employees, there is varied death benefit coverage under the Plan. For all represented and non-represented MTA Bus employees at Eastchester and Yonkers Depots and represented MTA Bus employees at Baisley Park, College Point, Far Rockaway, JFK, La Guardia and Spring Creek Depots, if a participant dies prior to being eligible for a retirement benefit, the participant's beneficiary may elect to receive a refund of the participant's contributions plus interest.

Moreover, the spouses of the above employees who are vested are entitled to a presumed retirement survivor annuity which is based on a 50% Joint and Survivor annuity. The date as of which such annuity is determined and on which it commences varies among the different programs depending on whether the participants are eligible for retirement and for payment of retirement benefits.

In addition, the spouse of a non-represented MTA Bus employee at Spring Creek, JFK, La Guardia, Baisley Park and Far Rockaway, if such employee is age 55 and has 15 years of service and is a terminated member with a vested benefit which is not yet payable, may elect the presumed retirement survivor annuity or 1/2 the participant's accrued benefit paid monthly and terminating on the 60th payment or the spouse's death. The spouse of a non-represented MTA Bus employee at Yonkers Depot may also receive a pre-retirement survivor annuity from the supplemental plan. If there is no such spouse, the actuarial equivalent of such annuity is payable.

Dependent children of MTA Bus employees are also entitled to an annuity based on the spouse's pre-retirement survivor annuity (1/2 of the spouse's annuity is payable to each child, but no more than 100% of the spouse's annuity is payable). In addition, the dependent children of retirees who were MTA Bus employees at these Depots are entitled to an annuity based on the presumed retirement survivor's annuity (25% of the spouse's annuity; but no more than 50% of the spouse's annuity is payable).

Retirement benefits establishment and changes for represented employees are collectively bargained and must be ratified by the respective union and the MTA Board. For nonrepresented employees, retirement benefits establishment and changes are presented to the MTA Board and must be accepted and approved by the MTA Board.

5. 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%.

Tier 4 participants upon satisfying applicable eligibility requirements may be mandated or elected, as applicable, into the Basic 62/5 Retirement Plan, the 57/5 Plan, the 55/25 Plan, the Transit 55/25 Plan, the MTA Triborough Bridge and Tunnel Authority 50/20 Plan, and the Automotive Member 25/50 Plan. These plans provide annual benefits of 40% to 50% of final salary after 20 or 25 years of service, with additional benefits equal to a specified percentage per year of service (currently 1.5% to 2%) of final salary.

Chapter 18 of the Laws of 2012 created Tier 6. These changes increase the retirement age to 63, require member contributions for all years of service, institute progressive member contributions, and lengthen the final average salary period from 3 to 5 years.

NYCERS also provides automatic Cost-of-Living Adjustments ("COLA") for certain retirees and beneficiaries, death benefits; and certain retirees also receive supplemental benefits. Subject to certain conditions, members generally become fully vested as to benefits upon the completion of 5 years of service.

6. NYSLERS —

NYSLERS provides retirement benefits as well as death and disability benefits. Members who joined prior to January 1, 2010 need 5 years of service to be fully vested. Members who joined on or after January 1, 2010 need 10 years of service to be fully vested.

Tiers 1 and 2 —

Eligibility: Tier 1 members generally must be at least age 55 to be eligible for a retirement benefit. There is no minimum service requirement for Tier 1 members. Generally, Tier 2 members must have 5 years of service and be at least age 55 to be eligible for a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent greater than the average of the previous two years.

Tiers 3, 4, and 5 —

Eligibility: Most Tier 3 and 4 members must have 5 years of service and be at least age 55 to be eligible for a retirement benefit. Tier 5 members, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10% greater than the average of the previous two years.

Tier 6 —

Eligibility: Generally, Tier 6 members must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Final average salary is the average of the wages earned in the five highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10% greater than the average of the previous four years.

Disability Benefits— Generally, disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan. Ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service. For all eligible Tier 1 and Tier 2 members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits — Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 (whole dollars) of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases — A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for ten years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 (whole dollars) of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Membership

As of January 1, 2021 and January 1, 2020, the dates of the most recent actuarial valuations, membership data for the following pension plans are as follows:

Membership at:	**January 1, 2021**				
	MNR Cash Balance Plan	**Additional Plan**	**MaBSTOA Plan**	**MTA Defined Benefit Plan**	**TOTAL**
Active Plan Members	-	23	8,533	18,556	27,112
Retirees and beneficiaries receiving benefits	23	5,298	6,020	11,788	23,129
Vested formerly active members not yet receiving benefits	5	19	1,125	1,541	2,690
Total	28	5,340	15,678	31,885	52,931

As of January 1, 2020 and January 1, 2019, the dates of the most recent actuarial valuations, membership data for the following pension plans are as follows:

Membership at:	**January 1, 2020**				
	MNR Cash Balance Plan	**Additional Plan**	**MaBSTOA Plan**	**MTA Defined Benefit Plan**	**TOTAL**
Active Plan Members	2	34	8,795	18,960	27,791
Retirees and beneficiaries receiving benefits	24	5,483	5,944	11,468	22,919
Vested formerly active members not yet receiving benefits	15	19	1,040	1,519	2,593
Total	41	5,536	15,779	31,947	53,303

Contributions and Funding Policy

1. Additional Plan —

Employer contributions are actuarially determined on an annual basis and are recognized when due. The Additional Plan is a defined benefit plan administered by the Board of Pension Managers and is a governmental plan and accordingly, is not subject to the funding and other requirements of ERISA.

Upon termination of employment before retirement, vested participants who have been required to contribute must choose to: (1) receive a refund of their own contributions, including accumulated interest at rates established by the MTA Long Island Railroad's Board of Managers of Pensions (1.5% in 2021 and 2020), or (2) leave their contributions in the Additional Plan until they retire and become entitled to the pension benefits. Non-vested participants who have been required to contribute will receive a refund of their own contributions, including accumulated interest at rates established by the MTA Long Island Railroad's Board of Managers of Pensions (1.5% in 2021 and 2020).

Funding for the Additional Plan by the MTA Long Island Railroad is provided by MTA. Certain funding by MTA is made to the MTA Long Island Railroad on a discretionary basis. The continuance of the MTA Long Island Railroad's funding for the Additional Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

2. MaBSTOA Plan —

The contribution requirements of MaBSTOA Plan members are established and may be amended only by the MaBSTOA Board in accordance with Article 10.01 of the MaBSTOA Plan. MaBSTOA's funding policy for periodic employer contributions is to provide for actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due. It is MaBSTOA's policy to fund, at a minimum, the current year's normal pension cost plus amortization of the unfunded actuarial accrued liability.

The MaBSTOA Pension Plan includes the following plans, including the 2000 amendments which are all under the same terms and conditions as NYCERS:

i. Tier 1 and 2 - Basic Plans;

ii. Tier 3 and 4 - 55 and 25 Plan;

iii. Tier 3 and 4 - Regular 62 and 5 Plan;

iv. Tier 4 - 57 and 5 Plan

v. Tier 6 - 55 and 25 Special Plan

vi. Tier 6 - Basic 63 and 10 Plan

For employees, the MaBSTOA 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 Final Average Salary under Tier 4, instead of 60% percent under Tier 4.
- Adjustments to the Final Average Salary 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 dollars 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.

3. *MNR Cash Balance Plan —*

Funding for the MNR Cash Balance Plan is provided by MTA Metro-North Railroad, a public benefit corporation that receives funding for its operations and capital needs from the MTA and the Connecticut Department of Transportation ("CDOT"). Certain funding by MTA is made to the MTA Metro-North Railroad on a discretionary basis. The continuance of funding for the MNR Cash Balance Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

MTA Metro-North Railroad's funding policy with respect to the MNR Cash Balance Plan was to contribute the full amount of the pension benefit obligation ("PBO") of approximately $2.977 million to the trust fund in 1989. As participants retire, the Trustee has made distributions from the MNR Cash Balance Plan. MTA Metro-North Railroad anticipated that no further contributions would be made to the MNR Cash Balance Plan. However, due to changes in actuarial assumptions and market performance, additional contributions were made to the MNR Cash Balance Plan in several subsequent years. Per the January Per the January 1, 2021 valuation, there is no unfunded accrued liability and the actuarially determined contribution is $0.

4. *MTA Defined Benefit Plan —*

Employer contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the MTA Defined Benefit Plan are recognized in the period in which the contributions are due. There are no contributions required under the Metropolitan Suburban Bus Authority Employee's Pension Plan.

The following summarizes the employee contributions made to the MTA Defined Benefit Plan:

Effective January 1, 1994, covered MTA Metro-North Railroad and MTA Long Island Railroad non-represented employees are required to contribute to the MTA Plan to the extent that their Railroad Retirement Tier II employee contribution is less than the pre-tax cost of the 3% employee contributions. Effective October 1, 2000, employee contributions, if any, were eliminated after ten years of making contributions to the MTA Plan. MTA Metro-North Railroad employees may purchase prior service from January 1, 1983 through December 31, 1993 and MTA Long Island Railroad employees may purchase prior service from January 1, 1988 through December 31, 1993 by paying the contributions that would have been required of that employee for the years in question, calculated as described in the first sentence, had the MTA Plan been in effect for those years.

Police Officers who become participants of the MTA Police Program prior to January 9, 2010 contribute to that program at various rates. Police Officers who become participants on or after January 9, 2010, but before April 1, 2012 contribute

3% up to the completion of 30 years of service, the maximum amount of service credit allowed. Police Officers who become participants on or after April 1, 2012 contribute 3%, with additional new rates starting April 2013, ranging from 3.5%, 4.5%, 5.75%, to 6%, depending on salary level, for their remaining years of service.

Covered MTA Metro-North Railroad represented employees and MTA Long Island Railroad represented employees who first became eligible to be MTA Plan participants prior to January 30, 2008 contribute 3% of salary. MTA Staten Island Railway employees contribute 3% of salary except for represented employees hired on or after June 1, 2010 who contribute 4%. MTA Long Island Railroad represented employees who became participants after January 30, 2008 contribute 4% of salary. For the MTA Staten Island Railway employees, contributions are not required after the completion of ten years of credited service. MTA Long Island Railroad represented employees are required to make the employee contributions for ten years, or fifteen years if hired after certain dates in 2014 as per collective bargaining agreements. Certain Metro-North represented employees, depending on their collective bargaining agreements, are required to make the employee contributions until January 1, 2014, January 1, 2017, June 30, 2017, or the completion of required years of credited service as per the relevant collective bargaining agreements.

Covered MTA Bus represented employees and certain non-represented employees are required to contribute a fixed dollar amount, which varies, by depot. Currently, non-represented employees at certain Depots, contribute $21.50 (whole dollars) per week. Non-represented employees at Eastchester hired prior to 2007 contribute $25 (whole dollars) per week. Represented employees at Baisley Park, College Point, Eastchester, Far Rockaway, JFK, LaGuardia and Yonkers Depots contribute $29.06 (whole dollars) per week; Spring Creek represented employees contribute $32.00 (whole dollars) per week. Certain limited number of represented employees promoted prior to the resolution of a bargaining impasse continue to participate in the MTA Defined Benefit Plan that was in effect before their promotion. Certain MTA Bus non-represented employees who are formerly employed by the private bus companies (Jamaica, Green, Triboro and Command) at Baisley Park, Far Rockaway, JFK, LaGuardia and Spring Creek Depots who are in the pension program covering only such employees make no contributions to the program. (Note: the dollar figures in this paragraph are in dollars, not in millions of dollars).

5. NYCERS —

NYCERS funding policy is to contribute statutorily-required contributions (“Statutory Contributions”), determined by the Chief Actuary for the New York City Retirement Systems, 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 MTA New York City 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 MTA New York City 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.

NYCERS established a “special program” for employees hired on or after July 26, 1976. A plan for employees, who have worked 20 years, and reached age 50, is provided to Bridge and Tunnel Officers, Sergeants and Lieutenants and Maintainers. Also, an age 57 retirement plan is available for all other such MTA Bridges and Tunnels employees. Both these plans required increased employee contributions.

Certain retirees also receive supplemental benefits from MTA Bridges and Tunnels. Certain participants are permitted to borrow up to 75% of their own contributions including accumulated interest. These loans are accounted for as reductions in such participants’ contribution accounts. Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions, including accumulated interest, less any outstanding loan balances.

MTA New York City Transit and MTA Bridges and Tunnels are required to contribute at an actuarially determined rate. The contribution requirements of plans members, MTA New York City Transit and MTA Bridges and Tunnels are established and amended by law.

6. NYSLERS —

Employer Contributions - Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSLERS fiscal year ending June 30.

Member Contributions - NYSLERS is noncontributory except for employers who joined the plan after July 27, 1976. Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to NYSLERS. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with NYSLERS, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

MTAHQ, MTA Construction and Development and MTA Long Island Bus are required to contribute at an actuarially determined rate.

A summary of the aggregate actual contributions made to each pension plan for the years ended December 31, 2022 and 2021 are as follows:

Year-ended December 31,	**2022**	**2021**
($ in millions)	Actual Employer Contributions	Actual Employer Contributions
Additional Plan	$ 70.8	$ 70.6
MaBSTOA Plan	158.6	156.2
MNR Cash Balance Plan	-*	- *
MTA Defined Benefit Plan	404.2	396.1
NYCERS	797.3	842.2
NYSLERS	16.3	16.3
Total	$ 1,447.2	$ 1,481.4

*MNR Cash Balance Plan's actual employer contribution for the years ended December 31, 2022 and 2021 was $0 and $0, respectively.

Net Pension Liability

The MTA's net pension liabilities for each of the pension plans reported at December 31, 2022 and 2021 were measured as of the fiscal year-end dates for each respective pension plan. The total pension liabilities used to calculate those net pension liabilities were determined by actuarial valuations as of each pension plan's valuation date, and rolled forward to the respective year-ends for each pension plan. Information about the fiduciary net position of each qualified pension plan's fiduciary net position has been determined on the same basis as reported by each respective qualified pension plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan, and investments are reported at fair value. The following table provides the measurement and valuation dates used by each pension plan to calculate the MTA's aggregate net pension liability.

Pension Plan	**Plan Measurement Date**	**Plan Valuation Date**	**Plan Measurement Date**	**Plan Valuation Date**
Additional Plan	December 31, 2021	January 1, 2021	December 31, 2020	January 1, 2020
MaBSTOA Plan	December 31, 2021	January 1, 2021	December 31, 2020	January 1, 2020
MNR Cash Balance Plan	December 31, 2021	January 1, 2021	December 31, 2020	January 1, 2020
MTA Defined Benefit Plan	December 31, 2021	January 1, 2021	December 31, 2020	January 1, 2020
NYCERS	June 30, 2022	June 30, 2021	June 30, 2021	June 30, 2020
NYSLERS	March 31, 2022	April 1, 2021	March 31, 2021	April 1, 2020

Pension Plan Fiduciary Net Position

Detailed information about the fiduciary net position of the Additional Plan, MaBSTOA Plan, MNR Cash Balance Plan, MTA Defined Benefit Plan, NYCERS plan and the NYSLERS plan is available in the separately issued pension plan financial reports for each respective plan.

Actuarial Assumptions

The total pension liabilities in each pension plan's actuarial valuation dates were determined using the following actuarial assumptions for each pension plan, applied to all periods included in the measurement date:

	Additional Plan		MaBSTOA Plan		MNR Cash Balance Plan	
Valuation Date:	**January 1, 2021**	**January 1, 2020**	**January 1, 2021**	**January 1, 2020**	**January 1, 2021**	**January 1, 2020**
Investment Rate of Return	6.50%, net of investment expenses.	6.50% per annum, net of investment expenses.	6.50%, net of investment expenses.	6.50% per annum, net of investment expenses.	3.00%, net of investment expenses.	3.00% per annum, net of investment expenses.
Salary Increases	3.00%	3.00%	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 of 3.5% to 4.0% for operating and non-operating employees per year. Larger increases are assumed in the first 5 years of a member's career.	Not applicable	Not applicable
Inflation	2.25%; 3.25% for Railroad Retirement Wage Base.	2.25%; 3.25% for Railroad Retirement Wage Base.	2.25%	2.25%.	2.25%	2.25%
Cost-of Living Adjustments	Not applicable	Not applicable	60% of inflation assumption or 1.35%, if applicable.	1.35% per annum.	Not applicable	Not applicable

	MTA Defined Benefit Plan		NYCERS		NYSLERS	
Valuation Date:	**January 1, 2021**	**January 1, 2020**	**June 30, 2021**	**June 30, 2020**	**April 1, 2021**	**April 1, 2020**
Investment Rate of Return	6.50%, net of investment expenses	6.50% per annum, net of investment expenses.	7.0% per annum, net of Investment Expenses	7.00% per annum, net of expenses.	5.90% per annum, including inflation, net of investment expenses.	5.90% per annum, including inflation, net of investment expenses.
Salary Increases	Varies by years of employment, and employee group; 2.75% GWI increases for TWU Local 100 MTA Bus hourly	Varies by years of employment, and employee group; 2.75% General Wage Increases for TWU Local 100 MTA Bus hourly employees.	In general, Merit and Promotion Increases plus assumed General Wage Increase of 3.0% per year.	In general, merit and promotion increases plus assumed General Wage increases of 3.0% per year.	4.4% in ERS, 6.2 % in PFRS	4.4% in ERS, 6.2 % in PFRS
Inflation	2.25%; 3.25% for Railroad Retirement Wage Base.	2.25%; 3.25% for Railroad Retirement Wage Base.	2.50%	2.50%	2.70%	2.70%
Cost-of Living Adjustments	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.	AutoCOLA – 1.5% per year Escalation – 2.5% per year	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.	1.40% per annum.	1.40% per annum.

Mortality

Additional Plan / MaBSTOA Plan/ MNR Cash Balance Plan and MTA Defined Benefit Plan:

The actuarial assumptions used in the January 1, 2021 and 2020 valuations for the MTA plans are based on an experience study covering the period from January 1, 2012 to December 31, 2017, with certain assumptions modified subsequently. The mortality assumption used in the January 1, 2021 and 2020 valuations are based on an experience study for all MTA plans covering the period from January 1, 2011 to December 31, 2015. The pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee. As generational tables, they reflect mortality improvements both before and after the measurement date.

Pre-retirement: The MTA plans utilized RP-2000 Employee Mortality Table for Males and Females with Blue collar adjustments.

Post-retirement Healthy Lives: Assumption utilized 95% of 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.

Post-retirement Disabled Lives: Assumption utilized in the January 1, 2021 and 2020 valuation was the RP-2014 Disabled Annuitant mortality table for males and females. This assumption was not applicable for the Additional Plan and the MNR Cash Balance Plan.

NYCERS:

Pursuant to Section 96 of the New York City Charter, an independent actuarial firm conducts studies of the actuarial assumptions used to value liabilities of the NYCERS pension plan every two years. In accordance, with the Administrative Code of the City of New York ("ACNY"), the Board of Trustees of NYCERS are to periodically review and adopt actuarial assumptions as proposed by the Actuary for use in the determination of Employer Contributions, which are also generally used to determine the total pension liability, as applicable.

Mortality tables for service and disability pensioners were developed from experience studies of the NYCERS Plan. The mortality tables for beneficiaries were developed from an experience review.

The actuarial assumptions used in the June 2019 valuation is based on the most recent actuarial experience study and recommendations prepared by Bolton, Inc. for the four-year and ten-year periods ended June 30, 2017. Based, in part, on this report issued in June 2019, the Actuary proposed and the Board of Trustees of NYCERS adopted changes in actuarial assumptions including a change to Mortality Improvement Scale MP-2018 beginning in Fiscal Year 2019. The actuarial assumptions used in the June 2018 valuation was based on the previous study by Gabriel, Roeder, Smith & Company ('GRS") published in October 2015 for the four-year and ten-year periods ended June 30, 2013. Based, in part, on the GRS Report, the Actuary proposed, and the Boards of Trustees of the NYCERS adopted, new post-retirement mortality tables including the application of Mortality Improvement Scale MP-2015 for use in determining employer contributions beginning in Fiscal Year 2016. Scale MP-2015 replaced Mortality Improvement Scale AA.

NYSLERS:

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2020 used the same assumptions for the measure of total pension liability.

Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments for each pension plan is presented in the following table.

Pension Plan	Plan Measurement Date	Rate
Additional Plan	December 31, 2021	6.50%
MaBSTOA Plan	December 31, 2021	6.50%
MNR Cash Balance Plan	December 31, 2021	3.00%
MTA Defined Benefit Plan	December 31, 2021	6.50%
NYCERS	June 30, 2022	7.00%
NYSLERS	March 31, 2022	5.90%

For the Additional Plan, MaBSTOA Plan, MNR Cash Balance Plan, MTA Defined Benefit Plan, NYCERS plan and NYSLERS plan, the long-term expected rate of return on investments 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 allocation of each of the funds and the expected real rate of returns ("RROR") for each of the asset classes are summarized in the following tables for each of the pension plans:

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

	MTA Defined Benefit Plan		MNR Cash Balance Plan	
Asset Class	**Target Asset Allocation**	**Long - Term Expected Real Rate of Return**	**Target Asset Allocation**	**Long - Term Expected Real Rate of Return**
US Core Fixed Income	10.50%	1.39%	100.00%	1.03%
US Long Bonds	2.00%	1.16%	-	-
US Bank / Leveraged Loans	1.50%	3.49%	-	-
US Inflation-Indexed Bonds	2.00%	0.60%	-	-
US High Yield Bonds	3.00%	3.92%	-	-
Emerging Markets Bonds	2.00%	3.98%	-	-
US Large Caps	18.00%	4.94%	-	-
US Small Caps	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%	-	-
Global REITs	1.00%	5.60%	-	-
Private Real Estate Property	4.00%	4.61%	-	-
Private Equity	7.00%	10.36%		
Private Credit	7.00%	6.93%	-	-
Commodities	4.00%	1.99%	-	-
Hedge Funds - MultiStrategy	13.00%	3.73%	-	-
	100.00%		100.00%	
Assumed Inflation - Mean		2.30%		2.34%
Assumed Inflation - Standard Deviation		1.23%		1.23%
Portfolio Nominal Mean Return		7.39%		3.37%
Portfolio Standard Deviation		12.15%		4.06%
Long Term Expected Rate of Return selected by MTA		**6.50%**		**3.00%**

	NYCERS		NYSLERS	
Asset Class	**Target Asset Allocation**	**Long - Term Expected Real Rate of Return**	**Target Asset Allocation**	**Long - Term Expected Real Rate of Return**
U.S. Public Market Equities	27.00%	7.00%	32.00%	3.30%
International Public Market Equities	0.00%	0.00%	15.00%	5.85%
Developed Public Market Equities	12.00%	7.20%	0.00%	0.00%
Emerging Public Market Equities	5.00%	9.00%	0.00%	0.00%
Fixed Income	30.50%	2.50%	23.00%	0.00%
Private Equities	8.00%	11.30%	10.00%	6.50%
Alternatives (Real Assets, Hedge Funds)	0.00%	0.00%	3.00%	5.58%
Real Estate	7.50%	6.70%	9.00%	5.00%
Infrastructure	4.00%	6.00%	0.00%	0.00%
Absolute Return Strategies	0.00%	0.00%	0.00%	0.00%
Opportunistic Portfolio	6.00%	7.40%	3.00%	4.10%
Cash	0.00%	0.00%	1.00%	-1.00%
Credit	0.00%	0.00%	4.00%	3.78%
	100.00%		100.00%	
Assumed Inflation - Mean		2.50%		2.50%
Long Term Expected Rate of Return		**7.00%**		**5.90%**

Discount rate

The discount rate used to measure the total pension liability of each pension plan is presented in the following table:

Year ended December 31,	Discount Rate			
	2022		**2021**	
Pension Plan	**Plan Measurement Date**	**Rate**	**Plan Measurement Date**	**Rate**
Additional Plan	December 31, 2021	6.50%	December 31, 2020	6.50%
MaBSTOA Plan	December 31, 2021	6.50%	December 31, 2020	6.50%
MNR Cash Balance Plan	December 31, 2021	3.00%	December 31, 2020	3.00%
MTA Defined Benefit Plan	December 31, 2021	6.50%	December 31, 2020	6.50%
NYCERS	June 30, 2022	7.00%	June 30, 2021	7.00%
NYSLERS	March 31, 2022	5.90%	March 31, 2021	5.90%

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

Changes in Net Pension Liability – Additional Plan, MaBSTOA Plan, MNR Cash Balance Plan and the MTA Defined Benefit Plan

Changes in the MTA's net pension liability for the Additional Plan, MaBSTOA Plan, MNR Cash Balance Plan and the MTA Defined Benefit Plan for the year ended December 31, 2022, based on the December 31, 2021 measurement date, and for the year ended December 31, 2021, based on the December 31, 2020 measurement date, were as follows:

	Additional Plan			**MaBSTOA Plan**		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**	**Total Pension Liability**	**Plan Fiduciary Net Position**	**Net Pension Liability**
			(in thousands)			
Balance as of December 31, 2020	$ 1,357,323	$ 760,690	$ 596,633	$ 4,246,386	$ 3,306,616	$ 939,770
Changes for fiscal year 2021:						
Service Cost	260	-	260	93,934		93,934
Interest on total pension liability	83,488	-	83,488	274,270		274,270
Effect of economic /demographic (gains) or losses	3,729	-	3,729	(19,177)		(19,177)
Effect of assumption changes or inputs	26,300	-	26,300	72,032		72,032
Benefit payments	(148,630)	(148,630)	-	(245,427)	(245,427)	-
Administrative expense	-	(610)	610		(264)	264
Member contributions	-	73	(73)		24,935	(24,935)
Net investment income	-	95,247	(95,247)		416,287	(416,287)
Employer contributions		70,553	(70,553)		156,204	(156,204)
Balance as of December 31, 2021	$ 1,322,470	$ 777,323	$ 545,147	$ 4,422,018	$ 3,658,351	$ 763,667

	Additional Plan			**MaBSTOA Plan**		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**	**Total Pension Liability**	**Plan Fiduciary Net Position**	**Net Pension Liability**
			(in thousands)			
Balance as of December 31, 2019	$ 1,411,570	$ 840,460	$ 571,110	$ 4,122,934	$ 3,300,268	$ 822,666
Changes for fiscal year 2020:						
Service Cost	453	-	453	95,514	-	95,514
Interest on total pension liability	86,918	-	86,918	266,588	-	266,588
Effect of economic /demographic (gains) or losses	10,428	-	10,428	(720)	-	(720)
Effect of assumption changes or inputs						
Benefit payments	(152,046)	(152,046)	-	(237,930)	(237,930)	-
Administrative expense	-	(612)	612	-	(244)	244
Member contributions	-	140	(140)	-	24,709	(24,709)
Net investment income	-	4,024	(4,024)	-	60,327	(60,327)
Employer contributions	-	68,724	(68,724)	-	159,486	(159,486)
Balance as of December 31, 2020	$ 1,357,323	$ 760,690	$ 596,633	$ 4,246,386	$ 3,306,616	$ 939,770

	MNR Cash Balance Plan			MTA Defined Benefit Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
			(in thousands)			
Balance as of December 31, 2020	$ 378	$ 394	$ (16)	$ 6,950,035	$ 5,012,765	$ 1,937,270
Changes for fiscal year 2021:						
Service Cost			-	213,675		213,675
Interest on total pension liability	11		11	455,230		455,230
Effect of economic / demographic (gains) or losses	(11)		(11)	20,656		20,656
Effect of assumption changes or inputs	15		15	113,662		113,662
Benefit payments	(38)	(38)	-	(325,473)	(325,473)	-
Administrative expense			-		(3,513)	3,513
Member contributions			-		33,832	(33,832)
Net investment income		(5)	5		639,374	(639,374)
Employer contributions			-		396,144	(396,144)
Balance as of December 31, 2021	$ 355	$ 351	$ 4	$ 7,427,785	$ 5,753,129	$ 1,674,656

	MNR Cash Balance Plan			MTA Defined Benefit Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
			(in thousands)			
Balance as of December 31, 2019	$ 448	$ 455	$ (7)	$ 6,510,686	$ 4,784,224	$ 1,726,462
Changes for fiscal year 2020:						
Service Cost	-	-	-	213,494	-	213,494
Interest on total pension liability	14	-	14	427,672	-	427,672
Effect of economic / demographic (gains) or losses	10	-	10	92,019	-	92,019
Effect of assumption changes or inputs	11	-	11	-	-	-
Benefit payments	(105)	(105)	-	(293,836)	(293,836)	-
Administrative expense	-	3	(3)	-	(3,660)	3,660
Member contributions	-	-	-	-	32,006	(32,006)
Net investment income	-	32	(32)	-	99,045	(99,045)
Employer contributions	-	9	(9)	-	394,986	(394,986)
Balance as of December 31, 2020	$ 378	$ 394	$ (16)	$ 6,950,035	$ 5,012,765	$ 1,937,270

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

The following presents the MTA's net pension liability calculated for the Additional Plan, MaBSTOA Plan, MNR Cash Balance Plan and the MTA Defined Benefit Plan using the discount rate as of each measurement date, 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 actual discount rate used for each measurement date:

Measurement Date:	**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%)
	(in thousands)			(in thousands)		
Additional Plan	$ 648,472	$ 545,148	$ 455,156	$ 702,167	$ 596,633	$ 504,666
MaBSTOA Plan	1,269,779	763,668	335,356	1,421,343	939,770	531,498
MTA Defined Benefit Plan	2,615,168	1,674,656	884,831	2,812,063	1,937,270	1,200,642

	1% Decrease (2.0%)	Discount Rate (3.0%)	1% Increase (4.0%)	1% Decrease (2.0%)	Discount Rate (3.0%)	1% Increase (4.0%)
	(in whole dollars)			(in whole dollars)		
MNR Cash Balance Plan	$ 26,611	$ 3,865	$ (16,181)	$ 7,343	$ (15,852)	$ (36,311)

The MTA's Proportion of Net Pension Liability – NYCERS and NYSLERS

The following table presents the MTA's proportionate share of the net pension liability of NYCERS based on the June 30, 2021 and June 30, 2020 actuarial valuations, rolled forward to June 30, 2022 and June 30, 2021, respectively, and the proportion percentage of the aggregate net pension liability allocated to the MTA:

	NYCERS	
	June 30, 2022	June 30, 2021
	($ in thousands)	
MTA's proportion of the net pension liability	21.900%	22.218%
MTA's proportionate share of the net pension liability	$ 3,964,996	$ 1,424,952

The following table presents the MTA's proportionate share of the net pension liability of NYSLERS based on the April 1, 2020 and April 1, 2019 actuarial valuations, rolled forward to March 31, 2021 and March 31, 2020, respectively, and the proportion percentage of the aggregate net pension liability allocated to the MTA:

	NYSLERS	
	March 31, 2022	March 31, 2021
	($ in thousands)	
MTA's proportion of the net pension liability	0.316%	0.314%
MTA's proportionate share of the net pension liability	$ (25,856)	$ 313

The MTA's proportion of each respective Plan's net pension liability was based on the MTA's actual required contributions made to NYCERS for the plan's fiscal year-end June 30, 2022 and 2021 and to NYSLERS for the plan's fiscal year-end March 31, 2022 and 2021, relative to the contributions of all employers in each plan.

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

The following presents the MTA's proportionate share of the net pension liability for NYCERS and NYSLERS calculated using the discount rate as of each measurement date, as well as what the proportionate share of 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 actual discount rate used as of each measurement date ($ in thousands):

Measurement Date:	**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%)
NYCERS	$ 6,309,639	$ 3,964,996	$ 1,984,590	$ 3,738,910	$ 1,424,952	$ (538,293)

Measurement Date:	**March 31, 2022**			**March 31, 2021**		
	1% Decrease (4.9%)	Discount Rate (5.9%)	1% Increase (6.9%)	1% Decrease (4.9%)	Discount Rate (5.9%)	1% Increase (6.9%)
NYSLERS	$ 66,552	$ (25,856)	$ (103,150)	$ 86,873	$ 313	$ (79,515)

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

For the years ended years ended December 31, 2022 and 2021, the MTA recognized pension expense related to each pension plan as follows (in $ thousands):

	December 31,	
Pension Plan	**2022**	**2021**
Additional Plan	$ 63,224	$ 50,360
MaBSTOA Plan	132,278	140,280
MNR Cash Balance plan	3	7
MTA Defined Benefit Plan	385,288	413,652
NYCERS	453,150	(47,824)
NYSLERS	2,312	8,189
Total	**$ 1,036,255**	**$ 564,664**

For the years ended years ended December 31, 2022 and 2021, the MTA 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	**Additional Plan**		**MaBSTOA Plan**		**MNR Cash Balance Plan**		**MTA Defined Benefit Plan**	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -	$ 10,906	$ 16,683	$ -	$ -	$ 185,955	$ 10,359
Changes in assumptions			156,544				554,001	7,813
Net difference between projected and actual earnings on pension plan investments	-	16,341	-	111,214	-	3	-	178,327
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-	-	-	66,655	66,655
Employer contributions to the plan subsequent to the measurement of net pension liability	70,763	-	158,619	-	4	-	391,041	
Total	$ 70,763	$ 16,341	$ 326,069	$ 127,897	$ 4	$ 3	$ 1,197,652	$ 263,154

For the Year Ended December 31, 2022	**NYCERS**		**NYSLERS**		**TOTAL**	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 343,902	$ 87,149	$ 1,958	$ 2,540	$ 542,721	$ 116,731
Changes in assumptions	653	126,839	43,150	728	754,348	135,380
Net difference between projected and actual earnings on pension plan investments	724,648			84,666	724,648	390,551
Changes in proportion and differences between contributions and proportionate share of contributions	51,026	343,882	3,726	2,117	121,407	412,654
Employer contributions to the plan subsequent to the measurement of net pension liability	406,565		11,155	-	1,038,147	-
Total	$ 1,526,794	$ 557,870	$ 59,989	$ 90,051	$ 3,181,271	$ 1,055,316

For the Year Ended December 31, 2021	Additional Plan		MaBSTOA Plan		MNR Cash Balance Plan		MTA Defined Benefit Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -	$ 17,004	$ 3,896	$ -	$ -	$ 218,415	$ 13,714
Changes in assumptions	-	-	121,560	-	-	-	535,702	17,580
Net difference between projected and actual earnings on pension plan investments	27,816	-	57,062	-	-	19	72,382	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-	-	-	78,760	78,760
Employer contributions to the plan subsequent to the measurement of net pension liability	70,553	-	156,204	-	-	-	396,144	-
Total	$ 98,369	$ -	$ 351,830	$ 3,896	$ -	$ 19	$ 1,301,403	$ 110,054

For the Year Ended December 31, 2021	NYCERS		NYSLERS		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 365,770	$ 164,835	$ 3,822	$ -	$ 605,011	$ 182,445
Changes in assumptions	1,318	176,775	57,548	1,085	716,128	195,440
Net difference between projected and actual earnings on pension plan investments	-	2,091,098	-	89,908	157,260	2,181,025
Changes in proportion and differences between contributions and proportionate share of contributions	55,095	353,104	3,424	2,823	137,279	434,687
Employer contributions to the plan subsequent to the measurement of net pension liability	451,816	-	16,284	-	1,091,001	-
Total	$ 873,999	$ 2,785,812	$ 81,078	$ 93,816	$ 2,706,679	$ 2,993,597

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 plan to amortize the annual differences between expected and actual experience, changes in proportion and differences between employer contributions and proportionate share of contributions, and changes in actuarial assumptions, 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**
Additional Plan	1.00	N/A	1.00
MaBSTOA Plan	6.80	N/A	6.40
MNR Cash Balance Plan	1.00	N/A	1.00
MTA Defined Benefit Plan	8.30	8.30	8.30
NYCERS	5.79	5.79	5.79
NYSLERS	5.00	5.00	5.00

For the years ended December 31, 2022 and 2021, $1,038.1 and $1,091.0 were reported as deferred outflows of resources related to pensions resulting from the MTA's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2023 and December 31, 2022, respectively. 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:

	Additional Plan	MaBSTOA Plan	MNR Cash Balance plan	MTA Defined Benefit Plan	NYCERS	NYSLERS	Total
				(in thousands)			
Year Ending December 31:							
2023	$ 6,195	$ 37,990	$ (1)	$ 129,154	$ 27,732	$ (5,818)	$ 195,252
2024	(12,635)	(23,044)	(5)	36,940	99,838	(9,235)	91,859
2025	(188)	24,723	-	100,670	(58,363)	(21,989)	44,853
2026	(9,713)	(11,613)	3	58,386	489,105	(4,175)	521,993
2027	-	8,193	-	113,253	4,047	-	125,493
Thereafter	-	3,304	-	105,054	-	-	108,358
	$ (16,341)	$ 39,553	$ (3)	$ 543,457	$ 562,359	$ (41,217)	$ 1,087,808

Deferred Compensation Program

Description - The Deferred Compensation Program consists of two defined contribution plans that provide benefits based solely on the amount contributed to each participant's account(s), plus or minus any income, expenses and gains/losses. The Deferred Compensation Program is comprised of the Deferred Compensation Plan For Employees of the Metropolitan Transportation Authority ("MTA"), its Subsidiaries and Affiliates ("457 Plan") and the Thrift Plan For Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates ("401(k) Plan"). Certain MTA Related Groups employees are eligible to participate in both deferred compensation plans. Both Plans are designed to have participant charges, including investment and other fees, cover the costs of administering the Deferred Compensation Program.

Participation in the 401(k) Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 401(k) Plan, and all income attributable to such compensation, less expenses and fees, are held in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 401(k) Plan is not reflected in the accompanying consolidated statements of net position.

The Deferred Compensation Program is administered and may be amended by the Deferred Compensation Committee.

As the Deferred Compensation Program's asset base and contribution flow increased, participants' investment options were expanded by the Deferred Compensation Committee with the advice of its Financial Advisor to provide greater diversification and flexibility. In 1988, after receiving an IRS determination letter for the 401(k) Plan, the MTA offered its managers the choice of either participating in the 457 Plan or the 401(k) Plan. By 1993, the MTA offered eight investment funds: a Guaranteed Interest Account Fund, a Money Market Fund, a Common Stock Fund, a Managed Fund, a Stock Index Fund, a Government Income Fund, an International Fund and a Growth Fund.

In 1998, the Deferred Compensation Committee approved the unbundling of the Plans. In 2008, the Plans' investment choices were restructured to set up a four-tier strategy:

- Tier 1 – The MTA Asset Allocation Programs offer two options for those participants who would like to make retirement investing easy – the MTA Target Year Funds and Goal maker. Investments will be automatically diversified among a range of investment options.
- Tier 2 – The MTA Index Funds offer a tier of index funds, which invest in the securities of companies that are included in a selected index, such as the Standard & Poor's 500 (large cap) Index or Barclays Capital U.S. Aggregate (bond) index. The typical objective of an index fund is to achieve approximately the same return as that specific market index. Index funds provide investors with lower-cost investments because they are less expensive to administer than actively managed funds.
- Tier 3 – The MTA Actively Managed Portfolios, which are comprised of actively managed portfolios that are directed by one or a team of professional managers who buy and sell a variety of holdings in an effort to outperform selected indices. The funds provide a diversified array of distinct asset classes, with a single option in each class. They combine the value and growth disciplines to create a "core" portfolio for the mid-cap and international categories.Tier 4 – The Self-Directed Mutual Fund Option is designed for the more experienced investors. The fund offers access to an expanded universe of mutual funds from hundreds of well-known mutual fund families. Participants may invest only a portion of their account balances in this Tier.

In 2011, the Deferred Compensation Program began offering Roth contributions. Employees can elect after-tax Roth contributions and before-tax contributions in both the 401(k) Plan and the 457 Plan. The total combination of Roth after-tax contributions and regular before-tax contributions cannot exceed the IRS maximum of $19,500 dollars or $26,000 dollars for those over age 50 for the year ended December 31, 2020.

The two Plans offer the same array of investment options to participants. Eligible participants in the Deferred Compensation Program include employees (and in the case of MTA Long Island Bus, former employees) of:

- MTA
- MTA Long Island Rail Road
- MTA Bridges and Tunnels
- MTA Long Island Bus
- MTA Metro-North Railroad
- MTA New York City Transit
- MTA Staten Island Rapid Transit
- MTA Construction and Development
- MTA Bus

Employer Contributions - MTA Bus on behalf of certain MTA Bus employees, MTA Metro-North Railroad on behalf of certain MNR employees who opted-out of participation in the MTA Defined Benefit Pension Plan and MTA on behalf of certain represented MTA Business Service Center employees and on behalf of certain MTA Police Officers, make contributions to the 401(k) Plan. The rate for the employer contribution varies.

MTA Bus – Effective in 2019, there are no employees receiving these employer contributions. Prior to 2019, certain members who were employed by Queens Surface Corporation on February 26, 2005, and who became employees of MTA Bus on February 27, 2005, receive a matching contribution equal to 50% of member's before-tax contributions provided that the maximum matching contribution shall not exceed 3% of the member's base pay. MTA Bus also makes a basic contribution equal to 2% of the member's compensation. These contributions vest as follows:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

MTA Metro-North Railroad – MNR employees represented by certain unions and who elected to opt-out of participation in the MTA Defined Benefit Pension Plan receive an annual employer contribution equal to 4% of the member's compensation. Effective on the first full pay period following the nineteenth anniversary date of an eligible MNR member's continuous employment, MTA Metro-North Railroad contributes an amount equal to 7% of the member's compensation. Eligible MNR members vest in these employer contributions as set forth below:

Years of Service	Vested Percentage
Less than 5	0%
5 or more	100%

MTA Headquarters - Police - For each plan year, the MTA shall make contributions to the account of each eligible MTA Police Benevolent Association member in the amounts required by the collective bargaining agreement ("CBA") and subject to the contribution limits set forth in the CBA. These contributions shall be made monthly and shall be considered MTA Police contributions. Members are immediately 100% vested in these employer contributions.

MTA Headquarters – Commanding Officers - In addition, for each plan year, the MTA shall make contributions to the account of each eligible MTA Police Department Commanding Officers Benevolent Association member in the amounts required by the CBA and subject to the contribution limits set forth in the CBA. These contributions shall be made monthly and shall be considered MTA Police contributions. These members are immediately 100% vested in these employer contributions.

MTA Headquarters – Business Services - Effective January 1, 2011, all newly hired MTA Business Services Center employees represented by the Transportation Communications Union are eligible to receive a matching contribution up to a maximum of 3% of the participant's compensation. A participant's right to the balance in his or her matching contributions shall vest upon the first of the following to occur:

1. Completing 5 years of service,
2. Attaining the Normal Retirement Age of 62 while in continuous employment, or
3. Death while in continuous employment.

Additional Deposits (Incoming Rollover or Transfers) - Participants in the Deferred Compensation Program are eligible to roll over both their before-tax and after-tax assets from other eligible retirement plans into the 401(k) and 457 Plans. Under certain conditions, both Plans accepts rollovers from all eligible retirement plans (as defined by the Code), including 401(a), 457, 401(k), 403(b), and rollover IRAs.

Forfeitures – Non vested contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses.

	December 31, 2022	**December 31, 2021**
	(In thousands)	
Employer 401K contributions	$3,833	$3,939

5. OTHER POSTEMPLOYMENT BENEFITS

The MTA 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:

(1) 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 retired employees and their eligible spouses and dependents, to fund some of the OPEB provided in accordance with the MTA'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 single-employer 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 OPEB Plan is a fiduciary component unit of the MTA and is in the Pension and Other Employee Benefit Trust Funds section of the MTA's basic financial statements.

The separate annual financial statements of the OPEB Plan may be obtained by writing to MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor New York, NY 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 agency, 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. Certain agencies provide benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of the MTA are members of the following pension plans: the MTA Defined Benefit Plan, the Additional Plan, the MNR Cash Balance Plan, the MaBSTOA Plan, NYCERS, and NYSLERS. Certain represented employees of MTA Metro-North Railroad participate in the 401(k) Plan. Eligible employees of the MTA may elect to join the New York State Voluntary Defined Contribution Plan ("VDC").

The MTA 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 MTA New York City Transit employees, other MTA New York City Transit former employees who retired prior to January 1, 1996 or January 1, 2001, MTA Staten Island Railway represented employees as of March 1, 2010, June 1, 2010 or January 1, 2013 depending on the union and MTA Bus retirees 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 MTA 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 MTA must:

i. have retired;

ii. be receiving a pension (except in the case of the 401(k) Plan);

iii. have at least 10 years of credited service as a member of NYCERS, NYSLERS, the MTA Defined Benefit Plan, the Additional Plan, the MaBSTOA Plan, the MNR Cash Balance Plan, the 401(k) Plan or the VDC; and

iv. 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 of MTA New York City Transit and MTA Staten Island Railway, 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;
  - March 25, 2015 for Transportation Communication Union ("TCU"); and
  - December 16, 2015 for United Transportation Union ("UTU") and American Train Dispatchers Association ("ATDA").
- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependents of retired uniform members of the MTA Police Department.
- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of uniformed members of the MTA Police Department whose death was sustained while in performance of duty.

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.

Employees Covered by Benefit Terms — As of July 1, 2021, the date of the most recent actuarial valuation, the following classes of employees were covered by the benefit terms:

	Number of Participants
Active plan members	68,672
Inactive plan members currently receiving benefit payments	48,888
Inactive plan members entitled to but not yet receiving benefit payments	131
Total	117,691

Contributions — The MTA 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 MTA paid $846.3 and $813.2 of PAYGO to the OPEB Plan, respectively. The PAYGO amounts include an implicit rate subsidy adjustment of $58 and $53 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, 2021.

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 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 General Obligation 20-Bond Municipal Bond 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 $52,933 and $69,472, 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.

Blended and Age-adjusted Premium (in thousands)	**2021 Retirees**	**2020 Retirees**
Total blended premiums	$740,051	$655,269
Employment payment for retiree healthcare	52,933	69,472
Net Payments	$792,984	$724,741

(2) Actuarial Assumptions

Actuarial valuation involve 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 MTA 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 an actuarial valuation performed on July 1, 2021 and July 1, 2019. Update procedures were used to roll forward the total OPEB liability to the measurement dates of December 31, 2021, and December 31, 2020, 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%

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 of NYC Transit, SIRTOA and MTA Bus Company. 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 (all amounts are in percentages).

	NYSHIP		TBTA		Self-Insured		Medicare Part B
Fiscal Year	< 65	> = 65	< 65	> = 65	< 65	> = 65	Trend
2021	5.30%	4.60%	5.20%	3.60%	5.90%	0.00%	5.10%
2022	5.10%	4.60%	5.00%	3.90%	5.60%	5.10%	5.10%
2023	4.80%	4.60%	4.80%	4.30%	5.40%	5.10%	5.10%
2024	4.60%	4.60%	4.60%	4.60%	5.10%	5.10%	5.10%
2025	4.50%	4.50%	4.50%	4.50%	5.00%	5.00%	5.10%
2026	4.40%	4.40%	4.40%	4.40%	4.90%	4.80%	5.00%
2027	4.30%	4.30%	4.30%	4.30%	4.70%	4.70%	5.00%
2028	4.20%	4.20%	4.20%	4.20%	4.60%	4.60%	4.90%
2029	4.00%	4.00%	4.00%	4.00%	4.50%	4.50%	4.80%
2039	3.90%	3.90%	3.90%	3.90%	4.40%	4.40%	4.80%
2049	3.90%	3.90%	3.90%	3.90%	4.30%	4.30%	4.90%
2059	3.80%	3.80%	3.80%	3.80%	4.20%	4.20%	5.00%
2069	3.80%	3.80%	3.80%	3.80%	4.20%	4.20%	4.80%
2079	3.50%	3.50%	3.50%	3.50%	3.90%	3.90%	4.40%
2089	3.30%	3.30%	3.30%	3.30%	3.70%	3.70%	4.00%
2099	3.30%	3.30%	3.30%	3.30%	3.70%	3.70%	4.00%
2100	3.30%	3.30%	3.30%	3.30%	3.70%	3.70%	4.40%

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:

- Headquarters Non-Police Members: PubG.H-2010 Mortality Table, headcount weighted for general employees for males and females with separate rates for employees, healthy annuitants and disabled annuitants.

- Headquarters Police Members: Rates from the June 30, 2019 (Lag) Actuarial Valuation for NYCERS dated December 29, 2021 as follows: Service Retirees for Housing Police and Transit Police (Table XII-5), Disabled Retirees for Housing Police and Transit Police (Table XII-6) and Active Members for Transit and TBTA Ordinary Death and Accidental Death (Table XII-4). No adjustments were made to convert from lives-weighted to amounts-weighted. Base year is 2012 for mortality improvement purposes.
- Rail Members (LI Bus, LIRR, Metro-North, and SIRTOA): 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 97%.
- Transit Members (Bridges and Tunnels, MTA Bus, and Transit): 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%.

(3) Net OPEB Liability

At December 31, 2022 and 2021, the MTA reported a net OPEB liability of $24,956 and $24,409, respectively. The MTA's net OPEB liability was measured as of December 31, 2021 and December 31, 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 rolled forward to December 31, 2021.

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. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report or at www.mta.info.

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 are as of December 31, 2021.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
U.S. cash	BAML 3-Month T-Bill	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 discount rate used in this valuation to measure the total OPEB liability was updated to incorporate GASB Statement No. 75 guidance.

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 of 2.06%.

Changes in Net OPEB Liability — Changes in the MTA's net OPEB liability for the year ended December 31, 2022 based on the December 31, 2021 measurement date, and for the year ended December 31, 2021, based on the December 31, 2020 measurement date, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position (in thousands)	Net OPEB Liability
Balance as of December 31, 2020	$ 24,409,581	$ 130	$ 24,409,451
Changes for the year:			
Service Cost	1,250,950		1,250,950
Interest on total OPEB liability	535,642		535,642
Effect of economic/demographic gains or losses	292,154		292,154
Effect of assumptions changes or inputs	(738,829)		(738,829)
Benefit payments	(792,984)	(792,984)	-
Employer contributions		792,984	(792,984)
Administrative expenses		(46)	46
Net changes	546,933	(46)	546,979
Balance as of December 31, 2021	$ 24,956,514	$ 84	$ 24,956,430

	Total OPEB Liability	Plan Fiduciary Net Position (in thousands)	Net OPEB Liability
Balance as of December 31, 2019	$ 21,531,473	$ 414,827	$ 21,116,646
Changes for the year:			
Service Cost	1,097,051	-	1,097,051
Interest on total OPEB liability	610,160	-	610,160
Effect of economic/demographic gains or losses	(43,890)	-	(43,890)
Effect of assumptions changes or inputs	1,939,528	-	1,939,528
Benefit payments	(724,741)	(724,741)	-
Employer contributions	-	387,371	(387,371)
Net investment income	-	(77,118)	77,118
Administrative expenses	-	(209)	209
Net changes	2,878,108	(414,697)	3,292,805
Balance as of December 31, 2020	$ 24,409,581	$ 130	$ 24,409,451

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate — The following presents the net OPEB liability of the MTA, calculated using the discount rate as of each measurement date, as well as what the MTA's 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 date:

Measurement Date:		**December 31, 2021**	
	1% Decrease (1.06%)	**Discount Rate (2.06%)**	**1% Increase (3.06%)**
Net OPEB liability	$28,857,427	$24,956,431	$21,790,175

Measurement Date:		**December 31, 2020**	
	1% Decrease (1.12%)	**Discount Rate (2.12%)**	**1% Increase (3.12%)**
Net OPEB liability	$28,098,117	$24,409,451	$21,392,425

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

Measurement Date:	**December 31, 2021**		
	1% Decrease	**Healthcare Cost Current Trend Rate***	**1% Increase**
Net OPEB liability	$21,198,435	$24,956,431	$29,769,162

Measurement Date:	**December 31, 2020**		
	1% Decrease	**Healthcare Cost Current Trend Rate***	**1% Increase**
Net OPEB liability	$20,595,637	$24,409,451	$29,295,102

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

(4) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2022 and 2021, the MTA recognized OPEB expense of $1.92 billion and $1.89 billion, respectively.

At December 31, 2022 and 2021, the MTA 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	$ 414,192	$ 41,967	$ 192,919	$ 50,007
Changes of assumptions	1,952,237	1,468,704	2,353,287	1,070,351
Net difference between projected and actual earnings on OPEB plan investments	47,114		60,552	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,184,355	1,184,355	612,892	612,892
Employer contributions to the plan subsequent to the measurement of net OPEB liability	846,299		813,195	-
Total	**$ 4,444,197**	**$ 2,695,026**	**$ 4,032,845**	**$ 1,733,250**

The 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 and changes in assumptions are amortized over a 7.6-year closed period, beginning the year in which the deferred amount occurs.

For the years ended December 31, 2022 and 2021, $846.3 and $813.2 were reported as deferred outflows of resources related to OPEB. This amount includes both MTA'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	$ 142,130
	2024	133,532
	2025	66,689
	2026	145,935
	2027	244,288
	Thereafter	170,298
		$ 902,872

6. CAPITAL ASSETS

Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA 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. GASB 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. Accumulated depreciation and amortization are reported as reductions of fixed assets and right-of-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Right-of-use assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Capital and right-of-use assets consist of the following at December 31, 2020, December 31, 2021 and December 31, 2022 (in millions):

	Balance January 1, 2021	Additions / Reclassifications (Restatement)	Deletions / Reclassifications	Balance December 31, 2021 (Restatement)	Additions / Reclassifications	Deletions / Reclassifications	Balance December 31, 2022
Capital assets not being depreciated:							
Land	$ 248	$ 2	$ 1	$ 249	$ 92	$ -	$ 341
Construction work-in-progress	21,775	5,556	3,955	23,376	6,314	7,205	22,485
Total capital assets not being depreciated	22,023	5,558	3,956	23,625	6,406	7,205	22,826
Capital assets being depreciated:							
Buildings and structures	20,859	1,650	462	22,047	2,893	104	24,836
Bridges and tunnels	4,392	195	-	4,587	253	-	4,840
Equipment:							
Passenger cars and locomotives	14,204	149	22	14,331	197	42	14,486
Buses	3,688	317	136	3,869	456	336	3,989
Infrastructure	28,849	1,177	22	30,004	2,134	14	32,124
Other	28,391	1,324	125	29,590	1,330	6	30,914
Total capital assets being depreciated	100,383	4,812	767	104,428	7,263	502	111,189
Less accumulated depreciation:							
Buildings and structures	8,498	607	42	9,063	632	2	9,693
Bridges and tunnels	871	40	-	911	43	-	954
Equipment:							
Passenger cars and locomotives	7,753	413	22	8,144	403	42	8,505
Buses	2,200	251	135	2,316	257	336	2,237
Infrastructure	11,760	903	23	12,640	981	14	13,607
Other	10,429	933	62	11,300	976	4	12,272
Total accumulated depreciation	41,511	3,147	284	44,374	3,292	398	47,268
Total capital assets being depreciated - net	58,872	1,665	483	60,054	3,971	104	63,921
Capital assets - net	$ 80,895	$ 7,223	$ 4,439	$ 83,679	$ 10,377	$ 7,309	$ 86,747

	Balance December 31, 2020	Additions / Reclassifications	Deletions / Reclassifications	Balance December 31, 2021	Additions / Reclassifications	Deletions / Reclassifications	Balance December 31, 2022
Right of Use Assets being amortized:							
Leased buildings and structures	$ 610	$ 146	$ -	$ 756	$ -	$ -	$ 756
Leased equipment and vehicles	28	8	-	36	5	-	41
Leased other	4	-	-	4	-	-	4
Total Right of Use Assets being amortized	642	154	-	796	5	-	801
Less accumulated amortization:							
Leased buildings and structures	2	51	-	53	54	-	107
Leased equipment and vehicles	-	12	-	12	14	-	26
Leased other	-	-	-	-	1	-	1
Total accumulated amortization	2	63	-	65	69	-	134
Right of Use Assets being amortized – net	640	91	-	731	(64)	-	667
Total Capital Assets, including Right of Use Asset, net of depreciation and amortization	$ 81,535	$ 7,314	$ 4,439	$ 84,410	$ 10,313	$ 7,309	$ 87,414

In 2021, MTA Long Island Rail Road obtained legal title to a newly constructed rail yard on its property in accordance to an agreement with the developer. The agreement provides for the developer to construct a rail yard for MTA Long Island Rail Road to store and service trains in a new location in exchange for development rights. A gain of $266.6 for the fair market value of the assets were recognized at the date of conveyance.

In December 2021, MTA obtained legal title to the wireless telecommunications equipment installed on its property according to the network license agreement 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 MTA Long Island Rail Road as a non-cash capital contribution recorded at $27.3 representing the fair market value at the date of conveyance. In addition, in December 2021, MTA obtained legal title to work in process wireless telecommunications equipment to be installed on its property according to the network license agreement entered into with the licensee. The work in process assets were transferred by MTA to MTA Long Island Rail Road as a non-cash capital contribution recorded at $33.2 representing the fair market value at the date of conveyance.

In December 2021, MTA obtained legal title to the wireless telecommunications equipment installed on the MTA New York City Transit 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 MTA New York City Transit Authority as a non-cash capital contribution recorded at $73.3 representing the fair market value at the date of conveyance.

Capital assets acquired prior to April 1982 for MTA New York City Transit were funded primarily by New York City with capital grants made available to MTA New York City Transit. New York City has title to a substantial portion of such assets and, accordingly, these assets are not recorded on the books of the MTA. Subsequent acquisitions, which are part of the MTA Capital Program, are recorded at cost by MTA New York City Transit. In certain instances, title to MTA Bridges and Tunnels' real property may revert to New York City in the event the MTA determines such property is unnecessary for its corporate purpose. With respect to MTA Metro-North Rail Road, capital assets completely funded by CDOT are not reflected in MTA's financial statements, as ownership is retained by CDOT.

For certain construction projects, the MTA holds in a trust account marketable securities pledged by third-party contractors in lieu of cash retainages. At December 31, 2022 and 2021, these securities, which are not included in these financial statements, totaled $155.0 and $153.1, respectively, and had a market value of $131.1 and $130.2, respectively.

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

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

7. LONG-TERM DEBT

(In millions)	Original Issuance	December 31, 2021	Issued	Retired	December 31, 2022
MTA:					
Transportation Revenue Bonds					
1.43%-5.15% due through 2057	$ 44,080	$ 23,950	$ 311	$ 2,978	$ 21,283
Bond Anticipation Notes					
1.33% due through 2023	23,635	13,004	0	9,297	3,707
Dedicated Tax Fund Bonds					
1.86%-4.89% due through 2057	11,527	4,681	436	329	4,788
	79,242	41,635	747	12,604	29,778
Net unamortized bond premium	-	1,158	74	387	845
	79,242	**42,793**	**821**	**12,991**	**30,623**
TBTA:					
General Revenue Bonds					
1.81%–4.18% due through 2047	18,121	8,165	400	322	8,243
Payroll Mobility Tax Senior Lien Obligations					
1.36%-2.02% due through 2051	2,464	2,464	5,704	8	8,160
Subordinate Revenue Bonds					
3.13%-5.34% due through 2032	4,066	795	-	-	795
Sales Tax Revenue Bonds					
due through 2062	700	-	700	-	700
Bond Anticipation Notes					
0.69% due through 2025	193	193	0	-	193
	25,544	11,617	6,804	330	18,091
Net unamortized bond premium	-	1,173	635	119	1,689
	25,544	**12,790**	**7,439**	**449**	**19,780**
MTA Hudson Rail Yards Trust:					
MTA Hudson Rail Yards Trust Obligations					
1.88%–2.65% due through 2056	1,220	830	-	26	804
Net unamortized bond premium	-	87	-	1	86
	1,220	**917**	**-**	**27**	**890**
Total	**$ 106,006**	**$ 56,500**	**$ 8,260**	**$ 13,467**	**$ 51,293**
Current portion		$ 8,069			$ 4,800
Long-term portion		$ 48,431			$ 46,493

(In millions)	Original Issuance	December 31, 2020	Issued	Retired	December 31, 2021
MTA:					
Transportation Revenue Bonds					
1.43%–5.15% due through 2057	$ 44,080	$ 24,701	$ 1,415	$ 2,166	$ 23,950
Bond Anticipation Notes*					
1.33% due through 2023	23,635	9,536	4,720	1,252	13,004
Dedicated Tax Fund Bonds					
1.86%–4.89% due through 2057	11,149	4,857	110	286	4,681
	78,864	39,094	6,245	3,704	41,635
Net unamortized bond premium	-	1,403	122	367	1,158
	78,864	**40,497**	**6,367**	**4,071**	**42,793**
TBTA:					
General Revenue Bonds					
1.81%–4.18% due through 2047	18,121	8,040	365	240	8,165
Payroll Mobility Tax Senior Lien Obligations					
1.36%-2.02% due through 2051	2,464	-	2,464	-	2,464
Subordinate Revenue Bonds					
3.13%-5.34% due through 2032	4,066	867	-	72	795
Bond Anticipation Notes					
0.69% due through 2025	193	-	193	-	193
	24,844	8,907	3,022	312	11,617
Net unamortized bond premium	-	676	578	81	1,173
	24,844	**9,583**	**3,600**	**393**	**12,790**
MTA Hudson Rail Yards Trust:					
MTA Hudson Rail Yards Trust Obligations					
1.88%–2.65% due through 2056	1,220	845	-	15	830
Net unamortized bond premium	-	88	-	1	87
	1,220	**933**	**-**	**16**	**917**
Total	**$ 104,928**	**$ 51,013**	**$ 9,967**	**$ 4,480**	**$ 56,500**
Current portion**		$ 1,543			$ 8,069
Long-term portion		$ 49,470			$ 48,431

* Includes draws on a $800 taxable revolving credit agreement with JPMorgan Chase Bank, National Association, which is active through August 24, 2022, and a $400 taxable revolving credit agreement with Bank of America, National Association, which is active through August 24, 2022. Draws under the JPMorgan Chase Agreement and the Bank of America agreement are evidenced by revenue anticipation notes ("RANs"). As of December 31, 2021 and 2020, the outstanding RAN was $1,196 and $477, respectively.

MTA Transportation Revenue Bonds — Prior to 2022, MTA issued sixty-nine Series of Transportation Revenue Bonds secured under its General Resolution Authorizing Transportation Revenue Obligations adopted on March 26, 2002 in the aggregate principal amount of $36,956. The Transportation Revenue Bonds are MTA's special obligations payable solely from transit and commuter systems revenues and certain state and local operating subsidies.

On February 1, 2022, MTA effectuated a mandatory tender and remarketed $32.475 of Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002G-1h and $50.000 of Transportation Revenue Variable Rate Bonds, Subseries 2012A-3 because their respective current interest rate periods were expiring by their terms. The Subseries 2002G-1h and Subseries 2012A-3 bonds were remarketed in Term Rate Mode as Secured Overnight Financing Rate (SOFR) Notes as follows:

Quantity	Subseries	Delivery Date	Purchase Date	Interest Rate
$13.43	TRB 2002G-1h	N/A	November 1, 2023	67% of SOPR plus 0.40%
$18.75	TRB 2002G-1h	N/A	November 1, 2026	67% of SOPR plus 0.60%
$50.00	TRB 2012A 3	April 1, 2026	November 15, 1942	67% of SOPR plus 0.65%

On March 24, 2022, MTA effectuated a mandatory tender and remarketed $82.660 of Transportation Revenue Variable Rate Refunding Bonds, Subseries 2020B-2 because the Continuing Covenant Agreement (CCA), between MTA and Bank of America, N.A., was expiring by its terms. The CCA associated with Subseries 2020B-2 was replaced with an irrevocable direct-pay Letter of Credit (LOC) issued by PNC Bank, National Association. The LOC will expire on March 22, 2024. PNC Capital Markets LLC will serve as remarketing agent.

On March 24, 2022, MTA extended its irrevocable direct-pay LOC issued by PNC Bank, National Association that is associated with Transportation Revenue Variable Rate Refunding Bonds, Subseries 2020B-1 for two years to March 22, 2024.

On May 26, 2022, MTA extended its irrevocable direct-pay LOC issued by Bank of Montreal that is associated with Transportation Revenue Variable Rate Bonds, Subseries 2012A-2 for three years to June 2, 2025.

On August 31, 2022, MTA extended its irrevocable direct-pay Letter of Credit issued by Bank of America, N.A. that is associated with Transportation Revenue Variable Rate Bonds, Subseries 2015E-3 for three years to September 2, 2025.

On November 1, 2022, MTA effectuated a mandatory tender and remarketed $75.100 Transportation Revenue Variable Rate Bonds, Subseries 2005D-2 because its irrevocable direct-pay LOC issued by Landesbank Hessen-Thuringen Girozentrale (Helaba) was expiring by its terms and $70.650 Transportation Revenue Variable Rate Bonds, Subseries 2012G-4 because its respective current interest rate period was expiring by its terms. Both Subseries 2005D-2 and Subseries 2012G-4 Bonds were remarketed as Variable Rate Demand Bonds in Daily Rate Mode and supported with irrevocable direct-pay LOCs issued by BMO Harris Bank, N.A. Both LOCs will expire on October 31, 2025.

MTA Bond Anticipation Notes — From time to time, MTA issues Transportation Revenue Bond Anticipation Notes in accordance with the terms and provisions of the General Resolution described above in the form of commercial paper to fund its transit and commuter capital needs. The interest rate payable on the notes depends on the maturity and market conditions at the time of issuance. The MTA Act requires MTAHQ to periodically (at least each five years) refund its bond anticipation notes with bonds.

MTA Revenue Anticipation Notes — On January 9, 2014, MTA closed a $350 revolving working capital liquidity facility with the Royal Bank of Canada which is expected to remain in place until July 7, 2017. Draws on the facility will be taxable, as such this facility is intended to be used only for operating needs of MTA and the related entities. On January 31, 2017, MTA drew down $200 of its $350 Revolving Credit Agreement with the Royal Bank of Canada, which was entered into on January 1, 2014.The purpose of the draw was to retire Transportation Revenue Bond Anticipation Notes, Subseries 2016A-2. The $200 draw-down plus accrued interest was repaid on March 31, 2017.

On August 24, 2017, MTA entered into a $350 taxable Revenue Anticipation Note facility, (the "2017A RAN"), with JPMorgan Chase Bank, National Association. An initial draw of $3.5 was made at closing. This balance will remain throughout the duration of the agreement. The 2017A RAN is available to be used by MTA for any corporate purpose as needed and is structured as a revolving loan facility. The RAN expires on August 24, 2022.

On August 14, 2018, MTA amended the 2017A RAN to (1) correct the designation of the facility to Transportation Revenue Anticipation Notes, Series 2017 (the "Series 2017 RANs") and (2) increase the maximum amount of the Series 2017 RANs authorized to be issued by $350, for a maximum principal amount of $700 at any one-time outstanding. To maintain the 1% draw on the line of credit throughout the duration of the agreement, an additional $3.5 draw was made on August 14, 2018.

On August 16, 2019, the Revenue Anticipation Note facility with JPMorgan Chase was amended, increasing the line of credit to $800.To maintain the 1% draw on the line of credit throughout the duration of the agreement, an additional $1 draw was made on August 16, 2019.

On August 16, 2019, MTA entered into a $200 taxable revolving credit agreement with Bank of America, National Association ("BANA") that is active through August 24, 2022.Draws under the BANA Agreement will be evidenced by RANs. Funds may be used for operational or capital purposes.

On March 20, 2020, MTA drew down the remaining $792 of its $800 Revolving Credit Agreement with JPMorgan Chase Bank National Association and $200 of its Revolving Credit Agreement with Bank of America National Association.

On April 22, 2020, MTA drew down $2.5 of its taxable Revolving Credit Agreement with Bank of America National Association.

On May 22, 2020, MTA entered into a $950 taxable term credit agreement with JPMorgan Chase Bank National Association, as administrative agent, and Industrial and Commercial Bank of China Limited, New York Branch, and Bank of China, New York Branch, collectively as lenders. Funds drawn from this credit agreement may be used for operational or capital purposes. The credit agreement was active through May 22, 2022.

On July 23, 2020, the Urban Development Corporation (dba "Empire State Development" or "ESD"), on behalf of the State of New York, issued its State Personal Income Tax Revenue Bonds, Series 2020C ("ESD Series 2020C Bonds").A portion of the proceeds of the ESD Series 2020C Bonds, $1.1 billion, were applied to the retirement of certain short-term notes issued by MTA on behalf of the existing $7.3 billion commitment of NYS toward the MTA's 2015-2019 Capital Program. The proceeds were applied as follows: (i) $413.517, plus interest, to retire Transportation Revenue Anticipation Notes, Series 2020A ("Series 2020A RANs"), (ii) $104.672, plus interest, to retire Transportation Revenue Anticipation Notes, Series 2020B ("Series 2020B RANs"), and (iii) $600, plus interest, to retire Transportation Revenue Bond Anticipation Notes, Series 2019E.

On March 21, 2022 and March 24, 2022, MTA prepaid the outstanding $300 on the 2021A RAN (with Bank of America) and $420 on the 2021B RAN (with JP Morgan), respectively.

On March 31, 2022 and April 1, 2022, MTA prepaid the outstanding $95.3 on the 2021C RAN and $2.5 million on the 2021D RAN, both with Bank of America, respectively.

On April 11, 2022, MTA prepaid the outstanding $378.5 on the 2021E RAN, with JP Morgan.

On August 2, 2022, MTA entered into new $800 and $400 revolving credit agreements with JP Morgan Chase Bank, National Association and Bank of America, National Association, respectively. These agreements replace the existing agreements with JP Morgan (dated August 24, 2017, as amended) and Bank of America (dated August 16, 2019, as amended), which were for the same amounts and terminated pursuant to their terms. The new agreements are active until August 1, 2025.

MTA State Service Contract Bonds — Prior to 2022, MTA issued two Series of State Service Contract Bonds secured under its State Service Contract Obligation Resolution adopted on March 26, 2002, in the aggregate principal amount of $2,395. Currently, there are no outstanding bonds. The State Service Contract Bonds are MTA's special obligations payable solely from certain payments from the State of New York under a service contract.

MTA Dedicated Tax Fund Bonds — Prior to 2022, MTA issued twenty-two Series of Dedicated Tax Fund Bonds secured under its Dedicated Tax Fund Obligation Resolution adopted on March 26, 2002, in the aggregate principal amount of $9,769. The Dedicated Tax Fund Bonds are MTA's special obligations payable solely from monies held in the Pledged Amounts Account of the MTA Dedicated Tax Fund. State law requires that the MTTF revenues and MMTOA revenues (described above in Note 2 under "Nonoperating Revenues") be deposited, subject to appropriation by the State Legislature, into the MTA Dedicated Tax Fund.

On March 1, 2022, MTA issued $377.955 of Dedicated Tax Fund Bonds, Series 2022A to retire outstanding MTA Transportation Revenue Bond Anticipation Notes (BANs), Series 2020B (note that those BANs were purchased, pursuant to a Note Purchase Agreement, between MTA and Municipal Liquidity Facility LLC). The Series 2022A bonds were issued as fixed-rate tax-exempt bonds with a final maturity of November 15, 2052.

On March 18, 2021, MTA effectuated a mandatory tender and remarketed $110.325 of Dedicated Tax Fund Bonds, Subseries 2002B-1 because the irrevocable direct-pay LOC issued by The Bank of Tokyo-Mitsubishi UFJ, Ltd. was expiring by its terms. The Subseries 2002B-1 bonds were remarketed as fixed rate tax-exempt bonds with a final maturity of November 1, 2022.

On June 1, 2022, MTA extended its irrevocable direct-pay LOC issued by TD Bank, N.A. which is associated with Dedicated Tax Fund Variable Rate Refunding Bonds, Subseries 2008A-1 for three years to June 13, 2025.

On June 1, 2022, MTA effectuated a mandatory tender and remarketed $58.015 Dedicated Tax Fund Variable Rate Refunding Bonds, Subseries 2008A-2a because its current interest rate period was set to expire by its terms. The Subseries 2008A-2a bonds were remarketed as Variable Interest Rate Obligations in Daily Mode supported by an irrevocable direct-pay LOC issued by TD Bank, N.A. The new LOC will expire on November 1, 2026.

On October 27, 2022, MTA extended its irrevocable direct-pay LOC issued by PNC Bank, National Association that is associated with Dedicated Tax Fund Variable Rate Refunding Bonds, Subseries 2008A-2b for three years to October 24, 2025.

On October 27, 2022, MTA extended its irrevocable direct-pay LOC issued by PNC Bank, National Association that is associated with Dedicated Tax Fund Variable Rate Refunding Bonds, Subseries 2008B-3c for three years to October 24, 2025.

MTA Certificates of Participation — Prior to 2022, 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 executed and delivered three Series of Certificates of Participation in the aggregate principal amount of $807 to finance certain building and leasehold improvements to an office building at Two Broadway in Manhattan occupied principally by MTA New York City Transit, MTA Bridges and Tunnels, MTA Construction and Development, and MTAHQ. The Certificates of Participation represented proportionate interests in the principal and interest components of Base Rent paid severally, but not jointly, in their respective proportionate shares by MTA New York City Transit, MTA, and MTA Bridges and Tunnels, pursuant to a Leasehold Improvement Sublease Agreement.

MTA Bridges and Tunnels General Revenue Bonds — Prior to 2022, MTA Bridges and Tunnels issued thirty-five Series of General Revenue Bonds, secured under its General Resolution Authorizing General Revenue Obligations adopted on March 26, 2002, in the aggregate principal amount of $14,174. The General Revenue Bonds are MTA Bridges and Tunnels' general obligations payable generally from the net revenues collected on the bridges and tunnels operated by MTA Bridges and Tunnels.

On January 19, 2022, MTA effectuated a mandatory tender and remarketed $96.335 of Triborough Bridge and Tunnel Authority General Revenue Variable Rate Bonds, Subseries 2003B-1 because its irrevocable direct-pay LOC issued by Bank of America, N.A. was expiring by its terms and was substituted with an irrevocable direct-pay LOC issued by U.S. Bank, N.A. The new LOC will expire on January 17, 2025. U.S. Bancorp will serve as remarketing agent.

On May 20, 2022, MTA extended its irrevocable direct-pay LOC issued by U.S. Bank National Association that is associated with Triborough Bridge and Tunnel Authority General Revenue Variable Rate Refunding Bonds, Subseries 2005B-4c for three years to May 23, 2025.

On August 18, 2022, MTA issued $400 Triborough Bridge and Tunnel Authority General Revenue Bonds, Series 2022A. Proceeds from the transaction will be used to finance existing approved bridge and tunnel capital projects. The Series 2022A bonds were issued as fixed-rate tax-exempt bonds with a final maturity of November 15, 2057.

On December 8, 2022, MTA effectuated a mandatory tender and remarketed $148.470 Triborough Bridge and Tunnel Authority General Revenue Variable Rate Bonds, Series 2018E as the irrevocable direct-pay LOC issued by Bank of America, N.A. was expiring by its terms. The Series 2018E Bonds were remarketed as Variable Rate Demand Bonds in Weekly Rate Mode and supported with an irrevocable direct-pay LOC issued by UBS AG. The new LOC will expire on December 5, 2025.

MTA Bridges and Tunnels Subordinate Revenue Bonds — Prior to 2022, MTA Bridges and Tunnels issued twelve Series of Subordinate Revenue Bonds secured under its 2001 Subordinate Revenue Resolution Authorizing Subordinate Revenue Obligations adopted on March 26, 2002, in the aggregate principal amount of $4,066.The Subordinate Revenue Bonds are MTA Bridges and Tunnels' special obligations payable generally from the net revenues collected on the bridges and tunnels operated by MTA Bridges and Tunnels after the payment of debt service on the MTA Bridges and Tunnels General Revenue Bonds described in the preceding paragraph.

MTA Bridges and Tunnels Second Subordinate Bond Anticipation Notes — On June 10, 2021, MTA issued $192.835 of Triborough Bridge and Tunnel Authority Second Subordinate Bond Anticipation Notes, Series 2021A. Proceeds from the transaction will be used to finance costs related to the design, build, and installation of infrastructure, tolling systems and allowable implementation expenses necessary for the operation of the Central Business District Tolling Program. The Series 2021A notes were issued as fixed rate tax-exempt notes with a final maturity of November 1, 2025.

MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Bonds — Prior to 2022, MTA issued three Series of Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds secured under its 2021 TBTA PMT Resolution adopted on March 17, 2021 in the aggregate principal amount of $1,679. Each of the TBTA PMT Senior Lien Obligations and any MTA PMT Senior Lien Obligations issued pursuant to the MTA PMT Resolution, adopted by the Board on November 18, 2020, are secured by a first lien on, and parity pledge of, the PMT Receipts, consisting of two distinct revenue streams: Mobility Tax Receipts and MTA Aid Trust Account Receipts (also referred to as "ATA Receipts"). MTA and MTA Bridges and Tunnels have entered into the Financing Agreement, dated as of April 9, 2021, to provide the mechanism by which MTA and MTA Bridges and Tunnels share PMT Receipts on a parity basis (i) first with respect to the PMT Senior Lien and then (ii) with respect to PMT Second Lien. Under State law, the MTA PMT Senior Lien Indebtedness and the MTA Bridges and Tunnels PMT Senior Lien Indebtedness are special obligations of MTA and MTA Bridges and Tunnels, respectively, which means that they are payable solely from a gross lien on the money pledged for payment under the MTA Payroll Mobility Tax Obligation Resolution and the MTA Bridges and Tunnels Payroll Mobility Tax Obligation Resolution. Such bonds are not general obligations of MTA or MTA Bridges and Tunnels.

On February 10, 2022, MTA issued $592.680 of Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2022A. Proceeds from the transaction were used to retire $750.000 Dedicated Tax Fund Bond Anticipation Notes, Series 2019A. The Series 2022A bonds were issued as fixed rate tax-exempt bonds with a final maturity of May 15, 2057.

On April 5, 2022, MTA priced, subject to a Forward Delivery Bond Purchase Agreement, $1,000.015 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2022B. MTA expects to issue and deliver the Series 2022B Bonds on August 18, 2022. Proceeds from the transaction will be used to retire: $75.235 MTA Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002D-1; $174.050 MTA Transportation Revenue Bonds, Series 2012C; $406.730 MTA Transportation Revenue Refunding Bonds, Series 2012D; $350.280 MTA Transportation Revenue Refunding Bonds, Series 2012F; and $112.655 MTA Transportation Revenue Bonds, Series 2012H. The refunding resulted in a net present value savings of $135.306 or 12.09% of the par amount of the refunded bonds. The Series 2022B bonds were priced as fixed rate tax-exempt bonds with a final maturity of May 15, 2042.

On August 18, 2022, MTA issued and delivered $1,000.015 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2022B.

On May 12, 2022, MTA issued $927.950 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2022C. Proceeds from the transaction were used to retire outstanding MTA Transportation Revenue Bond Anticipation Notes, Series 2019B-1. The Series 2022C bonds were issued as fixed rate tax-exempt bonds with a final maturity of May 15, 2057.

On September 15, 2022, MTA issued $748.682 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Green Bonds, Series 2022D (Climate Bond Certified). Proceeds from the transaction will be used to finance existing approved transit and commuter projects and to refund the following MTA Transportation Revenue Bonds: $41.730 Series 2012B; $102.440 Series 2012C; $32.830 Series 2012E; $76.360 Series 2012F; and $19.495 Series 2012H. The refunding resulted in a net present value savings of $21.134 or 7.75% of the par amount of the refunded bonds. The Series 2022D bonds were issued as: $230.745 Subseries 2022D-1a; $20.202 Subseries 2022D-1b; and $497.735 Subseries 2022D-2. The Subseries 2022D-1a bonds were issued as fixed rate tax-exempt refunding bonds with a final maturity of November 15, 2042. The Subseries 2022D-1b bonds were issued as fixed rate tax-exempt refunding Capital Appreciation Bonds (CABs) with a final maturity of November 15, 2039. The Subseries 2022D-2 bonds were issued as fixed-rate tax-exempt bonds with a final maturity of May 15, 2052.

On November 1, 2022, MTA issued $700.200 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Green Bonds, Series 2022E (Climate Bond Certified). Proceeds from the transaction will be used to refund outstanding Transportation Revenue Variable Rate Bonds, Series 2011B (LIBOR FRNs), Transportation Revenue Bonds, Subseries 2014D-2 (SIFMA FRNs), Transportation Revenue Bonds, Subseries 2018A-2 (Mandatory Tender Bonds), and to retire the Transportation Revenue Bond Anticipation Notes, Series 2019F that mature on November 15, 2022. The Series 2022E bonds were issued as: $188.630 Subseries 2022E-1; $99.560 Subseries 2022E-2a; and $412.010 Subseries 2022E-2b. The Subseries 2022E-1 bonds were issued as fixed-rate tax-exempt bonds with a final maturity of November 15, 2027. The Subseries 2022E-2a bonds were issued as variable rate tax-exempt refunding Secured Overnight Financing Rate (SOFR) Notes with a final maturity of April 1, 2026, and with an interest rate of 67% of SOFR plus 1.05%. The Subseries 2022E-2b bonds were issued as fixed-rate tax-exempt refunding bonds with a final maturity of November 15, 2032.

MTA Bridges and Tunnels Sales Tax Revenue Bonds — On July 20, 2022, MTA issued $700 Triborough Bridge and Tunnel Authority Sales Tax Revenue Bonds, Series 2022A (TBTA Capital Lockbox – City Sales Tax). This was the inaugural issuance for this credit. Proceeds from the transaction were used to generate new money proceeds to finance approved 2020-2024 Capital Program transit and commuter projects. The Series 2022A bonds were issued as fixed rate tax-exempt bonds with a final maturity of May 15, 2062.

MTA Payroll Mobility Tax Bond Anticipation Notes - On December 17, 2020, MTA issued $2,907.280 of MTA Payroll Mobility Tax Bond Anticipation Notes, Series 2020A pursuant to a Note Purchase Agreement, between MTA and Municipal Liquidity Facility LLC. Proceeds from the transaction were used to finance COVID-19 Lost Revenues and Increased Costs of the MTA agencies and TBTA. The Series 2020A notes were issued as fixed rate tax-exempt notes with a final maturity of December 15, 2023.

On September 1, 2022, MTA issued $951.370 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Bond Anticipation Notes, Series 2022A. Proceeds from the transaction were used to refinance outstanding MTA Transportation Revenue Bond Anticipation Notes, Series 2019D-1 as they were set to mature on September 1, 2022. The Series 2022A Notes were issued as fixed rate tax-exempt notes with a final maturity of August 15, 2024.

On December 15, 2022, MTA issued $766.540 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Bond Anticipation Notes, Series 2022B. Proceeds from the transaction were used to refinance outstanding MTA Transportation Revenue Bond Anticipation Notes, Series 2020A-1 which were maturing on February 1, 2023. The Series 2022B Notes were issued as fixed rate tax-exempt notes with a final maturity of December 16, 2024.

MTA Hudson Rail Yards Trust Obligations — The MTA Hudson Rail Yards Trust Obligations, Series 2016A ("Series 2016A Obligations") were executed and delivered on September 22, 2016 by Wells Fargo Bank National Association, as Trustee ("Trustee"), to (i) retire the outstanding Transportation Revenue Bond Anticipation Notes, Series 2016A of the MTA, which were issued to provide interim financing of approved capital program transit and commuter projects, (ii) finance approved capital program transit and commuter projects of the affiliates and subsidiaries of the MTA, (iii) fund an Interest Reserve Requirement in an amount equal to one-sixth (1/6) of the greatest amount of Interest Components (as hereinafter defined) in the current or any future year, (iv) fund a portion of the Capitalized Interest Fund requirement, and (v) finance certain costs of issuance.

Pursuant to the Financing Agreement (as hereinafter defined), the MTA has agreed to pay to, or for the benefit of, the Trustee the "MTA Financing Agreement Amount," consisting of principal and interest components. The Series 2016A Obligations evidence the interest of the Owners thereof in such MTA Financing Agreement Amount payable by the MTA pursuant to the Financing Agreement. The principal amount of the Series 2016A Obligations represent the principal components of the MTA Financing Agreement Amount ("Principal Components") and the interest represent the interest components of the MTA Financing Agreement Amount ("Interest Components").The Series 2016A Obligations (and the related Principal Components and Interest Components) are special limited obligations payable solely from the Trust Estate established under the MTA Hudson Rail Yards Trust Agreement, dated as of September 1, 2016 ("Trust Agreement"), by and between the MTA and the Trustee.

The Trust Estate consists principally of (i) the regularly scheduled rent, delinquent rent or prepaid rent ("Monthly Ground Rent") to be paid by Ground Lease Tenants (the tenants under the Western Rail Yard Original Ground Lease and each Severed Parcel Ground Lease of the Eastern Rail Yard) of certain parcels being developed on and above the Eastern Rail Yard and Western Rail Yard portions of the John D.Caemmerer West Side Yards ("Hudson Rail Yards") currently operated by The Long Island Rail Road Company ("LIRR"), (ii) monthly scheduled transfers from the Capitalized Interest Fund during the limited period that the Monthly Ground Rent is abated under the applicable Ground Lease, (iii) payments made by the Ground Lease Tenants if they elect to exercise their option to purchase the fee interest in such parcels ("Fee Purchase Payments"), (iv) Interest Reserve Advances and Direct Cost Rent Credit Payments (collectively "Contingent Support Payments") made by the MTA, (v) rights of the MTA to exercise certain remedies under the Ground Leases and (vi) rights of the Trustee to exercise certain remedies under the Ground Leases and the Fee Mortgages.

Pursuant to the Interagency Financing Agreement, dated as of September 1, 2016 ("Financing Agreement"), by and among the MTA, New York City Transit Authority, Manhattan and Bronx Surface Transit Operating Authority, LIRR, Metro-North Commuter Railroad Company, and MTA Bus Company (collectively, the "Related Transportation Entities"), and the Trustee, the MTA has agreed to pay to the Trustee the MTA Financing Agreement Amount with moneys provided by the Financing Agreement Payments (which are principally the revenues within the Trust Estate) and Interest Reserve Advances. The MTA has established a deposit account with Wells Fargo Bank, National Association, as depositary ("Depositary"), and the MTA will direct all Ground Lease Tenants to make Monthly Ground Rent and Fee Purchase Payments (payments made by the Ground Lease Tenants if they elect to exercise their option to purchase the fee interest in such parcels) directly to the Depositary, which deposits will be transferred daily to the Trustee. In addition, in the event the MTA elects to exercise certain Authority Cure Rights upon the occurrence of a Ground Lease Payment Event of Default or is required to make certain Direct Cost Rent Credit Payments, the MTA will make all payments relating to defaulted and future Monthly Ground Rent directly to the Depositary.

On July 15, 2019, MTA effectuated the early mandatory redemption of a portion of the MTA Hudson Rail Yards Trust Obligations, Series 2016A maturing on November 15, 2046 in the Principal Component of $68.This is due to the payment of Fee Purchase Payments in connection with three commercial condominium units to be owned and occupied by Wells Fargo and KKR.

On September 21, 2020, Moody's Investors Services downgraded Hudson Rail Yard Trust Obligations from A2 to A3 and assigned the Hudson Rail Yard Trust Obligations with a Negative Outlook.

Refer to Note 8 for further information on Leases.

MTA Grant Anticipation Notes - On December 9, 2021, MTA issued $4,000.000 of Grant Anticipation Notes, Series 2021A. Proceeds from the transaction were used to reimburse MTA for certain operating expenses and lost revenues since January 20, 2020, due to the COVID-19 public health emergency. The Series 2021A Notes were priced as fixed rate federally taxable notes with a final maturity of November 15, 2022.

On February 10, 2022, the Grant Anticipation Notes, Series 2021A were called for redemption prior to maturity.

Debt Limitation — The New York State Legislature has imposed limitations on the aggregate amount of debt that the MTA and MTA Bridges and Tunnels can issue to fund the approved transit and commuter capital programs. The current aggregate ceiling, subject to certain exclusions, is $90,100 compared with issuances totaling approximately $43,578. The MTA expects that the current statutory ceiling will allow it to fulfill the bonding requirements of the approved Capital Programs.

Bond Refundings — From time to time, the MTA and MTA Bridges and Tunnels issue refunding bonds to achieve debt service savings or other benefits. The proceeds of refunding bonds are generally used to purchase U.S. Treasury obligations that are placed in irrevocable trusts. The principal and interest within the trusts will be used to repay the refunded debt. The trust account assets and the refunded debt are excluded from the consolidated statements of net position.

At December 31, 2022 and 2021, the following amounts of MTA bonds, which have been refunded, remain valid debt instruments and are secured solely by and payable solely from their respective irrevocable trusts.

(In millions)	December 31, 2022	December 31, 2021
MTA Transit and Commuter Facilities:		
Transit Facilities Revenue Bonds	$ 79	$ 104
Commuter Facilities Revenue Bonds	76	102
MTA Bridges and Tunnels:		
General Purpose Revenue Bonds	160	458
Special Obligation Subordinate Bonds	43	59
Total	$ 358	$ 723

For the year ended December 31, 2022, MTA refunding transactions decreased aggregate debt service payments by $592 and provided an economic gain of $221. For the year ended December 31, 2021, MTA refunding transactions increased aggregate debt service payments by $66 and provided an economic gain of $44. Details of bond refunding savings for December 31, 2022 and December 31, 2021 are as follows:

Refunding Bonds Issued in 2022	Series	Date issued	Par value Refunded	Debt Service Savings (Increase)
Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Refunding Bonds	2022B	8/18/2022	$ 631	$ 174
Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Green Bonds	2022D	9/15/2022	207	27
Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Green Bonds	2022E	11/1/2022	742	391
Total Bond Refunding Savings			$ 1,580	$ 592

Refunding Bonds Issued in 2021	Series	Date issued	Par value Refunded	Debt Service Savings (Increase)
Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds	2021A	5/5/2021	$ 631	$ (103)
	2021C	9/30/2021	207	37
Total Bond Refunding Savings			$ 838	$ (66)

For the year ended December 31, 2022, the accounting loss on bond refundings totaled $0. For the year ended December 31, 2021, the accounting loss on bond refundings totaled $2.

Unamortized gains and losses related to bond refundings were as follows:

	December 31, 2020	(Gain)/ loss on refunding	2020 amortization	December 31, 2021	(Gain)/ loss on refunding	Current year amortization	December 31, 2022
MTA:							
Transportation Revenue Bonds	$ 443	$ 2	$ (58)	$ 387	$ -	$ (164)	$ 223
State Service Contract Bonds	(12)	-	-	(12)	-	-	(12)
Dedicated Tax Fund Bonds	206	-	(17)	189	-	(18)	171
	637	2	(75)	564	-	(182)	382
TBTA:							
General Revenue Bonds	175	-	(21)	154	-	(17)	137
Subordinate Revenue Bonds	25	-	(3)	22	-	(2)	20
	200	-	(24)	176	-	(19)	157
Total	$ 837	$ 2	$ (99)	**$ 740**	**$ -**	**$ (201)**	**$ 539**

Debt Service Payments — Future principal and interest debt service payments at December 31, 2022 are as follows (in millions):

	MTA		MTA BRIDGES AND TUNNELS		Debt Service	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2023	$ 4,420	$ 1,287	$ 380	$ 817	$ 4,800	$ 2,104
2024	944	1,177	2,100	792	3,044	1,969
2025	966	1,076	607	697	1,573	1,773
2026	860	958	682	664	1,542	1,622
2027	851	951	862	636	1,713	1,587
2028-2032	5,402	3,949	3,606	2,744	9,008	6,693
2033-2037	5,003	3,189	1,645	2,279	6,648	5,468
2038-2042	4,600	2,163	1,986	1,805	6,586	3,968
2043-2047	3,813	1,212	2,451	1,260	6,264	2,472
2048-2052	3,036	470	2,727	625	5,763	1,095
2053-2057	686	79	924	171	1,610	250
Thereafter	-	-	123	17	123	17
	$ 30,581	$ 16,511	$ 18,093	$ 12,507	$ 48,674	$ 29,018

The above interest amounts include both fixed-rate and variable-rate calculations. The interest rate assumptions for variable rate bonds are as follows:

- *Transportation Revenue Refunding Bonds, Series 2002D* — 4.45% per annum taking into account the interest rate swap plus the current fixed floating rate note spread.
- *Transportation Revenue Refunding Bonds, Series 2002G* — 3.542% per annum taking into account the interest rate swap plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.
- *Transportation Revenue Bonds, Series 2005D* — 3.561% per annum taking into account the interest rate swaps.
- *Transportation Revenue Bonds, Series 2005E* — 3.561% per annum taking into account the interest rate swaps and 4.00% per annum on the unhedged portion.
- *Transportation Revenue Bonds, Series 2011B* — 3.542% per annum taking into account the interest rate swaps plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.
- *Transportation Revenue Bonds, Series 2012A* — 4.00% per annum plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2012G* — 3.563% per annum taking into account the interest rate swaps plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2014D-2* — 4.00% per annum plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2015A-2*— 4.00% per annum plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2015E* — 4.00% per annum.
- *Dedicated Tax Fund Bonds, Series 2002B* — 4.00% per annum on Subseries 2002B-1; and 4.00% per annum plus the current fixed floating rate note spread.
- *Dedicated Tax Fund Variable Rate Refunding Bonds, Series 2008A* — 3.316% per annum taking into account the interest rate swaps plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.
- *Dedicated Tax Fund Refunding Bonds, Subseries 2008B-3a and 2008B-3c*— 4.00% per annum plus the current fixed floating rate note spread.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2001C* — 4.00% per annum.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2002F* — 5.404% and 3.076% per annum taking into account the interest rate swaps and 4.00% per annum on portions not covered by the interest rate swaps.
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2003B* — 4.00% per annum; and 4.00% per annum plus the current fixed floating rate note spread on Subseries 2003B-2.
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2005A* — 4.00% per annum except from November 1, 2027 through November 1, 2030, 3.076% per annum taking into account the interest rate swap.

- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2005B* — 3.076% per annum based on the Initial Interest Rate Swaps plus the current fixed floating rate note spread.
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2008B-2* — 4.00% per annum plus the current fixed floating rate note spread.
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2018E* — 4.00% per annum.

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 MTA affiliates and subsidiaries 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 millions):

Year	Principal	Interest	Total
2023	$ 12	$ 3	$ 15
2024	11	2	13
2025	11	2	13
2026	9	2	11
2027	9	1	10
2028-2032	27	3	30
2033-2037	4	1	5
Total	$ 83	$ 14	$ 97
Current portion	$ 12		
Long-term portion	71		
Total NYPA Loans Payable	$ 83		

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.

Tax Rebate Liability — Under the Internal Revenue Code of 1986, the MTA may accrue a liability for an amount of rebateable arbitrage resulting from investing low-yielding, tax-exempt bond proceeds in higher-yielding, taxable securities. The arbitrage liability is payable to the federal government every five years. No accruals or payments were made during the years ended December 31, 2022 and 2021.

Liquidity Facility — MTA and MTA Bridges and Tunnels have entered into several Standby Bond Purchase Agreements ("SBPA") and Letter of Credit Agreements ("LOC") as listed on the table below.

Resolution	Series	Swap	Provider (Insurer)	Type of Facility	Exp. Date
Transportation Revenue	2002G-1g	Y	TD Bank, N.A.	LOC	11/1/2024
Transportation Revenue	2005D-2	Y	BMO Harris Bank, N.A.	LOC	10/31/2025
Transportation Revenue	2005E-1	Y	Barclays Bank	LOC	8/18/2025
Transportation Revenue	2005E-2	Y	Bank of America, N.A.	LOC	12/8/2023
Transportation Revenue	2012A-2	N	Bank of Montreal	LOC	6/2/2025
Transportation Revenue	2012G-1	Y	Barclays Bank	LOC	10/31/2023
Transportation Revenue	2012G-2	Y	TD Bank, N.A.	LOC	11/1/2024
Transportation Revenue	2012G-4	Y	BMO Harris Bank, N.A.	LOC	10/31/2025
Transportation Revenue	2015E-1	N	Barclays Bank	LOC	8/18/2025
Dedicated Tax Fund	2008A-1	Y	TD Bank, N.A.	LOC	6/13/2025
MTA Bridges and Tunnels General Revenue	2001C	Y	State Street	LOC	6/26/2023
MTA Bridges and Tunnels General Revenue	2003B-1	N	Bank of America, N.A.	LOC	1/17/2025
MTA Bridges and Tunnels General Revenue	2005A	Y	Barclays Bank	LOC	1/24/2024
MTA Bridges and Tunnels General Revenue	2005B-2	Y	State Street	LOC	1/21/2026
MTA Bridges and Tunnels General Revenue	2005B-3	Y	State Street	LOC	6/26/2023
MTA Bridges and Tunnels General Revenue	2005B-4c	Y	U.S. Bank National Association	LOC	5/23/2025
MTA Bridges and Tunnels General Revenue	2018E	N	Bank of America, N.A.	LOC	12/5/2025

Derivative Instruments — Fair value for the swaps is calculated in accordance with GASB Statement No. 72, utilizing the income approach and Level 2 inputs. It incorporates the mid-market valuation, nonperformance risk of either MTA/MTA Bridges and Tunnels or the counterparty, as well as bid/offer. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2022 and 2021, classified by type, and the changes in fair value of such derivative instruments from the year ended December 31, 2021 are as follows (in $ millions):

Derivative Instruments - Summary Information as of December 31, 2022

Bond Resolution Credit	Underlying Bond Series	Type of Derivative	Cash Flow or Fair Value Hedge	Effective Methodology	Trade/Hedge Association Date	Notional Amount	Fair Value
Cashflow Hedges							
MTA Bridges and Tunnels Senior Revenue Bonds	2018E & 2003B (Citi 2005B)	Libor Fixed Payer	Cash Flow	Synthetic Instrument/ Dollar Offset	6/2/2005	$ 186.100	$ (6.851)
MTA Bridges and Tunnels Senior Revenue Bonds	2005B-2,3,4	Libor Fixed Payer	Cash Flow	Synthetic Instrument	6/2/2005	558.300	(20.553)
MTA Bridges and Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	17.690	(0.459)
MTA Bridges and Tunnels Senior Revenue Bonds	2001C (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	12/5/2016	8.000	(0.226)
MTA Dedicated Tax Fund Bonds	2008A	Libor Fixed Payer	Cash Flow	Synthetic Instrument	3/8/2005	257.495	(8.948)
MTA Transportation Revenue Bonds	2002D-2	Libor Fixed Payer	Cash Flow	Synthetic Instrument	7/11/2002	200.000	(26.627)
MTA Transportation Revenue Bonds	2005D & 2005E	Libor Fixed Payer	Cash Flow	Synthetic Instrument	9/10/2004	300.300	(18.473)
MTA Transportation Revenue Bonds	2012G	Libor Fixed Payer	Cash Flow	Synthetic Instrument	12/12/2007	355.075	(26.709)
MTA Transportation Revenue Bonds	2002G-1 (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	64.270	(0.448)
MTA Transportation Revenue Bonds	2022E	Libor Fixed Payer	Cash Flow	Regression	4/1/2016	89.765	(3.551)
					Total	$ 2,036.995	$ (112.845)

Derivative Instruments - Summary Information as of December 31, 2021

Bond Resolution Credit	Underlying Bond Series	Type of Derivative	Cash Flow or Fair Value Hedge	Effective Methodology	Trade/Hedge Association Date	Notional Amount	Fair Value
Cashflow Hedges							
MTA Bridges and Tunnels Senior Revenue Bonds	2018E & 2003B (Citi 2005B)	Libor Fixed Payer	Cash Flow	Synthetic Instrument/ Dollar Offset	6/2/2005	$ 187.200	$ (30.789)
MTA Bridges and Tunnels Senior Revenue Bonds	2005B-2,3,4	Libor Fixed Payer	Cash Flow	Synthetic Instrument	6/2/2005	561.600	(92.368)
MTA Bridges and Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	19.775	(2.043)
MTA Bridges and Tunnels Senior Revenue Bonds	2001C (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	12/5/2016	9.000	(0.963)
MTA Dedicated Tax Fund Bonds	2008A	Libor Fixed Payer	Cash Flow	Synthetic Instrument	3/8/2005	281.450	(37.600)
MTA Transportation Revenue Bonds	2002D-2	Libor Fixed Payer	Cash Flow	Synthetic Instrument	7/11/2002	200.000	(62.934)
MTA Transportation Revenue Bonds	2005D & 2005E	Libor Fixed Payer	Cash Flow	Synthetic Instrument	9/10/2004	317.660	(60.799)
MTA Transportation Revenue Bonds	2012G	Libor Fixed Payer	Cash Flow	Synthetic Instrument	12/12/2007	355.525	(82.754)
MTA Transportation Revenue Bonds	2002G-1 (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	81.065	(4.481)
MTA Transportation Revenue Bonds	2011B (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	91.135	(13.305)
					Total	$ 2,104.410	$ (388.036)

	Changes In Fair Value		Fair Value at December 31, 2022		Notional
	Classification	Amount (in millions)	Classification	Amount (in millions)	(in millions)
Government activities					
Cash Flow hedges:					
Pay-fixed interest rate swaps	Deferred outflow of resources	$275.191	Debt	$(112.845)	$2,036.995

Swap Agreements Relating to Synthetic Fixed Rate Debt

Board-adopted Guidelines. The Related Entities adopted guidelines governing the use of swap contracts on March 26, 2002. The guidelines were amended and approved by the MTA Board on March 13, 2013. The guidelines establish limits on the amount of interest rate derivatives that may be outstanding and specific requirements that must be satisfied for a Related Entity to enter into a swap contract, such as suggested swap terms and objectives, retention of a swap advisor, credit ratings of the counterparties, collateralization requirements and reporting requirements.

Objectives of synthetic fixed rate debt. To achieve cash flow savings through a synthetic fixed rate, MTA and MTA Bridges and Tunnels have entered into separate pay-fixed, receive-variable interest rate swaps at a cost anticipated to be less than what MTA and MTA Bridges and Tunnels would have paid to issue fixed-rate debt, and in some cases where Federal tax law prohibits an advance refunding to synthetically refund debt on a forward basis

Terms and Fair Values. The terms, fair values and counterparties of the outstanding swaps of MTA and MTA Bridges and Tunnels are reflected in the following tables (as of December 31, 2022).

Metropolitan Transportation Authority						
Related Bonds	**Notional Amount as of 12/31/22**	**Effective Date**	**Maturity Date**	**Terms**	**Counterparty and Ratings(S&P / Moody's / Fitch)**	**Fair Value as of 12/31/22**
TRB 2002D-2	$ 200.000	01/01/07	11/01/32	Pay 4.45%; receive 69% 1M LIBOR	JPMorgan Chase Bank, NA (A+ / Aa2 / AA)	$ (26.627)
TRB 2005D & 2005E	225.225	11/02/05	11/01/35	Pay 3.561%; receive 67% 1M LIBOR	UBS AG (A+ / Aa3 / AA-)	(13.855)
TRB 2005E	75.075	11/02/05	11/01/35	Pay 3.561%; receive 67% 1M LIBOR	AIG Financial Products [(1)] (BBB+ / Baa2 / BBB+)	(4.618)
TRB 2012G	355.075	11/15/12	11/01/32	Pay 3.563%; receive 67% 1M LIBOR	JPMorgan Chase Bank, NA (A+ / Aa2 / AA)	(26.709)
DTF 2008A	257.495	03/24/05	11/01/31	Pay 3.3156%; receive 67% 1M LIBOR	Bank of New York Mellon (AA- / Aa2 / AA)	(8.948)
Total	$ 1,112.870					$ (80.757)

1 Guarantor: American International Group, Inc., parent of AIG Financial Products.

MTA Bridges and Tunnels						
Related Bonds	Notional Amount as of 12/31/22	Effective Date	Maturity Date	Terms	Counterparty and Ratings (S&P / Moody's / Fitch)	Fair Value as of 12/31/22
TBTA 2018E & 2003B	$ 186.100	07/07/05	01/01/32	Pay 3.076%; receive 67% 1M LIBOR	Citibank, N.A. (A+ / Aa3 / A+)	$ (6.851)
TBTA 2005B-2	186.100	07/07/05	01/01/32	Pay 3.076%; receive 67% 1M LIBOR	JPMorgan Chase Bank, NA (A+ / Aa2 / AA)	(6.851)
TBTA 2005B-3	186.100	07/07/05	01/01/32	Pay 3.076%; receive 67% 1M LIBOR	BNP Paribas North America (A+ / Aa3 / AA-)	(6.851)
TBTA 2005B-4	186.100	07/07/05	01/01/32	Pay 3.076%; receive 67% 1M LIBOR	UBS AG (A+ / Aa3 / AA-)	(6.851)
TRB 2002G-1 & 2022E TBTA 2005A & 2001C [2]	89.863 [3]	04/01/16	01/01/30	Pay 3.52%; receive 67% 1M LIBOR	U.S. Bank N.A. (AA- / A1 / AA-)	(2.342) [3]
TRB 2002G-1 & 2022E TBTA 2005A & 2001C [2]	89.862 [3]	04/01/16	01/01/30	Pay 3.52%; receive 67% 1M LIBOR	Wells Fargo Bank, N.A. (A+ / Aa2 / AA-)	(2.342) [3]
Total	$ 924.125					$ (32.088)

1 Guarantor: BNP Paribas.

2 Between November 22, 2016 and December 5, 2016, the Variable Rate Certificates of Participation, Series 2004A were redeemed. Corresponding notional amounts from the Series 2004A COPs were reassigned to MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C.

3 Pursuant to an Interagency Agreement (following novations from UBS in April 2016), MTA New York City Transit is responsible for 68.7%, MTA is responsible for 21.0%, and TBTA is responsible for 10.3% of the transaction. On November 1, 2022 the 2011B were refunded with 2022E -2a bonds. The portion of the U.S. Bank and Wells Fargo Swap associated with 2011B bonds were allocated to the 2022E-2a bonds.

4 On October 27, 2021 the 2002F bonds were changed to fixed-rate mode and a portion of the Citi swap was reassigned to the 2018E bonds.

___
LIBOR: London Interbank Offered Rate

TRB: Transportation Revenue Bonds

DTF: Dedicated Tax Fund Bonds

Risks Associated with the Swap Agreements

From MTA's and MTA Bridges and Tunnels' perspective, the following risks are generally associated with swap agreements:

Credit Risk. The risk that a counterparty becomes insolvent or is otherwise not able to perform its financial obligations. To mitigate the exposure to credit risk, the swap agreements include collateral provisions in the event of downgrades to the swap counterparties' credit ratings. Generally, MTA and MTA Bridges and Tunnels' swap agreements contain netting provisions under which transactions executed with a single counterparty are netted to determine collateral amounts. Collateral may be posted with a third-party custodian in the form of cash, U.S. Treasury securities, or certain Federal agency securities. MTA and MTA Bridges and Tunnels require its counterparties to fully collateralize if ratings fall below certain levels (in general, at the Baa1/BBB+ or Baa2/BBB levels), with partial posting requirements at higher rating levels (details on collateral posting discussed further under "Collateralization/Contingencies"). As of December 31, 2022, all of the valuations were in liability positions to MTA and MTA Bridges and Tunnels; accordingly, no collateral was posted by any of the counterparties.

The following table shows, as of December 31, 2022, the diversification, by percentage of notional amount, among the various counterparties that have entered into ISDA Master Agreements with MTA and/or MTA Bridges and Tunnels. The notional amount totals below include all swaps.

Counterparty	S&P	Moody's	Fitch	Notional Amount (in thousands)	% of Total Notional Amount
JPMorgan Chase Bank, NA	A+	Aa2	AA	$741,175	36.39%
UBS AG	A+	Aa3	AA-	411,325	20.19
The Bank of New York Mellon	AA-	Aa2	AA	257,495	12.64
Citibank, N.A.	A+	Aa3	A+	186,100	9.14
BNP Paribas US Wholesale Holdings, Corp.	A+	Aa3	AA-	186,100	9.14
U.S. Bank National Association	AA-	A1	AA-	89,863	4.41
Wells Fargo Bank, N.A.	A+	Aa2	AA-	89,863	4.41
AIG Financial Products Corp.	BBB+	Baa2	BBB+	75,074	3.69
Total				**$2,036,995**	**100.00%**

Interest Rate Risk. MTA and MTA Bridges and Tunnels are exposed to interest rate risk on the interest rate swaps. On the pay-fixed, receive variable interest rate swaps, as LIBOR or SIFMA (as applicable) decreases, MTA and MTA Bridges and Tunnels' net payments on the swaps increase.

Basis Risk. The risk that the variable rate of interest paid by the counterparty under the swap and the variable interest rate paid by MTA or MTA Bridges and Tunnels on the associated bonds may not be the same. If the counterparty's rate under the swap is lower than the bond interest rate, then the counterparty's payment under the swap agreement does not fully reimburse MTA or MTA Bridges and Tunnels for its interest payment on the associated bonds. Conversely, if the bond interest rate is lower than the counterparty's rate on the swap, there is a net benefit to MTA or MTA Bridges and Tunnels.

Termination Risk. The risk that a swap agreement will be terminated and MTA or MTA Bridges and Tunnels will be required to make a swap termination payment to the counterparty and, in the case of a swap agreement which was entered into for the purpose of creating a synthetic fixed rate for an advance refunding transaction may also be required to take action to protect the tax-exempt status of the related refunding bonds.

The ISDA Master Agreement sets forth certain termination events applicable to all swaps entered into by the parties to that ISDA Master Agreement. MTA and MTA Bridges and Tunnels have entered into separate ISDA Master Agreements with each counterparty that govern the terms of each swap with that counterparty, subject to individual terms negotiated in a confirmation. MTA and MTA Bridges and Tunnels are subject to termination risk if its credit ratings fall below certain specified thresholds or if MTA/MTA Bridges and Tunnels commits a specified event of default or other specified event of termination. If, at the time of termination, a swap were in a liability position to MTA or MTA Bridges and Tunnels, a termination payment would be owed by MTA or MTA Bridges and Tunnels to the counterparty, subject to applicable netting arrangements.

The following tables set forth the Additional Termination Events for MTA/MTA Bridges and Tunnels and its counterparties.

MTA Transportation Revenue		
Counterparty Name	**MTA**	**Counterparty**
AIG Financial Products Corp.; JPMorgan Chase Bank, NA; UBS AG	Below Baa3 (Moody's) or BBB- (S&P)*	Below Baa3 (Moody's) or BBB- (S&P)*

**Note: Equivalent Fitch rating is replacement for Moody's or S&P.*

MTA Dedicated Tax Fund		
Counterparty Name	**MTA**	**Counterparty**
Bank of New York Mellon	Below BBB (S&P) or BBB (Fitch)*	Below A3 (Moody's) or A- (S&P)**

**Note: Equivalent Moody's rating is replacement for S&P or Fitch.*
***Note: Equivalent Fitch rating is replacement for Moody's or S&P.*

MTA Bridges and Tunnels Senior Lien		
Counterparty Name	**MTA Bridges and Tunnels**	**Counterparty**
BNP Paribas US Wholesale Holdings, Corp.; Citibank, N.A.; JPMorgan Chase Bank, NA; UBS AG	Below Baa2 (Moody's) or BBB (S&P)*	Below Baa1 (Moody's) or BBB+ (S&P)*

**Note: Equivalent Fitch rating is replacement for Moody's or S&P.*

MTA Bridges and Tunnels Subordinate Lien		
Counterparty Name	**MTA Bridges and Tunnels**	**Counterparty**
U.S. Bank National Association; Wells Fargo Bank, N.A.	BelowBaa2 (Moody's) or BBB (S&P)*	Below Baa2 (Moody's) or BBB (S&P)**

**Note: Equivalent Fitch rating is replacement for Moody's or S&P. If not below Investment Grade, MTA Bridges and Tunnels may cure such Termination Event by posting collateral at a Zero threshold.*
***Note: Equivalent Fitch rating is replacement for Moody's or S&P.*

MTA and MTA Bridges and Tunnels' ISDA Master Agreements provide that the payments under one transaction will be netted against other transactions entered into under the same ISDA Master Agreement. Under the terms of these agreements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the amounts so that a single sum will be owed by, or owed to, the non-defaulting party.

Rollover Risk. The risk that the swap agreement matures or may be terminated prior to the final maturity of the associated bonds on a variable rate bond issuance, and MTA or MTA Bridges and Tunnels may be exposed to then market rates and cease to receive the benefit of the synthetic fixed rate for the duration of the bond issue. The following debt is exposed to rollover risk:

Associated Bond Issue	Bond Maturity Date	Swap Termination Date
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C (swaps with U.S. Bank/Wells Fargo)	January 1, 2032	January 1, 2030
MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2018E (swap with Citibank, N.A.)	November 15, 2032	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2003B (swap with Citibank, N.A.)	January 1, 2033	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A (swaps with U.S. Bank/Wells Fargo and Citibank, N.A.)	November 1, 2041	January 1, 2030 (U.S. Bank/Wells Fargo) January 1, 2032 (Citibank)
MTA Transportation Revenue Variable Rate Bonds, Series 2022E (swaps with U.S. Bank/Wells Fargo)	November 15, 2041	January 1, 2030

Collateralization/Contingencies. Under the majority of the swap agreements, MTA and/or MTA Bridges and Tunnels is required to post collateral in the event its credit rating falls below certain specified levels. The collateral posted is to be in the form of cash, U.S. Treasury securities, or certain Federal agency securities, based on the valuations of the swap agreements in liability positions and net of the effect of applicable netting arrangements. If MTA and/or MTA Bridges and Tunnels do not post collateral, the swap(s) may be terminated by the counterparty(ies).

As of December 31, 2022, the aggregate mid-market valuation of the MTA's swaps subject to collateral posting agreements was negative $80.780.7 million; as of this date, the MTA was not subject to collateral posting based on its credit ratings (see further details below).

As of December 31, 2022, the aggregate mid-market valuation of MTA Bridges and Tunnels' swaps subject to collateral posting agreements was negative $32.432.4 million; as of this date, MTA Bridges and Tunnels was not subject to collateral posting based on its credit ratings (see further details below).

The following tables set forth the ratings criteria and threshold amounts applicable to MTA/MTA Bridges and Tunnels and its counterparties.

MTA Transportation Revenue		
Counterparty	**MTA Collateral Thresholds (based on highest rating)**	**Counterparty Collateral Thresholds (based on highest rating)**
AIG Financial Products Corp.; JPMorgan Chase Bank, NA; UBS AG	Baa1/BBB+: $10 million Baa2/BBB & below: Zero	Baa1/BBB+: $10 million Baa2/BBB & below: Zero

Note: Based on Moody's and S&P ratings. In all cases except JPMorgan counterparty thresholds, Fitch rating is replacement for either Moody's or S&P, at which point threshold is based on lowest rating.

MTA Dedicated Tax Fund		
Counterparty	**MTA Collateral Thresholds**	**Counterparty Collateral Thresholds (based on highest rating)**
Bank of New York Mellon	N/A–MTA does not post collateral	Aa3/AA- & above: $10 million A1/A+: $5 million A2/A: $2 million A3/A-: $1 million Baa1/BBB+ & below: Zero

Note: Counterparty thresholds based on Moody's and S&P ratings. Fitch rating is replacement for either Moody's or S&P.

MTA Bridges and Tunnels Senior Lien		
Counterparty	**MTA Bridges and Tunnels Collateral Thresholds (based on highest rating)**	**Counterparty Collateral Thresholds (based on highest rating)**
BNP Paribas US Wholesale Holdings, Corp.; Citibank, N.A.; JPMorgan Chase Bank, NA; UBS AG	Baa1/BBB+: $30 million Baa2/BBB: $15 million Baa3/BBB- & below: Zero	A3/A-: $10 million Baa1/BBB+ & below: Zero

Note: MTA Bridges and Tunnels thresholds based on Moody's, S&P, and Fitch ratings. Counterparty thresholds based on Moody's and S&P ratings; Fitch rating is replacement for Moody's or S&P.

MTA Bridges and Tunnels Subordinate Lien		
Counterparty	**MTA Bridges and Tunnels Collateral Thresholds (based on lowest rating)**	**Counterparty Collateral Thresholds (based on lowest rating)**
U.S. Bank National Association; Wells Fargo Bank, N.A.	Baa3/BBB- & below: Zero (*note: only applicable as cure for Termination Event*)	Aa3/AA- & above: $15 million A1/A+ to A3/A-: $5 million Baa1/BBB+ & below: Zero

Note: Thresholds based on Moody's and S&P ratings. Fitch rating is replacement for Moody's or S&P.

Swap payments and Associated Debt. The following tables contain the aggregate amount of estimated variable- rate bond debt service and net swap payments during certain years that such swaps were entered into in order to: protect against the potential of rising interest rates; achieve a lower net cost of borrowing; reduce exposure to changing interest rates on a related bond issue; or, in some cases where Federal tax law prohibits an advance refunding, achieve debt service savings through a synthetic fixed rate. As rates vary, variable-rate bond interest payments and net swap payments will vary. Using the following assumptions, debt service requirements of MTA's and MTA Bridges and Tunnels' outstanding variable-rate debt and net swap payments are estimated to be as follows:

- It is assumed that the variable-rate bonds would bear interest at a rate of 4.0% per annum.
- The net swap payments were calculated using the actual fixed interest rate on the swap agreements.

MTA (in millions)				
Year Ended December 31, 2022	Variable-Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2022	63.3	42.6	(4.4)	101.5
2023	65.7	40.1	(4.1)	101.7
2024	68.2	37.5	(3.8)	101.9
2025	70.8	34.8	(3.4)	102.2
2026	63.6	32.0	(3.1)	92.5
2027-2031	617.0	351.7	(10.5)	958.2
2032-2036	370.8	156.3	(2.0)	525.1
2037-2041	99.6	11.6	(0.3)	110.9

MTA Bridges and Tunnels (in millions)				
Year Ended December 31, 2022	Variable-Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2022	27.6	34.9	(6.8)	55.7
2023	28.6	33.8	(6.8)	55.6
2024	57.2	31.5	(6.4)	82.3
2025	30.4	30.3	(6.4)	54.3
2026	31.5	29.1	(6.3)	54.3
2027-2031	543.0	95.3	(22.8)	615.5
2032-2036	184.1	3.0	(0.1)	187.0
2037-2041	-	1.0	-	1.0

8. LEASES

MTA entered into various lease agreements that convey control of the right to use other entities' nonfinancial assets. The initial measurement of MTA's leased asset and lease liability for those agreements was as of January 1, 2021. The lease liability was reduced as payments were made, and an outflow of resources for interest on the liability was 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 were recognized on the lease receivable and an inflow of resources from the deferred inflow of resources were recognized on a straight-line basis over the term of the lease.

As Lessor

MTA leases its land, buildings, station space, equipment, and right of way to other entities. These leases have terms between 1 year to 92 years, with payments required monthly, quarterly, semi-annually, or annually. In addition, MTA also receives payments for variable leases and operating expenses associated with spaces that are not included in the measurement of lease receivable. Lease receivables are measured at the present value of payments expected to be received during the lease term, using MTA'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 years ended December 31, 2022 and 2021 is presented below (in thousands):

	2022	2021
Lease Revenue	$ 46,820	$ 32,684
Interest Revenue	8,771	8,437
Other Variable	7,337	7,142

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

	2022	2021
Lease Receivable – current	$ 41,509	$ 117,182

Lease Receivable – noncurrent	283,200	154,267

MTA recognized $43 and $0 revenue associated with 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 receivable subsequent to December 31, 2022, are as follows (in thousands):

Yeard Ended December 31,	Principal	Interest	Total
2023	$ 41,508	$ 8,052	$ 49,560
2024	39,777	7,166	46,943
2025	38,501	6,284	44,785
2026	36,838	5,409	42,247
2027	33,649	4,569	38,218
2028-2032	66,798	15,057	81,855
2033-2037	9,382	11,587	20,969
2038-2042	2,748	10,689	13,437
Thereafter	55,507	63,765	119,272
Total	$ 324,708	$ 132,578	$ 457,286

As Lessee

MTA leases buildings, office space, storage space, equipment, vehicles, and cell tower space from other entities. These leases have terms between 1 year to 99 years, with payments required monthly, quarterly, or annually. Lease liabilities are measured at the present value of payments expected to be made during the lease term, using MTA'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 amount of lease expenses recognized for variable payments not included in the measurement of lease liability were $3,864 and $5,161 for the years ended December 31, 2022 and 2021. MTA 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):

Yeard Ended December 31,	**Principal**	**Interest**	**Total**
2023	$ 554,150	$ 48,775	$ 602,925
2024	37,407	46,627	84,034
2025	34,123	45,839	79,962
2026	34,953	45,060	80,013
2027	28,827	44,318	73,145
2028-2032	161,273	207,922	369,195
2033-2037	140,839	174,239	315,078
2038-2042	117,691	134,814	252,505
Thereafter	288,442	123,343	411,785
Total	$ 1,397,705	$ 870,937	$ 2,268,642

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: MTA New York City Transit, 68.7%, MTA, 21%; and MTA Bridges and Tunnels, 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 MTA New York City Transit, MTA Bridges and Tunnels and MTA (including MTA Bus, MTA Construction and Development and MTA Business Service Center) were 48.7%, 7.4% and 43.9%, respectively. MTAs' sublease is for a year-to-year term, automatically extended, except upon the giving of a non-extension notice by MTA. The total annual rental payments over the initial lease term are $1,602 with rent being abated from the commencement date through June 30, 1999. The office building at 2 Broadway, is principally occupied by MTA New York City Transit, MTA Bridges and Tunnels, MTA Construction and Development, MTAHQ, and MTA Bus.

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.

9. FINANCED PURCHASES

MTA made an assessment of its existing sale/leaseback transactions and determined that these transactions are not eligible to be treated as leases but as financed purchases under GASB Statement No. 87, *Leases*. Accordingly, under GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, a sale-leaseback is required to include a transaction that qualifies as a sale under the guidance for sales of real estate. The sales-of-real estate criteria include the provision that an option or requirement for a seller to repurchase the asset would preclude a sale treatment. Furthermore, a qualifying sale should occur for a transaction to be accounted for as a sale-leaseback and that the sales-of-real-estate criteria should be used to determine whether a sale has occurred, regardless of whether a leaseback is involved. The transaction should be accounted for as financing, leasing or profit-sharing arrangement rather than a sale when the seller has an obligation to repurchase the property, or the terms of the transaction allow the buyer to compel the seller or give an option to the seller to repurchase the property.

Qualified Technological Equipment — On December 19, 2002, the MTA entered into four sale/leaseback transactions whereby MTA New York City Transit transferred ownership of certain MTA New York City Transit qualified technological equipment ("QTE") relating to the MTA New York City Transit automated fare collection system to the MTA. The MTA sold that equipment to third parties and the MTA leased that equipment back from such third parties. Three of those four leases were terminated early and are no longer outstanding. The fourth lease contains the option for the MTA to exercise a fixed-price purchase option in 2022 for the equipment or to continue to make lease payments until the lease expires in 2026. The MTA elected to purchase the equipment from the third-party owner with the final payment due on December 15, 2022.

Under the terms of the outstanding sale/leaseback agreement the MTA initially received $74.9, which was utilized as follows: The MTA paid $52.1 to an affiliate of the lender to the third party, which affiliate has the obligation to pay to MTA an amount equal to the rent obligations under the lease attributable to the debt service on the loan from the third party's lender. The MTA also purchased U.S. Treasury debt securities in amounts and with maturities, which are expected to be sufficient to pay the remainder of the regularly scheduled lease rent payments under the lease and the purchase price due upon exercise by the MTA of the related purchase option if exercised.

Subway Cars — On September 3, 2003, the MTA entered into a sale/leaseback transaction whereby MTA New York City Transit transferred ownership of certain MTA New York City Transit subway cars to the MTA, the MTA sold those cars to a third party, and the MTA leased those cars back from such third party. The MTA subleased the cars to MTA New York City Transit. The lease expires in 2033. At the lease expiration, the MTA has the option of either exercising a fixed-price purchase option for the cars or returning the cars to the third-party owner.

Under the terms of the sale/leaseback agreement, the MTA initially received $168.1, which was utilized as follows: The MTA paid $126.3 to an affiliate of one of the lenders to the third party, which affiliate has the obligation to pay to the MTA an amount equal to the rent obligations under the lease attributable to the debt service on such loan from such third party's lender. The obligations of the affiliate of the third party's lender are guaranteed by American International Group, Inc. The MTA also purchased the Federal National Mortgage Association ("FNMA") and U.S. Treasury securities in amounts and with maturities which are sufficient to make the lease rent payments equal to the debt service on the loans from the other lender to the third party and to pay the remainder of the regularly scheduled rent due under that lease and the purchase price due upon exercise by the MTA of the fixed price purchase option if exercised. The amount remaining after payment of transaction expenses, $7.4, was the MTA's benefit from the transaction.

Subway Cars — On September 25, 2003 and September 29, 2003, the MTA entered into two sale/leaseback transactions whereby MTA New York City Transit transferred ownership of certain MTA New York City Transit subway cars to the MTA, the MTA sold those cars to third parties, and the MTA leased those cars back from such third parties. The MTA subleased the cars to MTA New York City Transit. Both leases expire in 2033. At the lease expiration, MTAHQ has the option of either exercising a fixed-price purchase option for the cars or returning the cars to the third-party owner.

Under the terms of the sale/leaseback agreements, the MTA initially received $294, which was utilized as follows: In the case of one of the leases, the MTA paid $97 to an affiliate of one of the lenders to the third party, which affiliate has the obligation to pay to the MTA an amount equal to the rent obligations under the lease attributable to the debt service on the loan from such third party's lender. The obligations of the affiliate of such third party's lender are guaranteed by American International Group, Inc. In the case of the other lease, the MTA purchased US Treasury debt securities in amounts and with maturities, which are sufficient for the MTA to make the lease rent payments equal to the debt service on the loan from the lender to that third party. In the case of both of the leases, the MTA also purchased Resolution Funding Corporation ("REFCO") debt securities that mature in 2030. Under an agreement with AIG Matched Funding Corp(guaranteed by American

International Group, Inc.), AIG Matched Funding Corp. receives the proceeds from the REFCO debt securities at maturity and is obligated to pay to the MTA amounts sufficient for the MTA to pay the remainder of the regularly scheduled lease rent payments under those leases and the purchase price due upon exercise by the MTA of the purchase options if exercised. The amount remaining after payment of transaction expenses, $24, was the MTA's net benefit from these two transactions.

On September 16, 2008, the MTA learned that American International Group, Inc. was downgraded to a level that under the terms of the transaction documents for the sale/leaseback transaction that closed on September 29, 2003, the MTA was required to replace or restructure the applicable Equity Payment Undertaking Agreement provided by AIG Financial Products Corp. and guaranteed by American International Group, Inc. On December 17, 2008, MTA terminated the Equity Payment Undertaking Agreement provided by AIG Financial Products Corp. and guaranteed by American International Group, Inc. and provided replacement collateral in the form of U.S. Treasury strips. REFCO debt security that was being held in pledge was released to MTA. On November 6, 2008, the MTA learned that Ambac Assurance Corp., the provider of the credit enhancement that insures the MTA's contingent obligation to pay a portion of the termination values upon an early termination in both the September 25, 2003 and September 29, 2003 transactions, was downgraded to a level that required the provision of new credit enhancement facilities for each lease by December 21, 2008.

On December 17, 2008, MTA terminated the Ambac Assurance Corp. surety bond for the lease transaction that closed on September 25, 2003 and since then MTA has provided short-term U.S. Treasury debt obligations as replacement collateral. As of December 31, 2022, the fair value of total collateral funds was $39.5.

On January 12, 2009, MTA provided a short-term U.S.Treasury debt obligation as additional collateral in addition to the Ambac Assurance Corp. surety bond for the lease transaction that closed on September 29, 2003. From time to time, additional collateral has been required to be added such that the total market value of the securities being held as additional collateral are expected to be sufficient to pay the remainder of the regularly scheduled lease rent payments under the lease. As of December 31, 2022, the fair value of total collateral funds was $55.7.

As a result of the implementation of GASB Statement No. 87, *Leases*, the Two Broadway office building lease in lower Manhattan has been reclassified as a right-of-use asset with its corresponding lease liability and excluded from the schedule below. See footnote 8 for additional information.

Financed Purchase Schedule

For the Year Ended December 31, 2022
(in millions)

Description	December 31, 2021 (Restated)	Increase	Decrease	December 31, 2022
Sumitomo	$ 15	$ -	$ 15	$ -
Met Life	7	-	-	7
Met Life Equity	19	-	-	19
Bank of New York	22	-	-	22
Bank of America	35	3	-	38
Bank of America Equity	16	-	-	16
Sumitomo	14		14	-
Met Life Equity	64	4	-	68
Total MTA Financed Purchase	192	$ 7	$ 29	170
Current Portion Obligations under Financed Purchase	4			-
Long Term Portion Obligations under Financed Purchase	$ 188			$ 170

Financed Purchase Schedule

For the Year Ended December 31, 2021
(in millions)

Description	December 31, 2020	Increase	Decrease (Restated)	December 31, 2021 (Restated)
Sumitomo	$ 15	$ -	$ -	$ 15
Met Life	6	1	-	7
Met Life Equity	19	-	-	19
Bank of New York	22	-	-	22
Bank of America	33	2	-	35
Bank of America Equity	16	-	-	16
Sumitomo	18	1	5	14
Met Life Equity	61	3	-	64
2 Broadway Lease Improvement	182	3	185	-
2 Broadway	59	1	60	-
Total MTA Financed Purchase	$ 431	$ 11	$ 250	$ 192
Current Portion Obligations under Financed Purchase	4			4
Long Term Portion Obligations under Financed Purchase	$ 427			$ 188

MTA Hudson Rail Yards Ground Leases – MTA made an assessment of the MTA Hudson Rail Yards Ground Leases and associated air rights and determined that these are intangible assets and excluded as leases under GASB Statement No. 87, *Leases*.

In the 1980's, the MTA developed a portion of the Hudson Rail Yards as a storage yard, car wash and repair facility for the Long Island Railroad Company ("LIRR") rail cars entering Manhattan. It was anticipated that, eventually, the air rights above the Hudson Rail Yards would be developed to meet the evolving needs for high-quality commercial, retail, residential and public space in Manhattan. The Hudson Rail Yards is a rectangular area of approximately 26-acres bounded by 10th Avenue on the east, 12th Avenue on the west, 30th Street on the south and 33rd Street on the North. The Hudson Rail Yards is divided into the Eastern Rail Yards ("ERY") and the Western Rail Yards ("WRY"). In 2008, the MTA selected a development team led by the Related Companies, L.P. to develop a commercial, residential and retail development on the ERY and the WRY.

To undertake the development of the Hudson Rail Yards, the MTA entered into two 99-year ground leases ("Balance Leases") for the airspace above a limiting plane above the tracks (from 31st to 33rd Streets) and the area where there are no rail tracks (from 30th to 31St Streets) within the boundary of the Hudson Rail Yards ("Ground Leased Property"), one for the ERY beginning December 3, 2012 (the "ERY Balance Lease") and the other for the WRY beginning December 3, 2013 (the "WRY Balance Lease"). The Balance Leases do not encumber the railroad tracks, which will continue to be used for transportation purposes. Each Ground Lease Tenant on the ERY Balance Lease and the WRY Balance Lease has the option to purchase fee title to the Ground Leased Property at any time following completion of construction of the building on the Ground Leased Property.

The ERY Balance Lease was terminated and substituted with separate Severed Parcel Ground Leases, each dated as of April 10, 2013, and entered into between the MTA, as landlord, and a special purpose entity controlled by Related-Oxford, as Ground Lease Tenants. Several of the Ground Lease Tenants under the Severed Parcel Ground Leases have exercised their options to purchase fee title, as well as numerous condominium owners in residential buildings.

The WRY Balance Lease is between the MTA and a special purpose entity controlled by Related-Oxford demising the WRY and is also expected to be severed into separate parcels as development progresses.

The Severed Parcel Ground Leases in the ERY, fee title for which has not been purchased, and the WRY Balance Lease (until any severed parcel ground leases are purchased) are pledged as security for the Series 2016A Hudson Yards Trust Obligations.

The following ground leases also do not provide a source of payment or security for the Series 2016A Hudson Yards Trust Obligations:

- the ground lease demising the Culture Shed, which does not pay any Monthly Ground Rent, and
- the ground lease demising the Open Space Severed Parcel which does not pay any Monthly Ground Rent.

The MTA has classified the ERY and WRY Ground Leases as operating leases. If at the inception of the ground leases, the leases meet one or more of the following four criteria, the lease should be classified as a capital lease. Otherwise, it should be classified as an operating lease. The ERY and WRY Ground Leases did not meet one or more of the following criteria:

a) the lease transfers ownership of the property to the lessee by the end of the lease term.

b) the lease contains a bargain purchase option.

c) the lease term is equal to 75 percent or more of the estimated economic life of the leased property.

d) the present value at the beginning of the lease term of the minimum lease payments, equals or exceeds 90 percent of the excess of the fair value of the leased property to the lessor at the inception of the lease over any related investment tax credit retained by and expected to be realized by the lessor.

Minimum rent receipts for ERY and WRY Ground Leases are as follows as of December 31, 2022 (in $ thousands):

Year	ERY	WRY	Total
2023	$9	$33	$42
2024	9	36	45
2025	9	36	45
2026	9	36	45
2027	9	36	45
Thereafter	3,307	14,207	17,514
Total	**$3,352**	**$14,384**	**$17,736**

10. FUTURE OPTION

In 2010, MTA and MTA Long Island Railroad entered into an Air Space Parcel Purchase and Sale Agreement (“Agreement”) with Atlantic Yards Development Company, LLC (“AADC”) pursuant to which AADC has obtained an exclusive right to purchase fee title to a parcel (subdivided into six sub-parcels) of air space above the MTA Long Island Railroad Vanderbilt Yard in Brooklyn, New York. Initial annual payments of $2 (covering all six sub-parcels) commenced on June 1, 2012 and were paid on the following three anniversaries of that date. Starting on June 1, 2016, and continuing on each anniversary thereof through and including June 1, 2031, an annual option payment in the amount of $11 is due. The Agreement provides that all such payments are (i) fully earned by MTA as of the date due in consideration of the continuing grant to AADC of the rights to purchase the air space sub-parcels, (ii) are non-refundable except under certain limited circumstances and (iii) shall be deemed to be payments on account of successive annual options granted to AADC.

After AADC and its affiliates have completed the new yard and transit improvements to be constructed by them at and in the vicinity of the site, AADC has the right from time to time until June 1, 2031, to close on the purchase of any or all of the six air rights sub-parcels. The purchase price for the six sub-parcels is an amount, when discounted at 6.5% per annum from the date of each applicable payment that equals a present value of $80 as of January 1, 2010. The purchase price of any particular air space sub-parcel is equal to a net present value as of January 1, 2010 (calculated based on each applicable payment) of the product of that sub-parcel’s percentage of the total gross square footage of permissible development on all six air space sub-parcels multiplied by $80.

11. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

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

	December 31, 2022	December 31, 2021
Balance - beginning of year	$ 5,100	$ 4,675
Activity during the year:		
Current year claims and changes in estimates	867	817
Claims paid	(532)	(392)
Balance - end of year	5,435	5,100
Less current portion	(567)	(543)
Long-term liability	$ 4,868	$ 4,557

See Note 2 for additional information on MTA’s liability and property disclosures.

12. COMMITMENTS AND CONTINGENCIES

The MTA Group monitors its properties for the presence of pollutants and/or hazardous wastes and evaluates its exposure with respect to such matters. When the expense, if any, to clean up pollutants and/or hazardous wastes is estimable it is accrued by the MTA (see Note 13).

Management has reviewed with counsel all actions and proceedings pending against or involving the MTA Group, including personal injury claims. Although the ultimate outcome of such actions and proceedings cannot be predicted with certainty at this time, management believes that losses, if any, in excess of amounts accrued resulting from those actions will not be material to the financial position, results of operations, or cash flows of the MTA.

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 there have been some questioned costs in recent years, ultimate repayments required of the MTA have been infrequent.

Financial Guarantee — *Moynihan Station Development Project* - On May 22, 2017, the MTA Board approved entering into various agreements, including a Joint Services Agreement ("JSA"), necessary to effectuate Phase 2 of the Moynihan Station Development Project (the "Project"), which will entail the redevelopment of the James A. Farley Post Office Building to include a new world-class train hall to be shared by National Railroad Passenger Corporation ("Amtrak"), the Long Island Rail Road and Metro-North Commuter Railroad (the "Train Hall"), as well as retail and commercial space (Retail and Commercial Space).

On July 21, 2017, New York State Urban Development Corporation d/b/a Empire State Development ("ESD") executed a TIFIA Loan Agreement with the United States Department of Transportation (the "TIFIA Lender") in an amount of up to $526 (the "TIFIA Loan"), with a final maturity date of the earlier of (1) October 30, 2055 and (2) the last semi-annual payment date occurring no later than the date that is thirty-five (35) years following the date on which the Train Hall is substantially completed. The proceeds of the TIFIA Loan are being used to pay for costs of the construction of the Train Hall. The TIFIA Loan is secured by a mortgage on the Train Hall property. The principal and interest on the TIFIA Loan is payable from a pledged revenue stream that primarily consists of PILOT payments to be paid by certain tenants in the Retail and Commercial Space. The amount of the PILOT payments is fixed through September, 2030 and is thereafter calculated based upon the assessed value of the properties as determined by the City. The TIFIA Loan is further supported by a TIFIA Debt Service Reserve Account, which is funded in an amount equal to the sum of the highest aggregate TIFIA debt service amounts that will become due and payable on any two consecutive semi-annual payment dates in a five-year prospective period.

Simultaneously with the execution of the TIFIA Loan Agreement, the JSA was entered into by and among the MTA, the TIFIA Lender, ESD, and Manufacturers and Traders Trust Company (as Pilot trustee). Under the JSA, MTA is obligated to satisfy semi-annual deficiencies in the TIFIA Debt Service Reserve Account. MTA's obligations under the JSA are secured by the same moneys available to MTA for the payment of the operating and maintenance expenses of the operating agencies.

MTA's obligation under the JSA remains in effect until the earliest to occur of (a) the MTA JSA Release Date (as defined in the JSA and generally summarized below), (b) the date on which the TIFIA Loan has been paid in full and (c) foreclosure by the TIFIA Lender under the Mortgage (as defined in the TIFIA Loan Agreement).

The obligations of the MTA under the JSA will be terminated and released on the date (the "MTA JSA Release Date") on which each of the following conditions have been satisfied: (a) substantial completion of (1) the Train Hall Project and initiation by LIRR and Amtrak of transportation operations therein, and (2) the Retail and Commercial Space; (b) all material construction claims have been discharged or settled; (c) the PILOT payments have been calculated based upon assessed value for at least three years (i.e., 2033); (d) certain designated defaults or events of default under the TIFIA Loan Agreement have not occurred and are continuing; and (e) either of the following release tests shall have been satisfied:

- Release Test A: (a) certain debt service coverage ratios have equaled or exceeded levels set forth in the JSA, taking into consideration assessment appeals; (b) occupancy levels have equaled or exceeded levels set forth in the JSA; and (c) the TIFIA Loan is rated no lower than "BBB-" or "Baa3" by one rating agency, all as more fully described in the JSA; or
- Release Test B: the TIFIA Loan is rated no lower than "A-" or "A3" by two rating agencies, all as more fully described in the JSA.

On the date the JSA was executed and delivered, MTA deposited $20 into an account, which MTA invests, to be used in accordance with the JSA to reimburse MTA in the event it is obligated under the JSA to make semi-annual deficiency payments to the TIFIA Debt Service Reserve Account.

On June 12, 2017, the MTA entered into a Memorandum of Understanding with ESD and the New York State Division of the Budget (the "Division") whereby the Division agreed that in the event in any given year during the term of the JSA (i) the MTA is required to make a semi-annual deficiency payment to the TIFIA Debt Service Reserve Account, and (ii) the Division has determined that the MTA has incurred an expense that would otherwise have been incurred by the State of New

York (the "State Expense"), the Division will consider entering into a cost recovery agreement with the MTA pursuant to subdivision 4 of Section 2975 of the Public Authorities Law (the "PAL") for such year that will provide that in lieu of paying the full assessment pursuant to subdivisions 2 and 3 of Section 2975 of the PAL in any such year, any such assessment shall be reduced by the State Expense.

13. POLLUTION REMEDIATION COST

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, an operating expense provision and corresponding liability measured at its current value using the expected cash flow method is recognized when an obligatory event occurs. Pollution remediation obligations are estimates and subject to changes resulting from price increase or reductions, technology, or changes in applicable laws or regulations. The MTA does not expect any recoveries of cost that would have a material effect on the recorded obligations.

The MTA recognized pollution remediation expenses of $26 and $123 for the years ended December 31, 2022 and 2021, respectively. A summary of the activity in pollution remediation liability at December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Balance at beginning of year	$ 145	$ 152
Current year expenses/changes in estimates	25	37
Current year payments	(14)	(44)
Balance at end of year	156	145
Less current portion	40	29
Long-term liability	$ 116	$ 116

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

14. NON-CURRENT LIABILITIES

Changes in the activity of non-current liabilities for the years ended December 31, 2022 and 2021 are presented below:

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022
Non-current liabilities:							
Contract retainage payable	$ 479	$ (63)	$ -	416	$ 19	$ -	$ 435
Other long-term liabilities	508	(73)	-	435	-	(69)	366
Total non-current liabilities	**$ 987**	**$ (136)**	**$ -**	**$ 851**	**$ 19**	**$ (69)**	**$ 801**

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 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 Ac ("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.

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's $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 ($0.6 billion) and January 2022 ($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 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 An additional estimated $100 million is expected to be submitted for the period ended December 31, 2022.

16. 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	JPMorgan	BOA_ Merrill
Trade Date	1/26/2021	2/23/2021	3/31/2021	4/29/2021	6/2/2021	6/29/2021	7/27/2021	8/31/2021
Effective Date	1/1/2022	2/1/2022	3/1/2022	4/1/2022	5/1/2022	6/1/2022	7/1/2022	8/1/2022
Termination Date	12/31/2022	1/31/2023	2/28/2023	3/31/2023	4/30/2023	5/31/2023	6/30/2023	7/31/2023
Price/Gal	$1.6051	$1.7845	$1.8072	$1.9360	$2.0495	$2.0610	$2.0505	$2.0345
Original Notional Quantity	2,862,779	2,826,759	2,826,761	2,826,752	2,826,757	2,826,738	2,826,751	2,826,725

Counterparty	BOA_ Merrill	BOA_ Merrill	Cargill	Goldman Sachs	Goldman Sachs	Cargill	Cargill	Cargill
Trade Date	9/29/2021	10/25/2021	11/30/2021	12/28/2021	1/25/2022	2/28/2022	3/31/2022	4/28/2022
Effective Date	9/1/2022	10/1/2022	11/1/2022	12/1/2022	1/1/2023	2/1/2023	3/1/2023	4/1/2023
Termination Date	8/31/2023	9/30/2023	10/31/2023	11/30/2023	12/31/2023	1/31/2024	2/29/2024	3/31/2024
Price/Gal	$2.1459	$2.2879	$2.0100	$2.2227	$2.3615	$2.5015	$2.7469	$2.8675
Original Notional Quantity	2,826,740	2,826,749	2,826,751	2,826,765	2,826,779	2,826,759	2,826,761	2,826,752

Counterparty	Goldman Sachs	Goldman Sachs	BOA_ Merrill	BOA_ Merrill	Cargill	BOA_ Merrill	BOA_ Merrill	Goldman Sachs
Trade Date	5/31/2022	6/27/2022	7/25/2022	8/29/2022	9/29/2022	10/25/2022	11/30/2022	12/28/2022
Effective Date	5/1/2023	6/1/2023	7/1/2023	8/1/2023	9/1/2023	10/1/2023	11/1/2023	12/1/2023
Termination Date	4/30/2024	5/31/2024	6/30/2024	7/31/2024	8/31/2024	9/30/2024	10/31/2024	11/1/2024
Price/Gal	$2.9450	$3.0195	$2.8739	$2.9620	$2.6846	$2.7422	$2.7624	$2.7030
Original Notional Quantity	2,826,757	2,826,738	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, cash settlement will take place. 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. 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).

17. CONDENSED COMPONENT UNIT INFORMATION

The following tables present condensed financial information for MTA's component units (in millions).

December 31, 2022	MTA	Metro - North Railroad	Long Island Railroad	New York City Transit Authority	Triborough Bridge and Tunnel Authority	Eliminations	Consolidated Total
Current assets	$ 12,265	$ 251	$ 281	$ 608	$ 2,446	$ (1,555)	$ 14,296
Capital assets	13,913	6,924	10,557	48,226	7,806	(12)	87,414
Other Assets	31,394	111	76	49	3	(24,792)	6,841
Intercompany receivables	1,138	736	1,126	5,678	8,677	(17,355)	-
Deferred outflows of resources	1,382	740	919	4,739	464	30	8,274
Total assets and deferred outflows of resources	**$ 60,092**	**$ 8,762**	**$ 12,959**	**$ 59,300**	**$ 19,396**	**$ (43,684)**	**$ 116,825**
Current liabilities	$ 6,846	$ 400	$ 331	$ 2,084	$ 1,023	$ (127)	$ 10,557
Non-current liabilities	31,795	2,707	3,993	26,264	20,647	(21)	85,385
Intercompany payables	15,892	202	244	-	269	(16,607)	-
Deferred inflows of resources	584	491	824	1,838	234	101	4,072
Total liabilities and deferred inflows of resources	**$ 55,117**	**$ 3,800**	**$ 5,392**	**$ 30,186**	**$ 22,173**	**$ (16,654)**	**$ 100,014**
Net investment in capital assets	$ (24,830)	$ 6,915	$ 10,536	$ 47,783	$ 2,190	$ (7,810)	$ 34,784
Restricted	4,788	-	-	-	2,410	(2,134)	5,064
Unrestricted	25,017	(1,953)	(2,969)	(18,669)	(7,377)	(17,086)	(23,037)
Total net position	**$ 4,975**	**$ 4,962**	**$ 7,567**	**$ 29,114**	**$ (2,777)**	**$ (27,030)**	**$ 16,811**
For the year ended December 31, 2022							
Fare revenue	$ 167	$ 448	$ 458	$ 2,951	-	-	$ 4,024
Vehicle toll revenue	-	-	-	-	2,332	-	2,332
Rents, freight and other revenue	200	39	35	517	24	(167)	648
Total operating revenue	**367**	**487**	**493**	**3,468**	**2,356**	**(167)**	**7,004**
Total labor expenses	1,296	1,089	1,219	7,530	225	1	11,360
Total non-labor expenses	712	414	420	2,082	238	(167)	3,699
Depreciation	121	336	517	2,180	206	1	3,361
Total operating expenses	**2,129**	**1,839**	**2,156**	**11,792**	**669**	**(165)**	**18,420**
Operating (deficit) surplus	**(1,762)**	**(1,352)**	**(1,663)**	**(8,324)**	**1,687**	**(2)**	**(11,416)**
Subsidies and grants	1,171	806	955	9,244	9	(11,384)	801
Tax revenue	6,933	-	-	-	841	(156)	7,618
Interagency subsidy	1,211	494	688	1,156	373	(3,922)	-
Interest expense	(1,476)	-	-	-	(525)	90	(1,911)
Other	(2,346)	(6)	(4)	-	169	10,256	8,069
Total non-operating revenues (expenses)	**5,493**	**1,294**	**1,639**	**10,400**	**867**	**(5,116)**	**14,577**
Loss before appropriations	3,731	(58)	(24)	2,076	2,554	(5,118)	3,161
Appropriations, grants and other receipts externally restricted for capital projects	10,018	912	1,151	2,389	(2,692)	(7,271)	4,507
Change in net position	13,749	854	1,127	4,465	(138)	(12,389)	7,668
Net position, beginning of year	(8,774)	4,108	6,440	24,649	(2,639)	(14,641)	9,143
Net position, end of year	$ 4,975	$ 4,962	$ 7,567	$ 29,114	$ (2,777)	$ (27,030)	$ 16,811
For the year ended December 31, 2022							
Net cash (used by) / provided by operating activities	$ (1,068)	$ (733)	$ (759)	$ (5,431)	$ 1,877	$ -	$ (6,114)
Net cash provided by / (used by) non-capital financing activities	19,176	792	786	6,149	5,409	(12,794)	19,518
Net cash (used by) / provided by capital and related financing activities	(13,544)	(57)	(27)	(1,116)	(665)	5,993	(9,416)
Net cash (used by) / provided by investing activities	(4,197)	-	-	395	(6,829)	6,801	(3,830)
Cash at beginning of year	515	17	5	28	217	-	782
Cash at end of year	**$ 882**	**$ 19**	**$ 5**	**$ 25**	**$ 9**	**$ -**	**$ 940**

December 31, 2021 Restated	MTA	Metro-North Railroad	Long Island Railroad	New York City Transit Authority	Triborough Bridge and Tunnel Authority	Eliminations	Consolidated Total
Current assets	$ 15,763	$ 246	$ 256	$ 646	$ 1,837	$ (792)	$ 17,956
Capital assets	13,649	6,325	9,936	46,869	7,631	-	84,410
Other Assets	15,888	130	95	57	16	(13,787)	2,399
Intercompany receivables	708	333	349	1,814	2,874	(6,078)	-
Deferred outflows of resources	1,912	849	1,047	3,646	580	(171)	7,863
Total assets and deferred outflows of resources	**$ 47,920**	**$ 7,883**	**$ 11,683**	**$ 53,032**	**$ 12,938**	**$ (20,828)**	**$ 112,628**
Current liabilities	$ 9,907	$ 379	$ 282	$ 2,154	$ 938	$ (59)	$ 13,601
Non-current liabilities	41,042	3,013	4,501	22,565	13,787	(123)	84,785
Intercompany payables	5,268	117	22	-	595	(6,002)	-
Deferred inflows of resources	484	267	429	3,664	256	-	5,100
Total liabilities and deferred inflows of resources	**$ 56,701**	**$ 3,776**	**$ 5,234**	**$ 28,383**	**$ 15,576**	**$ (6,184)**	**$ 103,486**
Net investment in capital assets	$ (33,970)	$ 6,081	$ 9,865	$ 46,405	$ 2,147	$ (644)	$ 29,884
Restricted	2,351	-	-	-	1,606	(1,347)	2,610
Unrestricted	22,838	(1,973)	(3,425)	(21,756)	(6,391)	(12,646)	(23,353)
Total net position	**$ (8,781)**	**$ 4,108**	**$ 6,440**	**$ 24,649**	**$ (2,638)**	**$ (14,637)**	**$ 9,141**
For the year ended December 31, 2021							
Fare revenue	$ 142	$ 263	$ 296	$ 2,347	$ -	$ -	$ 3,048
Vehicle toll revenue	-	-	-	-	2,170	-	2,170
Rents, freight and other revenue	51	27	28	468	24	(37)	561
Total operating revenue	**193**	**290**	**324**	**2,815**	**2,194**	**(37)**	**5,779**
Total labor expenses	1,239	1,069	1,245	6,545	235	-	10,333
Total non-labor expenses	586	331	343	1,834	215	(37)	3,272
Depreciation	93	336	469	2,119	202	-	3,219
Total operating expenses	**1,918**	**1,736**	**2,057**	**10,498**	**652**	**(37)**	**16,824**
Operating (deficit) surplus	**(1,725)**	**(1,446)**	**(1,733)**	**(7,683)**	**1,542**	**-**	**(11,045)**
Subsidies and grants	1,070	292	-	585	9	(447)	1,509
Tax revenue	6,266	-	-	3,796	739	(3,787)	7,014
Interagency subsidy	1,037	590	2,322	457	-	(4,406)	-
Interest expense	(1,463)	(4)	-	(25)	(357)	21	(1,828)
Other	(2,736)	363	621	3,202	5	3,264	4,719
Total non-operating revenues (expenses)	**4,174**	**1,241**	**2,943**	**8,015**	**396**	**(5,355)**	**11,414**
Loss before appropriations	2,449	(205)	1,210	332	1,938	(5,355)	369
Appropriations, grants and other receipts externally restricted for capital projects	(940)	545	-	2,493	(2,133)	3,824	3,789
Change in net position	1,509	340	1,210	2,825	(195)	(1,531)	4,158
Net position, beginning of the year	(10,289)	3,768	5,230	21,824	(2,443)	(13,107)	4,983
Net position, end of year	$ (8,780)	$ 4,108	$ 6,440	$ 24,649	$ (2,638)	$ (14,638)	$ 9,141
For the year ended December 31, 2021							
Net cash (used in) / provided by operating activities	$ (1,648)	$ (1,069)	$ (1,251)	$ (5,983)	$ 1,784	$ 200	$ (7,967)
Net cash provided by / (used in) non-capital financing activities	7,092	1,130	1,240	6,633	1,529	(8,203)	9,421
Net cash (used in) / provided by capital and related financing activities	(2,797)	(67)	11	(1,075)	(561)	6,234	1,745
Net cash provided by / (used in) investing activities	(2,603)	-	-	433	(3,042)	1,769	(3,443)
Cash at beginning of year	471	23	5	20	507	-	1,026
Cash at end of year	**$ 515**	**$ 17**	**$ 5**	**$ 28**	**$ 217**	**$ -**	**$ 782**

17. SUBSEQUENT EVENTS

On January 12, 2023, MTA issued $764.950 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Refunding Green Bonds, Series 2023A. Proceeds from the transaction were used to refund the following:

- $33.710 MTA Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002D-1
- $47.350 MTA Transportation Revenue Bonds, Series 2012B;
- $18.415 MTA Transportation Revenue Bonds, Series 2012C;
- $9.660 MTA Transportation Revenue Refunding Bonds, Series 2012D;
- $74.010 MTA Transportation Revenue Bonds, Series 2012E;
- $118.940 MTA Transportation Revenue Refunding Bonds, Series 2012F;
- $9.920 MTA Transportation Revenue Bonds, Series 2012H; and
- $452.945 Dedicated Tax Fund Refunding Bonds, Series 2012A.

The refunding resulted in net present value savings of $61.083 or 7.37% of the par amount of the refunded bonds. The Series 2023A bonds were priced as fixed rate tax-exempt bonds with a final maturity of November 15, 2037.

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 each year were $659.11 and $639.44, respectively.

On January 25, 2023, Grand Central Madison, 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 scheduled on February 27, 2023. As one of the MTA's East Side Access projects, and costing approximately $11 billion, Grand Central Madison extends the Long Island Rail Road to Grand Central Terminal and projects to cut commute time by as much as 40 minutes per day (round-trip) for some customers.

On January 31, 2023, MTA executed a 2,826,779 gallon ultra-low sulfur diesel fuel hedge at an all-in price of $2.6867 (whole dollars) per gallon. The hedge covers the period from January 2024 through December 2024.

On February 14, 2023, MTA issued $828.225 TBTA General Revenue Refunding Bonds, Series 2023A. Proceeds from the transaction were used to refund $930.530 of existing bonds as follows:

- $60.715 TBTA General Revenue Bonds, Subseries 2009A-1;
- $270.025 TBTA General Revenue Refunding Bonds, Series 2012B;
- $113.340 TBTA General Revenue Refunding Bonds, Series 2012A;
- $118.035 TBTA General Revenue Bonds, Series 2013C; and
- $368.415 TBTA Subordinate Revenue Refunding Bonds, Series 2013A.

The refunding resulted in net present value savings of $104.994 or 11.28% of the par amount of the refunded bonds. The Series 2023A bonds were priced as fixed rate tax-exempt bonds with a final maturity of November 15, 2039.

On February 28, 2023, MTA executed a 2,826,759 gallon ultra-low sulfur diesel fuel hedge at an all-in price of $2.5711 (whole dollars) per gallon. The hedge covers the period from February 2024 through January 2025.

On March 14, 2023, MTA issued $1,254 billion Triborough Bridge and Tunnel Authority Sales Tax Revenue Bonds, Series 2023A ("the Series 2023A Bonds"). Proceeds from the transaction were used (i) finance approved transit and commuter projects included in the 2020-2024 Capital Program, (ii) finance a portion of the capital costs of the Central Business District Tolling Program, and (iii) pay certain financing, legal and miscellaneous expenses.

On March 16, 2023, MTA purchased $1,032.146 for three portfolios of State and Local Governments Securities (SLGS) sufficient to pre-pay all or a portion of interest due on certain MTA Dedicated Tax Bond Funds, MTA Transportation Revenue Bonds, and TBTA Payroll Mobility Tax Senior Lien Bonds through November 15, 2026. The funds were deposited in three escrow accounts. The establishment of the Escrow Fund is not intended to constitute an economic or legal defeasance of the Bonds and the MTA and TBTA retains the ability, in its sole discretion, to withdraw in whole or in part the amounts deposited in the Escrow Fund at any time should such amounts be needed for any other authorized purpose.

The breakdown of the portfolios were allocated as follows: Dedicated Tax Bond funds, Series 2010A-2,together with the Series 2009C Bonds, $181.749; MTA Transportation Revenue Bonds, Series 2020E Bonds, together with the Series 2006B, the Series 2010A, Series 2010B-1, Series 2010C-1, Series 2010E and the Series 2020D Bonds, $582.681; TBTA Payroll Mobility Tax Senior Lien Bonds Subseries 2022D-2 Bonds and, together with the Series 2022C and the Series 2022D-1a Bonds, $267.716.

On March 31, 2023, MTA executed a 1,633,857 gallon ultra-low sulfur diesel fuel hedge at an all-in price of $2.4373 (whole dollars) per gallon. The hedge covers the period from March 2024 through February 2025.

Between April 6-10, 2023 $1,000.347 was transferred from available funds to the MTA Other Postemployment Benefits Plan ("OPEB" Plan) and the related Trust Fund to set aside funds to assist in providing health and other welfare benefits to eligible retirees and their beneficiaries. The investments will be managed with the aim to allocate within the maturity range from December 2025 through June 2028.

On April 24, 2023, MTA executed a 2,462,350 gallon ultra-low sulfur diesel fuel hedge at an all-in price of $2.4357 (whole dollars) per gallon. The hedge covers the period from April 2024 through March 2025.

On April 27, 2023, the New York State fiscal year 2023-2024 budget was enacted which includes critical investments to the MTA. The budget supports the financial stability of the MTA by adjusting the Payroll Mobility Tax for the largest businesses within New York City to 0.6%, which will generate approximately $1.1 billion; $300 million in one-time State aid; requiring New York City to contribute $165 million for paratransit services funding; $65 million to reduce the proposed fare increase on the MTA; expanding service frequencies on the subway and launching a pilot program providing five free bus routes in New York City.

****

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans

($ in thousands)

	Additional Plan						
Plan Measurement Date (December 31):	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total pension liability:							
Service cost	$ 260	$ 453	$ 621	$ 1,057	$ 1,874	$ 2,752	$ 3,441
Interest	83,488	86,918	93,413	97,611	101,477	104,093	106,987
Effect of economic / demographic (gains) or losses	3,729	10,428	13,455	213	1,890	15,801	6,735
Effect of assumption changes or inputs	26,300	-	50,191	-	-	-	-
Benefit payments and withdrawals	(148,630)	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)
Net change in total pension liability	(34,853)	(54,247)	426	(60,684)	(54,476)	(35,947)	(39,908)
Total pension liability—beginning	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251	1,602,159
Total pension liability—ending (a)	1,322,470	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251
Plan fiduciary net position:							
Employer contributions	70,553	68,724	62,774	59,500	76,523	81,100	100,000
Nonemployer contributions		-	-	-	145,000	70,000	-
Member contributions	73	140	249	333	760	884	1,108
Net investment income	95,247	4,024	116,092	(31,098)	112,614	58,239	527
Benefit payments and withdrawals	(148,630)	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)
Administrative expenses	(610)	(612)	(718)	(1,180)	(1,070)	(611)	(1,218)
Net change in plan fiduciary net position	16,633	(79,770)	21,143	(132,010)	174,110	51,019	(56,654)
Plan fiduciary net position—beginning	760,690	840,460	819,047	951,057	776,947	725,928	782,582
Plan fiduciary net position—ending (b)	777,323	760,690	840,190	819,047	951,057	776,947	725,928
Employer's net pension liability—ending (a)-(b)	$ 545,147	$ 596,633	$ 571,380	$ 592,097	$ 520,771	$ 749,357	$ 836,323
Plan fiduciary net position as a percentage of the total pension liability	58.78%	56.04%	59.52%	58.04%	64.62%	50.90%	46.47%
Covered payroll	$ 3,230	$ 5,174	$ 7,236	$ 13,076	$ 20,500	$ 29,312	$ 39,697
Employer's net pension liability as a percentage of covered payroll	16877.62%	11531.37%	7896.35%	4528.12%	2540.35%	2556.49%	2106.77%

Note: Information was not readily available for periods prior to 2014. This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans

($ in thousands)

	MaBSTOA Plan						
Plan Measurement Date (December 31):	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total pension liability:							
Service cost	$ 93,934	$ 95,514	$ 89,814	$ 86,979	$ 84,394	$ 82,075	$ 77,045
Interest	274,270	266,588	265,454	256,084	246,284	236,722	232,405
Effect of economic / demographic (gains) or losses	(19,177)	(720)	9,011	5,412	11,826	13,784	(68,997)
Effect of assumption changes or inputs	72,032		168,752	-	6,347	-	-
Benefit payments and withdrawals	(245,427)	(237,930)	(221,221)	(213,827)	(209,122)	(187,823)	(179,928)
Net change in total pension liability	175,632	123,452	311,810	134,648	139,729	144,758	60,525
Total pension liability—beginning	4,246,386	4,122,934	3,811,124	3,676,476	3,536,747	3,391,989	3,331,464
Total pension liability—ending (a)	4,422,018	4,246,386	4,122,934	3,811,124	3,676,476	3,536,747	3,391,989
Plan fiduciary net position:							
Employer contributions	156,204	159,486	206,390	205,433	202,684	220,697	214,881
Member contributions	24,935	24,709	23,552	21,955	19,713	18,472	16,321
Net investment income	416,287	60,326	447,365	(87,952)	350,186	212,260	(24,163)
Benefit payments and withdrawals	(245,427)	(237,930)	(221,221)	(213,827)	(209,122)	(187,823)	(179,928)
Administrative expenses	(264)	(244)	(220)	(196)	(208)	(186)	(88)
Net change in plan fiduciary net position	351,735	6,347	455,866	(74,587)	363,253	263,420	27,023
Plan fiduciary net position—beginning	3,306,616	3,300,268	2,844,402	2,918,989	2,555,736	2,292,316	2,265,293
Plan fiduciary net position—ending (b)	3,658,351	3,306,616	3,300,268	2,844,402	2,918,989	2,555,736	2,292,316
Employer's net pension liability—ending (a)-(b)	$ 763,667	$ 939,770	$ 822,666	$ 966,722	$ 757,487	$ 981,011	$ 1,099,673
Plan fiduciary net position as a percentage of the total pension liability	82.73%	77.87%	80.05%	74.63%	79.40%	72.26%	67.58%
Covered payroll	$768,868	$ 802,100	$ 786,600	$ 776,200	$ 749,666	$ 716,527	$ 686,674
Employer's net pension liability as a percentage of covered payroll	99.32%	117.16%	104.59%	124.55%	101.04%	136.91%	160.14%

Note: Information was not readily available for periods prior to 2014. This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans

(continued)

($ in thousands)

	MNR Cash Balance Plan						
Plan Measurement Date (December 31):	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total pension liability:							
Interest	11	**14**	$ 18	$ 20	$ 21	$ 24	$ 29
Effect of economic / demographic (gains) or losses	(11)	10	4	(11)	12	(15)	(10)
Effect of assumption changes or inputs	15	11	-	-	-	-	18
Benefit payments and withdrawals	(38)	(105)	(53)	(58)	(71)	(77)	(113)
Net change in total pension liability	(23)	(70)	(31)	(49)	(38)	(68)	(76)
Total pension liability—beginning	378	448	479	528	566	634	710
Total pension liability—ending (a)	355	378	448	479	528	566	634
Plan fiduciary net position:							
Employer contributions		9	-	5	-	23	18
Net investment income	(5)	32	40	1	20	16	6
Benefit payments and withdrawals	(38)	(105)	(53)	(58)	(71)	(77)	(113)
Administrative expenses		3	(3)	-	-	-	3
Net change in plan fiduciary net position	(43)	(61)	(16)	(52)	(51)	(38)	(86)
Plan fiduciary net position—beginning	394	455	471	523	574	612	698
Plan fiduciary net position—ending (b)	351	394	455	471	523	574	612
Employer's net pension liability—ending (a)-(b)	$ 4	$ (16)	$ (7)	$ 8	$ 5	$ (8)	$ 22
Plan fiduciary net position as a percentage of the total pension liability	1.13%	104.23%	101.45%	98.33%	99.05%	101.41%	96.53%
Covered payroll	$ 0	$ 277	$ 278	$ 268	$ 471	$ 846	$ 1,474
Employer's net pension liability as a percentage of covered payroll	0.00%	-5.78%	-2.52%	2.99%	1.06%	-0.95%	1.49%

Note: Information was not readily available for periods prior to 2014. This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans (continued)

($ in thousands)

	MTA Defined Benefit Plan						
Plan Measurement Date (December 31):	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total pension liability:							
Service cost	$ 213,675	$ 213,494	$ 173,095	$ 162,273	$ 148,051	$ 138,215	$ 124,354
Interest	455,230	427,672	387,193	358,118	335,679	308,009	288,820
Effect of economic / demographic (gains) or losses	20,656	92,019	35,935	75,744	(27,059)	86,809	121,556
Effect of assumption changes or inputs	113,662		690,958	-	10,731	-	(76,180)
Effect of plan changes		-	-	61,890	76,511	73,521	6,230
Benefit payments and withdrawals	(325,473)	(293,836)	(264,985)	(242,349)	(232,976)	(209,623)	(199,572)
Net change in total pension liability	477,750	439,349	1,022,196	415,676	310,937	396,931	265,208
Total pension liability—beginning	6,950,035	6,510,686	5,488,490	5,072,814	4,761,877	4,364,946	4,099,738
Total pension liability—ending (a)	7,427,785	6,950,035	6,510,686	5,488,490	5,072,814	4,761,877	4,364,946
Plan fiduciary net position:							
Employer contributions	396,144	394,986	344,714	338,967	321,861	280,768	221,694
Member contributions	33,832	32,006	31,504	29,902	31,027	29,392	34,519
Net investment income	639,374	99,045	651,919	(150,422)	516,153	247,708	(45,122)
Benefit payments and withdrawals	(325,473)	(293,836)	(264,985)	(242,349)	(232,976)	(209,623)	(199,572)
Administrative expenses	(3,513)	(3,660)	(3,408)	(3,152)	(4,502)	(3,051)	(1,962)
Net change in plan fiduciary net position	740,364	228,541	759,744	(27,054)	631,563	345,194	9,557
Plan fiduciary net position—beginning	5,012,765	4,784,224	4,024,480	4,051,534	3,419,971	3,074,777	3,065,220
Plan fiduciary net position—ending (b)	5,753,129	5,012,765	4,784,224	4,024,480	4,051,534	3,419,971	3,074,777
Employer's net pension liability—ending (a)-(b)	$ 1,674,656	$ 1,937,270	$ 1,726,462	$ 1,464,010	$ 1,021,280	$ 1,341,906	$ 1,290,169
Plan fiduciary net position as a percentage of the total pension liability	77.45%	72.13%	73.48%	73.33%	79.87%	71.82%	70.44%
Covered payroll	$ 2,028,938	$ 2,050,970	$ 2,052,657	$ 2,030,695	$ 1,857,026	$ 1,784,369	$ 1,773,274
Employer's net pension liability as a percentage of covered payroll	82.54%	94.46%	84.11%	72.09%	55.00%	75.20%	72.76%

Note: Information was not readily available for periods prior to 2014. This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of the MTA's Proportionate Share of the Net Pension Liabilities of Cost-Sharing Multiple-Employer Pension Plans

($ in thousands)

	NYCERS Plan							
Plan Measurement Date:	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
MTA's proportion of the net pension liability	21.900%	22.218%	24.420%	24.493%	23.682%	24.096%	23.493%	23.585%
MTA's proportionate share of the net pension liability	$ 3,964,996	$ 1,424,952	$ 5,147,445	$ 4,536,510	$ 4,176,941	$ 5,003,811	$ 5,708,052	$ 4,773,787
MTA's actual covered payroll	$ 3,848,798	$ 3,618,339	$ 3,514,665	$ 3,385,743	$ 3,216,837	$ 3,154,673	$ 3,064,007	$ 2,989,480
MTA's proportionate share of the net pension liability as a percentage of the MTA's covered payroll	103.019%	39.000%	146.456%	113.989%	129.846%	158.616%	186.294%	159.686%
Plan fiduciary net position as a percentage of the total pension liability	81.276%	77.000%	76.933%	78.836%	78.826%	74.805%	69.568%	73.125%

	NYSLERS Plan							
Plan Measurement Date:	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
MTA's proportion of the net pension liability	0.310%	0.314%	0.346%	0.345%	0.327%	0.311%	0.303%	0.289%
MTA's proportionate share of the net pension liability	$ (25,856)	$ 313	$ 91,524	$ 24,472	$ 10,553	$ 29,239	$ 48,557	$ 9,768
MTA's actual covered payroll	$ 110,702	$ 102,838	$ 105,457	$ 109,252	$ 105,269	$ 96,583	$ 87,670	$ 87,315
MTA's proportionate share of the net pension liability as a percentage of the MTA's covered payroll	-23.360%	0.000%	86.788%	22.400%	10.025%	30.273%	55.386%	11.187%
Plan fiduciary net position as a percentage of the total pension liability	103.650%	99.950%	86.392%	96.267%	98.240%	94.703%	90.685%	97.947%

Note: Information was not readily available for periods prior to 2015. This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The data provided in this schedule is based on the measurement date used by NYCERS and NYSLERS for the net pension liability.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of the MTA's Contributions for All Pension Plans for the Year Ended December 31,

($ in thousands)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Additional Plan*										
Actuarially Determined Contribution	$ 70,764	$ 70,553	$ 68,723	$ 62,774	$ 59,196	$ 76,523	$ 83,183	$ 82,382	$ 112,513	$ -
Actual Employer Contribution	70,764	70,553	68,724	62,774	59,500	221,523	151,100	100,000	407,513	-
Contribution Deficiency (Excess)	$ -	$ -	$ (1)	$ -	$ (304)	$ (145,000)	$ (67,917)	$ (17,618)	$ (295,000)	$ -
Covered Payroll	$ 2,043	$ 3,230	$ 5,174	$ 7,236	$ 13,076	$ 20,500	$ 29,312	$ 39,697	$ 43,267	$ -
Contributions as a % of Covered Payroll	3463.99%	2184.33%	1328.26%	867.54%	455.02%	1080.62%	515.49%	251.91%	941.87%	N/A
MaBSTOA Plan										
Actuarially Determined Contribution	$ 158,618	$ 156,204	$ 159,486	$ 209,314	$ 202,509	$ 202,924	$ 220,697	$ 214,881	$ 226,374	$ 234,474
Actual Employer Contribution	158,618	156,204	159,486	206,390	205,434	202,684	220,697	214,881	226,374	234,474
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ 2,924	$ (2,925)	$ 240	$ -	$ -	$ -	$ -
Covered Payroll	$ 775,512	$ 768,868	$ 802,100	$ 786,600	$ 776,200	$ 749,666	$ 716,527	$ 686,674	$ 653,287	$ 582,081
Contributions as a % of Covered Payroll	20.45%	20.32%	19.88%	26.24%	26.47%	27.04%	30.80%	31.29%	34.65%	40.28%
Metro-North Cash Balance Plan*										
Actuarially Determined Contribution	$ 4	$ -	$ -	$ 8	$ 5	$ -	$ 23	$ -	$ 5	$ -
Actual Employer Contribution	4	-	-	-	5	-	23	14	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (14)	$ 5	$ -
Covered Payroll	$ -	$ -	$ 277	$ 278	$ 268	$ 471	$ 846	$ 1,474	$ 2,274	$ -
Contributions as a % of Covered Payroll	0.00%	0.00%	0.00%	0.00%	1.87%	0.00%	2.68%	0.96%	0.00%	N/A
MTA Defined Benefit Plan*										
Actuarially Determined Contribution	$ 404,245	$ 392,547	$ 392,921	$ 349,928	$ 331,566	$ 316,916	$ 290,415	$ 273,700	$ 271,523	$ -
Actual Employer Contribution	404,245	396,144	393,961	343,862	339,800	321,861	280,767	221,694	331,259	-
Contribution Deficiency (Excess)	$ -	$ (3,597)	$ (1,040)	$ 6,066	$ (8,234)	$ (4,945)	$ 9,648	$ 52,006	$ (59,736)	$ -
Covered Payroll	$ 2,111,293	$ 2,028,938	$ 2,050,970	$ 2,052,657	$ 2,030,695	$ 1,857,026	$ 1,784,369	$ 1,773,274	$ 1,679,558	$ -
Contributions as a % of Covered Payroll	19.15%	19.52%	19.21%	16.75%	16.73%	17.33%	15.73%	12.50%	19.72%	N/A

* For the MTA Defined Benefit Plan, Additional Plan and Metro-North Cash Balance Plan, information was not readily available for periods prior to 2014. This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of the MTA's Contributions for All Pension Plans for the Year Ended December 31,

($ in thousands)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
NYCERS										
Actuarially Determined Contribution	$ 797,299	$ 842,269	$ 882,690	$ 952,616	$ 807,097	$ 800,863	$ 797,845	$ 736,212	$ 741,223	$ 736,361
Actual Employer Contribution	797,299	842,269	882,690	952,616	807,097	800,863	797,845	736,212	741,223	736,361
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 3,848,798	$ 3,637,544	$ 3,771,595	$ 3,948,283	$ 3,974,494	$ 3,768,885	$ 3,523,993	$ 3,494,907	$ 3,617,087	$ 2,943,195
Contributions as a % of Covered Payroll	20.72%	23.15%	23.40%	24.13%	20.31%	21.25%	22.64%	21.07%	20.49%	25.02%
NYSLERS **										
Actuarially Determined Contribution	$ 16,284	$ 16,284	$ 14,533	$ 14,851	$ 14,501	$ 13,969	$ 12,980	$ 15,792	$ 13,816	$ -
Actual Employer Contribution	16,284	16,284	14,533	14,851	14,501	13,969	12,980	15,792	13,816	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 110,702	$ 99,129	$ 102,838	$ 106,913	$ 109,210	$ 103,787	$ 94,801	$ 86,322	$ 84,041	$ -
Contributions as a % of Covered Payroll	14.71%	16.43%	14.13%	13.89%	13.28%	13.46%	13.69%	18.29%	16.44%	N/A

** For the NYSLERS plan, information was not readily available for periods prior to 2014. This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	Additional Plan			
Valuation Dates:	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018
Measurement Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Period specified in current valuation report (closed 12-year period from January 1, 2021) with level dollar payments.	Period specified in current valuation report (closed 13 year period beginning January 1, 2020) with level dollar payments.	Period specified in current valuation report (closed 14 year period beginning January 1, 2019) with level dollar payments.	Period specified in current valuation report (closed 15 year period beginning January 1, 2018) with level dollar payments.
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 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.
Salary increases:	3.00%	3.00%	3.00%	3.00%
Actuarial assumptions:				
Discount Rate:	6.50%	6.50%	6.50%	7.00%
Investment rate of return :	6.50%, net of investment expenses	6.50%, net of investment expenses.	6.50%, net of investment expenses.	7.00%, 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.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.
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.	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.
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.	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.
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.25%; 3.25%	2.25%; 3.25%	2.25%; 3.25%	2.50%; 3.50%
Cost-of-Living Adjustments:	N/A	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	Additional Plan (continued)			
Valuation Dates:	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Measurement Date:	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Period specified in current valuation report (closed 16 year period beginning January 1, 2017) with level dollar payments.	Period specified in current valuation report (closed 17 year period beginning January 1, 2016) with level dollar payments.	Period specified in current valuation report (closed 18 year period beginning January 1, 2015) with level dollar payments.	Period specified in current valuation report (closed 19 year period beginning January 1, 2014) with level dollar payments.
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 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.
Salary increases:	3.00%	3.00%	3.00%	3.00%
Actuarial assumptions:				
Discount Rate:	7.00%	7.00%	7.00%	7.00%
Investment rate of return :	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. As generational tables, they reflect mortality improvements both before and after the measurement date. Mortality assumption is based on a 2012 experience study for all MTA plans.
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.	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.
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.	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.
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%
Cost-of-Living Adjustments:	N/A	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MaBSTOA Plan		
Valuation Dates:	January 1, 2021	January 1, 2020	January 1, 2019
Measurement Date:	December 31, 2021	December 31, 2020	December 31, 2019
Actuarial cost method:	Frozen Initial Liability cost method	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)
Amortization method:	For FIL bases, 15 years for Fresh Start base as of January 1, 2020 and period specified in current valuation report for specific assumption changes. 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, period specified in current valuation 30-year level dollar. 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, period specified in current valuation 30-year level dollar. 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 value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
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 employees and non-operating members. Varies by years of employment.	Reflecting general wage, merit, and promotion increases of 3.5% for operating employees and 4.0% for non-operating employees per year. Large increases are assumed in the first 5 years of a member's career.
Actuarial assumptions:			
Discount Rate:	6.50%	6.50%	6.50%
Investment rate of return :	6.50%, net of investment expenses.	6.50%, net of investment expenses.	6.50%, 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.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.
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.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
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.	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.
Post-retirement Disabled Lives:	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.
Inflation/Railroad Retirement Wage Base:	2.25%	2.25%	2.25%
Cost-of-Living Adjustments:	60% of inflation assumption or 1.35% per annum, if applicable	1.35% per annum	1.35% per annum

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MaBSTOA Plan (continued)		
Valuation Dates:	January 1, 2018	January 1, 2017	January 1, 2016
Measurement Date:	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial cost method:	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)
Amortization method:	For FIL bases, period specified in current valuation 30-year level dollar. 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, period specified in current valuation 30-year level dollar. 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, period specified in current valuation 30-year level dollar. 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 value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Salary increases:	Varies by years of employment and employment type.	Varies by years of employment and employment type.	Varies by years of employment and employment type.
Actuarial assumptions:			
Discount Rate:	7.00%	7.00%	7.00%
Investment rate of return :	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.
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.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
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.	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.
Post-retirement Disabled Lives:	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females.
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.375% per annum	1.375% per annum	1.375% per annum

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MaBSTOA Plan (continued)	
Valuation Dates:	January 1, 2015	January 1, 2014
Measurement Date:	December 31, 2015	December 31, 2014
Actuarial cost method:	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)
Amortization method:	For FIL bases, period specified in current valuation 30-year level dollar. 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, period specified in current valuation 30-year level dollar. 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 Market value restart as of 1/1/96, then gains/losses over a 5-year period. Gains/losses are five-year moving average of market values based on market value of assets.
Salary increases:	Varies by years of employment and employment type.	In general, merit and promotion increases plus assumed general wage increases of 3.5% to 15.0% for operating employees and 4.0% to 7.0% for nonoperating employees per year, depending on years of service.
Actuarial assumptions:		
Discount Rate:	7.00%	7.00%
Investment rate of return :	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As generational tables, they reflect mortality improvements both before and after the measurement date. Mortality assumption is based on a 2012 experience study for all MTA plans.
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.
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.
Post-retirement Disabled Lives:	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females.	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females.
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%
Cost-of-Living Adjustments:	1.375% per annum	1.375% per annum

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MNR Cash Balance Plan			
Valuation Dates:	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2019
Measurement Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Actuarial cost method:	Unit Credit Cost	Unit Credit Cost	Unit Credit Cost	Unit Credit Cost
Amortization method:	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.
Asset Valuation Method:	Actuarial value equals market value.	Actuarial value equals market value.	Actuarial value equals market value.	Actuarial value equals market value.
Salary increases:	N/A	N/A	N/A	N/A
Actuarial assumptions:				
Discount Rate:	3.00%	3.00%	3.50%	4.00%
Investment rate of return :	3.00%, net of investment expenses.	3.00%, net of investment expenses.	3.50%, net of investment expenses.	4.00%, 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. Mortality assumption is based on an experience study for all MTA plans.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on an experience study for all MTA plans.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2017 experience study for all MTA plans.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments, projected on a generational basis using Scale AA.	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.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
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, noth projected on a generational basis using Scale AA.	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.	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.
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.25%	2.25%	2.25%	2.50%
Cost-of-Living Adjustments:	N/A	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MNR Cash Balance Plan (continued)			
Valuation Dates:	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2014
Measurement Date:	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Actuarial cost method:	Unit Credit Cost	Unit Credit Cost	Unit Credit Cost	Unit Credit Cost
Amortization method:	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	Period specified in current valuation report (closed 10 year period beginning January 1, 2008 - 4 year period for the January 1, 2014 valuation).
Asset Valuation Method:	Actuarial value equals market value.	Actuarial value equals market value.	Actuarial value equals market value.	Effective January 1, 2015, the Actuarially Determined Contribution (ADC) will reflect one-year amortization of the unfunded accrued liability in accordance with the funding policy adopted by the MTA.
Salary increases:	N/A	N/A	N/A	There were no projected salary increase assumptions used in the January 1, 2014 valuation as the participants of the Plan were covered under the Management Plan effective January 1, 1989. For participants of the Plan eligible for additional benefits, these benefits were not valued as the potential liability is de minimus.
Actuarial assumptions:				
Discount Rate:	4.00%	4.00%	4.00%	4.50%
Investment rate of return :	4.00%, net of investment expenses.	4.00%, net of investment expenses.	4.00%, net of investment expenses.	4.50%, net of investment expenses.
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2017 experience study for all MTA plans.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2012 experience study for all MTA plans.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2012 experience study for all MTA plans.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. As generational tables, they reflect mortality improvements both before and after the measurement date. Mortality assumption is based on a 2012 experience study for all MTA plans.
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.	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.
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.	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.
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.30%	2.30%	2.50%
Cost-of-Living Adjustments:	N/A	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MTA Defined Benefit Plan		
Valuation Dates:	January 1, 2021	January 1, 2020	January 1, 2019
Measurement Date:	December 31, 2021	December 31, 2020	December 31, 2019
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	For FIL bases, 18 years for Fresh start base as of January 1, 2020 and period specified in current valuation report for specific assumption and plan change bases. 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 or service, of the projected population for each group and further weighted by total present value of benefits for each group.	For Frozen Initial Liability ("FIL") bases, 18 years for Fresh start base as of Jan 1, 2020 and period specified in current valuation report for specific plan change bases. 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 or service, of the projected population for each group and further weighted by total present value of benefits for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.
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 value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Salary increases:	Varies by years of employment, and employee group; 2.75% general wage increases increases for TWU Local 100 MTA Bus hourly employees.	Varies by years of employment, and employee group. 2.75% general wage increases for TWU Local 100 MTA Bus hourly employees.	Varies by years of employment, and employee group. 2.75% general wage increases for TWU Local 100 MTA Bus hourly employees.
Actuarial assumptions:			
Discount Rate:	6.50%	6.50%	6.50%
Investment rate of return :	6.50%	6.50%	6.50%
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	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.
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.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of 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.	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.
Post-retirement Disabled Lives:	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females	RP-2014 Disabled Annuitant mortality table for males and females
Inflation/Railroad Retirement Wage Base:	2.25%; 3.25%	2.25%; 3.25%	2.25%; 3.25%
Cost-of-Living Adjustments:	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MTA Defined Benefit Plan (continued)		
Valuation Dates:	January 1, 2018	January 1, 2017	January 1, 2016
Measurement Date:	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.
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 value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Salary increases:	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.
Actuarial assumptions:			
Discount Rate:	7.00%	7.00%	7.00%
Investment rate of return :	7.00%	7.00%	7.00%
Mortality:	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.
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.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
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.	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.
Post-retirement Disabled Lives:	RP-2014 Disabled Annuitant mortality table for males and females	RP-2014 Disabled Annuitant mortality table for males and females	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females. At age 85 and later for males and age 77 and later for females, the disability rates are set to the male and females healthy rates, respectively.
Inflation/Railroad Retirement Wage Base:	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%
Cost-of-Living Adjustments:	55% of inflation assumption or 1.375%, if applicable.	55% of inflation assumption or 1.375%, if applicable.	55% of inflation assumption or 1.375%, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MTA Defined Benefit Plan (continued)	
Valuation Dates:	January 1, 2015	January 1, 2014
Measurement Date:	December 31, 2015	December 31, 2014
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.
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.
Salary increases:	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.	Varies by years of employment, and employee group.
Actuarial assumptions:		
Discount Rate:	7.00%	7.00%
Investment rate of return :	7.00%	7.00%
Mortality:	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee. Mortality assumption is based on a 2012 experience study for all MTA plans.
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.
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.
Post-retirement Disabled Lives:	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females. At age 85 and later for males and age 77 and later for females, the disability rates are set to the male and females healthy rates, respectively.	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females. At age 85 and later for males and age 77 and later for females, the disability rates are set to the male and females healthy rates, respectively.
Inflation/Railroad Retirement Wage Base:	2.50%; 3.50%	2.50%; 3.00%
Cost-of-Living Adjustments:	55% of inflation assumption or 1.375%, if applicable.	55% of inflation assumption or 1.375%, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYCERS Plan			
Valuation Dates:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date:	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.
Asset Valuation Method:	Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011.	Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011.	Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011.	Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011.
Salary increases:	3% per annum.	3% per annum.	3% per annum.	3% per annum.
Actuarial assumptions:				
Discount Rate:	7.00%	7.00%	7.00%	7.00%
Investment rate of return :	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Tables adopted by the Boards of Trustees during Fiscal Yeat 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was prepared by Bolton, Inc. dated June 2019 analyzed the four-year and ten-year periods ended June 30, 2017.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was prepared by Bolton, Inc. dated June 2019 analyzed the four-year and ten-year periods ended June 30, 2017.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013.
Pre-retirement:	N/A	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYCERS Plan (continued)			
Valuation Dates:	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement Date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.
Asset Valuation Method:	Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011.	Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011.	Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011.	Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011.
Salary increases:	3% per annum.	3% per annum.	3% per annum.	3% per annum.
Actuarial assumptions:				
Discount Rate:	7.00%	7.00%	7.00%	7.00%
Investment rate of return :	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013.
Pre-retirement:	N/A	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYSLERS Plan				
Valuation Dates:	April 1, 2021	April 1, 2020	April 1, 2019	April 1, 2018	April 1, 2017
Measurement Date:	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
Actuarial cost method:	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method
Amortization method:	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.
Asset Valuation Method:	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Salary increases:	4.4% in ERS, 6.2% in PFRS	4.40% in ERS; 6.20% in PFRS	4.20% in ERS; 5.00% in PFRS	0.038	0.038
Actuarial assumptions:					
Discount Rate:	5.90%	5.90%	6.80%	7.00%	7.00%
Investment rate of return :	6.80%, net of investment expenses.	5.90%, net of investment expenses.	6.80%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2015 through March 31, 2020 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018.	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.
Pre-retirement:	N/A	N/A	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.70%	2.70%	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.3% per annum.	1.4% per annum.	1.3% per annum.	1.3% per annum.	1.3% per annum.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYSLERS Plan (continued)			
Valuation Dates:	April 1, 2016	April 1, 2016	April 1, 2015	April 1, 2014
Measurement Date:	March 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015
Actuarial cost method:	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method
Amortization method:	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.
Asset Valuation Method:	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Salary increases:	3.80%	3.80%	3.80%	4.90%
Actuarial assumptions:				
Discount Rate:	7.00%	7.00%	7.00%	7.50%
Investment rate of return :	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.5%, net of investment expenses.
Mortality:	Annuitant mortality rates are based on NYSLERS's 2010 experience study of the period April 1, 2005 through March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.	Annuitant mortality rates are based on NYSLERS's 2010 experience study of the period April 1, 2005 through March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.	Annuitant mortality rates are based on NYSLERS's 2010 experience study of the period April 1, 2005 through March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.	Annuitant mortality rates are based on NYSLERS's 2010 experience study of the period April 1, 2005 through March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.
Pre-retirement:	N/A	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%	2.70%
Cost-of-Living Adjustments:	1.3% per annum.	1.3% per annum.	1.3% per annum.	1.4% per annum.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of MTA's Contributions for All Pension Plans **(concluded)**

Significant methods and assumptions used in calculating the actuarially determined contributions of an employer's proportionate share in Cost Sharing, Multiple-Employer pension plans, the NYCERS plan and the NYSLERS plan, are 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 significant legislative changes in benefit for the June 30, 2021 valuation for the NYCERS plan.

There were no significant legislative changes in benefit for the April 1, 2021 valuation for the NYSLERS plan.

Changes of Assumptions:

There were no significant changes in the economic and demographic used in the June 30, 2021 valuation for the NYCERS plan.

There were no significant changes in the economic and demographic assumptions used in the April 1, 2021 valuation for the NYSLERS plan.

(A Component Unit of the State of New York)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of Changes in the MTA's Net OPEB Liability and Related Ratios and Notes to Schedule

($ in thousands)

Plan Measurement Date (December 31):	2021	2020	2019	2018	2017
Total OPEB liability:					
Service cost	$ 1,250,950	$ 1,097,051	$ 928,573	$ 1,002,930	$ 884,548
Interest on total OPEB liability	535,642	610,160	840,532	734,968	731,405
Effect of plan changes		-	-	1,580	27,785
Effect of economic/demographic (gains) or losses	292,154	(43,890)	247,871	(19,401)	13,605
Effect of assumption changes or inputs	(738,829)	1,939,528	311,286	(1,800,135)	911,465
Benefit payments	(792,984)	(724,741)	(730,677)	(691,122)	(650,994)
Net change in total OPEB liability	546,933	2,878,108	1,597,585	(771,180)	1,917,814
Total OPEB liability—beginning	24,409,581	21,531,473	19,933,888	20,705,068	18,787,254
Total OPEB liability—ending (a)	24,956,514	24,409,581	21,531,473	19,933,888	20,705,068
Plan fiduciary net position:					
Employer contributions	792,984	387,371	730,677	691,122	650,994
Net investment income	-	(77,118)	63,647	(18,916)	47,370
Benefit payments	(792,984)	(724,741)	(730,677)	(691,122)	(650,994)
Administrative expenses	(46)	(209)	(200)	(56)	-
Net change in plan fiduciary net position	(46)	(414,697)	63,447	(18,972)	47,370
Plan fiduciary net position—beginning	130	414,827	351,380	370,352	322,982
Plan fiduciary net position—ending (b)	84	130	414,827	351,380	370,352
Net OPEB liability—ending (a)-(b)	$ 24,956,430	$ 24,409,451	$ 21,116,646	$ 19,582,508	$ 20,334,716
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	1.93%	1.76%	1.79%
Covered payroll	$ 6,537,709	$ 6,716,423	$ 6,901,690	$ 6,903,700	$ 5,394,332
Net OPEB liability as a percentage of covered payroll	381.73%	363.43%	305.96%	283.65%	376.96%

Notes to Schedule:

Changes of benefit terms: In the July 1, 2019 actuarial valuation, there were no changes to the benefit terms.

Changes of assumptions: In the July 1, 2019 actuarial valuation, there were updates to various healthcare assumptions including the per capita claim costs assumption and healthcare trend 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.

(A Component Unit of the State of New York)

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

Schedule of the MTA's Contributions to the OPEB Plan for the years ended December 31:

($ in thousands)	**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)	$ 846,299	$ 813,195	$ 391,529	$ 737,297	$ 691,122	$ 650,994
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A
Covered Payroll	$ 6,848,347	$ 6,537,709	$ 6,716,423	$ 6,901,690	$ 6,903,700	$ 5,394,200
Actual Contribution as a Percentage of Covered Payroll	12.36%	12.44%	5.83%	10.68%	10.01%	12.07%

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $52,933 and $62,852 for the years ended December 31, 2021 and 2020, respectively.

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.

(A Component Unit of the State of New York)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions to the OPEB Plan:

Valuation date	July 1, 2021	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2017
Measurement date	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Discount rate	2.06%, net of expenses	2.12%, net of expenses	2.74%, net of expenses	4.10%, net of expenses	3.44%, net of expenses
Inflation	2.30%	2.25%	2.25%	2.50%	2.50%
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.25%	4.50%	4.50%	4.50%
Investment rate of return	2.06%	2.12%	5.75%	6.50%	6.50%
Salary increases	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.

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.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

Pension And Other Employee Benefit Trust Funds
Combining Statement of Fiduciary Net Position as of December 31, 2022

($ in thousands)	Pension Funds			Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Company Plan for Additional Pensions	MaBSTOA Plan	Other Post-employment Benefits Plan	Total
ASSETS:					
Cash	$ 6,594	$ 696	$ 3,695	$ 11,698	$ 22,683
Receivables:					
Employee loans	-	-	26,521	-	26,521
Investment securities sold	-	175	1,787	-	1,962
Accrued interest and dividends	3,786	400	1,634	38	5,858
Other receivables	2,657	23	-	-	2,680
Total receivables	6,443	598	29,943	38	37,022
Investments at fair value	5,362,192	651,509	3,286,534	-	9,300,235
Total assets	$ 5,375,229	$ 652,803	$ 3,320,172	$ 11,736	$ 9,359,940
LIABILITIES:					
Accounts payable and accrued liabilities	$ 5,762	$ 238	$ 474	$ -	$ 6,474
Payable for investment securities purchased	5,789	611	3,592	-	9,992
Accrued benefits payable	-	-	75	1	76
Accrued postretirement death benefits (PRDB) payable	-	-	5,719	-	5,719
Accrued 55/25 Additional Members Contribution (AMC) payable	-	-	2,527	-	2,527
Other liabilities	557	59	466	-	1,082
Total liabilities	12,108	908	12,853	1	25,870
NET POSITION:					
Restricted for pensions	5,363,121	651,895	3,307,319	-	9,322,335
Restricted for postemployment benefits other than pensions	-	-	-	11,735	11,735
Total net position	5,363,121	651,895	3,307,319	11,735	9,334,070
Total liabilities and net position	$ 5,375,229	$ 652,803	$ 3,320,172	$ 11,736	$ 9,359,940

See Independent Auditor's Report and notes to the consolidated financial statements.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

Pension And Other Employee Benefit Trust Funds
Combining Statement of Fiduciary Net Position as of December 31, 2021

($ in thousands)	Pension Funds			Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Company Plan for Additional Pensions	MaBSTOA Plan	Other Post-employment Benefits Plan	Total
ASSETS:					
Cash	$ 24,495	$ 2,956	$ 11,821	$ 107	$ 39,379
Receivables:					
Employee loans	-	-	26,082	-	26,082
Participant and union contributions	-	(20)	-	-	(20)
Investment securities sold	-	139	5,532	-	5,671
Accrued interest and dividends	2,798	338	1,746	-	4,882
Other receivables	2,412	1,358	-	-	3,770
Total receivables	5,210	1,815	33,360	-	40,385
Investments at fair value	5,739,559	773,997	3,630,953	-	10,144,509
Total assets	$ 5,769,264	$ 778,768	$ 3,676,134	$ 107	$ 10,224,273
LIABILITIES:					
Accounts payable and accrued liabilities	$ 6,471	$ 279	$ 1,565	$ -	$ 8,315
Payable for investment securities purchased	8,155	984	5,620	-	14,759
Accrued benefits payable	-	-	50	24	74
Accrued postretirement death benefits (PRDB) payable	-	-	5,405	-	5,405
Accrued 55/25 Additional Members Contribution (AMC) payable	-	-	3,847	-	3,847
Other liabilities	1,509	182	1,296	-	2,987
Total liabilities	16,135	1,445	17,783	24	35,387
NET POSITION:					
Restricted for pensions	5,753,129	777,323	3,658,351	-	10,188,803
Restricted for postemployment benefits other than pensions	-	-	-	83	83
Total net position	5,753,129	777,323	3,658,351	83	10,188,886
Total liabilities and net position	$ 5,769,264	$ 778,768	$ 3,676,134	$ 107	$ 10,224,273

See Independent Auditor's Report and notes to the consolidated financial statements.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

Pension And Other Employee Benefit Trust Funds
Combining Statement of Changes in Fiduciary Net Position for the year ended December 31, 2022

($ in thousands)	Pension Funds			Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Additional Plan	MaBSTOA Plan	Other Post-employment Benefit Plan	Total
ADDITIONS:					
Contributions:					
Employer contributions	$ 400,648	$ 70,764	$ 158,618	$ 788,310	$ 1,418,340
Implicit rate subsidy contribution	-	-	-	57,989	57,989
Member contributions	34,471	50	25,548	-	60,069
Total contributions	435,119	70,814	184,166	846,299	1,536,398
Investment income:					
Net (depreciation) / appreciation in fair value of investments	(525,284)	(57,292)	(310,147)	11,671	(881,052)
Dividend income	72,743	8,067	45,924	3	126,737
Interest income	16,505	1,774	10,719	154	29,152
Less: Investment expenses	32,900	4,266	22,915	-	60,081
Investment income, net	(468,936)	(51,717)	(276,419)	11,828	(785,244)
Total additions	(33,817)	19,097	(92,252)	858,127	751,155
DEDUCTIONS:					
Benefit payments and withdrawals	351,857	143,764	257,973	788,310	1,541,904
Implicit rate subsidy payments	-	-	-	57,989	57,989
Administrative expenses	4,334	761	806	176	6,077
Total deductions	356,191	144,525	258,779	846,475	1,605,970
Net increase (decrease) in fiduciary net position	(390,008)	(125,428)	(351,032)	11,652	(854,816)
NET POSITION:					
Restricted for Benefits:					
Beginning of year	5,753,129	777,323	3,658,351	83	10,188,886
End of year	$ 5,363,121	$ 651,895	$ 3,307,319	$ 11,735	$ 9,334,070

See Independent Auditor's Report and notes to the consolidated financial statements.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

Pension And Other Employee Benefit Trust Funds
Combining Statement of Changes in Fiduciary Net Position for the year ended December 31, 2021

($ in thousands)	Pension Funds			Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Additional Plan	MaBSTOA Plan	Other Post-employment Benefits Plan	Total
ADDITIONS:					
Contributions:					
Employer contributions	$ 396,144	$ 70,553	$ 156,204	$ 740,051	$ 1,362,952
Implicit rate subsidy contribution	-	-	-	52,933	52,933
Member contributions	33,832	73	24,935	-	58,840
Total contributions	429,976	70,626	181,139	792,984	1,474,725
Investment income:					
Net appreciation in fair value of investments	618,496	93,218	401,056	-	1,112,770
Dividend income	64,476	8,131	42,762	-	115,369
Interest income	10,895	1,361	8,197	-	20,453
Less: Investment expenses	47,492	6,495	31,205	-	85,192
Investment income, net	646,375	96,215	420,810	-	1,163,400
Total additions	1,076,351	166,841	601,949	792,984	2,638,125
DEDUCTIONS:					
Benefit payments and withdrawals	324,999	148,630	243,251	740,051	1,456,931
Implicit rate subsidy payments	-	-	-	52,933	52,933
Transfer to other plans	474		-	-	474
Distribution to participants	-	-	2,175	-	2,175
Administrative expenses	3,513	610	264	47	4,434
Total deductions	328,986	149,240	245,690	793,031	1,516,947
Net increase in fiduciary net position	747,365	17,601	356,259	(47)	1,121,178
NET POSITION:					
Restricted for Benefits:					
Beginning of year	5,005,764	759,722	3,302,092	130	9,067,708
End of year	$ 5,753,129	$ 777,323	$ 3,658,351	$ 83	$ 10,188,886

See Independent Auditor's Report and notes to the consolidated financial statements.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

SCHEDULE OF CONSOLIDATED RECONCILIATION BETWEEN FINANCIAL PLAN AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022
($ in millions)

Category	Financial Plan Actual	Statement GAAP Actual	Variance
REVENUE:			
Farebox revenue	$ 3,989	$ 4,024	$ 35
Vehicle toll revenue	2,323	2,332	9
Other operating revenue	679	648	(31)
Total revenue	6,991	7,004	13
OPERATING EXPENSES:			
Labor:			
Payroll	5,516	5,444	(72)
Overtime	1,129	1,134	5
Health and welfare	1,479	1,369	(110)
Pensions	1,299	950	(349)
Other fringe benefits	1,051	1,009	(42)
Postemployment benefits	2,169	1,892	(277)
Reimbursable overhead	(399)	(438)	(39)
Total labor expenses	12,244	11,360	(884)
Non-labor:			
Electric power	587	556	(31)
Fuel	287	282	(5)
Insurance	43	9	(34)
Claims	433	374	(59)
Paratransit service contracts	407	412	5
Maintenance and other	903	680	(223)
Professional service contract	711	554	(157)
Pollution remediation project costs	6	26	20
Materials and supplies	610	561	(49)
Other business expenses	251	245	(6)
Total non-labor expenses	4,238	3,699	(539)
Depreciation	3,176	3,361	185
Other expenses adjustment	202	-	(202)
Total operating expenses	19,860	18,420	(1,440)
NET OPERATING LOSS	$ (12,869)	$ (11,416)	$ 1,453

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

SCHEDULE OF CONSOLIDATED SUBSIDY ACCRUAL RECONCILIATION BETWEEN FINANCIAL PLAN AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

($ in millions)

Accrued Subsidies	**Financial Plan Actual**	**Financial Statement GAAP Actual**	**Variance**	
Mass transportation operating assistance	$ 2,601	$ 2,601	$ -	{1}
Mass transit trust fund subsidies	590	597	7	{1}
Mortgage recording tax 1 and 2	657	623	(34)	{1}
MRT transfer	(12)	(18)	(6)	{1}
Urban tax	660	657	(3)	{1}
State and local operating assistance	376	373	(3)	{1}
Station maintenance	198	188	(10)	{1}
Connecticut Department of Transportation (CDOT)	256	248	(8)	{1}
Subsidy from New York City for MTA Bus and SIRTOA	772	535	(237)	{1}
Build American Bonds Subsidy	-	83	83	{1}
Mobility tax	2,285	2,296	11	{1}
Assistance Fund (For hire vehicle)	300	345	45	{1}
Real Property Transfer Tax Surcharge (Mansion Tax)	495	513	18	{1}
Internet Marketplace Tax	326	331	5	{1}
Transfer to Central Business District Capital Lockbox	(823)	-	823	{1}
Other non-operating income	6	7,110	7,104	{2}
Total accrued subsidies	8,687	16,482	7,795	
Net operating deficit before subsidies and debt service	(12,869)	(11,416)	1,453	
Debt Service	(3,145)	(1,904)	1,241	
Loss on disposal of subway cars	-	(1)	(1)	
Conversion to Cash basis: Depreciation	3,176	-	(3,176)	
Conversion to Cash basis: OPEB Obligation	1,405	-	(1,405)	
Conversion to Cash basis: GASB 68 pension adjustment	(69)	-	69	
Conversion to Cash basis: Pollution & Remediation	6	-	(6)	
Total net operating surplus/(deficit) before appropriations, grants and other receipts restricted for capital projects	$ (2,809)	$ 3,161	$ 5,970	

{1} The Financial Plan records on a cash basis while the Financial Statement records on an accrual basis.
{2} The Financial Plan records do not include other non-operating income or changes in market value.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION
SCHEDULE OF FINANCIAL PLAN TO FINANCIAL STATEMENTS RECONCILIATION
RECONCILING ITEMS
FOR THE YEAR ENDED DECEMBER 31, 2022
($ in millions)

Financial Plan Actual Operating Loss at December 31, 2022			**$ (12,869)**
The Financial Plan Actual Includes:			
1	Lower farebox and vehicle toll revenues		44
2	Higher other operating revenue		(31)
3	Higher labor expense primarily from higher pension expense projections		884
4	Higher non-labor expense primarily from higher professional service contract expense		539
5	Other expense adjustments		17
Total operating reconciling items			**1,453**
Financial Statements Operating Loss at December 31, 2022			**(11,416)**
Financial Plan Deficit after Subsidies and Debt Service			**(2,809)**
The Financial Plan Actual Includes:			
1	Debt service bond principal payments		1,241
2	Adjustments for non-cash liabilities:		
	Depreciation	(3,176)	
	Unfunded OPEB expense	(1,405)	
	Unfunded GASB No. 68 pension adjustment	69	
	Other non-cash liability adjustment	(6)	(4,518)
The Financial Statement includes:			
3	Higher subsidies and other non-operating revenues and expenses		7,794
4	Total operating reconciling items (from above)		1,453
Financial Statement Gain Before Capital Appropriations			**$ 3,161**

DRAFT

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

DRAFT

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

TABLE OF CONTENTS

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 Matter

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 MTA, The City of New York and the State of New York. 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 MTA'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 audit.

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

DRAFT

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.

__________, 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 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 Statement of Fiduciary Net Position presents financial information about the assets, liabilities, and the fiduciary net position held in trust of the fiduciary fund of the Authority.

The Statement of Changes in Fiduciary Net Position presents 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.

DRAFT

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, equipments 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

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:

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

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") accrual 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 liability 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. 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 was recognized. 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

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:

December 31, 2022 versus 2021

Liabilities increased from December 31, 2021 to December 31, 2022 by $3,628 or 14.7%. Current liabilities decreased by $70, or 2.5%, 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 an increase of $8 related to leases. This was offset by a decrease 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.

DRAFT

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

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 include capital assets and right-of-use lease assets, net of accumulated depreciation and amortization, 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.

December 31, 2022 versus 2021

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.

December 31, 2021 versus 2020

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.

DRAFT

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

* previously reported as 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.

DRAFT

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)

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.

DRAFT

- 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.

2021 versus 2020

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.

DRAFT

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 decrease in federal, other than federal, and MTA 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 17% 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 $747, or 6%. Labor-related expenses of $7,530 underran the budget (including favorable GASB 68 & GASB 75 adjustments to pensions and OPEB, respectively) by $776, 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 1%. 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.

NYCTA 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 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.

DRAFT

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 $1.3 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 $55.3 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.

  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. An additional estimated $100 million is expected to be submitted for the period ended December 31, 2022.

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.

******

DRAFT

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.

DRAFT

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)

DRAFT

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)

DRAFT

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 CRRSAA reimbursement (Note 15)	-	2,795,317
Federal Transit Administration APRA reimbursement (Note 15)	4,850,084	-
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)

DRAFT

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)

DRAFT

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)

DRAFT

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	$ 3,694	$ 11,821
Receivables:		
Employee loans	26,521	26,082
Investment receivables	1,188	5,532
Interest and dividends	2,234	1,746
Total receivables	29,943	33,360
Investments at fair value	3,286,609	3,630,953
TOTAL ASSETS	$ 3,320,246	$ 3,676,134
LIABILITIES:		
Accounts payable and accrued liabilities	$ 307	$ 1,565
Payable for investment securities purchased	3,286	5,620
Accrued benefits payable	36	50
Accrued postretirement death benefits (PRDB) payable	5,719	5,405
Accrued 55/25 Additional Members Contribution (AMC) payable	3,258	3,847
Other liabilities	1,296	1,296
Total liabilities	13,902	17,783
NET POSITION—Restricted for pensions	3,306,344	3,658,351
TOTAL LIABILITIES AND NET POSITION	$ 3,320,246	$ 3,676,134

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

See notes to consolidated financial statements.

DRAFT

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	25,519	24,935
Total contributions	184,137	181,139
Investments income:		
Net (depreciation) appreciation in fair value of investments	(305,085)	401,056
Dividend income	45,924	42,762
Interest income	9,759	8,197
Less—investment expenses	22,545	31,205
Investment income—net	(271,947)	420,810
Total additions	(87,810)	601,949
DEDUCTIONS:		
Benefit payments and withdrawals	263,832	243,251
Distribution to participants	-	2,175
Administrative expenses	365	264
Total deductions	264,197	245,690
Net increase in fiduciary net position	(352,007)	356,259
NET POSITION—Restricted for pensions:		
Beginning of year	3,658,351	3,302,092
End of year	$ 3,306,344	$ 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 is 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 period ended December 31, 2022.

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

DRAFT

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. There was no cumulative-effect adjustment to the prior period net position as a result of the adoption.

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 did not have an 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 is expected to cease 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

* Net of $353,187 and $321,550 for debt service payments in 2022 and 2021, respectively.

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 $101.3 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).

DRAFT

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 $12.1 million to the New York Health Insurance Plan (NYSHIP) and $26.6 million in risk management related insurance coverage during 2021. 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 2020.

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. GASB 87, 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. 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—The Authority adopted the standards of 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*, for its pension plans.

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.

The Authority adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus* for the OPEB Plan.

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. 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. GASB 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. 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.

DRAFT

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.

Effective January 1, 2020, in accordance with GASB Statement No. 89, the Authority no longer capitalizes interest costs 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 MTA's Capital program (2005-2024) and $22.9 billion has been committed.

As of December 31, 2021, $72.8 billion is unexpended from the MTA's 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. The initial measurement of the Authority's leased asset and lease liability for those agreements was as of January 1, 2021. The lease liability was reduced as payments were made, and an outflow of resources for interest on the liability was 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 were recognized on the lease receivable and an inflow of resources from the deferred inflow of resources were 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 receivable. 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	0	1,004

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

DRAFT

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

The Authority recognized $0 and $0 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 receivable 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. 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 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):

DRAFT

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

In 1990, the Authority issued approximately $202.8 million of Transit Facility Revenue Bonds, Series 1990 to fund the acquisition of an office building located at 130 Livingston Street in Brooklyn, New York. The bonds were subsequently defeased in May 2002 by the MTA Transportation Revenue bonds. 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, on a cash basis, under the lease was 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.

DRAFT

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.

DRAFT

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.

DRAFT

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

DRAFT

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.

DRAFT

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)

DRAFT

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 reimbursements, 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)
Allocated to Capital Projects	(37,465)	(31,837)
Total	$ 538,201	$ 71,893

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, $934.7 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 $934.7 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	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

DRAFT

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.

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

DRAFT

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.

DRAFT

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.

DRAFT

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.

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.

During 2022 there were FMTAC excess loss claim reimbursements of $0 to the Authority. FMTAC had 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.

DRAFT

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.

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. An additional estimated $100 million is expected to be submitted for the period ended December 31, 2022.

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.

* * * * * *

DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

Draft

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.

Draft

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, 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.	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)

Draft

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.

Draft

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	July 1, 2021	July 1, 2019
Measurement date	December 31, 2021	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.

DRAFT

Staten Island Rapid Transit Operating 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

DRAFT

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

TABLE OF CONTENTS

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Opinion

We have audited the financial statements of the Staten Island Rapid Transit Operating Authority (the "Authority"), 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 financial position of the Authority as of December 31, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 opinion.

Emphasis of Matter

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 MTA, The City of New York and the State of New York. Our opinion is 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 opinion. 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 audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of SIRTOA's Proportionate Share of the Net Pension Liability in the MTA Defined Benefit Pension Plan, Schedule of SIRTOA's Contributions to the MTA Defined Benefit Pension Plan, Schedule of the SIRTOA's Proportionate Share of the Net OPEB Liability in the MTA OPEB Plan, and Schedule of the SIRTOA's Contributions to the OPEB Plan and Notes to Schedule of SIROTA'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.

__________, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction to the Annual Report—The following is a narrative overview and analysis of the financial activities of Staten Island Rapid Transit Operating Authority ("SIRTOA" or the "Authority") for the years ended December 31, 2022 and 2021. This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements and Notes to the Financial Statements and Required Supplementary Information.

Management's Discussion and Analysis—This management discussion and analysis ("MD&A") is intended to serve as an introduction to the Authority's 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 financial statements described below.

The Financial Statements Include—The 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 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 over the past year and can be used to determine how the Authority has funded its costs.

The 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 Notes to the Financial Statements—The notes provide information that is essential to understanding the basic 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 Supplementary Information—The Required Supplementary Information provides information concerning the Authority's net pension liability and net other postemployment benefits (OPEB) liability, employer contribution to its pension plan and OPEB, related ratios, and actuarial assumptions used to calculate the net Pension liability and OPEB liability.

FINANCIAL REPORTING ENTITY

SIRTOA is a public benefit corporation and is a component unit of the Metropolitan Transportation Authority ("MTA") and was organized pursuant to the New York State ("State") Public Authorities Law. The Authority operates and maintains the commuter rail service in Staten Island pursuant to an interim arrangement pending renewal of its Lease and Operating Agreement ("Operating Agreement") with The City of New York ("The City"). The Operating Agreement provides that the Authority establish fares required to make operations self-sustaining (as defined in the operating agreement), and pay its operating expenses and The City pays the Authority's capital costs and operating deficits. The City has the option to terminate the Operating Agreement at any time.

The Authority requires, and will likely continue to require, substantial subsidies from various governmental sources in order to maintain its operations in the future. The Authority estimates that current fare levels and anticipated operating subsidy levels will provide sufficient revenue to meet operating expenses. Subsidies required for future years are presently being determined. If the funds made available to the Authority are not sufficient to meet its needs, the Authority must raise fares, curtail its service and operations, or defer certain other expenditures (not including maintenance) in order to continue operating within the limits of the funds.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in the Authority's financial position as of and 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 are provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are in conformity with the Authority's 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: tracks, structures, cars, shops and yard, stations, signals, vehicles, equipment and other. Right-of-use assets for leases on building and office space 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, restricted and unrestricted investments, State and regional mass transit taxes receivables, and receivables from New York State. This also includes the receivable from applicable leases of SIRTOA's right of way to third parties as a result of the implementation of GASB No. 87, *Leases* with retroactive effect of this adoption as of January 1, 2021. Refer to footnote 2 for additional information.

Deferred outflows of resources reflect: deferred outflows from pension activities and deferred outflows from OPEB activities.

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

(In thousands)	December 31, 2022	2021 (Restated)	2020	Increase/(Decrease) 2022–2021	2021–2020 (Restated)
Capital assets—net	$ 695,874	$ 652,184	$ 575,069	$ 43,690	$ 77,115
Other assets	99,250	58,103	45,911	41,147	12,192
Deferred outflows of resources	48,873	46,906	42,775	1,967	4,131
Total assets and deferred outflows of resources	$ 843,997	$ 757,193	$ 663,755	$ 86,804	$ 93,438

Significant changes in assets and deferred outflows of resources include:

December 31, 2022 versus 2021—Net capital assets increased from December 31, 2021 to December 31, 2022 by $43,690 or 6.7%. The net additions to capital assets of $57,659 or 6.5% resulted from the increase in construction in progress, structures, stations, signals, partly offset by an increase in accumulated depreciation and amortization of $13,969 or 6.0% due to depreciation and amortization of assets. More detailed information about the Authority's capital assets is presented in Note 5 to the financial statements.

Other assets increased by $41,147 or 70.8% compared with the prior year. This increase is primarily attributable to the increase in receivable from MTA of $50,997 mainly due to the receivable from MTA for the American Rescue Plan Act of 2021 ("ARPA"), the increase in MTA capital program funds receivable of $1,476 mainly due to an increase in billings of capital projects in 2022 compared to 2021, and the increase in receivable from New York City Transit Authority of $1,151. The increase was partially offset by a decrease in the NYC operating recovery subsidy receivable of $13,950, estimated for the operating deficit for calendar year 2022.

Deferred outflows of resources increased by $1,967 or 4.2% compared with prior year. The net increase was due to an increase of $5,443 related to OPEB, primarily due to changes in assumptions based upon the most recent actuarial valuation report in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, partially offset by a decrease of $3,476 related to pension 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 Notes 6 and 7 to the financial statements for more information regarding SIRTOA's pension and postemployment benefits other than pension, respectively.

December 31, 2021 versus 2020—Net capital assets increased from December 31, 2020 to December 31, 2021 by $77,115 or 13.4%. The net additions to capital assets of $88,826 or 11.2% results from the increase in construction in progress, structures, stations, signals, and $739 in new right-of-use assets costs were added as a result of the adoption of GASB Statement No. 87, *Leases* with retroactive adoption date of January 1, 2021. These were partly offset by an increase in accumulated depreciation and amortization of $11,711 or 5.2% due to the depreciation and amortization of assets. More detailed information about the Authority's capital assets is presented in Note 5 to the financial statements.

Other assets increased by $12,192 or 26.6% compared with the prior year. This increase is primarily attributable to the increase in the NYC operating recovery subsidy receivable of $8,230, estimated for the operating deficit for calendar year 2021, and the increase in receivable from MTA of $4,747. The increase was partially offset by a decrease in receivable from New York City Transit Authority of $661 and a decrease in MTA capital program funds receivable of $512 mainly due to a decrease in billings of capital projects in 2021 compared to 2020.

DRAFT

Deferred outflows of resources increased by $4,131 or 9.7% compared with prior year. The net increase was due to an increase of $4,837 related to OPEB, primarily due to changes in assumptions based upon the most recent actuarial valuation report in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, partially offset by a decrease of $705 related to pension 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 Notes 6 and 7 to the financial statements for more information regarding SIRTOA's pension and postemployment benefits other than pension, 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, pollution remediation liabilities, and other current liabilities. This also includes the current portion of long-term lease liability 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.

Non-current liabilities include: net pension liabilities, pollution remediation liabilities, claims for injuries to persons, post-employment benefits and other non-current liabilities. This also includes long-term lease liability 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.

Deferred inflows of resources reflect pension related deferred inflows and deferred inflows from OPEB activities. 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 was recognized. Refer to footnote 2 for additional information.

Total liabilities, distinguishing between long-term liabilities and current liabilities, and deferred inflows of resources:

(In thousands)	December 31, 2022	December 31, 2021 (Restated)	December 31, 2020	Increase/(Decrease) 2022–2021	Increase/(Decrease) 2021–2020 (Restated)
Current liabilities	$ 76,148	$ 43,026	$ 35,314	$ 33,122	$ 7,712
Long-term liabilities	141,871	138,761	124,892	3,110	13,869
Total liabilities	218,019	181,787	160,206	36,232	21,581
Deferred inflows of resources	20,176	17,199	23,151	2,977	(5,952)
Total liabilities and deferred inflows of resources	$ 238,195	$ 198,986	$ 183,357	$ 39,209	$ 15,629

Significant changes in liabilities and deferred inflows of resources include:

December 31, 2022 versus 2021—Liabilities increased from December 31, 2021 to December 31, 2022 by $36,232 or 19.9%. Current liabilities increased by $33,122, due primarily to an increase of $27,244 in Due to MTA for changes in the MTA investment pool, increase of $3,611 in accrued retroactive salaries and wages, increase of $1,472 in estimated liability arising from injuries to persons, based upon the most current actuarial valuations and increase of $1,065 in accrued sick and vacation pay. The increase is partially offset by the decrease of $229 in accrued payroll taxes and related liabilities partly due to payment of employer social security taxes covered under the 2020 payroll tax deferral relief offered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The increase in long-term liabilities of $3,110 was mainly due to the increase in net OPEB liability of $10,453, partially offset by the decrease in net pension liability of $6,221, the decrease in estimate liability arising from injuries to person of $598, based upon the most current actuarial valuations and the decrease in other liabilities of $248 due to payments of lease liability.

Deferred inflows of resources increased by $2,977 or 17.3% compared with prior year. The net increase was due to pension of $3,288 primarily due to changes in projected versus actual plan investment earnings based upon the most current actuarial valuation report in accordance with GASB Statements No. 68 and No. 71, and increase of $1,812 related to OPEB due to change in assumptions in accordance with GASB Statement No. 75. The increases were partially offset by the decrease of $2,100 related to OPEB primarily due to changes in proportionate share and differences in employer contributions based upon the most current actuarial valuation report in accordance with GASB Statement No. 75 and the decrease of $23 related to leases due to amortization of leases in current year. Refer to Notes 6, 7 and 8 to the financial statements for more information regarding the Authority's pension, postemployment benefits other than pension, and leases, respectively.

December 31, 2021 versus 2020—Liabilities increased by $21,581 or 13.5%. Current liabilities increased by $7,712, due primarily to an increase of $4,300 in Due to MTA for changes in the MTA investment pool, increase of $2,692 in accrued retroactive salaries and wages, increase of $799 in accounts payable, increase of $239 in current lease payable, as a result of the implementation of GASB No. 87, *Leases*. The increase is partially offset by the decrease of $717 in accrued sick and vacation pay and a decrease of $97 in accrued payroll taxes and related liabilities due to 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. The increase in long-term liabilities of $13,869 was mainly due to the increase in net OPEB liability of $11,116, increase in net pension liability of $3,976 and increase of $269 in long-term lease payable, as a result of the implementation of GASB No. 87, *Leases.* partially offset by the decrease in estimated liability arising from injuries to persons of $1,141, based upon the most current actuarial valuations. Refer to footnote 2 for additional information.

Deferred inflows of resources decreased by $5,952 or 25.7% compared with prior year. The net decrease was due to $3,301 related to pension, which was primarily due to changes in projected versus actual plan investment earnings based upon the most current actuarial valuation report in accordance with GASB Statements No. 68 and No. 71, and a decrease of $2,802 related to OPEB primarily due to changes in proportionate share and differences in employer contributions based upon the most current actuarial valuation report in accordance with GASB Statement No. 75. This was partially offset by the increase of $151 related to leases, as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to Notes 6, 7 and 8 to the financial statements for more information regarding the Authority's pension, postemployment benefits other than pension, and leases, respectively.

Total net position, distinguishing among investment in capital assets, restricted amounts, and unrestricted amounts:

DRAFT

(In thousands)	December 31, 2022	2021 (Restated)	2020	Increase/(Decrease) 2022–2021	2021–2020 (Restated)
Net investment in capital assets	$ 695,605	$ 651,676	$ 575,069	$ 43,929	$ 76,607
Unrestricted	(89,803)	(93,469)	(94,671)	3,666	1,202
Total net position	$ 605,802	$ 558,207	$ 480,398	$ 47,595	$ 77,809

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 consists of two sections: net investment in capital assets and unrestricted. Net investment in capital assets include capital assets and right-of-use assets, net of accumulated depreciation and amortization, reduced by outstanding debt, net of applicable debt service reserves. The Authority has no restricted net position. All other assets, deferred outflows of resources, liabilities, and deferred inflows of resources are unrestricted due to . In 2021, the total net position was restated and decreased by $7 due to the implementation of GASB No. 87, *Leases*. Refer to footnote 2 for additional information.

December 31, 2022 versus 2021—Total net position was $605,802 at the end of 2022, a net increase of $47,595 or 8.5% from the end of 2021. The net increase was due to nonoperating income of $74,000 and MTA capital contributions of $57,750 offset by an operating loss of $84,155.

December 31, 2021 versus 2020—Total net position was $558,207 at the end of 2021, a net increase of $77,809 or 16.2% from the end of 2020. The net increase was due to nonoperating income of $65,156 and MTA capital contributions of $88,028 offset by an operating loss of $75,375.

Condensed statements of revenues, expenses, and changes in net position

(In thousands)	Year Ended December 31, 2022	2021 (Restated)	2020	Increase/(Decrease) 2022–2021	2021–2020 (Restated)
Operating revenues	$ 4,992	$ 3,289	$ 3,478	$ 1,703	$ (189)
Operating expenses	(89,147)	(78,664)	(71,479)	(10,483)	(7,185)
Operating loss	(84,155)	(75,375)	(68,001)	(8,780)	(7,374)
Nonoperating revenues (expenses):					
Grants, appropriations, and taxes	8,409	7,100	4,870	1,309	2,231
Subsidies	10,471	26,855	28,761	(16,384)	(1,906)
Federal Transit Administration CARES Act reimbursement	(10)	-	23,295	(10)	(23,295)
Federal Transit Administration CRRSAA	10	31,224	-	(31,214)	31,224
Federal Transit Administration ARP	55,736	-	-	55,736	-
Other nonoperating revenue/ expenses—net	(616)	(23)	(192)	(593)	169
Total net nonoperating revenues	74,000	65,156	56,734	8,844	8,422
Loss before capital contributions	(10,155)	(10,219)	(11,268)	64	1,050
Capital contributions	57,750	88,028	154,747	(30,278)	(66,719)
Change in net position	47,595	77,809	143,479	(30,214)	(65,670)
Net position—beginning of year	558,207	480,398	336,920	77,809	143,479
Net position—end of year	$ 605,802	$ 558,207	$ 480,398	$ 47,595	$ 77,809

Revenues, by major source:

(In thousands)	Year Ended December 31, 2022	2021 (Restated)	2020	Increase/(Decrease) 2022–2021	2021–2020 (Restated)
Fare revenue	$ 3,174	$ 2,376	$ 2,343	$ 798	$ 33
Student and elderly reimbursement	860	474	628	386	(154)
Other	958	439	507	519	(68)
Total operating revenue	$ 4,992	$ 3,289	$ 3,478	$ 1,703	$ (189)

December 31, 2022 versus 2021— Revenues from fares and student and elderly reimbursements were $4,034 in 2022, an increase of 41.5% from the prior year. Ridership in 2022 was 2.009 million, an increase of 36.9% from 2021. The increase in revenue was due to higher ridership and student reimbursements in 2022 as a result of COVID-19 pandemic recovery. Other revenues in 2022 consist mainly of advertising revenue and rental income. The increase in other revenues of $519 or 118.2% from prior year was mainly related to increase of advertising revenues.

DRAFT

December 31, 2021 versus 2020— Revenues from fares and student and elderly reimbursements were $2,850 in 2021, a decrease of 4.1% from the prior year. Ridership in 2021 was 1.468 million, an increase of 3.0% from 2020. The decrease in revenue was due to lower student reimbursements in 2021 as a result of the COVID-19 pandemic school remote learning. Other revenues in 2021 consist mainly of advertising revenue and rental income. The decrease in other revenues of $68 or 13.4% from prior year was mainly related to reduction of advertising revenues.

Operating Expenses:

(In thousands)	Year Ended December 31, 2022	2021 (Restated)	2020	Increase/(Decrease) 2022–2021	2021–2020 (Restated)
Salaries and wages	$ 33,789	$ 29,118	$ 28,406	$ 4,671	$ 712
Health and welfare	6,423	6,934	5,002	(511)	1,932
Pensions	8,346	9,268	8,279	(922)	989
Other post employment benefits	7,819	5,957	5,239	1,862	718
Other fringe benefits	3,705	3,447	1,962	258	1,485
Traction and propulsion power	4,804	3,913	3,601	891	312
Materials and supplies	3,071	2,312	2,637	759	(325)
Insurance	1,845	1,299	966	546	333
Public liability claims	677	(458)	887	1,135	(1,345)
Maintenance and other operating contracts	2,036	1,291	858	745	433
Professional service contracts	2,411	2,402	1,535	9	867
Environmental remediation	20	733	831	(713)	(98)
Depreciation/amortization	13,969	11,711	10,831	2,258	880
Other business expenses	232	737	445	(505)	292
Total operating expenses	$ 89,147	$ 78,664	$ 71,479	$ 10,483	$ 7,185

December 31, 2022 versus 2021—Operating expenses increased by $10,483 or 13.3%. Salaries and wages increased by $4,671 mainly due to higher overtime expenses as a result of vacancies, offset by lower base pay. The decrease of $511 in health and welfare expense was mainly due to the decrease in employee per capita claims costs. Pension benefits decreased by $922 and other postemployment benefits increased by $1,862, respectively, based on the most current actuarial valuations. Traction and propulsion power increased by $891 mainly due to increase of ridership and utilization of the transportation system after COVID-19 pandemic recovery. Public liability claims increased by $1,135 based on the most current actuarial valuation update, reflecting higher claims activity. Materials and supplies increased by $759 mainly due to higher usage of contact rail and hardware. Maintenance and other operating expenses increased by $745 due to higher cleaning costs related to COVID-19 pandemic response measures. Environmental remediation expense decreased by $713 mainly due to less projects requiring environmental remediation. Depreciation and amortization expense increased by $2,258 mainly due to additional capital projects reaching substantial completion and includes right-of-way equipment, and station accessibility (ADA) improvement assets.

December 31, 2021 versus 2020—Operating expenses increased by $7,185 or 10.1%. Salaries and wages increased by $712 mainly due to higher overtime expenses as a result of vacancies, offset by lower base pay. The increase of $1,932 in health and welfare expense was mainly due to the increase in employee per capita claims costs. Other fringe benefits increased by $1,485 due primarily to higher Workers' Compensations' reserve requirements based on the latest actuarial valuation. Pension expenses and other postemployment benefits increased by $989 and $718, respectively, based on the most current actuarial valuations. Professional service contract increased by $867 due to station cleaning and disinfection related to COVID-19 pandemic response measures. Maintenance and other operating expenses increased by $433 due to higher cleaning costs related to COVID-19 pandemic response measures. Depreciation and amortization expense increased by $880 mainly due to additional capital projects reaching substantial completion and starting depreciation and amortization including right-of-way equipment, and station accessibility (ADA) improvement assets. Public liability claims decreased by $1,345 based on the most current actuarial valuation update, reflecting lower claims activity.

Nonoperating Revenues and Expenses:

Nonoperating revenues include various forms of State, The City, MTA subsidies and operating assistance. These subsidies are subject to annual appropriations by governmental units and periodic approval of the tax subsidies. The City and MTA subsidies are provided primarily to fund the operating deficit of SIRTOA.

Tax supported and operating assistance subsidies from New York State and The City increased by $1,309 compared to 2021 due to the improvement of the COVID-19 pandemic resulting in higher levels of tax supported subsidies.

NYC operating recovery subsidy decreased by $16,384 compared to prior year as the actual 2021 operating deficit was less than the estimate reported in the year-ended December 31, 2021.

In 2022, nonoperating revenues included the MTA operating assistance allocation of $55,736 from the Federal government under the COVID-19 pandemic and support program known as the American Rescue Plan Act of 2021 (“ARPA”). No CRRSAA allocation for 2022.

Capital contributions from the MTA of $57,750 in 2022 decreased from $88,028 in 2021 due to timing of capital program funding from several sources including bonds, Federal, State and City funding.

Tax supported and operating assistance subsidies from New York State and The City increased by $2,231 compared to 2020 due to the improvement of the COVID-19 pandemic resulting in higher levels of tax supported subsidies.

NYC operating recovery subsidy decreased by $1,906 compared to prior year as the actual 2020 operating deficit was less than the estimate reported in the year-ended December 31, 2020.

In 2021, nonoperating revenues included the MTA operating assistance allocation of $31,224 from the Federal government under the COVID-19 economic relief program known as the Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”), no CRRSAA allocation for 2020.

Detailed information about the ARPA and the CRRSAA is presented in Note 12 to the financial statements.

Changes in Net Position:

The change in net position represents the net total of capital contributions, operating losses and nonoperating income. Net position increased by $47,595 in 2022 and increased by $77,809 in 2021. The change in net position for both years was due to capital contributions from the MTA and nonoperating income less operating losses. The 2021 net position decreased by $7 due to adoption of GASB Statement No. 87, *Leases*.

Budget Highlights - Operating revenue in 2022 of $4.992 million was below budget by $2.114 million, or 30%. Farebox revenue of $3.174 million, underran the budget by $1.333 million, or 30%, reflecting an improvement over the worst-case recovery projection. Other operating revenue of $1.818 million, was below budget by $0.779 million, or 30%, due mainly to school fare reimbursement underruns and a shortfall in advertising revenue.

Operating expenses of $89.147 million were above budget by $4.078, or 4.8%. Labor expenses (including GASB 68 & GASB 75 adjustments to pension and OPEB, respectively) of $60.106 million were higher by a net \$1.313 million, or 2.2%. Labor expense favorability of \$0.153 million was primarily a result of underruns in health & welfare, OPEB, pension, and other fringe benefits expenses of \$2.779 million, or 11.6%. The following provided a partial offset to general favorability of labor expense categories: unfavorable actuarial valuations of GASB 75 in addition to payroll overrun due to General Wage Increase ("GWI") payments, resulted in significant overruns of \$3.918 million or 13.0%. Overtime expenses were above budget by \$1.606 million, or 58.4%, due to vacancies and maintenance activities. Reimbursable overhead credits were unfavorable by \$0.014 million, due to effective overhead rate credits vs budget and reimbursable work requirements.

Non-labor expenses were over budget by a net \$1.020 million, or 7.1%. Maintenance contract expenses underran by \$0.159 million, or 6.5% due to timing of facility maintenance projects. Electric power underran the budget by \$0.295 million, or 6.3%, due to lower consumption. Claims expense of \$0.677 million, underran the budget by \$0.205 million due to timing of payments. Materials and supplies were over budget by \$1.346 million, or 78.6%, due to fleet and facilities maintenance requirements and professional service contracts were higher than budget by \$0.198 million, or 8.9%, due to COVID-19 response measures.

OVERALL FINANCIAL POSITION, RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

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. The MTA consists of urban subway and bus systems, suburban rail systems, and bridge and tunnel facilities, all of which are affected by a myriad of economic forces. To achieve maximum efficiency and success in its operations, the MTA must identify economic trends and continually implement strategies to adapt to changing economic conditions.

SIRTOA 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.

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% he 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 into law, with MTA receiving $6.9 billion in aid and $55.736 million allocated to SIRTOA.

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.

Results of Operations and Overall Financial Position—Total revenue from fares and student and elderly reimbursements was $4,034 in 2022, an increase of 41.5% from the prior year. Ridership in 2022 was 2.009 million, an increase of 36.9% from 2021. Total non-reimbursable expenses, including depreciation and amortization, pension costs, other post-employment benefits and environmental remediation, were $89,078 in 2022, an increase of 13.2%.

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.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program—The MTA has ongoing programs on behalf of its 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 Transit Authority's portion of the current MTA Capital Program for 2020–2024, which includes SIRTOA, totals $34.6 billion. As of December 31, 2022, $10.8 billion has been encumbered under the five-year plan, of which approximately $2.2 billion has been expended. Funding for the Capital Program comes from new money bonds, federal grants, bonds supported by the payroll mobility tax applied within the MTA regional district, The City capital funding and other sources.

In 2021, SIRTOA committed one project to replace 15,747 feet of mainline track ($35.2 million). In 2021, SIRTOA completed four projects: the construction of a new power substation at Tottenville to improve reliability of train service ($25.0 million), modification of the SIRTOA train tracking system to include a non-reporting block alarm ($2.2 million), stations component repairs at St. George, Clifton, Eltingville, Annadale, Huguenot, and Tottenville stations ($17.1 million), and flood resiliency improvements at St. George Terminal ($51.8 million) to protect the terminal and yard from future storm events.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

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 (APRA).

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 - Social distancing mandates were eased, and the region moved into a late-pandemic phase. 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. 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.

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. An additional estimated $100 million is expected to be submitted for the period ended December 31, 2022.

For additional information, refer to Note 12 to the financial statements for more information 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.

* * * * * *

DRAFT

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2022 AND 2021
(Amounts in thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2022	2021 (Restated)
CURRENT ASSETS:		
Cash (Note 3)	$ 156	$ 184
Receivables:		
New York City Department of Education	1,092	265
NYC operating recovery	33,726	47,676
Due from New York City Transit Authority (Note 11)	2,160	1,009
Due from MTA (Note 11)	55,797	4,800
MTA capital program funds receivable (Note 11)	2,011	535
Other	767	1,013
Less allowance for doubtful accounts	(14)	(14)
Net receivables	95,539	55,284
Materials and supplies—at average cost—net	2,229	1,498
Prepaid expense and other current assets	1,219	1,007
Total current assets	99,143	57,973
NONCURRENT ASSETS:		
Capital assets (Note 5):		
Construction work-in progress	193,105	325,259
Other capital assets—net of accumulated depreciation and amortization	502,769	326,925
Total capital assets—net of accumulated depreciation and amortization	695,874	652,184
Other non-current receivables	107	130
Total assets	795,124	710,287
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pension (Note 6)	23,976	27,452
Related to OPEB (Note 7)	24,897	19,454
Total deferred outflows of resources	48,873	46,906
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 843,997	$ 757,193

See notes to financial statements. (Continued)

DRAFT

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2022 AND 2021
(Amounts in thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**2022**	**2021 (Restated)**
CURRENT LIABILITIES:		
Accounts payable	$ 2,017	$ 1,803
Accrued retroactive salaries and wages	11,648	8,037
Accrued sick and vacation pay	5,452	4,387
Accrued payroll taxes and related liabilities	1,326	1,625
Due to New York City Transit Authority (Note 11)	2,103	2,229
Due to MTA (Note 4 and 11)	50,266	23,022
Estimated liability arising from injuries to persons (Note 9)	2,764	1,292
Pollution remediation projects (Note 10)	324	392
Lease payable (Note 8)	248	239
Total current liabilities	76,148	43,026
NONCURRENT LIABILITIES:		
Net pension liability (Note 6)	33,493	39,714
Net OPEB liability (Note 7)	90,274	79,821
Estimated liability arising from injuries to persons (Note 9)	16,628	17,226
Pollution remediation projects (Note 10)	1,455	1,731
Lease payable (Note 8)	21	269
Total noncurrent liabilities	141,871	138,761
Total liabilities	218,019	181,787
DEFERRED INFLOWS OF RESOURCES:		
Related to pension (Note 6)	3,930	642
Related to OPEB (Note 7)	16,118	16,406
Related to leases (Note 8)	128	151
Total deferred inflows of resources	20,176	17,199
NET POSITION:		
Net investment in capital assets	695,605	651,676
Unrestricted	(89,803)	(93,469)
Total net position	605,802	558,207
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 843,997	$ 757,193

See notes to financial statements. (Concluded)

DRAFT

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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

	2022	2021 (Restated)
OPERATING REVENUE:		
Fare revenue	$ 3,174	$ 2,376
Student fare reimbursement	826	440
Elderly fare reimbursement	34	34
Other	958	439
Total operating revenues	4,992	3,289
OPERATING EXPENSES:		
Salaries and wages	33,789	29,118
Health and welfare	6,423	6,934
Pensions	8,346	9,268
Other post employment benefits	7,819	5,957
Other fringe benefits	3,705	3,447
Traction and propulsion power	4,804	3,913
Materials and supplies	3,071	2,312
Insurance	1,845	1,299
Public liability claims (Note 2)	677	(458)
Maintenance and other operating expenses	2,036	1,291
Professional service contracts	2,411	2,402
Environmental remediation	20	733
Depreciation and amortization	13,969	11,711
Other business expenses	232	737
Total operating expenses	89,147	78,664
OPERATING LOSS	(84,155)	(75,375)
NONOPERATING REVENUE—Operating assistance subsidies:		
New York State tax supported subsidy	7,139	5,779
New York State—18B Assistance	635	718
New York City—18B Assistance	635	603
NYC operating recovery subsidy (Note 2)	10,471	26,855
Federal Transit Administration CARES Act reimbursement (Note 11)	(10)	-
Federal Transit Administration CRRSAA (Note 11)	10	31,224
Federal Transit Administration APRA (Note 11)	55,736	-
Total nonoperating revenues	74,616	65,179
Other nonoperating (expenses) income—net	(616)	(23)
Total nonoperating income	74,000	65,156
LOSS BEFORE CAPITAL CONTRIBUTIONS	(10,155)	(10,219)
CAPITAL CONTRIBUTIONS—MTA contributions for capital projects	57,750	88,028
INCREASE IN NET POSITION	47,595	77,809
NET POSITION—Beginning of year	558,207	480,398
NET POSITION—End of year	$ 605,802	$ 558,207

See notes to financial statements.

DRAFT

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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

	2022	2021 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts	$ 3,222	$ 2,571
Rent and other receipts	935	417
Payroll and related fringe benefits	(50,397)	(48,142)
Other operating expenses	(15,030)	(11,346)
Net cash used in operating activities	(61,270)	(56,500)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES—		
Subsidies received	36,853	52,622
Net cash provided by noncapital financing activities	36,853	52,622
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Receipts from leases	25	25
Payments from leases	(306)	(238)
Capital project costs incurred for capital program	(1,545)	(1,497)
Interest paid	(757)	(22)
Payments on MTA Transportation bonds issued to fund capital assets	(274)	(278)
Reimbursement of capital project costs from MTA	252	1,728
Net cash used in capital and related financing activities	(2,605)	(282)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in MTA investment pool	26,845	4,187
Interest and dividends on investment	149	3
Net cash provided by (used in) investing activities	26,994	4,190
NET INCREASE IN CASH	(28)	30
CASH—Beginning of year	184	154
CASH—End of year	$ 156	$ 184

See notes to financial statements. (Continued)

DRAFT

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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

	2022	2021 (Restated)
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss before non-operating revenues and contributions	$ (84,155)	$ (75,375)
Adjustments to reconcile operating loss to net cash used in operating activities—depreciation and amortization	13,969	11,711
Changes in operating assets and liabilities:		
Increase in receivable from New York City Department of Education	(827)	(193)
Decrease in receivable from MTA	-	4
(Increase) decrease in due from New York City Transit Authority	(434)	238
Decrease (increase) in other receivables	245	(249)
(Increase) decrease in materials and supplies inventory	(731)	363
Increase in other assets	(211)	(126)
Decrease in deferred outflows of resources related to pension	3,476	705
Increase in deferred outflows of resources related to OPEB	(5,442)	(4,837)
Increase in accounts payable and other accrued liabilities	192	777
Increase in accrued retroactive salaries and wages	3,611	2,692
Increase (decrease) in accrued sick and vacation	1,065	(717)
Decrease in payroll taxes and related liabilities	(299)	(97)
(Decrease) increase in net pension liability	(6,221)	3,976
Increase in due to MTA	270	112
(Decrease) increase in due to New York City Transit Authority	(125)	288
Increase in net OPEB liability	10,453	11,116
Increase (decrease) in estimated liabilities arising from personal injuries	873	(979)
Increase in liability for environmental pollution remediation	20	733
Increase (decrease) in deferred inflows of resources related to pension	3,289	(3,301)
Decrease in deferred inflows of resources related to OPEB	(288)	(2,802)
Decrease in other long term liability	-	(538)
NET CASH USED IN OPERATING ACTIVITIES	$ (61,270)	$ (56,500)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital assets	57,750	88,028
Capital assets related liabilities	269	508
Interest expense for leases	5	7
Interest income from leases	3	3
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	$ 58,027	$ 88,546

See notes to financial statements.

(Concluded)

1. BASIS OF PRESENTATION

Reporting Entity—The Staten Island Rapid Transit Operating Authority ("SIRTOA" or "Authority") is a public benefit corporation and a component unit of the Metropolitan Transportation Authority ("MTA") organized pursuant to the New York State ("State") Public Authorities Law. SIRTOA is part of the financial reporting group of the MTA and is included in the MTA consolidated financial statements. The MTA is a component unit of the State and is included in the State of New York's Comprehensive Annual Financial Report as a public benefit corporation.

SIRTOA is operationally and legally independent of the MTA. SIRTOA enjoy certain rights typically associated with separate legal status. However, SIRTOA is included in the MTA's consolidated financial statements as a blended component unit because of the MTA's financial accountability and SIRTOA 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 SIRTOA in its consolidated financial statements.

SIRTOA operates and maintains the commuter rail service in Staten Island pursuant to an arrangement pending renewal of its Lease and Operating Agreement (Operating Agreement) with New York City ("The City"). The Operating Agreement provides that SIRTOA establishes fares required to make operations self-sustaining (as defined in the Operating Agreement), and pays its operating expenses and The City pays SIRTOA's capital costs and operating deficits. The City has the option to terminate the Operating Agreement at any time.

SIRTOA requires and will continue to require substantial subsidies from various governmental sources in order to maintain its operations in the future. SIRTOA estimates that current fare levels and anticipated operating subsidy levels will provide sufficient revenue to meet operating expenses. Subsidies required for future years are presently being determined. If the funds made available to SIRTOA are not sufficient to meet its needs, SIRTOA must raise fares, curtail its services and operations or defer certain other expenditures (but not maintenance) in order to continue operating within the limits of the funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

SIRTOA applies Governmental Accounting Standards Board ("GASB") Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section P80, Proprietary Accounting and Financial Reporting.

New Accounting Standards—SIRTOA adopted the following GASB Statements for the period ended December 31, 2022.

DRAFT

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.

SIRTOA 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. There was no cumulative-effect adjustment to the prior period net position as a result of the adoption.

The following schedule summarizes the net effect of adopting GASB Statement No. 87, *Leases,* in the Statement of Net Position as of December 31, 2021 (in thousands):

DRAFT

	As Previously Stated	GASB Statement No. 87 Impact	Restatement Reported
CURRENT ASSETS:			
Other	$ 991	$ 22	$ 1,013
Total current assets	57,951	22	57,973
NONCURRENT ASSETS:			
Other capital assets, net of accumulated depreciation and amortizatior	326,425	500	326,925
Total capital assets, net of accumulated depreciation and amortization	651,684	500	652,184
Other non-current receivables	-	130	130
TOTAL ASSETS	709,635	652	710,287
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	756,541	652	757,193
CURRENT LIABILITIES:			
Lease payable	-	239	239
Total current liabilities	42,787	239	43,026
NONCURRENT LIABILITIES:			
Lease payable	-	269	269
Total noncurrent liabilities	138,492	269	138,761
Total liabilities	181,279	508	181,787
DEFERRED INFLOWS OF RESOURCES:			
Related to leases	-	151	151
TOTAL DEFERRED INFLOWS OF RESOURCES	17,048	151	17,199
Net position:			
Net investment in capital assets	651,684	(8)	651,676
Unrestricted	(93,470)	1	(93,469)
Total net position	558,214	(7)	558,207
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	756,541	652	757,193

**Right of Use Assets and Accumulated Amortization are included in Other Capital Assets, net of accumulated depreciation and amortization on the Statement of Net Position*

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):

DRAFT

Year-ended December 31, 2021	As Previously Stated	GASB Statement No. 87 Impact	Restatement Reported
OPERATING REVENUE:			
Other	$ 442.00	$ (3)	$ 439
Total operating revenues	3,292	(3)	3,289
OPERATING EXPENSES:			
Maintenance and other operating expenses	1,530	(239)	1,291
Depreciation / Amortization	11,471	240	11,711
Total operating expenses	78,663	1	78,664
OPERATING LOSS	(75,371)	(4)	(75,375)
Non-operating revenues (expenses):			
Other nonoperating (expense) / income - net	(20)	(3)	(23)
Total non-operating income	65,159	(3)	65,156
LOSS BEFORE CAPITAL CONTRIBUTIONS	(10,212)	(7)	(10,219)
Increase in net position	77,816	(7)	77,809
Net position - End of period	558,214	(7)	558,207

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

DRAFT

	As Previously Stated	GASB Statement No. 87 Impact	Restatement Reported
CASH FLOWS FROM OPERATING ACTIVITIES:			
Rent and other receipts	$ 442	$ (25)	$ 417
Other operating expenses	(11,584)	238	(11,346)
Net cash used in operating activities	(56,713)	213	(56,500)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Receipts from leases	-	25	25
Payments from leases	-	(238)	(238)
Net cash used in capital and related financing activities	(69)	(213)	(282)
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating deficit before non-operating revenues and contributions	(75,371)	(4)	(75,375)
Adjustments to reconcile operating deficit to net cash used in operating activities — depreciation and amortization	11,471	240	11,711
Incease in accounts payable and other accrued liabilities	799	(22)	777
NET CASH USED IN OPERATING ACTIVITIES	(56,714)	214	(56,500)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets related liabilities	-	508	508
Interest expense for leases	-	7	7
Interest income from leases	-	3	3
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	88,028	518	88,546

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 SIRTOA.

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 did not have an impact on the financial position, results of operations or cash flows of SIRTOA.

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 is expected to cease 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 SIRTOA.

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 SIRTOA upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	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

Capital Assets—SIRTOA is part of the MTA five-year Capital Program ("Capital Program"). The costs of capital assets acquired and transferred to SIRTOA without payment obligation under the MTA Capital Program is reflected in the accompanying financial statements under the captions "Capital Assets" and "Net Investment in Capital Assets."

The cost of SIRTOA's City funded in-house track rehabilitation is reflected in the accompanying financial statements under the captions "Capital Assets" and "Net Investment in Capital Assets."

Capital assets are carried at cost and are depreciated on a straight-line basis over their estimated useful lives of 25 years for shops and yards, stations and signals. Track is depreciated over 30 years while structures and equipment and others are depreciated over 10 years. Vehicles are depreciated over 5 and 10 years, depending on their nature. 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. 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, *Leases,* 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.

Net Position—SIRTOA follows the "business type" activity requirements of GASB Statement No. 34, 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, 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 is 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 be otherwise limited by contractual agreements with outside parties.

Subsidies—SIRTOA receives operating assistance subsidies under various New York State (the "State") and City programs and from the proceeds of certain taxes instituted by the State for the benefit of the New York City Transit Authority and SIRTOA. These subsidies are subject to annual appropriations by the governmental units and periodic approval of the tax subsidies.

SIRTOA's policy is to record one year's operating assistance subsidy in each fiscal year. Such subsidy is recorded as revenue as the funds are made available. The New York City Transit Authority administers all tax-supported subsidies for SIRTOA on a formula amount determined by passenger ridership and vehicle revenue miles. The tax-based subsidies are recognized as revenue based on the amount of tax collections reported by the State, which are allocable to SIRTOA pursuant to this formula. In 2022 and 2021, the MTA provided SIRTOA with budgeted amounts of operating assistance subsidies as required. The MTA did not make the funds available to SIRTOA before they were required to finance its operations.

Pursuant to a letter agreement between The City and MTA, The City has agreed to pay SIRTOA's annual operating deficit, the difference between the actual operating costs and all revenues, including reimbursements, as an annual subsidy to SIRTOA. At December 31, 2022, SIRTOA recorded a NYC operating recovery receivable and subsidy revenue of $33,726 and $10,471, respectively for the calendar year 2022. In 2022, SIRTOA received $24,421 from The City for calendar year 2021 operating deficit. At December 31, 2021, SIRTOA recorded a NYC operating recovery receivable and subsidy revenue of $47,676 and $26,855, respectively for the calendar year 2021. In 2021, SIRTOA received $18,625 from The City for calendar year 2020 operating deficit.

In addition to operating and tax supported subsidies, SIRTOA receives expense reimbursement subsidies from The City and the MTA for the costs associated with various capital programs.

In 2022, nonoperating revenues included the MTA operating assistance allocation of $55,736 from the Federal government under the COVID-19 pandemic and support program known as the American Rescue Plan Act of 2021 ("ARPA").

In 2021, nonoperating revenues included the MTA operating assistance allocation of $31,224 from the Federal government under the COVID-19 economic relief program known as the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA").

Detailed information about the CRRSAA, CARES Act and ARPA is presented in Note 11 to the financial statements.

MTA Investment Pool—The MTA, on behalf of SIRTOA, invests funds which are not immediately required for SIRTOA'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. SIRTOA'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 — SIRTOA prepaid $0.7 million in risk management related insurance coverage during 2022 and $0.5 million in down payment for the purchase of components associated with the manufacture of the laser train and the engineering costs associated with the design of the train.

Contributed Capital — Capital assets contributed by the MTA are recorded as capital contributions on the 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	$ 14,586	$ 9,065
Other than federal grants	43,438	79,241
Principal and interest payments on MTA Transportation bonds issued to fund capital assets	(274)	(278)
Total capital contributions	$ 57,750	$ 88,028

Receivables—Receivables are recorded as amounts due to SIRTOA, reduced by an allowance for doubtful accounts, to report the receivables at 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 10). 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: SIRTOA is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; SIRTOA is named by a regulator as a responsible or potentially responsible party to participate in remediation; SIRTOA voluntarily commences or legally obligates itself to commence remediation efforts; or SIRTOA is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

Public Liability Claims—SIRTOA establishes its liability to employees and to the general public on the basis of independent actuarial estimates of future liability.

Materials and Supplies—Materials and supplies consist of new maintenance parts and supplies, and are recorded at weighted average cost, net of a reserve for obsolescence at December 31, 2022 and 2021 of $993 and $595, respectively.

Revenue Recognition—Revenues from the sales of farecards are recognized as income as the farecards are used and are reported as operating income.

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 SIRTOA (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, subsidies paid to counties, etc.) are reported as non-operating expenses.

Pension Plans—SIRTOA adopted the standards of 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*, for its pension plan.

SIRTOA recognizes a proportionate share of the net pension liability for the qualified cost-sharing, multiple-employer pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the pension plan, as of the plan's measurement date. 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 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.

Postemployment Benefits Other Than Pensions—SIRTOA adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85*, Omnibus* for the OPEB Plan.

SIRTOA recognizes a proportionate share of the net OPEB liability for 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.

Use of Management's Estimates—The preparation of 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 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

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. The difference between the carrying amount and the bank balance for the years ended December 31, 2022 and 2021, is due to deposits in transit offset by any outstanding checks.

At December 31, 2022 and 2021, cash consisted of:

(In thousands)	2022		2021	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits (“FDIC”)	$ 156	$ 163	$ 184	$ 180

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, SIRTOA will not be able to recover the value of its deposits. While SIRTOA does not have a formal deposit policy for custodial credit risk, New York State statues govern SIRTOA’s investment policies. SIRTOA’s uninsured deposits are primarily held by commercial banks in the metropolitan New York area and are subject to the credit risks of those institutions.

4. MTA INVESTMENT POOL

The MTA, on behalf of SIRTOA, invests funds which are not immediately required for SIRTOA’s operations, in securities permitted by the State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury, 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. SIRTOA 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. SIRTOA’s earnings from short-term investments were $142 and $2 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, SIRTOA had a negative investment pool balance of $49,222 and $22,377, respectively, as funds were used for working capital purposes to offset the timing of the NYC operating recovery subsidy. The $49,222 and $22,377 were included in the Due to MTA on the Statements of Net Position.

5. CAPITAL ASSETS

Capital assets are carried at cost and are depreciated on a straight-line basis over their estimated useful lives of 25 years for shops and yards, stations and signals. Track is depreciated over 30 years while structures and equipment and others are depreciated over 10 years. Vehicles are depreciated over 5 and 10 years, depending on their nature. GASB 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. 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.

Capital and right-of-use assets consist of the following at January 1, 2021, December 31, 2021 and December 31, 2022 (in thousands):

(In thousands)	January 1, 2021	Additions/ Reclassifications (Restated)	Deletions/ Reclassifications (Restated)	December 31, 2021 (Restated)	Additions/ Reclassifications	Deletions/ Reclassifications	December 31, 2022
Capital assets not being depreciated— Construction work-in-progress	$ 327,239	$ 88,087	$ (90,067)	$ 325,259	$ 57,659	$ (189,813)	$ 193,105
Total capital assets not being depreciated	327,239	88,087	(90,067)	325,259	57,659	(189,813)	193,105
Capital assets being depreciated:							
Track	35,254	-	-	35,254	-	-	35,254
Structures	79,387	(34)	-	79,353	(14)	-	79,339
Cars	28,773	-	-	28,773	-	-	28,773
Shops and yard	23,532	-	-	23,532	184,938	-	208,470
Stations	271,646	88,671	-	360,317	4,814	-	365,131
Signals	9,626	1,430	-	11,056	75	-	11,131
Vehicles	3,514	-	-	3,514	-	-	3,514
Equipment and other	14,808	-	-	14,808	-	-	14,808
Total capital asset being depreciated	466,540	90,067	-	556,607	189,813	-	746,420
Less accumulated depreciation:							
Track	(20,071)	(1,176)	-	(21,247)	(1,087)	-	(22,334)
Structures	(46,394)	(1,524)	-	(47,918)	(1,523)	-	(49,441)
Cars	(24,492)	(311)	-	(24,803)	(311)	-	(25,114)
Shops and yard	(20,394)	(470)	-	(20,864)	(1,021)	-	(21,885)
Stations	(85,180)	(7,468)	-	(92,648)	(9,249)	-	(101,897)
Signals	(6,802)	(213)	-	(7,015)	(236)	-	(7,251)
Vehicles	(2,668)	(181)	-	(2,849)	(174)	-	(3,023)
Equipment and other	(12,709)	(128)	-	(12,837)	(128)	-	(12,965)
Total accumulated depreciation	(218,710)	(11,471)	-	(230,181)	(13,729)	-	(243,910)
Total capital assets being depreciated—net	247,830	78,596	-	326,426	176,084	-	502,510
Capital assets—net	575,069	166,683	(90,067)	651,685	233,743	(189,813)	695,615
Right of Use Assets being amortized:							
Leased buildings and structures	739	-	-	739	-	-	739
Total Right of Use Assets being amortized	739	-	-	739	-	-	739
Less accumulated amortization:							
Leased buildings and structures	-	(240)	-	(240)	(240)	-	(480)
Total accumulated amortization	-	(240)	-	(240)	(240)	-	(480)
Right of Use Assets being amortized – net	739	(240)	-	499	(240)	-	259
Total Capital Assets, including Right of Use Asset, net of depreciation and amortization	$ 575,808	$ 166,443	$ (90,067)	$ 652,184	$ 233,503	$ (189,813)	$ 695,874

As of December 31, 2022, $66.6 billion is unexpended from the MTA's Capital Program (2005-2024) and $22.9 billion has been committed. As of December 31, 2021, $72.8 billion is unexpended from the MTA's Capital Program and $16.9 billion has been committed.

6. EMPLOYEE BENEFITS

Pension Plan—SIRTOA participates in a defined benefit pension plan for their employees, the Metropolitan Transportation Authority Defined Benefit Plan (the "MTA Defined Benefit Plan"). A brief description of the pension plan follows:

Plan Description—The MTA Defined Benefit Pension Plan (the "MTA Plan" or the "Plan") is a cost sharing, multiple-employer pension plan. The Plan covers certain MTA Long Island Rail Road nonrepresented employees hired after December 31, 1987, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 23, 1983, MTA Police, MTA Long Island Rail Road represented employees hired after December 31, 1987, certain MTA Metro-North Railroad represented employees, MTA Staten Island Railway represented and nonrepresented employees and certain employees of the MTA Bus Company ("MTA Bus"). MTA Long Island Rail Road, MTA Metro-North Railroad, MTA, MTA Staten Island Railway and MTA Bus contribute to the MTA Plan, which offers distinct retirement, disability retirement, and death benefit programs for their covered employees and beneficiaries.

The MTA Defined Benefit Plan is administered by the Board of Managers of Pensions which is comprised of the Chairman of the MTA, MTA Chief Financial Officer, MTA Director of Labor Relations and the agency head of each participating Employer. The MTA Plan may be amended by action of the MTA Board.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to MTA, Deputy Chief, Controller's Office, 2 Broadway, New York, NY 10004.

Benefits Provided:

Pension Benefits—Retirement benefits are paid from the Plan to covered MTA Staten Island Railway employees as service retirement allowances or early retirement allowances. A participant is eligible for a service retirement allowance upon termination if the participant satisfied both age and service requirement. A participant is eligible for an early retirement allowance upon termination if the participant has attained age fifty-five and completed at least ten years of credited service. Terminated participants with five or more years of credited service who are eligible for a deferred vested benefit are not eligible to receive a service retirement allowance or early retirement allowance. Upon retirement, the member's vested retirement benefit from the Plan will be calculated on the Final Average Salary ("FAS"), defined as the highest average compensation over any three consecutive years.

Death Benefits—In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after ten years of credited service for covered MTA Staten Island Railway employees. The disability retirement allowance for represented covered MTA Staten Island Railway employees is calculated based on the participant's credited service and FAS but not less than ⅓ of FAS. Death benefits are paid to the participant's beneficiary in the event of the death of a covered MTA Staten Island Railway employee after completion of one year of credited service. Moreover, an accidental death benefit is payable for the death of a participant who is a covered MTA Staten Island Railway employee and dies as the result of an on-the-job accidental injury.

Death benefits are paid to the participant's beneficiary in the event of the death of a covered MTA Staten Island Railway employee after completion of one year of credited service. The death benefit payable is calculated based on a multiple of a participant's salary based on years of credited service up to three years and is reduced beginning at age sixty-one. There is also a post-retirement death benefit which, in the 1st year of retirement, is equal to 50% of the pre-retirement death benefit amount, whichever is greater, 25% the 2nd year and 10% of the death benefit payable at age 60 for the 3rd and later years.

Retirement benefits establishment and changes for representative employees are collectively bargained and must be ratified by the respective union and the MTA Board. For nonrepresented employees, retirement benefits establishment and changes are presented to the MTA Board and must be accepted and approved by the MTA Board.

In 2020, an amendment to the MTA 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 Plan. This special benefit expired on December 31, 2020.

Contributions and Funding Policy—SIRTOA's contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the Plan are recognized in the period in which the contributions are due. The following summarizes the types of employee contributions made to the Plan. MTA Staten Island Railway employees contribute 3% of salary except for represented employees hired on or after June 1, 2010 who contribute 4%. For the MTA Staten Island Railway employees, contributions are not required after the completion of ten years of credited service.

The actual employer contributions for the year ended December 31, 2022 and 2021, were $7,802 and $7,887, respectively.

Net Pension Liability—SIRTOA's net pension liability reported at December 31, 2022 and 2021 were measured as of December 31, 2021 and December 31, 2020, respectively. The total pension liability for the Plan was determined as of the actuarial valuation dates of January 1, 2021 and 2020, respectively. The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by the Plan. 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 liabilities in actuarial valuation dates were determined using the following actuarial assumptions:

Valuation Date	January 1. 2021	January 1. 2020
Investment rate of return	6.50% per annum, net of investment expenses	6.50% per annum, net of investment expenses
Salary increases	Varies by years of employment, and employee group	Varies by years of employment, and employee group
Inflation	2.25%	2.25%
Cost -of living adjustments	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.

Mortality—The actuarial assumptions used in the January 1, 2021 and January 1, 2020 valuations for the MTA plans are based on experience of all MTA members reflecting mortality improvements on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee.

Pre-retirement: 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.

Post-retirement Healthy Lives: Assumption utilized 95% of 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.

Post-retirement Disabled Lives: RP-2014 Disabled Annuitant mortality table for males and females.

Expected Rate of Return on Investments—The long-term expected rate of return on pension plan investments was 6.50% for the Plan. The rate was determined using a building-block method in which best-estimate ranges of expected future real rates of return ("RROR") (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 allocation of each of the funds and the expected real rate of returns ("RROR") for each of the asset classes are summarized in the following table:

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 Caps	18.00%	4.94%
US Small Caps	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%
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%

Discount Rate—As of December 31, 2021 and 2020, the discount rate used to measure the total pension liability of the MTA Plan was 6.50% and 6.50%, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable and that the employer contributions will be made at the rate determined by the Plan's actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

SIRTOA's Proportion of Net Pension Liability—The following table presents SIRTOA's proportionate share of the net pension liability of the MTA Plan at the measurement date of December 31, 2021 and 2020 and the proportion percentage of the net pension liability of the Plan allocated to SIRTOA:

	December 31, 2021	December 31, 2020
	(Amount in thousands)	
SIRTOA's proportion of the net pension liability	2.00%	2.05%
SIRTOA's proportionate share of the net pension liability	$ 33,493	$ 39,714

SIRTOA's proportion of the respective Plan's net pension liability was based on actual required contributions of the participating employer for the fiscal year-end.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate—The following table presents SIRTOA's proportionate share of the net pension liability calculated using the discount rate for the MTA 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 actual discount rate used for each measurement date:

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%)
(in thousands)					
$ 52,303	$ 33,493	$ 17,697	$ 57,647	$ 39,714	$ 24,613

Pension Expense, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pension—For the years ended December 31, 2022 and 2021, SIRTOA recognized pension expense of $8,346 and $9,268, respectively, related to the Plan.

For the years ended December 31, 2022 and 2021, SIRTOA reported deferred outflows of resources and deferred inflows of resources for the Plan 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	$ 3,719	$ 207	$ 4,478	$ 281
Net difference between projected and actual earnings on pension plan investments	-	3,567	1,484	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,375	-	2,621	-
Changes in actuarial assumptions	11,080	156	10,982	361
Employer contribution to plan subsequent to the measurement date of net pension liability	7,802	-	7,887	-
Total	$ 23,976	$ 3,930	$ 27,452	$ 642

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 proportion and differences between employer contributions and proportionate share of contributions, and annual difference due to changes in actuarial assumptions are amortized over an 8.3-year close period beginning the year in which the deferred amount occurs.

For the years ended December 31, 2022 and 2021, $7,802 and $7,887, respectively, were reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement dates. The amount of $7,802 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 related to pension at December 31, 2022 will be recognized as pension expense as follows:

Year Ending December 31	(In thousands)
2023	$ 3,060
2024	1,082
2025	2,328
2026	1,459
2027	2,349
Thereafter	1,966
Total	$ 12,244

Section 401(k) Plan—SIRTOA's employees may participate in the MTA's deferred compensation plan established in accordance with Internal Revenue Code Section 401(k). The plan was established in 1988 and is currently available to all employees. All amounts of compensation deferred under the plan, and all income attributable to such compensation, are solely the property of the participants. Accordingly, no amounts are reflected in the accompanying financial statements for the 401(k) Plan. SIRTOA is not required to, and did not, make any contributions to the Plan in 2022 or 2021.

7. OTHER POSTEMPLOYMENT BENEFITS

SIROTA 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 SIRTOA'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, Deputy Chief, Controller's Office, 2 Broadway, New York, NY 10004.

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 SIRTOA are members of the MTA Defined Benefit Plan.

SIRTOA 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 employees who retired as of March 1, 2010, June 1, 2010 or January 1, 2013, depending on the union, do not participate in NYSHIP. These benefits are provided either through a self-insured health plan, a fully insured health plan or an HMO.

SIRTOA 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 SIRTOA must:

(a) have retired;

(b) be receiving a pension;

(c) have at least 10 years of credited service as a member of the MTA Defined Benefit 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 of MTA Staten Island Railway, retiring on or after:

  - March 2015 for Transportation Communication Union (“TCU”); and

  - December 16, 2015 for United Transportation Union (“UTU”) and American Train Dispatchers Association (“ATDA”).

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—SIRTOA 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 year-ended December 31, 2022 and 2021, SIRTOA paid $2,999 and $2,868 of PAYGO to the OPEB Plan, respectively. The PAYGO amounts included an implicit rate subsidy adjustment of $0 and $0 for the years ended December 31, 2022 and 2021, respectively.

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 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 year ended December 31, 2021 and 2020, the employer made a cash payment for retiree healthcare of $0 and $146, 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)	2021		2020	
Blended and Age-adjusted Premium	**Retirees**		**Retirees**	
Total blended premiums	$	2,868	$	2,224
Employment payment for retiree healthcare	$	-	$	146
Net Payments	$	2,868	$	2,370

Net OPEB Liability—SIRTOA'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. SIRTOA's proportion of the net OPEB liability was based on a projection of SIRTOA's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. The following table presents the SIRTOA's proportionate share of the net OPEB liability and corresponding proportion percentage at the measurement date:

(In thousands)	December 31, 2021		December 31, 2020	
SIRTOA's proportion of the net OPEB liability		0.362 %		0.327 %
SIRTOA's proportionate share of the net OPEB liability	$	90,274	$	79,821

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 involve 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. SIRTOA 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%	2.12%
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—Nonrepresented employee salaries are assumed to increase in accordance with the following schedule for the measurement date December 31, 2021:

Years of Service	Rate of Increase
0 - 1	8.00 %
2	7.00
3	6.50
4	5.50
5	5.00
6	4.90
7	4.80
8	4.70
9	4.60
10	4.50
11	4.25
12	4.00
13	3.75
14	3.50
15+	3.25

Represented employee salaries are assumed to increase in accordance with the following schedule for the measurement date December 31, 2021:

Years of Service	Rate of Increase
0 - 1	12.50 %
2	11.50
3 - 4	10.00
5	6.00
6	4.25
7	4.00
8	3.75
9	3.50
10+	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 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.

DRAFT

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 97%.

DRAFT

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 Real Rate of Return
US cash	BAML 3-Mon Tbill	100.00 %	(0.26)%
Assumed Inflation-Mean			2.30 %
Assumed Inflation-Standard Deviation			1.23 %
Portfolio Norminal 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 SIRTOA's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate—The following presents SIRTOA's proportionate share of the net OPEB liability, as well as what SIRTOA'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)					
Proportionate share of the net OPEB liability	$ 104,386	$ 90,274	$ 78,821	$ 91,881	$ 79,821	$ 69,953

Sensitivity of SIROTA's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates—The following presents SIROTA's proportionate share of the net OPEB liability, as well as what SIROTA'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 *	1% Increase	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
	(in thousands)					
Proportionate share of the the net OPEB liability	$ 76,681	$ 90,274	$ 107,684	$ 67,348	$ 79,821	$ 95,795

* 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, SIRTOA recognized OPEB expense of $7,819 and $5,957, 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, SIRTOA reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	December 31, 2022		December 31, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)			
Differences between expected and actual experience	$ 1,498	$ 152	$ 631	$ 164
Changes in assumptions	7,062	5,313	7,695	3,500
Net difference between projected and actual earnings on OPEB plan investments	170	-	198	-
Changes in proportion and differences between contributions and proportionate share of contributions	13,167	10,653	8,062	12,742
Employer contributions to the plan subsequent to the measurement of net OPEB liability	2,999	-	2,868	-
Total	$ 24,897	$ 16,118	$ 19,454	$ 16,406

For the year ended December 31, 2022 and 2021, $2,999 and $2,868 respectively, were reported as deferred outflows of resources related to OPEB resulting from both SIRTOA's contributions subsequent to the measurement date and an implicit rate subsidy adjustment. The amount of $2,999 will be recognized as a reduction of the net OPEB liability in the year-ended December 31, 2023. 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	(in thousands)
2023	$ 1,278
2024	1,247
2025	1,005
2026	234
2027	(114)
Thereafter	2,130
Total	$ 5,780

DRAFT

8. LEASES

SIRTOA entered into various lease agreements that convey control of the right to use other entities' nonfinancial assets. The initial measurement of MTA's leased asset and lease liability for those agreements was as of January 1, 2021. The lease liability was reduced as payments were made, and an outflow of resources for interest on the liability was 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 were recognized on the lease receivable and an inflow of resources from the deferred inflow of resources were recognized on a straight-line basis over the term of the lease.

As Lessor

SIRTOA leases its right of way to other entities. These leases have terms between 1 year to 9 years, with payments required monthly, quarterly, semi-annually, or annually. In addition, SIRTOA also receives payments for variable leases and operating expenses associated with spaces that are not included in the measurement of lease receivable. Lease receivables are measured at the present value of payments expected to be made during the lease term, using SIRTOA'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 years ended December 31, 2022 and 2021 is presented below (in thousands):

	2022	**2021**
Lease Revenue	$22	$22
Interest Revenue	3	4
Other Variable	0	0

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

	2022	**2021**
Lease Receivable – current	$22	$22
Lease Receivable – noncurrent	107	130

SIRTOA recognized $0 and $0 revenue associated with 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 receivable subsequent to December 31, 2022, are as follows (in thousands):

DRAFT

Years ending December 31,	Principal	Interest	Total
2023	$ 22	$ 3	$ 25
2024	23	2	25
2025	18	2	20
2026	18	1	19
2027	19	1	20
2028 - 2032	30	1	31
Total	**$ 130**	**$ 10**	**$ 140**

As Lessee

SIRTOA leases building and office space from other entities. These leases have terms between 1 year to 3 years, with payments required monthly, quarterly, or annually. Lease liabilities are measured at the present value of payments expected to be made during the lease term, using SIRTOA'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 amount of lease expenses recognized for variable payment not included in the measurement of lease liability were $62 and $48 for the years ended December 31, 2022 and 2021. SIRTOA 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	$ 248	$ 2	$ 250
2024	21	-	21
Total	**$ 269**	**$ 2**	**$ 271**

9. RISK MANAGEMENT

SIRTOA 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.

There are a number of claims and suits against SIRTOA for injuries to persons. The amounts claimed are significantly higher than the amount which management estimates will ultimately be paid. Although simple claims for minor amounts are frequently settled shortly after they arise, the settlement of more complex and large claims may take years after the claim is asserted.

It is not possible to determine with any certainty the amount for which each claim will ultimately be settled because there are many subjective factors in such determinations and all of the issues may not be known for months or even years after the incident at issue.

SIRTOA 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, 2006, but before November 1, 2009, the self-insured retention limit was $2.3 million per occurrence. Claims arising on or after November 1, 2009, but before November 1, 2012 were subject to a $2.6 million limit. Effective November 1, 2012, the retention limit was increased to $3.0 million. Effective October 31, 2015, the retention limit was increased to $3.2 million. Lower limits applied for claims arising prior to November 1, 2006. SIRTOA 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.

SIRTOA establishes its liabilities to employees and to the general public on the basis of independent actuarial estimates of future liability.

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

(In thousands)	**2022**	**2021**
Balance — beginning of year	$ 18,518	$ 19,498
Activity during the year:		
Current year claims and changes in estimates	1,304	313
Claims paid	(430)	(1,293)
Balance — end of year	19,392	18,518
Less current portion	(2,764)	(1,292)
Long-term liability	$ 16,628	$ 17,226

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 $2.3 million for SIRTOA. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limit is $2.6 million for SIRTOA. Effective November 1, 2012, the self-insured retention limits for ELF was increased to $3 million for SIRTOA. Effective October 31, 2015 the self-insured retention limits for ELF was increased to $3.2 million for SIRTOA. 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 $174.04 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 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. The program limit is $11 million per occurrence on a combined single limit with a $1 million per occurrence deductible. Primary limits of $6 million were procured through the commercial marketplace. Excess limits of $5 million were procured through FMTAC. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

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.

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.

At December 31, 2022, SIRTOA had 3 claims and $0 outstanding claims requiring FMTAC coverage. At December 31, 2022, FMTAC had $1,109 million of assets to insure current and future claims.

10. CONTINGENCIES

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 SIRTOA have been infrequent in prior years.

Pollution Remediation—In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, in 2022 and 2021, SIRTOA recognized $20 and $733 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 subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. SIRTOA 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	$ 2,123	$ 1,890
Activity during the year:		
Change in estimates	20	733
Payments	(364)	(500)
Balance at end of year	1,779	2,123
Less current portion	(324)	(392)
Long-term liability	$ 1,455	$ 1,731

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

11. RELATED PARTY TRANSACTIONS

SIRTOA 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 SIRTOA through intercompany billings. The MTA also provides funding for SIRTOA's capital investments via MTA debt issuance and federal capital grant pass-throughs. SIRTOA recognizes funds contributed for the purchase of capital assets as contributed capital in the consolidated statements of revenues, expenses, and changes in net position. The MTA also provides short-term loans, as required, to supplement SIRTOA's working capital needs.

SIRTOA has intercompany transactions with New York City Transit Authority related to farecard settlements, service agreements, shared operating contracts and other operating receivables and payables. State and City tax—supported subsidies received by SIRTOA from New York City Transit Authority to support operations are recorded as nonoperating revenues.

The resulting receivables and payables from the above transactions are recorded in Due to/from MTA, MTA capital program funds receivable, and Due to New York City Transit Authority, 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	$ 57,808	$ (50,266)	$ 5,335	$ (23,022)
New York City Transit Authority	2,160	(2,103)	1,009	(2,229)
Total MTA and New York City Transit Authority	$ 59,968	$ (52,369)	$ 6,344	$ (25,251)

12. 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 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.

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's $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 ($0.6 billion) and January 2022 ($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. An additional estimated $100 million is expected to be submitted for the period ended December 31, 2022.

13. 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 SIRTOA's portion of the MTA Defined Benefit Plan for each year were $8.41 million and $8.10 million, respectively.

* * * * * *

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF SIRTOA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IN THE MTA DEFINED BENEFIT PENSION PLAN AT DECEMBER 31
(In thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
SIRTOA's proportion of the net pension liability	2.00 %	2.05 %	2.07 %	2.09 %	2.12 %	2.19 %	2.15 %	2.16 %
SIRTOA's proportionate share of the net pension liability	$33,493	$39,714	$35,738	$29,304	$20,029	$22,778	$27,605	$ 22,346
SIRTOA's actual covered-employee payroll	$24,609	$25,210	$24,730	$24,343	$23,461	$28,235	$19,779	$ 18,770
SIRTOA's proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	136.10%	157.53 %	144.51 %	120.38 %	85.37 %	80.67 %	139.57 %	119.05 %
Plan fiduciary net position as a percentage of the total pension liability	77.45 %	72.13 %	73.48 %	73.33 %	79.87 %	71.82 %	70.44 %	74.77 %

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.

DRAFT

(Component Unit of Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF SIRTOA'S CONTRIBUTIONS TO THE MTA DEFINED BENEFIT PENSION PLAN FOR THE YEARS ENDED DECEMBER 31
(In thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 7,802	$ 7,887	$ 8,055	$ 7,244	$ 6,930	$ 6,719	$ 6,360	$ 5,885	$ 5,865
Actual employer contribution	7,802	7,887	8,055	7,244	7,876	6,132	5,885	6,165	8,580
Contribution deficiency (excess)	$	$ -	$ -	$ -	$ (946)	$ 587	$ 475	$ (280)	$ (2,715)
Covered payroll	$ 26,539	$ 24,609	$ 25,210	$ 24,730	$ 24,343	$ 23,461	$ 28,235	$ 19,779	$ 18,770
Contribution as a % of covered payroll	29.40 %	32.05 %	31.95 %	29.29 %	32.36 %	26.14 %	20.84 %	31.17 %	45.71 %

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.

Notes to Schedule of SIRTOA's Contributions to Pension Plan:
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 MTA Defined Benefit Plan, are presented as notes to the schedule.

Changes of Benefit Terms
There were no changes of benefit terms in the January 1, 2021 funding valuation.

Changes of Assumptions
There were no changes of benefit assumptions in the January 1, 2021 funding valuation.

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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

Plan Measurement Date (December 31)	2021	2020	2019	2018	2017
SIRTOA's proportion of the net OPEB liability	0.36 %	0.33 %	0.33 %	0.41 %	0.34 %
SIRTOA's proportionate share of the net OPEB liability	$90,274	$79,821	$68,705	$79,906	$69,429
SIRTOA's covered payroll	$24,609	$25,210	$24,730	$24,343	$20,061
SIRTOA's proportionate share of the net OPEB liability as a percentage of its covered payroll	366.83 %	316.62 %	277.82 %	328.25 %	346.09 %
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	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.

DRAFT

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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

	2022	2021	2020	2019	2018
Actuarially determined contribution	n/a	n/a	n/a	n/a	n/a
Actual employer contribution (1)	2,999	2,868	1,720	2,492	2,820
Contribution deficiency (excess)	n/a	n/a	n/a	n/a	n/a
Covered payroll	26,539	24,610	25,210	24,730	24,343
Actual contribution as a percentage of covered payroll	11.30 %	11.65 %	6.82 %	10.08 %	11.58 %

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $0, $0, $146, $250, and $283 for the years ended December 31, 2022, 2021, 2020, 2019, and 2018, respectively.

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

Methods and Assumptions Used to Determine Contribution Rates:

Valuation date	July 1, 2021	July 1, 2019
Measurement date	December 31, 2021	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 valuations, 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, 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.

DRAFT

Triborough Bridge and Tunnel 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

DRAFT

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Opinion

We have audited the financial statements of the Triborough Bridge and Tunnel 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 financial position of the Authority as of December 31, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 opinion.

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 opinion. 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 audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Authority's Proportionate Share of Net Pension Liability in the New York City Employees' Retirement System, Schedule of the Authority's Contributions to the New York City Employees' Retirement System, Schedule of the Authority's Proportionate Share of Net OPEB Liability in the MTA OPEB Plan, and Schedule of the Authority's Contributions to the MTA 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.

__________, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction

The following is a narrative overview and analysis of the financial activities of Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels" or "Authority") for the years ended December 31, 2022 and 2021. This discussion and analysis is intended to serve as an introduction to MTA Bridges and Tunnels' financial statements which have the following components: (1) Management's Discussion and Analysis ("MD&A"), (2) Financial Statements (3) Notes to the Financial Statements, and (4) Required Supplementary Information.

Management's Discussion and Analysis

This MD&A provides an assessment of how MTA Bridges and Tunnels' position has improved or deteriorated and identifies the factors that, in management's view, significantly affected MTA Bridges and Tunnels' overall financial position. It may contain opinions, assumptions, or conclusions by MTA Bridges and Tunnels' management that should not be considered a replacement for and must be read in conjunction with the financial statements.

The Financial Statements Include

The Statements of Net Position provide information about the nature and amounts of resources with present service capacity that MTA Bridges and Tunnels presently controls (assets), consumption of net assets by MTA Bridges and Tunnels that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that MTA Bridges and Tunnels has little or no discretion to avoid (liabilities), and acquisition of net assets by MTA Bridges and Tunnels 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 Statements of Revenues, Expenses and Changes in Net Position show how MTA Bridges and Tunnels' net position changed during each year and accounts for all the current and prior year's revenues and expenses, measure the success of MTA Bridges and Tunnels' operations over the twelve months and can be used to determine how MTA Bridges and Tunnels has funded its costs.

The Statements of Cash Flows provide information about MTA Bridges and Tunnels' cash receipts, cash payments, and net changes in cash resulting from operations, noncapital financing, capital and related financing, and investing activities.

The Notes to the Financial Statements Provide

Information that is essential to understanding the financial statements, such as MTA Bridges and Tunnels' basis of presentation, and significant accounting policies, details of cash and investments, capital assets, employee benefits, long-term debt, lease transactions, future commitments and contingencies, and subsequent events of MTA Bridges and Tunnels.

The notes to the financial statements also describe any other events or developing situations that could materially affect MTA Bridges and Tunnels' financial position.

Required Supplementary Information

The Required Supplementary Information provides information about the changes in the net pension liability and net other postemployment benefits ("OPEB") liability, employer contributions for the OPEB and pension plans, related ratios and actuarial assumptions used to calculate the net pension liability and net OPEB liability.

FINANCIAL REPORTING ENTITY

Triborough Bridge and Tunnel Authority is a public benefit corporation, separate and apart from the State of New York, without any power of taxation. Triborough Bridge and Tunnel Authority is empowered to operate and maintain nine toll bridges and tunnels and the Battery-Parking Garage, all located in New York City. The board members of the Metropolitan Transportation Authority ("MTA") also serve as the Board of Triborough Bridge and Tunnel Authority. Triborough Bridge and Tunnel Authority operates under the name of MTA Bridges and Tunnels and is a component unit of the MTA. The MTA is a component unit of the State of New York.

MTA Bridges and Tunnels' operations and capital costs (debt obligations) for its bridges and tunnels are paid by the revenues it generates from its facilities. MTA Bridges and Tunnels' surplus amounts are used to fund transit and commuter operations and finance capital projects for the transit and commuter systems operated by other affiliates and subsidiaries of the MTA.

On April 1, 2019 the MTA Reform and Traffic Mobility Act ("the Act") was enacted as part of the State budget for Fiscal Year 2019-2020. Pursuant to Public Authorities Law section 553-J, created by the Act, MTA Bridges and Tunnels is required to establish the Central Business District tolling capital lock-box fund which is kept separate and apart from TBTA operating monies. The fund shall consist of monies received through the Central Business District Tolling Program (CBDTP), as well as real estate transfer tax ("Mansion Tax") and Portions of City and State wide sales taxes ("Internet Tax").

Monies in the fund are be applied, subject to agreements with bondholders and applicable Federal law, to the payment of operating, administration, and other necessary expenses of the Authority, or to the City of New York subject to the memorandum of understanding including the planning, designing, constructing, installing or maintaining of the CBDTP, including, without limitation, the Central Business District tolling infrastructure, the Central Business District Tolling Collection System and the Central Business District tolling Customer Service Center, and the costs of any Metropolitan Transportation Authority capital projects included within the 2020 to 2024 MTA capital program or any successor programs.

In April 2020, the New York State Legislature passed legislation that was signed by the Governor which permitted MTA to use 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.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in MTA Bridges and Tunnels' 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 financial statements and the various exhibits presented are in conformity with

MTA Bridges and Tunnels' financial statements, which are presented in accordance with accounting principles generally accepted 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: bridges, structures, tunnels, roadway, buildings and the acquisition of equipment and vehicles. Right-of-use asset for the lease on Two Broadway office building has 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 the Significant Accounting Policies footnote 2 for additional information.

Other assets include, but are not limited to: cash, restricted and unrestricted investments, receivables, This also includes the receivable from applicable leases of MTA Bridges and Tunnels building and access right to third parties as a result of the implementation of GASB No. 87, *Leases* with retroactive effect of this adoption as of January 1, 2021. Refer to footnote 2 for additional information.

Deferred outflows of resources reflect: deferred outflows from pension activities and deferred outflows from OPEB activities.

(In thousands)

Assets and Deferred Outflows of Resources	**As of December 31, 2022**	**2021** (Restated)	**2020**	**Increase/(Decrease) 2022–2021**	**2021–2020** (Restated)
Capital Assets—Net	$ 7,794,286	$ 7,631,332	$7,250,134	$ 162,954	$ 381,198
Other Assets	11,137,676	4,727,883	1,847,806	6,409,793	2,880,077
Deferred Outflows of Resources	463,696	579,546	565,003	(115,850)	14,543
Total Assets and Deferred Outflows of Resources	$ 19,395,658	$ 12,938,761	$9,662,943	$ 6,456,897	$3,275,818

Significant Changes in Assets and Deferred Outflows of Resources

December 31, 2022 versus 2021:

Total assets and deferred outflows of resources increased by $6,456,897 for the year ended December 31, 2022.

Capital assets, net, increased $162,954 for the year ended December 31, 2022. This was primarily due to increases in roadway of $433,312, primary structures of $252,910, property road and equipment of $39,246, open road tolling systems and equipment of $1,807, buildings of $11,158 and other of $6,245. These increases in assets were offset by accumulated depreciation and amortization of $206,374 and decrease in construction work in progress of $375,350. See Capital Asset footnote for further details.

Other assets increased by $6,409,793 for the year ended December 31, 2022. This was primarily due to a new loan receivable relating to MTA Payroll Mobility Tax (PMT) bonds of $5,799,631; increase in restricted short-term investments of $798,927, interest receivable of $39,120 and accounts receivable of $36,645. This increase was offset by decreases in unrestricted short-term investments of $10,467; cash of $208,226 due to the transfer of internet and mansion tax for the MTA Capital Program and allowance for doubtful $49,642 .

There was a decrease in deferred outflows of resources of $115,850. This was due to decreases in the deferred outflows of resources related to OPEB of $19,836; change in fair market value of derivative instruments of $98,998; and deferred financing costs of $18,490 offset by an increase in the deferred outflows related to pension of $21,474 resulting from changes in the proportionate share of the net pension liability of New York City Employees Retirement System.

December 31, 2021 versus 2020:

Total assets and deferred outflows of resources increased by $3,275,818 for the year ended December 31, 2021.

Capital assets, net, increased $381,198 for the year ended December 31, 2021. This increase was primarily due to construction work in progress of $186,661 offset by a write-off of costs related to a study that has no future benefit of $8,854, primary structures of $194,667, property road and equipment of $102,508, roadway of $43,063, open road tolling systems and equipment of $8,469, buildings of $8,218, other of $5,733 and right-of-use asset of $8,652 as a result of the implementation of GASB No. 87, *Leases*. These increases in assets were offset by accumulated depreciation and amortization of $176,773. See Capital Asset footnote for further details.

Other assets increased by $2,880,077 for the year ended December 31, 2021. The increase was primarily due to a new loan receivable relating to MTA Payroll Mobility Tax (PMT) bonds of $2,088,314, higher restricted short-term investments of $867,269, of which $803,104 is due to restricted PMT proceeds, higher unrestricted short-term investments of $129,343, increase in current lease receivable-lessor $1,396 and increase in non-current lease receivable-lessor $12,768, and higher accounts receivable of $116,509 less allowance for doubtful account increase of $39,943. This increase was offset by lower cash of $290,007, which was mainly due to internet and mansion tax cash transferred out in the current year.

There was an increase in deferred outflows of resources of $14,543. This was due to an increase in the deferred outflows of resources related to OPEB of $100,142, which was offset by decreases in the change in fair market value of derivative instruments of $45,445, deferred financing costs of $24,264 and the deferred outflows related to pension of $15,890 resulting from changes in the proportionate share of the net pension liability of New York City Employees Retirement System.

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 tolls, and other current liabilities. This also includes the current portion of long-term lease payable as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to Significant Accounting Policies footnote 2 for additional information.

Non-current liabilities include: net pension liabilities, claims for injuries to persons, post-employment benefits and other non-current liabilities. This also includes long-term lease liability 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.

Deferred inflows of resources reflect pension related deferred inflows and deferred inflows from OPEB activities. 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 was recognized. Refer to footnote 2 for additional information.

DRAFT

Total Liabilities and Deferred Inflows of Resources	As of December 31,			Increase/(Decrease)	
	2022	2021 (Restated)	2020	2022–2021	2021–2020 (Restated)
Current Liabilities	$ 1,252,283	$ 1,507,010	$ 1,318,083	$ (254,727)	$ 188,927
Noncurrent Liabilities	20,686,901	13,813,471	10,668,094	6,873,430	3,145,377
Deferred Inflow of Resources	233,635	255,678	120,080	(22,043)	135,598
Total Liabilities and Deferred Inflows of Resources	$22,172,819	$15,576,159	$12,106,257	$ 6,596,660	$ 3,469,902

Significant Changes in Liabilities and Deferred Inflows of Resources

December 31, 2022 versus 2021:

Total liabilities and deferred inflows of resources increased by $6,596,660 for the year ended December 31, 2022.

Current liabilities decreased by $254,727 for the year ended December 31, 2022. This was primarily due to a decrease in unearned toll revenues by $18,847 decrease in surplus paid to NYCTA of $3,681 and MTA of $1,233; decrease of accounts payable of $34,365; decrease of current portion claims payable $1,867, and payable to MTA of $334,829 primarily due to reimbursements to MTA for capital projects. These were offset by increases in interest payable of $40,208 and unearned interest revenue of $45,366 primarily due to the issuance of new PMT bonds; reclassification of long-term debt obligations of $50,125 from noncurrent to current; and increase in accrued salaries of $6,102 attributable to an increase in labor reserves.

Non-current liabilities increased by $6,873,430 for the year ended December 31, 2022. This was mainly due to the increase in long-term debt obligations of $6,940,901 for the issuance of new PMT bonds of $6,172,586, Sales Tax bond of $758,796, and senior and subordinate bonds of $9,520. There was also an increase in net pension liability of $107,586 based upon the most current valuation report in accordance with GASB Statements No. 68 and GASB No. 71. These increases were offset by a decrease in OPEB liability of $79,330 primarily due to the change in proportionate share and difference in employer contributions based upon the most current actuarial valuation report in accordance with GASB Statement No. 71; and decrease in net derivative liabilities of $99,018.

There was a net decrease in deferred inflows of resources of $22,043. This was mainly attributable to an increase of $84,477 related to OPEB due to change in assumptions and proportionate share and difference in employer contributions; offset by a decrease of $104,867 related to pensions primarily on changes in the projected versus actual plan investment earnings, and $1,650 amortization of deferred inflows of resources as a result of implementation of GASB Statement No. 87, *Leases* .

December 31, 2021 versus 2020:

Total liabilities and deferred inflows of resources increased by $3,469,901 for the year ended December 31, 2021.

Current liabilities increased by $188,927 for the year ended December 31, 2021. Unearned toll revenue was higher by $70,616, which was due to easing of COVID-19 restrictions. There was also an increase in interest payable of $15,284 and unearned interest revenue of $7,141, which was primarily due from the issuance of new PMT bonds, and higher current portion of long-term debt obligations of $17,690. There were also increases in due to NYCTA and MTA of $55,083 and $53,312, respectively, due to higher surplus paid, and higher accrued salaries of $9,313, attributable to an increase in the labor reserves. These increases were offset by lower accounts payable of $20,365 and lower payable to MTA of $17,373.

Non-current liabilities increased by $3,145,377 for the year ended December 31, 2021. The increase was mainly due to higher long-term debt obligations of $3,189,274 of which $2,863,787 relate to the issuance of new PMT bonds and $325,487 relates to senior and subordinate bonds and a net increase of $24,279 capital lease obligation on 2 Broadway lease due implementation of GASB No. 87, *Leases*. There was also an increase in postemployment benefits other than pensions of $174,084 attributable to the increase of the Authority's portion of the overall liability from 3.85% to 4.05% based on actual contributions from the participating employers. These increases were offset by lower net pension liability of $195,722, which was due to higher investment income and lower net derivative liabilities of $45,466.

There was a net increase in deferred inflows of resources of $135,597. This amount was mainly due to increase of $134,372 related to OPEB primarily on changes in the projected versus actual plan investment earnings, and lease deferral of $13,816 as a result of the implementation of GASB Statement No. 87, *Leases* and offset by a decrease of $12,591 related to OPEB.

(In thousands)

	As of December 31,			Increase/(Decrease)	
Net Position	**2022**	**2021** (Restated)	**2020**	**2022–2021**	**2021–2020** (Restated)
Net investment in capital assets	$ 2,105,405	$ 2,147,095	$ 2,295,343	$ (41,690)	$ (148,248)
Restricted	2,409,990	1,606,192	747,646	803,798	858,546
Unrestricted	(7,292,556)	(6,390,685)	(5,486,303)	(901,871)	(904,382)
Total net position	$(2,777,161)	$(2,637,398)	$(2,443,314)	$ (139,763)	$ (194,084)

The negative net position resulted from assets transferred to MTA and NYCTA for prior years' debt financing incurred on their behalf Net position represents the residual interest in the MTA Bridges and Tunnels 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 include capital assets and right-of-use lease assets, net of accumulated depreciation and amortization, 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. In 2021, the total net position was restated and decreased by $248 due to the implementation of GASB No. 87, *Leases*. Refer to footnote 2 for additional information.

Significant Changes in Net Position

December 31, 2022 versus 2021:

In 2022, the total net position decreased by $139,763. This was due to operating income of $1,686,344, non-operating income of $492,813, relief of MTA transfers in of $372,656 and offset by transfers out to MTA for operating surplus of $1,184,711 and GASB 43 of $7,740 from prior years to settle inter-company loan balance, internet and mansion tax transfers of $1,041,465, and Sales Tax bond proceeds transfer of $457,659.

DRAFT

December 31, 2021 versus 2020:

In 2021, the total net position decreased by $194,084. This was due to operating income of $1,543,930 plus net non-operating income of $396,809 less net transfers out of $1,036,544 for operating surplus and $1,096,096 for internet and mansion transfers.

Condensed Statements of Revenues, Expenses and Changes in Net Position (in thousands)

	Years Ended December 31,			Increase/(Decrease)	
	2022	2021 (Restated)	2020	2022–2021	2021–2020 (Restated)
Operating revenues	$ 2,356,492	$ 2,194,376	$ 1,660,735	$ 162,116	$ 533,641
Operating expenses	(670,148)	(652,629)	(636,336)	(17,519)	(16,293)
Operating income	1,686,344	1,541,747	1,024,399	144,597	517,348
Nonoperating revenue, net excluding transfers	492,813	396,809	117,746	96,004	279,063
Income before transfers	2,179,157	1,938,556	1,142,145	240,601	796,411
Transfers in—MTA	372,656	491	3,344	372,165	(2,853)
Transfers out	(2,691,576)	(2,133,131)	(472,755)	(558,445)	(1,660,376)
Changes in net position	(139,763)	(194,084)	672,734	54,321	(866,818)
Net position—Beginning of year	(2,637,398)	(2,443,314)	(3,116,048)	(194,084)	672,734
Net position—End of year	$(2,777,161)	$(2,637,398)	$(2,443,314)	$ (139,763)	$ (194,084)

Operating Revenues

For the year ended December 31, 2022, the operating revenues increased by $162,116 as compared to December 31, 2021. The full year effect of the toll increase effective April 11, 2021 whereas 2021 only reflected 8.5 months of the increase. Total crossings in 2022 were 326.3 million versus 307.3 million in 2021, an increase of 6.2%. See "Overall Financial Position and Results of Operations and Important Economic Conditions" below.

For the year ended December 31, 2021, the operating revenues increased by $533,641 as compared to December 31, 2020. The current year included a toll increase effective April 11, 2021. Total crossings in 2021 were 307.3 million versus 253.2 million in 2020, an increase of 21.4%. See "Overall Financial Position and Results of Operations and Important Economic Conditions" below.

Revenue by Major Source

MTA Bridges and Tunnels tolls accounted for 98.9% and 98.9% of operating revenues in 2022 and 2021, respectively. The remaining revenue primarily represented income from parking fees (net of operating expenses) collected at the Battery Parking Garage and fees collected from E-ZPass customers.

Toll revenues (net of bad debt expense relating to toll collections) were $2,332,384 and $2,169,877 for the years ended December 31, 2022 and December 31, 2021, respectively.

Operating Expenses

Operating expenses, including depreciation and amortization, increased for the year ended December 31, 2022, as compared to the prior year by $17,519. This was primarily due to the increases in maintenance and other operating contracts of $24,542 mainly due to major maintenance and painting projects; depreciation and amortization expense of $4,142;salaries and wages of $6,953, insurance of $2,767, credit card fees of $5,239; and retirement and other benefits of $5,114. These increases were offset by OPEB expense of $21,820 and professional service contracts of $12,786.

Operating expenses, including depreciation and amortization, increased for the year ended December 31, 2021, as compared to the prior year by $17,51. The increase was primarily due to higher depreciation and amortization expense of $22,169 partly due to the effect of the implementation of GASB Statement No. 87, *Leases*, higher post-employment benefits other than pensions of $16,441, and higher professional services of $10,590 due to higher legal expenses resulting from an increase in reserves for new pending litigation settlements. There was also an increase in credit card fees of $5,388 and higher insurance expense of $3,910. These increases were offset by lower retirement and other employee benefits of $30,243 and lower maintenance and other operating contracts of $11,678, mainly from major maintenance and painting projects.

Non-operating Revenues (Expenses)

Net non-operating revenues increased by $96,004 for the year ended December 31, 2022. This was mainly due to increases in mansion tax and investment income of $118,787 and $3,629 respectively for CBDTP, interest income of $127,256 for the new PMT interest income on senior bonds, and premium/discount due to reimbursement for interest expense from MTA. This was offset by increase in interest expense of $136,099, mostly related to senior bonds, including the new PMT interest expense and premium/discount, and decrease in internet tax of $16,857.

Net non-operating revenues increased by $279,063 for the year ended December 31, 2021. This increase was mainly due to higher internet tax and mansion tax of $84,507 and $214,713, respectively, for CBDTP, and higher interest income of $37,295 for the new PMT interest income on senior bonds and premium/discount due to reimbursement for interest expense from MTA. This increase was offset by higher interest expense of $58,509, mostly related to senior bonds, including the new PMT interest expense and premium/discount and due implementation of GASB No. 87, *Leases*.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Economic Conditions/Results of Operations

Two key economic factors that have statistically significant relationships to changes in traffic volumes are regional non-farm employment and inflation (CPI-U). Based on data from the U.S. Bureau of Labor Statistics, regional employment 2022 and 2021 increased by 6.5% and 2.7%, respectively. Inflation was 3.3% in 2021, however, we had a sharp increase to 6.1% in 2022.

In the fourth quarter 2022, crossings were up 1.4 million (1.7%) compared with the fourth quarter of 2021. The 2019 New York State Budget approved congestion pricing in Manhattan south of 60th Street, which will likely impact ridership and vehicle crossings once implemented.

In April 2019, with the passage of the New York State MTA Reform and Traffic Mobility Act ("the Act"), TBTA was authorized to design, develop, install/implement, operate, and maintain the Central Business District (CBD) Tolling Program. TBTA's implementation of CBD Tolling is contingent on completion of a federal environmental review in accordance with the National Environmental Policy Act (NEPA). If the Federal Highway Administration (FHWA) issues a favorable decision that allows the project to move forward, the vendor (TransCore) will have up to 310 days from Notice to Proceed 2 to complete design and construction of the tolling infrastructure. The MTA continues to work with FHWA to complete the NEPA process and anticipates a federal decision in 2023. If the program receives federal approval, the final determination of the toll structure (including potential caps on the number of times different vehicle types are charged), will not occur until after recommendations by the Traffic Mobility Review Board (as defined in the Act), a hearing, and adoption of the toll structure by the TBTA Board.

Although traffic in 2021 partially recovered from the impact of COVID-19, B&T crossings decreased from a record 329.4 million in 2019 to 307.3 million crossings in 2021, a decrease of 6.7%. In addition to the toll increase in 2021, traffic volume steadily rebounded enabling Toll revenue for the year to total $2,169.9 billion, which was $98.5 million, or 4.8% higher than 2019.

In its announcement on May 4, 2022, the Federal Open Market Committee ("FOMC") raised its target for the Federal Funds rate to the range of 0.75% to 1.00%. Previously, on March 16, 2022, the FOMC raised its target for the Federal Funds rate to the range of 0.25% to 0.50%. Prior to the March 16 increase, the Federal Funds rate target range was 0.00% to 0.25%, and was last changed on March 15, 2020, when it was reduced from a range of 1.50% to 1.75%. The FOMC cites the invasion of Ukraine by Russia as causing uncertainty for the US economy, creating additional upward pressure on inflation which will weigh on economic activity. Additionally, COVID-related lockdowns in China are likely to exacerbate supply chain disruptions. While economic activity edged down in the first quarter of 2022, household spending and fixed business investment remained strong. Job gains have been robust, and the national unemployment rate has declined substantially. Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices and broader price pressures. The FOMC seeks to achieve maximum employment and a 2 percent inflation rate over the longer run, and with appropriate firming of its monetary policy stance, the FOMC expects to achieve these goals. The FOMC also plans to begin, on June 1, reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The FOMC will continue to assess the economic outlook and is prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the FOMC's employment and inflation goals.

The E-ZPass electronic toll collection system continued to facilitate management of high traffic volumes. E-ZPass market share remained consistent overall, with a slight increase in Passenger Vehicles market share and a slight decrease in Commercial vehicles market share from 2021 to 2022.

	2022	**2021**	**2020**
Total	95.1 %	94.9 %	95.2 %
Average weekday	95.6	95.3	95.6
Passenger vehicles	95.4	95.2	95.5
Commercial vehicles	97.1	96.7	97.1
Average weekend	94.2	93.9	94.1

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program

MTA Bridge and Tunnels' facilities are all in a state of good repair. MTA Bridge and Tunnels' portion of the MTA's Capital Program for 2020-2024 totals $2,823,241 (*this excludes $503,000 for Central Business District Tolling Program ("CBDTP") discussed below*) for normal replacement and system improvement projects. The commitments made during the fourth quarter 2022 were $123,134 bringing the total commitment under the five-year plan to $620,455.

MTA Bridge and Tunnels' portion of the MTA's Capital Program for 2015-2019 totals $2,935,089 for normal replacement and system improvement projects. The commitments made during the fourth quarter 2022 were

$1,965 bringing the total commitment under the five-year plan to $2,515,907. All planned major projects in the 2015-2019 program have been committed as of December 31, 2022. The differential between the total program value and the committed value reflects a combination of good bid savings and project contingency, which are held in reserve for potential re-programming for additional future work.

MTA Bridge and Tunnels' portion of the Capital Program for 2010-2014 totals $2,021,982 for normal replacement and system improvement projects. The commitments made during the fourth quarter 2021 were $495 bringing the total commitment under the five-year plan to $1,948,433.

MTA Bridge and Tunnels' portion of the Capital Program for 2005-2009 totals $1,126,736 for normal replacement and system improvement projects. There were no commitments made during the fourth quarter 2022. The total commitment under the five-year plan is $1,115,272.

Approximately 74% of the projected expenditures in the 2020-2024 Capital Program will be incurred at three facilities over the life of the program: The Robert F. Kennedy Bridge, the Throgs Neck Bridge and the Verrazzano-Narrows Bridge. Other major projects in the 2020-2024 Capital Program include the Dyckman Street Abutment replacement and substation upgrade at the Henry Hudson Bridge, lighting and power redundancy and resiliency improvements at the Bronx-Whitestone Bridge, tower elevator replacement at the Marine Parkway Bridge, rehabilitation of the Queens Midtown and Hugh L. Carey tunnels' ventilation and service buildings, and the rehabilitation/replacement of the agency-wide facility monitoring and safety systems.

Approximately 59% of the projected expenditures in the 2015-2019 Capital Program have been incurred at three facilities: The Robert F. Kennedy Bridge, the Throgs Neck Bridge, and the Verrazano-Narrows Bridge. Two of the three largest valued projects in this program – the Replacement of the Grid Decks on the Suspended Span at the Throgs Neck Bridge and the Reconstruction of the Upper-Level Approach Ramps at the Verrazzano Narrows Bridge -- were completed in 2022. Other major projects in the 2015-2019 Capital Program include the skewback retrofit and the reconstruction of the upper and lower-level toll plaza decks and southbound approach roadway (Phase B) at the Henry Hudson Bridge, the rehabilitation of the Queens Midtown Tunnel controls and communication systems, rehabilitation of the Hugh L. Carey Tunnel ventilation systems, and scour protection, repair, and replacement of the pier fender systems at the Cross Bay Bridge. The majority of the original planned capital projects in the 2015-2019 Capital Program have been completed, with the remaining major projects planned for completion later in 2023.

Approximately 63% of the expenditures in the 2010-2014 Capital Program have been incurred at three facilities over the life of the program: the Robert F. Kennedy Bridge, the Bronx-Whitestone Bridge, and the Verrazzano-Narrows Bridge. Other major projects in the 2010-2014 Plan included the rehabilitation of tunnel walls, roadway drainage, fire lines and ceiling repairs (Phase II) and replacement of electrical switchgear and power distribution equipment at the Brooklyn-Battery Tunnel, upper and lower-level toll plazas deck rehabilitation at the Henry Hudson Bridge and a facility-wide electrical upgrade, vent building switchgear and motor control center replacement at the Queens Midtown Tunnel. All original plan projects from the 2010-2014 program have been completed.

Approximately 62% of the expenditures in the 2005-2009 Capital Program have been incurred at four facilities over the life of the program: the Verrazzano-Narrows Bridge, the Robert F. Kennedy Bridge, the Bronx-Whitestone Bridge, and the Throgs Neck Bridge.

MTA Bridge and Tunnels' portion of the MTA's Capital Program for Sandy Restoration and Resiliency totals $764,980 of which $595,959 is for facility restoration and $169,021 is for facility mitigation projects. There was no commitment made during the fourth quarter 2022. The total commitment under these plans is $697,074 to date.

Approximately 92% of the expenditures have been incurred at the Hugh L. Carey and Queens Midtown Tunnels.

On April 11, 2019, legislation was signed into law enabling the Triborough Bridge and Tunnel Authority (TBTA) to implement the nation's first ever CBDTP as part of the Fiscal Year 2020 New York State Budget. The planning, design, construction, operations and maintenance of the CBDTP will primarily be the responsibility of TBTA though it will also require the involvement of various other regional agencies and stakeholders. The CBDTP will reduce congestion and enhance mobility in Manhattan's Central Business District (south of and inclusive of 60th street).

MTA Bridge and Tunnels' Central Business District Tolling Program (CBDTP) totals $503,000, which represents the total capital budget established to support the entire CBDTP. Key components include program and construction management; design, construction, and integration of the toll technology system and infrastructure; development of Customer Service Centre Software and build-out: the Environmental Assessment; and outreach and education. A contract with TransCore was executed on October 31, 2019, one month ahead of schedule. TransCore will design, build, operate, and maintain the tolling system. The total commitments made during the fourth quarter 2022 were $582. The total commitment under this plan is $367,173 to date.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

- ***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 Railroad. Traffic crossings at MTA Bridges and Tunnels facilities are closely resembling pre-pandemic levels.

Capital Work Accelerations during summer of 2022

There were no accelerated capital projects during 2022. Many capital projects were accelerated in 2020 where possible to complete traffic impacting work while traffic volumes were lower than normal, per New York State Executive Order 202.6, under which construction of roads, bridges, and transit facilities is deemed an essential construction activity for continuation during the current COVID-19 restrictions. This resulted in several projects being completed well ahead of schedule in 2020.

Verrazzano-Narrows Bridge Rebate Programs

The cost of the 2021-2022 (covering the period April 2021 through March 2022) Verrazzano-Narrows Bridge Rebate Programs totaled $28.3 million. The rebates for Staten Island Residents were $22.0 million and the rebates for the Verrazzano-Narrows Bridge Commercial Rebate Program were $6.3 million. These programs were funded by the State and MTA, with the State's contribution provided by appropriations to MTA. The State's contribution was $24.0 million ($21.2 million Resident Program and $2.8 million Commercial Program) and the MTA contribution was $7 million ($3.5 million Resident Program and $3.5 million Commercial Program).

The projected annualized cost of the 2022-2023 (covering the period April 2022 through March 2023) Verrazzano-Narrows Bridge Rebate Programs is expected to total $30.0 million. The rebates for Staten Island Residents are estimated to be $23.0 million and the rebates for the Verrazzano-Narrows Bridge Commercial Rebate Program are estimated to be $7.0 million. These programs were funded by the State and MTA, with the State's contribution provided by appropriations to MTA. The State's contribution was $25.0 million

($19.7 million Resident Program and $5.3 million Commercial Program) and the MTA contribution was $7 million ($3.5 million Resident Program and $3.5 million Commercial Program).

If, as a result of unexpected toll transaction activity, MTA Bridges and Tunnels estimates that such MTA and State funds allocated to the MTA for the 2022-2023 Verrazzano-Narrows Bridge Rebate Programs, net of offsets, will be insufficient to fund the 2022-2023 Verrazzano-Narrows Bridge Commercial Rebate Program for the full Program year, MTA Bridges and Tunnels may reduce the rebate amount under such Program to a percentage that is forecast to be payable in full for the remainder of the Program year with the available funds. However, in the event that such MTA and State funds allocated to MTA for the 2022-2023 Verrazzano-Narrows Bridge Rebate Programs are fully depleted at any time during the 2022-2023 Verrazzano-Narrows Bridge Rebate Programs annual period, the 2022-2023 Verrazzano-Narrows Bridge Rebate Programs will cease and Staten Island residents will be charged the applicable resident discount toll and trucks and other commercial vehicles will be charged the applicable New York Customer Service Center E-ZPass toll for the Verrazzano-Narrows Bridge.

The Verrazzano-Narrows Bridge Rebate Programs will continue into future years provided that (a) MTA's annual period contribution does not exceed $7 million, (b) the MTA Board approves a budget that includes MTA's contribution to such program, and (c) the State provides to MTA funds sufficient for at least half the expenses of each continuing annual period.

CONTACTING MTA CONTROLLER'S OFFICE

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

* * * * * *

DRAFT

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2022 AND 2021
($ in thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2022	2021 (Restated)
CURRENT ASSETS:		
Cash—unrestricted (Note 3)	$ 9,038	$ 217,264
Unrestricted investments (Note 4)	224,169	234,636
Restricted investments (Note 4)	2,002,017	1,203,090
Invested funds at MTA—unrestricted (Note 5)	377,205	372,582
Invested funds at MTA—restricted (Note 5)	407,973	403,101
Accrued interest receivable	39,424	305
Accounts receivable	518,577	481,932
Lease receivable, as lessor (Note 14)	1,501	1,396
Less allowance for doubtful accounts	(357,751)	(308,109)
Due from MTA (Note 18)	4,124	2,485
Loan receivable from MTA (Note 18)	7,887,945	2,088,314
Prepaid expenses	8,741	6,912
Total current assets	11,122,963	4,703,908
NON-CURRENT ASSETS:		
Capital assets (Note 6):		
Land and construction work-in-progress	537,384	912,733
Other capital assets (net of accumulated depreciation and amortization)	7,256,902	6,718,599
Total capital assets-net of accumulated depreciation and amortization	7,794,286	7,631,332
Lease receivable, as lessor (noncurrent) (Note 14)	11,267	12,768
Due from MTA (Note 18)	-	7,740
Derivative instrument assets (Note 13)	3,446	3,467
Total non-current assets	7,808,999	7,655,307
TOTAL ASSETS	18,931,962	12,359,215
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pensions (Note 7)	79,906	58,432
Related to other post-employment benefits (Note 8)	155,800	175,636
Accumulated decreases in fair value of derivative instruments (Note 13)	70,933	169,931
Loss on debt refunding	157,057	175,547
Total deferred outflows of resources	463,696	579,546
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$19,395,658	$ 12,938,761

(Continued)

DRAFT

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2022 AND 2021
($ in thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**2022**	**2021** (Restated)
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 140,249	$ 174,975
Accrued expenses:		
Interest	101,894	61,687
Payable to MTA (Note 18)	43,488	378,317
Payable to NYCTA—operating expense (Note 18)	39	37
Accrued salaries	36,080	29,978
Accrued vacation and sick pay benefits	18,278	19,624
Total accrued expenses	199,779	489,643
Current portion—long-term debt (Notes 9 to 12)	380,080	329,955
Current portion—estimated liability from injuries to persons (Note 15)	4,874	6,741
Due to NYCTA—operating surplus (Note 1 and 18)	82,495	86,176
Due to MTA—operating surplus (Note 1 and 18)	103,292	104,525
Other unearned revenue	52,507	7,141
Unearned tolls revenue (includes $83,307 and $95,693 in 2022 and 2021, respectively, due to other toll agencies)	289,007	307,854
Total current liabilities	1,252,283	1,507,010
NON-CURRENT LIABILITIES:		
Estimated liability arising from injuries to persons (Note 15)	51,530	49,149
Post employment benefits other than pensions (Note 8)	908,111	987,443
Long-term debt (Notes 9 to 12)	19,400,579	12,459,678
Net pension liability (Note 7)	167,407	59,821
Other long-term liabilities		-
Derivative instrument liabilities (Note 13)	34,608	147,415
Due to MTA—change in fair value of derivative (Note 13 and 18)	39,771	25,982
Lease payable, as lessee (Note 14)	84,895	83,983
Total non-current liabilities	20,686,901	13,813,471
TOTAL LIABILITIES	21,939,184	15,320,481
DEFERRED INFLOWS OF RESOURCES:		
Related to pensions (Note 7)	54,456	159,325
Related to leases	12,166	13,817
Related to other post-employment benefits (Note 8)	167,013	82,536
TOTAL DEFERRED INFLOWS OF RESOURCES	233,635	255,678
NET POSITION:		
Net investment in capital assets	2,105,405	2,147,095
Restricted	2,409,990	1,606,192
Unrestricted	(7,292,556)	(6,390,685)
Total net position	(2,777,161)	(2,637,398)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$19,395,658	$12,938,761

See notes to financial statements. (Concluded)

DRAFT

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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

	2022	2021 (Restated)
OPERATING REVENUES:		
Bridges and tunnels	$ 2,332,384	$ 2,169,877
Building rentals and fees	23,737	22,928
Other income	371	1,571
Total operating revenues	2,356,492	2,194,376
OPERATING EXPENSES:		
Salaries and wages	118,498	111,545
Retirement and other employee benefits	51,836	46,720
Post employment benefits other than pensions	54,738	76,558
Electric power	4,645	3,977
Fuel	2,812	1,765
Insurance	13,774	11,007
Maintenance and other operating contracts	145,171	120,628
Professional service contracts	14,781	27,567
Materials and supplies	3,631	3,300
Depreciation and amortization	206,375	202,233
Credit card fees	38,073	32,834
Other	15,814	14,495
Total operating expenses	670,148	652,629
OPERATING INCOME	1,686,344	1,541,747
NON-OPERATING REVENUES (EXPENSES):		
Build America Bonds subsidy	8,533	8,536
Interest expense	(522,540)	(386,441)
Interest expense—leases	(7,688)	(6,978)
Interest income on PMT	164,551	37,295
Change in fair value of derivative financial instruments (Note 13)	13,789	8,965
Change in fair value of derivative—due to MTA	(13,789)	(8,965)
Internet revenue tax	328,059	344,916
Mansion revenue tax	513,078	394,291
Investment income	4,087	457
Other non-operating revenue	4,733	4,733
Total non-operating revenue, net	492,813	396,809
INCOME BEFORE TRANSFERS	2,179,157	1,938,556
TRANSFERS IN—MTA	372,656	491

(Continued)

DRAFT

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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

	2022	2021 (Restated)
TRANSFERS OUT (Note 1):		
New York City Transit Authority	$ (546,904)	$ (463,827)
Metropolitan Transportation Authority	(637,807)	(573,208)
Transfer of GASB 43	(7,740)	-
Sales tax bond proceeds transfers	(457,659)	-
Internet and mansion transfers	(1,041,465)	(1,096,096)
	(2,691,575)	(2,133,131)
CHANGE IN NET POSITION	(139,763)	(194,084)
NET POSITION—Beginning of year	(2,637,398)	(2,443,314)
NET POSITION—End of year	$(2,777,161)	$(2,637,398)

DRAFT

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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

	2022	2021 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tolls collected	$ 2,316,669	$ 2,183,752
Building rentals and fees received	22,322	22,860
Payroll and related fringe benefits	(217,032)	(211,276)
Other operating expenses	(244,411)	(211,685)
Net cash provided by operating activities	1,877,548	1,783,651
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES—		
Transfer internet & mansion revenue to MTA	(1,041,465)	(1,096,096)
Internet & mansion tax revenue	852,678	719,411
Proceeds from PMT bonds	6,222,558	2,865,821
PMT bonds interest paid on debt	(167,434)	(31,209)
PMT Bonds Principal Paid on debt	(8,360)	-
Proceeds from Sales Tax Bonds	755,758	-
Transfers of proceeds of Sales Tax Bond to MTAHQ	(457,797)	-
Sales Tax Bonds interest paid on debt	(10,929)	-
Sales Tax Bonds interest received on debt	10,929	-
Subsidies paid to affiliated agencies	(1,193,342)	(928,734)
Net cash provided/(used) in noncapital financing activities	4,962,596	1,529,193
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payment for capital assets	(377,311)	(578,619)
Principal payments on Senior, Subordinate, and BAN	(321,695)	(312,265)
Bond proceeds	434,642	717,086
Receipts from leases	1,764	1,666
Payments of leases	(2,043)	(2,043)
Interest payments	(400,846)	(386,559)
Net cash used in capital and related financing activities	(665,489)	(560,734)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gross sales of short-term securities	10,255,499	6,908,174
Gross purchases of short-term securities	(10,866,992)	(7,918,555)
PMT bonds interest received on debt	235,522	45,910
PMT bonds principal received on debt	35,472	4,611
Transfer of PMT bond proceeds to MTAHQ	(6,042,382)	(2,082,257)
Net cash used in investing activities	(6,382,881)	(3,042,117)
NET (DECREASE)/INCREASE IN CASH	(208,226)	(290,007)
CASH—Beginning of year	217,264	507,271
CASH—End of year	$ 9,038	$ 217,264

(Continued)

DRAFT

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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

	2022	2021 (Restated)
RECONCILIATION OF OPERATING INCOME TO NET CASH OPERATING ACTIVITIES:		
Operating income	$ 1,686,344	$ 1,541,747
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	206,375	202,233
On-behalf payments related to rent (Note 14)	(7,319)	(2,095)
GASB 68 pension expense adjustment	(22,211)	(45,917)
GASB 75 OPEB expense adjustment	24,982	61,350
Net (increase) decrease in receivables	(28,846)	(58,596)
Net increase in operating payables	30,175	5,590
Net increase in prepaid expenses	1,627	609
Net increase in accrued salary costs, vacation and insurance	5,268	8,113
Net (decrease) increase in unearned revenue	(18,847)	70,617
NET CASH FROM OPERATING ACTIVITIES	$ 1,877,548	$ 1,783,651
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital assets related liabilities	$ 117,457	$ 145,481
Contributed capital assets	352,499	-
Interest expense for leases	7,688	6,978
Interest income from leases	369	363
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	$ 478,013	$ 152,822
Interest expense includes amortization of net (premium)	$ (61,299)	$ (74,877)

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
($in thousands, except as noted)

1. BASIS OF PRESENTATION

Reporting Entity—The Triborough Bridge and Tunnel Authority (the "Authority" or "MTA Bridges and Tunnels") is a public benefit corporation created pursuant to the Public Authorities Law (the "Act") of the State of New York (the "State"). MTA Bridges and Tunnels is a component unit of the Metropolitan Transportation Authority ("MTA"). The MTA is a component unit of the State and is included in the State of New York Comprehensive Annual Financial Report of the Comptroller as a public benefit corporation. MTA Bridges and Tunnels is operationally and legally independent of the MTA. MTA Bridges and Tunnels enjoy certain rights typically associated with separate legal status including the ability to issue debt. However, MTA Bridges and Tunnels is included in the MTA's consolidated financial statements as a blended component unit because of the MTA's financial accountability and MTA Bridges and Tunnels is under the direction of the MTA Board (a reference to "MTA Board" means the board of MTA and/or the boards of the MTA Bridges and Tunnels 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 MTA Bridges and Tunnels in its consolidated financial statements.

MTA Bridges and Tunnels operates seven toll bridges, two toll tunnels, and the Battery Parking Garage.

All Authority toll facilities operate E-ZPass in conjunction with a regional electronic toll collection system. MTA Bridges and Tunnels' annual net earnings before depreciation and amortization and other adjustments ("operating transfer") are transferred to the New York City Transit Authority ("TA") and the MTA pursuant to provisions of the Act. In addition, MTA Bridges and Tunnels annually transfers its unrestricted investment income to the MTA. The operating transfer and the investment income transfer can be used to fund operating expenses or capital projects. The TA receives $24,000 plus 50% of MTA Bridges and Tunnels' remaining annual operating transfer, as adjusted, to reflect certain debt service transactions and the MTA receives the balance of the operating transfer, as adjusted, to reflect certain debt service transactions, plus the annual unrestricted investment income. Transfers are made during the year. The remaining amount due at December 31, 2022 and 2021, of $185,787 and $190,701, respectively, is recorded as a liability in MTA Bridges and Tunnels' financial statements.

MTA Bridges and Tunnels certified to the City of New York (the "City") and the MTA that its operating transfer and its unrestricted investment income at December 31, 2022 and 2021, were as follows:

	2022	2021
Operating transfer	$1,184,711	$1,037,035
Investment income (excludes unrealized gain or loss)	3,718	94
	$1,188,429	$1,037,129

2. SIGNIFICANT ACCOUNTING POLICIES

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

The MTA Bridges and Tunnels applies Governmental Accounting Standards Board ("GASB") Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section P80, Proprietary Accounting and Financial Reporting.

New Accounting Standards Adopted—The MTA Bridges and Tunnels adopted the following GASB Statements for the year ended December 31, 2022:

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 MTA Bridges and Tunnels 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. There was no cumulative-effect adjustment to the prior period net position as a result of the adoption.

DRAFT

The following schedule summarizes the net effect of adopting GASB Statement No. 87 in the Consolidated Statement of Net Position as of December 31, 2021 (in millions):

Balance as of	As Previously Stated	GASB Statement No. 87 Impact	Restatement Reported
CURRENT ASSETS:			
Lease receivable, as lessor	-	1,396	1,396
Total current assets	4,702,512	1,396	4,703,908
NONCURRENT ASSETS:			
Other capital assets, net of accumulated depreciation/amortization	36,952	(36,952)	-
Other capital assets, net of accumulated depreciation/amortization	(17,186)	17,186	-
Other capital assets, net of accumulated depreciation/amortization		45,604	45,604
Other capital assets, net of accumulated depreciation/amortization		(1,658)	(1,658)
Other capital assets, net of accumulated depreciation/amortization	6,649,419	24,180	6,673,599
Lease receivable, as lessor	-	12,768	12,768
Total Assets	12,320,871	38,344	12,359,215
NONCURRENT LIABILITIES:			
Lease payable, as lessee	59,704	(59,704)	-
Lease payable, as lessee	-	83,983	83,983
Total non-current liabilities	13,789,192	24,279	13,813,471
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to leases	-	13,817	13,817
Total deferred inflows of resources	241,861	13,817	255,678
NET POSITION:			
Net investment in capital assets	2,147,194	(99)	2,147,095
Unrestricted	(6,391,032)	347	(6,390,685)

DRAFT

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 millions):

Total operating revenues	$ 2,194,391	$ (15)	$ 2,194,376
OPERATING EXPENSES:			
Maintenance and other operating contracts	120,520	108	120,628
Depreciation and amortization	201,356	877	202,233
Total operating expenses	651,644	985	652,629
Operating income	1,542,747	(1,000)	1,541,747
NON-OPERATING REVENUES (EXPENSES):			
Other non-operating revenue	2,220	2,513	4,733
Interest expense-capital lease obigation	(5,350)	(1,628)	(6,978)
Investment income	94	363	457
Total non-operating (expenses)	395,561	1,248	396,809
Income before contributions and transfers	1,938,308	248	1,938,556
Increase in net position	(194,332)	248	(194,084)
NET POSITION - End of period	$ (2,637,646)	$ 248	$ (2,637,398)

DRAFT

The following schedule summarizes the cash flow impact of adopting GASB Statement No. 87, *Leases* in Consolidated Statement of Cash Flows (in millions) 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:			
Building rentals and fees received	$ 24,526	$ (1,666)	$ 22,860
Other operating expenses	(213,728)	2,043	(211,685)
Net cash provided by operating activities	1,783,274	377	1,783,651
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Receipts from leases	-	1,666	1,666
Payments of leases	-	(2,043)	(2,043)
Net cash used in capital and related financing activities	(560,357)	(377)	(560,734)
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Income from operations	1,542,747	(1,000)	1,541,747
Depreciation and amortization	201,356	877	200,480
On-behalf payments related to rent (Note 14)	(2,219)	124	(2,095)
Net (increase) decrease in receivables	(56,930)	(1,666)	(58,596)
Net (increase) decrease in payables	3,548	2,043	5,591
Net cash provided by operating activities	1,783,274	377	1,783,651
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:			
Noncash capital and related financing activities:			
Contributed capital assets	-		
Capital assets related liabilities	61,498	83,983	145,481
Interest expense for leases	-	6,978	6,978
Interest income from leases	-	363	363

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. Conduit debt obligations doesn't apply to primary government MTA and its component unit MTA Bridges and Tunnels. The adoption of this Statement did not have an impact on the financial position, results of operations or cash flows of the MTA Bridges and Tunnels.

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 did not have an impact on the financial position, results of operations or cash flows of MTA Bridges and Tunnels.

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 is expected to cease 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.

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 MTA Bridges and Tunnels upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	MTA 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

Use of Management's Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated interim financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include fair value of investments and derivative instruments, allowances for doubtful accounts, accrued expenses and other liabilities, depreciable lives of capital assets, estimated liability arising from injuries to persons, pension benefits and other postemployment benefits. Actual results could differ significantly from those estimates.

Operating Revenues—Bridges and Tunnels—Revenue is recognized through the fully cashless toll collection system, comprising of toll collection activity and the Tolls-By-Mail video billing. As of October 1, 2017, all facilities were part of the open road tolling system. Revenues are earned when the vehicles use the TBTA facilities, however, the cash is either on a prepaid or post-paid basis.

MTA Bridges and Tunnels has two toll rebate programs at the Verrazzano-Narrows Bridge: the Staten Island Resident ("SIR") Rebate Program, available for residents of Staten Island participating in the Staten Island Resident E-ZPass toll discount plan, and the Verrazzano-Narrows Bridge Commercial Rebate Program ("VNB Commercial Rebate Program"), available for commercial vehicles making more than ten trips per month using the same New York Customer Service Center ("NYCSC") E-ZPass account. The Verrazzano- Narrows Bridge Commercial Rebate Program and Staten Island Resident Rebate Program are funded by the State and the MTA. There is no impact to revenue due to this program.

Non-operating Revenues—Build America Bonds subsidy—MTA Bridges and Tunnels is receiving cash subsidy payments from the U.S. Treasury equal to 35% of the interest payable on the Series of Bonds issued as "Build America Bonds" and authorized by the Recovery Act. The Internal Revenue Code of 1986 imposes requirements that MTA Bridges and Tunnels must meet and continue to meet after the issuance in order to receive the cash subsidy payments. The interest on these bonds is fully subject to Federal income taxation.

Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels") had interest income on the Payroll Mobility Tax senior bonds that were received from MTA. The funding for PMT was received by MTA from Payroll Mobility Tax receipts. This income transferred to MTA Bridges and Tunnels from MTA to covered interest payment on the PMT senior bonds.

On April 1, 2019 the MTA Reform and Traffic Mobility Act ("the Act") was enacted as part of the State budget for Fiscal Year 2019-2020. Pursuant to Public Authorities Law section 553-j, created by the Act, MTA Bridges and Tunnels is required to establish the Central Business District tolling (CBDTP) capital lockbox fund which is kept separate and apart from any other TBTA monies. The fund shall consist of all monies received by MTA Bridges and Tunnels under the Central Business District Tolling Program (CBDTP), as well as revenues of the real estate transfer tax ("Mansion Tax") and Portions of New York City and State sales taxed revenue.

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 the MTA Bridges and Tunnels, 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 Central Business District tolling infrastructure, the Central Business District Tolling collection system and the Central Business District tolling customer service center, and the costs of any Metropolitan Transportation Authority capital projects included within the 2020 to 2024 MTA capital program or any successor programs.

In April 2020, the New York State Legislature passed legislation that was signed by the Governor which permitted MTA to use 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. For the years ended December 31, 2022, and 2021 MTA Bridges and Tunnels had internet and mansion tax revenue earned of $739 million and $841 million respectively.

During 2022, Triborough Bridge and Tunnel Authority issues bonds to help finance approved transit and commuter projects included in the 2020-2024 Capital Program, to finance a portion of the capital costs of the Central Business District Tolling Program and to pay certain financing, legal and miscellaneous expenses associated with the bond issuance. These Bonds are issued by MTA Bridges and Tunnels under the Triborough Bridge and Tunnel Authority Special Obligation Resolution Authorizing Sales Tax Revenue Obligations. The Bonds are MTA Bridges and Tunnels' **special, not general, obligations, payable solely from monies in the Obligations Trust Estate pledged by the TBTA Sales Tax Resolution derived primarily from the sales tax receipts that flow into the Central Business District Tolling Capital Lockbox Fund.**

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 MTA Bridges and Tunnels (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, etc.) are reported as non-operating expenses.

Investments—MTA Bridges and Tunnels adopted GASB Statement No. 72, Fair Value Measurement and Application, which addresses accounting and financial reporting issues related to fair value measurements. Under the Statement, investment assets and liabilities are to be measured at fair value, which is described as the "price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants." Fair Value assumes that the transaction will occur in the MTA's Bridges and Tunnels principal (or most advantageous) market. GASB Statement No. 72 requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. 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 MTA Bridges and Tunnels investment policies comply with the New York State Comptroller's guidelines for such operating and capital policies. Those policies permit investments in, among others, obligations of the U.S. Treasury, its agencies, and instrumentalities, and repurchase agreements secured by such obligations.

Investments are recorded on the MTA Bridges and Tunnels statement of net position at fair value, except for repurchase agreements, which are recorded at amortized cost. All investment income, including changes in the fair value of investments, is reported as revenue on the MTA Bridges and Tunnels statement of revenues, expenses, and changes in net position. Fair values have been determined using quoted market values at December 31, 2022 and December 31, 2021.

Investment derivative instrument contracts are reported at fair value using the income approach.

MTA Investment Pool—The MTA, on behalf of the MTA Bridges and Tunnels, invests funds which are not immediately required for the MTA Bridges and Tunnels' operations in securities permitted by the New York 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 Company has no financial instruments with significant individual or group concentration of credit risk.

Capital Assets—Properties and equipment are carried at cost and are depreciated on a straight-line basis over estimated useful lives. Expenses for maintenance and repairs are charged to operations as incurred. Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA 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. GASB 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. Accumulated depreciation and amortization are reported as reductions of fixed assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, 25 to 100 years for infrastructure, 10 years for open road tolling systems and equipment, and 25 years for open road tolling infrastructure. 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.

Compensated Absences—MTA Bridges and Tunnels has accrued the full value (including fringe benefits) of all vacation and sick leave benefits earned by employees to date if the leave is attributable to past service and it is probable that MTA Bridges and Tunnels will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Net Position—MTA Bridges and Tunnels 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 three net position categories:

Net investment in Capital Assets

Capital assets, net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted

Nonexpendable—Net position subject to externally imposed stipulations such that the Authority maintains them permanently. For the years ended December 31, 2022 and 2021, the Authority did not have nonexpendable net position.

Expendable—Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire with the passage of time. For the years ended December 31, 2022, and 2021, the Authority had expendable restricted net position related to (1) Debt Service of $214,333 and $176,772, (2) the Necessary Reconstruction Reserve of $724,183 and $647,316 and (3) Payroll Mobility Tax $1,167,356 and $782,104, (4) Sale Tax Revenue Bond $304,118 and $0, respectively.

Unrestricted

Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by actions of management or the Board of Directors.

Subsidies—Subsidies provided by MTA Bridges and Tunnels represent its operating transfer and investment income computed on an accrual basis. For the years ended December 31, 2022, and 2021 MTA Bridges and Tunnels transferred out internet and mansion tax to MTA of $1,041,465 and $1,096,096.

Pension Plans—The Authority adopted the standards of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, for its pension plans.

The MTA Bridges and Tunnels recognizes a net pension liability for the 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 MTA Bridges and Tunnels' proportionate share thereof in the case of a cost- sharing multiple-employer plan. The net pension liability is calculated using the qualified pension plan's measurement date. 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

DRAFT

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 year in which the difference occurred.

Postemployment Benefits Other Than Pensions—MTA Bridges and Tunnels adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus* for the OPEB Plan.

The MTA Bridges and Tunnels 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. The change in portion is based on actual contributions from the participating employers.

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.

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 at December 31, 2022 and 2021 consists of the following (in thousands):

	2022		2021	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits	$ 250	$ 250	$ 250	$ 250
Collateralized deposits	8,788	8,608	217,014	216,796
	$ 9,038	$ 8,858	$ 217,264	$ 217,046

All collateralized deposits are held by the MTA or its agent in the MTA's name.

The MTA, on behalf of itself, its affiliates, and subsidiaries invests funds which are not immediately required for the MTA's operations in securities permitted by the New York State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero coupon bonds.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the MTA will not be able to recover the value of its deposits. While the MTA does not have a formal deposit policy for custodial credit risk, New York State statues govern the MTA's investment policies. The MTA's uninsured and uncollateralized deposits are primarily held by commercial banks in the metropolitan New York area and are subject to the credit risks of those institutions.

4. INVESTMENTS

MTA Bridges and Tunnels' investment policies comply with the New York State Comptroller's guidelines for investment policies. MTA's All-Agency Investment Guidelines restrict MTA Bridges and Tunnels' investments to obligations of the U.S. Treasury, its agencies and instrumentalities and repurchase agreements backed by U.S. Treasury securities. All investments were managed by the MTA, as MTA Bridges and Tunnels' agent, in custody accounts kept in the name of MTA Bridges and Tunnels for restricted investments and in the name of the MTA Bridges and Tunnels for unrestricted investments. MTA's All-Agency Investment Guidelines state that securities underlying repurchase agreements must have a market value at least equal to the cost of the investment.

MTA Bridges and Tunnels holds its investments at a custodian bank. The custodian must meet certain banking institution criteria enumerated in MTA's Bridges and Tunnels Investment Guidelines. The Investment Guidelines also require the Treasury Division to hold at least $100 of its portfolio with a separate emergency custodian bank. The purpose of this deposit is in the event that MTA Bridges and Tunnels main custodian cannot execute transactions due to an emergency outside of the custodian's control, MTA Bridges and Tunnels has an immediate alternate source of liquidity.

MTA Bridges and Tunnels categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

MTA Bridges and Tunnels had the following recurring fair value measurements as of December 31, 2022 and 2021 (in thousands):

	December 31, 2022	Fair Value Measurements Level 1	Fair Value Measurements Level 2	December 31, 2021	Fair Value Measurements Level 1	Fair Value Measurements Level 2
Investments by fair value level:						
Debt securities:						
U.S. treasury securities	$ 2,209,627	$ 1,407,834	$ 801,793	$1,427,700	$1,427,700	$ -
Repurchase agreements	16,559	16,559	-	10,026	10,026	-
Total debt securities	2,226,186	1,424,393	801,793	1,437,726	1,437,726	-
Total investments by fair value level	2,226,186	$ 1,424,393	$ 801,793	1,437,726	$1,437,726	$ -
Total investments	$ 2,226,186			$1,437,726		

Investments classified as Level 1 and Level 2 of the fair value hierarchy, totaling $2,226,186 and $1,437,726 as of December 31, 2022 and 2021, respectively, are valued using quoted prices in active markets. Fair values include accrued interest to the extent that interest is included in the carrying amounts. Accrued interest on investments other than Treasury bills and coupons is included in other receivables on the statement of net position.

.

Investments available to pay operating and maintenance expenses, debt service and operating surplus transfers, at December 31, 2022 and 2021, are as follows (in thousands):

Investments	**2022**	**2021**
CURRENT:		
Restricted:		
Bond Proceeds Fund	$ 1,736,341	$ 996,475
Primarily Necessary Reconstruction Fund	30,824	30,310
Debt Service Fund	229,477	173,217
Cost of Issuance Fund	5,375	3,088
Total current—restricted	2,002,017	1,203,090
Total current—unrestricted	224,169	234,636
TOTAL—CURRENT	$ 2,226,186	$ 1,437,726

The unexpended bond proceeds of the General Purpose Revenue Bonds 1980 Resolution, not including proceeds held for the Transportation Project, were restricted for payment of capital improvements of MTA Bridges and Tunnels' present facilities. The Debt Service Funds are restricted for the payment of debt service as provided by the bond resolutions.

The fair value of the above investments consists of $224,169 and $234,636 in 2022 and 2021 in unrestricted investments respectively, and $2,002,017 and $1,203,090 in 2022 and 2021 in restricted investments, respectively. Investments had weighted average monthly yields ranging from 0.089% to 2.941% for the year ended December 31, 2022 and 0.063% to 0.151% for the year ended December 31, 2021. The net unrealized gain on investments was $9,620 and $73 for the years ended December 31, 2022 and 2021, respectively.

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Duration is a measure of interest rate risk. The greater the duration of a bond or portfolio of bonds, the greater its price volatility will be in response to a change in interest rate risk and vice versa. Duration is an indicator of bond price's sensitivity to a 100-basis point change in interest rates (in thousands).

	December 31, 2022		**December 31, 2020**	
	Fair Value	**Duration (In years)**	**Fair Value**	**Duration (In years)**
U.S. Treasuries	$ 2,209,627	0.01	$ 1,427,700	0.01
Repurchase agreements	16,559	*	10,026	*
Total fair value	2,226,186		1,437,726	
Modified duration	-	0.01	-	0.01
Total investments	$ 2,226,186		$ 1,437,726	

* Duration is less than a month

Credit Risk—At December 31, 2022 and 2021, the following credit quality rating has been assigned to MTA investments by a nationally recognized rating organization (in thousands):

Quality Rating from Standard & Poor's	December 31, 2022	Percent of Portfolio	December 31, 2021	Percent of Portfolio
Not Rated	$ 16,559	1 %	$ 10,026	1 %
U.S. Government	2,209,627	99	1,427,700	99
Total	2,226,186	100 %	1,437,726	100 %
Total investment	$ 2,226,186		$ 1,437,726	

5. MTA INVESTMENT POOL

The MTA, on behalf of MTA Bridges and Tunnels, invests funds which are not immediately required for MTA Bridges and Tunnels' operations in securities permitted by the MTA's All-Agency Investment Guidelines in accordance with the New York 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 MTA has no financial instruments with significant individual or group concentration of credit risk. MTA Bridges and Tunnels 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. MTA Bridges and Tunnels' investment in the MTA Investment Pool is valued based on other observable inputs (Level 2 inputs). The amounts related to investment pool funds for the year ended December 31, 2022 were $377,205 for short-term unrestricted and $407,973 for short-term restricted. The amounts related to investment pool funds for the year ended December 31, 2021 were $372,582 for short-term unrestricted and $403,101 for short-term restricted.

6. CAPITAL ASSETS

Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA Bridges and Tunnels' 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. GASB 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. Accumulated depreciation and amortization are reported as reductions of fixed assets and right-of-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Right-of-use assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Capital and right-of-use assets consist of the following at December 31, 2020, December 31, 2021 and December 31, 2022 (in millions):

DRAFT

The following is a summary of capital assets activity as of December 31, 2022 and 2021:

Capital assets at December 31, 2022 and 2021 consisted of the following additions/reclassification and deletions/reclassifications (in thousands):

	Restated Balance January 1, 2021	Additions/ Transfers	Deletions/ Transfers	Restated Balance December 31, 2021	Additions/ Transfers	Deletions/ Transfers	Balance December 31, 2022
Capital assets not being depreciated:							
Land	$ 52,940	$ -	$ -	$ 52,940	$	$	$ 52,940
Construction in progress	673,132	563,792	377,131	859,793	368,349	743,699	484,443
Total capital assets not being depreciated	726,072	563,792	377,131	912,733	368,349	743,699	537,383
Capital assets being depreciated:							
Leasehold improvement—2 Broadway	45,020	-	-	45,020	-	-	45,020
Primary structures	3,973,023	194,667	-	4,167,690	252,910	-	4,420,600
Toll equipment	574	-	-	574		-	574
Buildings	684,546	8,218	-	692,764	11,158	-	703,922
Roadway	2,332,892	43,063	-	2,375,955	433,312	-	2,809,267
Property—Road and equipment	740,110	102,508	-	842,618	39,246	-	881,864
ORT systems and equipment	456,958	8,469	-	465,427	1,807	-	467,234
Other	263,589	5,733	-	269,322	6,245	-	275,567
Total capital assets being depreciated	8,533,664	362,658	-	8,859,370	744,678	-	9,604,048
Less accumulated depreciation:							
Leasehold improvement—2 Broadway	29,148	1,100	-	30,248	319	-	30,567
Primary structures	699,865	40,144	-	740,009	43,173	-	783,182
Toll equipment	31	14	-	45	14	-	59
Buildings	238,696	17,231	-	255,927	17,458	-	273,385
Roadway	679,515	80,879	-	760,394	88,948	-	849,342
Property—Road and equipment	53,848	19,983	-	73,831	21,737	-	95,568
ORT systems and equipment	67,357	22,871	-	90,228	23,208	-	113,436
Other	223,956	10,079	-	234,035	9,859	-	243,894
Total accumulated depreciation	2,009,602	192,301		2,184,717	204,716	-	2,389,433
Total capital assets being depreciated—Net of accumulated depreciation	6,524,062	170,357		6,694,419	539,962	-	7,214,615
Capital assets—Net	$7,250,134	$ 734,149	$377,131	$7,607,152	$ 908,311	$743,699	$7,751,998
Right of use assets being amortized							
Leased buildings and structures	45,604	-	-	45,604	-	-	45,604
Total right of Use Assets being amortized	45,604	-	-	45,604	-	-	45,604
Less accumulated depreciation - Right of Use Assets							
Leased buildings and structures	1,658	-	-	-	1,658	-	1,658
Total accumulated depreciation	1,658	-	-	1,658	1,658	-	3,316
Right of use assets being amortized - net	43,946		-	43,946	(1,658)	-	42,288
Total capital assets, including right of use asset - net	$7,294,080	$ 734,149	$377,131	$7,651,098	$ 906,653	$743,699	$7,794,286

In 2022 and 2021, capital asset additions included $16,147 and $21,640, respectively, of costs incurred by engineers working on capital projects. Upon the adoption of GASB Statement No. 89, there was no capitalized interest in 2022 and 2021.

7. EMPLOYEE BENEFITS

Plan Description

NYCERS—The New York City Employees Retirement System (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 NYCERS six months after their date of appointment but may voluntarily elect to join NYCERS prior to their mandated membership date. All other eligible employees have the option of joining 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—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. 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.

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 or 10 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.

Contributions and Funding Policy—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 service or retire.

MTA Bridges and Tunnels is required to contribute at an actuarially determined rate. MTA Bridges and Tunnels contributions to NYCERS for the years ended December 31, 2022 and 2021 were $31,973 and $34,591, respectively.

Net Pension Liability—MTA Bridges and Tunnels net pension liability for the NYCERS pension plan reported at December 31, 2022 and December 31, 2021 was measured as of June 30, 2022 and June 30, 2021, respectively. The total pension liability at December 31, 2022 and December 31, 2021 for the NYCERS pension plan was determined as of the actuarial valuation dates as of June 30, 2021 and June 30, 2020, respectively, and updated to roll forward the total pension liability to the measurement dates, respectively. 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. 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 the pension plan:

	NYCERS	
Valuation Date:	**June 30, 2021**	**June 30, 2020**
Investment Rate of Return	7.00% per annum, net of investment expenses	7.00% per annum, net of investment expenses
Salary Increases	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	2.50%	2.50%
Cost-of Living Adjustments	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	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	N/A	N/A
Post-retirement—Healthy Lives	N/A	N/A
Post-retirement—Disabled Lives	N/A	N/A

Expected Rate of Return on Investments—The long-term expected rate of return on investments of 7.0% for the NYCERS plan 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.

DRAFT

The target asset allocations of the fund and the expected real rate of return (RROR) for the asset class in NYCERS was as of the measurement dates of June 30, 2022 and 2021 and is summarized as follows:

	NYCERS 2022	
Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
Public markets:		
U.S. public market equities	27.0 %	7.0 %
Developed public market equities	12.0	7.2
Emerging public market equities	5.0	9.0
Fixed income	30.5	2.5
Private markets (alternative investments):		
Private Equity	8.0	11.3
Private real estate	7.5	6.7
Infrastructure—	4.0	6.0
Opportunistic fixed income	6.0	7.4
	100 %	
Assumed inflation—mean		2.50 %
Long term expected rate of return		7.00 %

	NYCERS 2021	
Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
Public markets:		
U.S. public market equities	27.0 %	7.1 %
Developed public market equities	12.0	7.2
Emerging public market equities	5.0	9.0
Fixed income	30.5	1.8
Private markets (alternative investments):		
Private Equity	8.0	11.3
Private real estate	7.5	6.9
Infrastructure—	4.0	6.0
Opportunistic fixed income	6.0	7.1
	100 %	
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 7.0% for the NYCERS plan as of June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for the pension plan and that employer contributions will be made at the rates determined by the pension plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current 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.

DRAFT

MTA Bridges and Tunnels Proportion of Net Pension Liability—NYCERS—The following table presents the MTA Bridges and Tunnels 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 MTA Bridges and Tunnels:

	2022	2021
	($ in millions)	
Bridges and Tunnels proportion of the net pension liability	0.924 %	0.933 %
Bridges and Tunnels proportionate share of the net pension liability	$ 167.40	$ 58.82

MTA Bridges and Tunnels proportion of the net pension liability was based on the 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 the Discount Rate—The following table presents MTA Bridges and Tunnels proportionate share of the net pension liability calculated using the discount rate of 7.0% 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 (6.0%) or 1-percentage point higher (8.0%) than the current rate used as of each measurement date:

	June 30, 2022			June 30, 2021		
	1% Decrease (6.00%)	Discount Rate (7.00%) (In millions)	1% Increase (8.00%)	1% Decrease (6.00%)	Discount Rate (7.00%) (In millions)	1% Increase (8.00%)
Bridges and Tunnels proportionate share of the net pension liability	$ 266.40	$ 167.40	$ 83.79	$ 156.97	$ 59.82	$ (22.60)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—For the years ended December 31, 2022 and 2021, MTA Bridges and Tunnels recognized pension expense as follows (in thousands):

Pension Plans	2022	2021
NYCERS	$ 9,762	$ (11,273)

For the years ended December 31, 2022 and 2021, the MTA Bridges and Tunnels reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In millions)	
Differences between expected and actual experience	$ 14,520	$ 3,680
Changes in assumptions	28	5,355
Net difference between projected and actual earnings on pension plan investments	30,596	-
Proportionate share of contributions	6,245	45,421
Employer contribution to plan subsequent to the measurement date of net pension liability	28,517	-
Total	$ 79,906	$ 54,456

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In millions)	
Differences between expected and actual experience	$ 15,356	$ 6,920
Changes in assumptions	55	7,422
Net difference between projected and actual earnings on pension plan investments	-	87,789
Proportionate share of contributions	7,593	57,194
Employer contribution to plan subsequent to the		-
measurement date of net pension liability	35,428	-
Total	$ 58,432	$ 159,325

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.

DRAFT

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	**Difference between Expected and Actual Experience**	**Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contribution**	**Changes in Actuarial Assumptions**
NYCERS	5.79	5.79	5.79

For the years ended December 31, 2022 and 2021, $28,517 and $35,428, respectively, were reported as deferred outflows of resources related to pensions resulting from MTA Bridges and Tunnels contributions subsequent to the measurement date. The amount of $28,517 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 millions):

Years Ending December 31	**Increase/(Decrease) in Pension Expense**
2023	$ (8,588)
2024	(823)
2025	(8,450)
2026	14,750
2027	44
Thereafter	
Total	$ (3,067)

Deferred Compensation Plans—As permitted by Internal Revenue Code Section 457, MTA Bridges and Tunnels has established a trust or custodial account to hold plan assets for the exclusive use of the participants and their beneficiaries.

Certain MTA Bridges and Tunnels 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. MTA Bridges and Tunnels did not contribute to the plan in 2022 and 2021.

8. OTHER POSTEMPLOYMENT BENEFITS

MTA Bridges and Tunnels 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:

(1) 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 MTA Bridges and Tunnels 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 agency, 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. Certain agencies provide benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of MTA Bridges and Tunnels are members of the NYCERS pension plan.

MTA Bridges and Tunnels 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.

MTA Bridges and Tunnels 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 MTA Bridges and Tunnels must:

(a) have retired;

(b) be receiving a pension (except in the case of the 401(k) Plan);

(c) have at least 10 years of credited service as a member of NYCERS, 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.

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—MTA Bridges and Tunnels 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, MTA Bridges and Tunnels paid $32,898 and $28,855, respectively, of PAYGO to the OPEB Plan.

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. A depletion date of Trust assets is assumed to occur immediately. Therefore, the discount rate is set equal to the municipal bond index. The MTA elected the Bond Buyer General Obligation 20-Bond Municipal Bond Index. As a result, the discount rates as of December 31, 2021 and 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 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 $1,290 and $2,495, 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.

Blended and Age-adjusted Premium	**2021 Retirees**	**2020 Retirees**
	(In thousands)	
Total blended premiums	$ 27,565	$ 26,823
Employment payment for retiree healthcare	1,290	2,495
Net payments	$ 28,855	$ 29,318

(2) Net OPEB Liability

At December 31, 2022 and 2021, MTA Bridges and Tunnels reported a net OPEB liability of $908,111 and $987,443, respectively, for its proportionate share of the Plan's net OPEB liability. The net OPEB liabilities were 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 respectively, and rolled forward to December 31, 2021 and 2020, respectively. The MTA Bridges and Tunnels proportion of the net OPEB liability was based on a projection of the MTA Bridges and Tunnels long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2022 and 2021, the MTA Bridges and Tunnels proportion was 3.64% and 4.05%, respectively.

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 are fair value based on quoted market prices or net asset value.

(*3) 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. MTA Bridges and Tunnels 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 an actuarial valuation performed on July 1, 2021 and July 1, 2019 respectively and 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:

	2022	**2021**
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	2.25%	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%
Investment rate of return	2.06%	2.12%

DRAFT

Salary Increases

Salary Scale—salaries are assumed to increase by years of service. Rates are shown below:

Years of Employment	2022 Rate of Increase	2021 Rate of Increase
0	11.00 %	11.00 %
1	10.00	10.00
2	9.00	9.00
3	8.00	8.00
4	7.00	7.00
5	6.00	6.00
6	5.00	5.00
7	4.00	4.00
8	3.80	3.80
9	3.60	3.60
10+	3.50	3.50

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). 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.

The valuation reflects the actuaries understanding of the impact in future health costs due to the Affordable Care Act ("ACA") passed into law in March 2010. An excise tax for high-cost health coverage or "Cadillac" health plans was included in ACA. The provision levies a 40% tax on the value of health plan costs that exceed certain thresholds for single coverage or family coverage. In December 2019, the President signed into law the "Further Consolidated Appropriations Act, 2020" (the "Act"), which included the permanent repeal of the "Cadillac" tax, effective January 1, 2020. The impact of the elimination of the "Cadillac" tax on the Triborough Bridge and Tunnel Authority's OPEB liability is approximately $12.6 million and was reflected in the valuation dated July 1, 2019 and in the reporting year-ended December 31, 2021.

DRAFT

Healthcare Cost Trend Rates—The following lists illustrative rates for the NYSHIP trend assumptions for MTA Bridges and Tunnels (all amounts are in percentages).

	NYSHIP 2021		MTA Bridges and Tunnels 2022	
Fiscal Year	**< 65**	**>=65**	**< 65**	**>=65**
2022	5.70 %	5.40 %	5.50 %	4.60 %
2023	5.10	5.10	5.10	5.10
2024	5.00	5.00	5.00	5.00
2025	4.90	4.90	4.90	4.90
2026	4.80	4.80	4.80	4.80
2027	4.70	4.70	4.70	4.70
2028	4.60	4.60	4.60	4.60
2029	4.50	4.50	4.50	4.50
2039	4.60	4.60	4.60	4.60
2049	4.80	4.80	4.80	4.70
2059	4.50	4.50	4.50	4.50
2069	4.20	4.20	4.20	4.20
2079	3.80	3.80	3.80	3.80
2089	3.80	3.80	3.80	3.80
2099	3.80	3.80	3.80	3.80

	NYSHIP 2021		MTA Bridges and Tunnels 2021	
Fiscal Year	**< 65**	**>=65**	**< 65**	**>=65**
2021	6.20 %	5.70 %	5.80 %	4.00 %
2022	5.70	5.40	5.50	4.60
2023	5.10	5.10	5.10	5.10
2024	5.00	5.00	5.00	5.00
2025	4.90	4.90	4.90	4.90
2026	4.80	4.80	4.80	4.80
2027	4.70	4.70	4.70	4.70
2028	4.60	4.60	4.60	4.60
2029	4.50	4.50	4.50	4.50
2039	4.60	4.60	4.60	4.60
2049	4.80	4.80	4.80	4.70
2059	4.50	4.50	4.50	4.50
2069	4.20	4.20	4.20	4.20
2079	3.80	3.80	3.80	3.80
2089	3.80	3.80	3.80	3.80
2099	3.80	3.80	3.80	3.80

For purposes of applying the Entry Age Normal Cost method, the healthcare trend prior to the valuation date are based on the ultimate rate, which is 3.7% for medical and pharmacy costs.

Mortality—Preretirement and postretirement health annuitant rates are projected on a generational basis using Scale AA. As a generational table, it reflects mortality improvements both before and after the measurement date. The postretirement mortality assumption is based on an experience analysis covering the period from January 1, 2011 to December 31, 2015 for the MTA-sponsored pension plans.

Preretirement—RP-2000 Employee Mortality Table for Males and Females with blue-collar adjustments.

DRAFT

Postretirement 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.

Postretirement Disabled Lives—RP-2014 Disabled Annuitant mortality table for males and females.

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

Asset Class	**Index**	**Target Allocation**	**Long-Term Expected Real Rate of Return**
US cash	BAML 3-Mon Tbill	100.00 %	(0.26)%
Assumed Inflation - Mean			2.30 %
Assumed Inflation - Standard Deviation			1.23 %
Portfoli 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 MTA Bridges and Tunnels Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate—The following presents the MTA Bridges and Tunnels proportionate share of the net OPEB liability, as well as what the MTA Bridges and Tunnels 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 (in thousands):

2022	**1% Decrease (1.06%)**	**Discount Rate (2.06%)**	**1% Increase (3.06%)**
Proportionate share of the net OPEB liability	$1,050.06	$ 908.11	$ 792.89

2021	**1% Decrease (1.12%)**	**Discount Rate (2.12%)**	**1% Increase (3.12%)**
Proportionate share of the net OPEB liability	$ 1,136.66	$ 987.44	$ 865.39

Sensitivity of the MTA Bridges and Tunnels Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates—The following presents the MTA Bridges and Tunnels proportionate share of the net OPEB liability, as well as what the MTA Bridges and Tunnels 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 (in thousands):

2022	**1% Decrease**	**Trend Rate ***	**1% Increase**
Proportionate share of the net OPEB liability	$ 771.37	$ 908.11	$ 1,083.24

2021	**1% Decrease**	**Cost Current Trend Rate ***	**1% Increase**
Proportionate share of the net OPEB liability	$ 833.16	$ 987.44	$ 1,185.08

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

(4) OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2022 and 2021, MTA Bridges and Tunnels recognized OPEB expense of $57,880 and $76,558, 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 an 7.6-year close period, beginning the year in which the deferred amount occurs.

DRAFT

MTA Bridges and Tunnels reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows (In thousands):

	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,072	$ (1,527)
Changes in assumptions	71,038	(53,443)
Net difference between projected and actual earnings on OPEB plan investments	1,714	-
Changes in proportion and differences between contributions and proportionate share of contributions	35,078	(112,043)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	32,898	-
Total	$ 155,800	$ (167,013)

	December 31, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,804	$ (2,023)
Changes in assumptions	95,198	(43,299)
Net difference between projected and actual earnings on OPEB plan investments	2,449	-
Changes in proportion and differences between contributions and proportionate share of contributions	41,330	(37,214)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	28,855	-
Total	$ 175,636	$ (82,536)

At December 31, 2022 and 2021, MTA Bridges and Tunnels reported as deferred outflow of resources related to OPEB of $155,800 and $175,636, respectively. This amount includes both MTA Bridges and Tunnels contributions subsequent to the measurement date and an implicit rate subsidy adjustment of $32,898 that will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2023. 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 (in thousands):

Years Ending December 31	
2023	$ (6,939)
2024	(7,252)
2025	(9,685)
2026	(7,480)
2027	(4,354)
Thereafter	(8,401)
	$ (44,111)

9. LONG-TERM DEBT

MTA Bridges and Tunnels issues long-term bonds to fund its own capital projects, as well as the Transportation Projects for NYCTA and Commuter rails, through the following four credits:

- General Revenue Bonds,
- Payroll Mobility Tax Bonds,
- Sales Tax Bonds and
- Subordinate Revenue Bonds.

The Metropolitan Transportation Authority ("MTA") and the Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels") entered into a Payroll Mobility Tax Financing Agreement (the "Financing Agreement"), dated as of April 9, 2021, to provide the mechanism by which MTA will deposit, allocate and transfer certain payroll mobility taxes ("Mobility Tax Receipts") and certain fees, surcharges and taxes ("Aid Trust Account Receipts," and together with the Mobility Tax Receipts, "PMT Receipts") in order to share the PMT receipts on a parity basis with MTA Bridges and Tunnels. The Financing Agreement ensures that sufficient amounts will be available for MTA to (i) provide MTA Bridges and Tunnels, or the trustee on behalf of MTA Bridges and Tunnels, with the PMT Receipts necessary for MTA Bridges and Tunnels to timely perform its obligations under the Triborough Bridge and Tunnel Authority Payroll Mobility Tax Obligation Resolution and certain related resolutions, each adopted on March 17, 2021, and (ii) retain, or provide to the trustee under the MTA PMT Resolution on its own behalf, the PMT Receipts necessary for MTA to timely perform its obligations under the Metropolitan Transportation Authority Payroll Mobility Tax Obligation Resolution and certain related resolutions, each adopted on November 18, 2020. The aforementioned resolutions were adopted for the purpose of issuing from time to time one or more series of bonds, notes or other obligations secured by the Financing Agreement and the PMT Receipts.

During 2022, Triborough Bridge and Tunnel Authority issues bonds to help finance approved transit and commuter projects included in the 2020-2024 Capital Program, to finance a portion of the capital costs of the Central Business District Tolling Program and to pay certain financing, legal and miscellaneous expenses associated with the bond issuance. These Bonds are issued by MTA Bridges and Tunnels under the Triborough Bridge and Tunnel Authority Special Obligation Resolution Authorizing Sales Tax

Revenue Obligations. The Bonds are MTA Bridges and Tunnels' **special, not general, obligations, payable solely from monies in the Obligations Trust Estate pledged by the TBTA Sales Tax Resolution derived primarily from the sales tax receipts that flow into the Central Business District Tolling Capital Lockbox Fund.**

The following represents MTA Bridges and Tunnels' issuance of long-term debt in 2022:

- On January 22, 2022, MTA Bridges and Tunnels remarketed General Revenue Variable Rate 2003B-1 of $96,335 from irrevocable direct-pay letter of credit issued by Bank of America, N.A., was replaced by irrevocable direct-pay letter of credit with U.S. Bank National Association.

- On February 10, 2022, MTA Bridges and Tunnels issued $592,680 of Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2022A.The Series 2022A Bonds were issued to (i) retire MTA outstanding Dedicated Tax Fund Bond Anticipation Notes 2019a (DTF 2019A BAN), and pay certain financing, legal, and miscellaneous expenses.

- On April 5, 2022, MTA Bridges and Tunnels has a forward delivery (August 12, 2022 delivery) refunding of 1,000,015 of Triborough Bridge and Tunnel authority Payroll Mobility Tax Senior Lien Bonds, Series 2022B. The series 2022B Bonds were issued to retire MTA outstanding bonds; 2002D-1 and 2012C, D, F, H and pay certain financing, legal and miscellaneous expenses. This bond is not for the benefit of MTA Bridges and Tunnels capital projects.

- On May 5, 2022, MTA Bridges and Tunnels issued $927,950 of Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2022C. The Series 2021C Bonds were issued to (i) retire MTA outstanding Transportation Revenue Bond Anticipation Notes 2019B, and pay certain financing, legal, and miscellaneous expenses.

- On July 20, 2022, MTA Bridges and Tunnels issued $700,000 Sales Tax Revenue Bond, Series 2022A are being issued to (i) finance approved transit and commuter projects incled in the 2020-2024 capital program, and 9ii) pay certain financing, legal and miscellaneous expense . This bond is not for the benefit of MTA Bridges and Tunnels capital projects.

- On August 18, 2022, MTA Bridges and Tunnels issued $400,000 General Revenue Bonds, Series 2022A to finance bridge and tunnel projects.

- On September 1, 2022, MTA Bridges and Tunnels issued $951,370, Payroll Mobility Tax Senior Lien BAN 2022A to refund MTA Bond 2012B, C, E, F and 2012H. This bond is not for the benefit of MTA Bridges and Tunnels capital projects.

- On September 15, 2022, MTA Bridges and Tunnels issued $748,682, Payroll Mobility Tax Senior Lien Bond 2022D, we have an additional of $17M on subseries 2022D-1b due to capital appreciation to refund MTA Bond 2018A-2, 2014D-2 and 2011B. This bond is not for the benefit of MTA Bridges and Tunnels capital projects.

- On November 1, 2022, MTA Bridges and Tunnels issued $700,200, Payroll Mobility Tax Senior Lien Bond 2022E to retire MTA Bond 2019F, and refund MTA Bonds 2018A-2 and 2014D-2 and 2011B. This bond is not for the benefit of MTA Bridges and Tunnels capital projects.

- On December 15, 2022, MTA Bridges and Tunnels issued $766,540, Payroll Mobility Tax Senior Lien BAN 2022B to retire MTA Bond 2020A-1. This bond is not for the benefit of MTA Bridges and Tunnels capital projects.
- On December 8, 2022, MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bond remarked 2018E of $148,470 from irrevocable direct-pay letter of credit issued by Bank of America, N.A., was replaced by irrevocable direct-pay letter of credit with USB AG.

MTA Bridges and Tunnels' non-current portion of long-term debt as of December 31, 2022 and 2021, is comprised of the following (in thousands):

	2022	2021
Senior Revenue Bonds (Notes 10)	$ 8,783,214	$ 8,681,913
PMT Bonds (Note 10)	9,036,372	2,863,787
Subordinate Revenue Bonds (Note 11)	605,040	688,320
CBD BAN (Note 12)	217,157	225,658
Sales Tax Revenue Bond (Note 13)	758,796	-
Total long-term debt—net of premiums and discounts	$ 19,400,579	$ 12,459,678

MTA Bridges and Tunnels has entered into several Letter of Credit Agreements and Standby Bond Purchase Agreements (together, "Credit and Liquidity Agreements") as listed on the table below.

TBTA General Revenue	2001C	State Street	June 26, 2023
TBTA General Revenue	2003B-1	U.S. Bank National Assoc.	January 17, 2025
TBTA General Revenue	2005A	Barcleys Bank	January 24, 2024
TBTA General Revenue	2005B-2ab	State Street	January 21, 2026
TBTA General Revenue	2005B-3	State Street	June 26, 2023
TBTA General Revenue	2005B-4c	U.S. Bank National Assoc.	May 23, 2025
TBTA General Revenue	TBTA 2018E Taxable	Bank of America, N.A.	December 5, 2025

According to the terms of the Credit and Liquidity Agreements, if the remarketing agent fails to remarket any of the bonds listed above that are tendered by the holders, the bank is required (subject to certain conditions) to purchase such unremarketed portion of the bonds. Bonds owned by the bank and not remarketed after a specified amount of time (generally 90 days) are payable to the bank as a term loan over five years in ten equal semiannual principal payments including interest thereon. As of December 31, 2022, there were no term loans outstanding.

Bond Refundings—From time to time, MTA Bridges and Tunnels issue refunding bonds to achieve debt service savings or other benefits. The proceeds of refunding bonds are generally used to purchase U.S. Treasury obligations that are placed in irrevocable trusts. The principal and interest within the trusts will be used to repay the refunded debt. The trust account assets and the refunded debt are excluded from the statement of net position.

DRAFT

At December 31, 2022 and 2021, the following amounts of MTA Bridges and Tunnels bonds, which have been refunded, remain valid debt instruments and are secured solely by and payable solely from their respective irrevocable trusts.

	2022	2021
	(In thousands)	
MTA Bridges and Tunnels:		
General Purpose Revenue Bonds	$ 160,365	$ 457,995
Special Obligation Subordinate Bonds	43,640	59,520
Total	$ 204,005	$ 517,515

MTA Bridges and Tunnels had no refunding transactions that resulted in any increased against aggregate debt service payments in 2022 and 2021.

Unamortized losses related to bond refundings were as follows (in millions):

	December 31, 2020	(Gain) Loss on Refunding	Current Year Amortization	December 31, 2021	(Gain) Loss on Refunding	Current Year Amortization	December 31, 2022
TBTA:							
General Revenue Bonds	$ 175	$ -	$ (21)	$ 154	$ -	$(17)	$137
Subordinate Revenue Bonds	25	-	(3)	22	-	(2)	20
	200	-	(24)	176	-	(19)	157
Total	$ 200	$ -	$ (24)	$ 176	$ -	$(19)	$157

DRAFT

10. DEBT—SENIOR REVENUE/PMT BONDS/SALE TAX BONDS

Senior Revenue Bonds at December 31, 2022, consist of the following (in thousands):

	Original Issuance	December 31, 2021	Issued	Principal Repayments	December 31, 2022
Series 2001B&C, 4.10%–5.25%	$ 296,400	$ 89,025	$ -	$ 6,600	$ 82,425
Series 2002F	246,480	111,175	-	8,240	102,935
Series 2003B	250,000	137,320	-	9,265	128,055
Series 2005A	150,000	102,070	-	-	102,070
Series 2005B	800,000	561,600	-	3,300	558,300
Series 2008B	252,230	156,125	-	29,375	126,750
Series 2009A-1	150,000	62,700	-	445	62,255
Series 2009B - BAB	200,000	200,000	-	-	200,000
Series 2010A-2 - BAB	280,400	271,890	-	8,870	263,020
Series 2011A	609,430	25,425	-	25,425	-
Series 2012A	231,490	156,835	-	5,420	151,415
Series 2012B	1,353,055	763,190	-	100,570	662,620
Series 2013B	257,195	142,540	-	13,045	129,495
Series 2013C	200,000	137,540	-	4,505	133,035
Series 2014A	250,000	180,985	-	5,330	175,655
Series 2015A	225,000	186,410	-	3,520	182,890
Series 2015B	65,000	57,545	-	1,425	56,120
Series 2016A	541,240	491,820	-	6,520	485,300
Series 2017A	300,000	300,000	-	13,415	286,585
Series 2017B	902,975	902,975	-	-	902,975
Series 2017C	720,990	720,990	-	-	720,990
Series 2018A	351,930	351,930	-	-	351,930
Series 2018B	270,090	270,090	-	-	270,090
Series 2018C	159,280	159,280	-	-	159,280
Series 2018D	125,000	98,985	-	-	98,985
Series 2018E	148,470	148,470	-	-	148,470
Series 2019A	150,000	150,000	-	-	150,000
Series 2019B	102,465	102,465	-	-	102,465
Series 2019C	200,000	200,000	-	-	200,000
Series 2020A	525,000	525,000	-	-	525,000
Series 2021A	400,000	400,000	-	-	400,000
Series 2022A	-	-	400,000	-	400,000
	$ 10,714,120	8,164,380	400,000	245,270	8,319,110
Add net unamortized bond (discount) and premium		762,803	37,764	69,123	731,444
		$ 8,927,183	$ 437,764	$ 314,393	$ 9,050,554

DRAFT

Senior Revenue Bonds at December 31, 2021, consist of the following (in thousands):

	Original Issuance	December 31, 2020	Issued	Principal Repayments	December 31, 2021
Series 2001B&C, 4.10%–5.25%	$ 296,400	$ 95,370	$ -	$ 6,345	$ 89,025
Series 2002F	246,480	144,835	111,175	144,835	111,175
Series 2003B	250,000	146,225	-	8,905	137,320
Series 2005A	150,000	102,070	-	-	102,070
Series 2005B	800,000	564,900	-	3,300	561,600
Series 2008B	252,230	166,770	53,005	63,650	156,125
Series 2009A-1	150,000	62,700	-	-	62,700
Series 2009B - BAB	200,000	200,000	-	-	200,000
Series 2010A-2 - BAB	280,400	280,400	-	8,510	271,890
Series 2011A	609,430	49,680	-	24,255	25,425
Series 2012A	231,490	162,045	-	5,210	156,835
Series 2012B	1,353,055	879,105	-	115,915	763,190
Series 2013B	257,195	180,550	-	38,010	142,540
Series 2013C	200,000	141,830	-	4,290	137,540
Series 2014A	250,000	186,110	-	5,125	180,985
Series 2015A	225,000	189,760	-	3,350	186,410
Series 2015B	65,000	58,905	-	1,360	57,545
Series 2016A	541,240	498,030	-	6,210	491,820
Series 2017A	300,000	300,000	-	-	300,000
Series 2017B	902,975	902,975	-	-	902,975
Series 2017C	720,990	720,990	-	-	720,990
Series 2018A	351,930	351,930	-	-	351,930
Series 2018B	270,090	270,090	-	-	270,090
Series 2018C	159,280	159,280	-	-	159,280
Series 2018D	125,000	98,985	-	-	98,985
Series 2018E	148,470	148,470	-	-	148,470
Series 2019A	150,000	150,000	-	-	150,000
Series 2019B	102,465	102,465	-	-	102,465
Series 2019C	200,000	200,000	-	-	200,000
Series 2020A	525,000	525,000	-	-	525,000
Series 2021A	-	-	400,000	-	400,000
	$ 10,314,120	8,039,470	564,180	439,270	8,164,380
Add net unamortized bond (discount) and premium		704,046	90,587	31,830	762,803
		$ 8,743,516	$ 654,767	$ 471,100	$ 8,927,183

DRAFT

Debt Service Requirements Senior Revenue:

Years Ending December 31	Principal	Interest (In thousands)	Aggregate Debt Service
2023	$ 267,340	$ 376,183	$ 643,523
2024	301,330	362,572	663,902
2025	312,360	349,167	661,527
2026	342,235	334,176	676,411
2027	357,910	317,448	675,358
2028–2032	2,138,960	1,315,272	3,454,232
2033–2037	1,236,940	977,702	2,214,642
2038–2042	1,130,755	671,997	1,802,752
2043–2047	1,066,825	425,382	1,492,207
2048–2052	722,510	194,248	916,758
2053-2057	441,945	53,095	495,040
	$ 8,319,110	$ 5,377,243	$ 13,696,353

PMT Bonds at December 31, 2022, consist of the following (in thousands):

	Original Issuance	December 31, 2021	Issued	Principal Repayments	December 31, 2022
PMT 2021A	$ 1,238,210	1,238,210	$ -	$ -	1,238,210
PMT 2021B	369,195	369,195			369,195
PMT 2021C	856,585	856,585		8,360	848,225
PMT 2022A	-	-	592,680	-	592,680
PMT 2022B	-	-	927,950	-	927,950
PMT 2022C	-	-	1,000,015	-	1,000,015
PMT 2022D	-	-	765,690	-	765,690
PMT 2022E	-	-	700,200	-	700,200
PMT 2022A-BAN	-	-	951,370	-	951,370
PMT 2022B-BAN	-	-	766,540	-	766,540
	$ 2,463,990	2,463,990	5,704,445	8,360	8,160,075
Add net unamortized bond (discount) and premium		408,157	575,972	76,206	907,923
		$ 2,872,147	$ 6,280,417	$ 84,566	$ 9,067,998

PMT Bonds at December 31, 2021, consist of the following (in thousands):

DRAFT

	Original Issuance	December 31, 2021	Issued	Principal Repayments	December 31, 2022
PMT 2021A	$ 1,238,210	1,238,210	$ -	$ -	1,238,210
PMT 2021B	369,195	369,195	-	-	369,195
PMT 2021C	856,585	856,585	-	-	856,585
	$ 2,463,990	2,463,990	-	-	2,463,990
Add net unamortized bond (discount) and premium		408,157	-	-	408,157
		$ 2,872,147	$ -	$ -	$ 2,872,147

Debt Service Requirements PMT:

Years Ending December 31	Principal	Interest (In thousands)	Aggregate Debt Service
2023	$ 31,625	$ 373,285	$ 404,910
2024	1,724,330	365,768	2,090,098
2025	21,365	287,770	309,135
2026	273,595	283,085	556,680
2027	434,095	275,635	709,730
2028–2032	1,088,460	1,251,061	2,339,521
2033–2037	368,940	1,142,652	1,511,592
2038–2042	794,690	986,176	1,780,866
2043–2047	1,318,970	702,708	2,021,678
2048–2052	1,842,045	326,652	2,168,697
2053-2057	261,960	59,395	321,355
	$ 8,160,075	$ 6,054,187	$ 14,214,262

Sales Tax Bonds at December 31, 2022, consist of the following (in thousands):

	Original Issuance	December 31, 2021	Issued	Principal Repayments	December 31, 2022
SALE TAX 2022A	$ -	-	$ 700,000	$ -	700,000
	-	-	-	-	-
	$ -	-	700,000	-	700,000
Add net unamortized bond (discount) and premium		-	59,757	962	58,795
		$ -	$ 759,757	$ 962	$ 758,795

Debt Service Requirements Sales Tax:

DRAFT

Years Ending December 31	Principal	Interest (In thousands)	Aggregate Debt Service
2023	$ -	$ 34,212	$ 34,212
2024	-	34,212	34,212
2025	2,015	34,162	36,177
2026	2,455	34,050	36,505
2027	2,925	33,915	36,840
2028–2032	22,635	166,666	189,301
2033–2037	39,005	159,049	198,054
2038–2042	60,415	146,736	207,151
2043–2047	64,745	132,269	197,014
2048–2052	162,435	104,029	266,464
2053-2057	220,470	58,779	279,249
2058-2062	122,900	16,936	139,836
	$ 700,000	$ 955,014	$ 1,655,014

The above interest amounts include both fixed and variable rate calculations. The interest rate assumptions for variable rate bonds are as follows: variable rate bonds at an assumed rate of 4%; swapped bonds at the applicable synthetic fixed rate for the swapped portion and 4% otherwise; floating rate notes at the applicable synthetic fixed rate plus the current fixed spread to maturity for the swapped portion and 4% plus the current fixed spread to maturity for the portion that is not swapped.

11. DEBT—SUBORDINATE REVENUE BONDS

Subordinate revenue bonds had not new issuance in 2022 or 2021.

Subordinate Revenue Bonds at December 31, 2022, consist of the following (in thousands):

	Original Issuance	December 31, 2021	Retirements during 2022	December 31, 2022
Series 2002E	$ 756,095	$ -	$ -	$ -
Series 2013A	761,599	712,255	(52,350)	659,905
Series 2013D	313,975	83,265	(23,975)	59,290
	$ 1,831,669	795,520	(76,325)	719,195
Add net unamortized bond (discount) and premium		(30,875)	(2,165)	(33,040)
		$ 764,645	$ (78,490)	$ 686,155

DRAFT

Subordinate Revenue Bonds at December 31, 2021, consist of the following (in thousands):

	Original Issuance	December 31, 2020	Retirements during 2021	December 31, 2021
Series 2002E	$ 756,095	$ 36,080	$ (36,080)	$ -
Series 2013A	761,599	720,645	(8,390)	712,255
Series 2013D	313,975	110,645	(27,380)	83,265
	$ 1,831,669	867,370	(71,850)	795,520
Add net unamortized bond (discount) and premium		(28,217)	(2,658)	(30,875)
		$ 839,153	$ (74,508)	$ 764,645

Debt Service Requirements:

Years Ending December 31	Principal	Interest	Aggregate Debt Service
		(In thousands)	
2023	$ 81,115	$ 23,330	$ 104,445
2024	74,060	19,596	93,656
2025	78,070	16,014	94,084
2026	63,460	12,210	75,670
2027	66,915	9,037	75,952
2028–2032	355,575	11,371	366,946
	$ 719,195	$ 91,558	$ 810,753

The above interest amounts include both fixed and variable rate calculations. The interest rate assumptions for variable rate bonds are as follows: variable rate bonds at an assumed rate of 4%; swapped bonds at the applicable synthetic fixed rate for the swapped portion and 4% otherwise; floating rate notes at the applicable synthetic fixed rate plus the current fixed spread to maturity for the swapped portion and 4% plus the current fixed spread to maturity for the portion that is not swapped.

DRAFT

12. BOND ANTICIPATION NOTES

On June 10, 2021, MTA Bridges and Tunnels issued $192,835 General Revenue Bond Anticipation Notes, Series 2021A. The net proceeds were issued to finance capital costs for the Central Business District Tolling Program.

(In thousands)	December 31, 2021	Issued	Principal Repayments and Retirements During 2022	December 31, 2022
Series 2021A	$ 192,835	$ -	$ -	$ 192,835
Add net unamortized bond premium	32,823	-	(8,501)	24,322
	$ 225,658	$ -	$ (8,501)	$ 217,157

Debt Service Requirements:

Years Ending December 31	Principal	Interest	Aggregate Debt Service
		(In thousands)	
2023	$ -	$ 9,642	$ 9,642
2024	-	9,642	9,642
2025	192,835	9,642	202,477
	$ 192,835	$ 28,926	$ 221,761

13. GASB 53—DERIVATIVE INSTRUMENTS

For the year ended December 31, 2022, the MTA Bridges and Tunnels is reporting gain, derivative instrument liabilities and deferred outflows from derivative instruments in the amounts of $13,789, $34,608 and $70,933, respectively. The gain of $13,789 is related to swaps on MTA bonds which is offset by a loss of $13,789 reflected in other operating income. Also recognized in the same period are derivative instrument assets of $3,446.

For the year ended December 31, 2021, the MTA Bridges and Tunnels is reporting gain, derivative instrument liabilities and deferred outflows from derivative instruments in the amounts of $8,965, $147,415 and $169,931, respectively. The gain of $8,965 is related to swaps on MTA bonds which is offset by a loss of $8,965 reflected in other operating income. Also recognized in the same period are derivative instrument assets of $3,467.

DRAFT

GASB Statement No. 53—Accounting and Financial Reporting for Derivative Instruments
Summary Information as of December 31, 2022

	Bond Resolution	Series	Type of Derivative	Cash Flow or Fair Value Hedge	Effective Methodology	Trade/ Entered Date	Notional Amount as of 12/31/2022 (In millions)	Fair Values as of 12/31/2022 (In millions)
Investment Swap	MTA Transportation Revenue Bond	2002G-1	Pay-Fixed Swap	N/A	N/A	4/1/2016	$ 64.270	$ (0.448)
	MTA Transportation Revenue Bond	2022E	Pay-Fixed Swap	N/A	N/A	4/1/2016	89.765	(3.551)
Hedging Swaps	MTA Bridges & Tunnels Senior Revenue Bonds	2018E (Citi 2002F)	Pay-fixed swap	Cash flow	Dollard Offset	7/5/2005	186.100	(6.851)
	MTA Bridges & Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Pay-fixed swap	Cash flow	Synthetic Instrument	4/1/2016	17.690	(0.459)
	MTA Bridges & Tunnels Senior Revenue Bonds	2005B	Pay-fixed swap	Cash flow	Synthetic Instrument	7/5/2005	558.300	(20.552)
	MTA Bridges & Tunnels Senior Revenue Bonds	2001C	Pay-fixed swap	Cash flow	Synthetic Instrument	4/1/2016	8.000	(0.226)

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2022, classified by type, and the changes in fair value of such derivative instruments from the year ended December 31, 2021, are as follows (in thousands):

(In Millions)	Changes In Fair Value		Fair Value at December 31, 2022		Notional Amount
	Classification	Amount	Classification	Amount	
Government Activities					
Cash Flow hedges— pay-fixed interest rate swaps	Deferred Inflow of resources	$(98.998)		$ (28.088)	$ 770.090
Investment swap— pay-fixed interest rate swaps	Investment income	13.789		(3.999)	154.035

The summary above reflects a total number of six (6) swaps and hedging relationships that were reviewed for GASB Statement No. 53 Hedge Accounting treatment. Of that total, four (4) were deemed effective using Synthetic Instrument Method.

For the four (4) hedging relationships, the Synthetic Instrument Method was utilized to determine effectiveness. Under the Synthetic Instrument Method, if the rate determined by dividing the historical Swap and Bond payments (Fixed Swap payments + Floating Bond payments—Floating Swap payments) by the hedge notional amount produces an "Actual Synthetic Rate" that is within 90% to 111% of the corresponding fixed swap rates then the hedging derivative instrument is deemed to be effective.

14. LEASES

MTA Bridges and Tunnels entered into various lease agreements that convey control of the right to use other entities' nonfinancial assets. The initial measurement of MTA Bridges and Tunnelsleased asset and lease liability for those agreements was as of January 1, 2021. The lease liability was reduced as payments were made, and an outflow of resources for interest on the liability was 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 were recognized on the lease receivable and an inflow of resources from the deferred inflow of resources were recognized on a straight-line basis over the term of the lease.

As Lessor

MTA Bridges and Tunnels leases its building and access right to other entities. These leases have terms between 1 year to 39 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 receivable. Lease receivables are measured at the present value of payments expected to be made during the lease term, using MTA Bridges and Tunnels 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 are as follow (in thousands) :

	2022	2021
Lease Revenue	$ 1,650	$ 1,650
Interest Revenue	369	363
Other Variable	0	0

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

Lease receivable - current	$ 1,501	$ 1,396
Lease receivable - noncurrent	11,267	12,769

The Authority recognized $0 and $0 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 receivable subsequent to December 31, 2022, are as follows (in thousands):

DRAFT

Years Ending December 31	Principal	Interest	Total
2023	$ 1,501	$ 338	$ 1,839
2024	1,239	307	1,546
2025	1,208	277	1,485
2026	1,283	246	1,529
2027	1,282	214	1,496
2028–2032	2,610	751	3,361
2033–2037	1,628	512	2,140
2038 - 2042	288	354	642
2043 - 2047	320	300	620
2048 - 2052	386	234	620
2053 - 2057	465	154	619
2058 - 2062	558	57	615
Total	$ 12,768	$ 3,744	$ 16,512

As Lessee

MTA Bridges and Tunnels is a lessee of 24.04% in the 2 Broadway building lease. This 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. MTA Bridges and Tunnels incremental borrowing rate at the time of valuation 9.11%.

The amount of lease expense recognized for variable payment not included in the measurement of lease liability was $0 and $0 for the years ended December 31, 2022 and 2021, respectively. The Authority recognized $0 expense attributable to residual value guarantees and termination penalties for each of the years ended December 31, 2022 and 2021.

DRAFT

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

Years Ending December 31	Principal	Interest	Total
2023	(999)	7,775	$ 6,776
2024	(429)	7,843	7,414
2025	(470)	7,883	7,413
2026	(515)	7,928	7,413
2027	(564)	7,977	7,413
2028–2032	2,638	39,731	42,369
2033–2037	11,821	36,603	48,424
2038 - 2042	24,239	28,578	52,817
2043 - 2047	43,529	13,561	57,090
2048 - 2052	5,645	151	5,796
Total	$ 84,895	$158,030	$242,925

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.

15. RISK MANAGEMENT

MTA Bridges and Tunnels 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.

MTA Bridges and Tunnels is self-insured up to $3.2 million per occurrence for liability arising from injuries to persons, excluding employees. MTA Bridges and Tunnels is self-insured for work related injuries to employees and for damage to third party property. MTA Bridges and Tunnels provides reserves to cover the self-insured portion of these claims, including a reserve for claims incurred but not reported. The annual cost arising from injuries to employees and damage to third-party property is included in

DRAFT

"Retirement & other employee benefits" and "Insurance" in the accompanying statements of revenues, expenses, and changes in net position.

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

	2022	2021
Balance—beginning of year	$ 55,890	$ 55,908
Activity during the year:		
Current year claims and changes in estimates	7,036	5,582
Claims paid	(6,522)	(5,600)
Balance—end of year	56,404	55,890
Less current portion	(4,874)	(6,741)
Long-term liability	$ 51,530	$ 49,149

Liability Insurance— The 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 limits are: $8 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road, and MTA Metro-North Railroad; $2.3 million for MTA Long Island Bus and MTA Staten Island Railway; and $1.6 million for MTAHQ and MTA Bridges and Tunnels. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limits are: $9 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $2.6 million for MTA Long Island Bus and MTA Staten Island Railway; and $1.9 million for MTAHQ and MTA Bridges and Tunnels. Effective November 1, 2012 the self-insured retention limits for ELF were increased to the following amounts: $10 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $3 million for MTA Staten Island Railway; and $2.6 million for MTAHQ and MTA Bridges and Tunnels. Effective October 31, 2015 the self-insured retention limits for ELF were increased to the following amounts: $11 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $3.2 million for MTA Staten Island Railway; MTAHQ and MTA Bridges and Tunnels. 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 $174.04 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.

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.

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.

16. COMMITMENTS AND CONTINGENCIES

At December 31, 2022 and 2021, MTA Bridges and Tunnels had unused standby letters of credit, relative to insurance, amounting to $1.81 million and $1.81 million, respectively.

MTA Bridges and Tunnels is involved in various litigations and claims involving personal liability claims and certain other matters. Although the ultimate outcome of these claims and suits cannot be predicted at this time, management does not believe that the ultimate outcome of these matters will have a material effect on the financial position, results of operations and cash flows of MTA Bridges and Tunnels.

Under the terms of federal 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.

As of December 31, 2022, $7,264 million has been committed to MTA Bridges and Tunnels Capital Program.

17. SWAP AGREEMENTS

Swap Agreements Relating to Synthetic Fixed Rate Debt—Fair value for the swaps is calculated in accordance with GASB Statement No. 72, utilizing the income approach and Level 2 inputs. It incorporates the mid-market valuation, nonperformance risk of either MTA Bridges and Tunnels or the counterparty, as well as bid/offer. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Swap Agreements Relating to Synthetic Fixed Rate Debt

Board-Adopted Guidelines—The MTA adopted guidelines governing the use of swap contracts. The guidelines were amended and approved by the Board on March 13, 2013. The guidelines establish limits on the amount of interest rate derivatives instruments that may be outstanding and specific requirements that must be satisfied for a Related Entity to enter into a swap contract, such as suggested swap terms and objectives, retention of a swap advisor, credit ratings of the counterparties, collateralization requirements and reporting requirements.

Objectives of Synthetic Fixed Rate Debt—To achieve cash flow savings through a synthetic fixed rate, MTA Bridges and Tunnels has entered into separate pay-fixed, receive-variable interest rate swaps at a cost anticipated to be less than what MTA Bridges and Tunnels would have paid to issue fixed-rate debt, and in some cases where Federal tax law prohibits an advance refunding to synthetically refund debt on a forward basis.

Terms and Fair Value—The terms, fair values and counterparties of the outstanding swaps of MTA Bridges and Tunnels are reflected in the following tables (as of December 31, 2022).

MTA Bridges and Tunnels Senior Lien Revenue Bonds							
Associated Bond Issue	Notional Amounts as of 12/31/2022 (In millions)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values as of 12/31/2022 (In millions)	Swap Termination Date	Counterparty
Series 2018E (7)	$ 186.100	04/01/16	3.076 %	67% of one-month LIBOR (1)	$ (6.851)	01/01/32	Citibank, N.A.
Series 2005B-2a,b,c, 2005B-3 and 2005B-4a,b,c,d,e (1)	558.300	07/07/05	3.076	67% of one-month LIBOR (1)	(20.552)	01/01/32	33% each—JPMorgan Chase Bank, NA, BNP Paribas North America, Inc. and UBS AG
Total	$ 744.400				$ (27.403)		

MTA Bridges and Tunnels Subordinate Revenue Bonds							
Associated Bond Issue	Notional Amounts as of 12/31/2022 (In millions)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values as of 12/31/2022 (In millions)	Swap Termination Date	Counterparty
Series 2005A	$ 17.690	04/01/16	3.09 %	Lesser of Actual Bond or 67% of one-month LIBOR	$ (0.459)	01/01/30	U.S. Bank N.A., Wells Fargo Bank, N.A.
Series 2001C (6)	8.000	04/01/16	3.52	67% of one-month LIBOR (1)	(0.226)	01/01/30	U.S. Bank N.A., Wells Fargo Bank, N.A.
Total	$ 25.690				$ (0.685)		

DRAFT

(1) On February 19, 2009, MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2005B-1 were refunded. Notional amounts from the Series 2005B-1 swap were reassigned to MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2002F, MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2003B-1,2,3 and from November 1, 2027 through November 1, 2030, to MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A-2,3.

(2) In accordance with a swaption entered on August 12, 1998, the Counterparty paid to MTA Bridges and Tunnels a premium of $22,740,000.

(3) On September 30, 2014, the TBTA Subordinate Revenue Variable Rate Refunding Bonds, Series 2000AB, together with the TBTA Subordinate Revenue Variable Rate Refunding Bonds Series 2000CD, were redesignated as the Series 2000ABCD Bonds and converted from a Weekly Mode to a Term Mode. The swap now hedges the portion of the Series 2000ABCD bonds that originally related to the Series 2000AB bonds.

(4) On December 18, 2012, MTA Variable Rate Certificates of Participation, Series 2004A associated with the swap in connection with Series 2004A Bonds, were redeemed. Notional amounts from the Series 2004A swap were reassigned to MTA Transportation Revenue Variable Rate Bonds, Series 2011B; and MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A-1.

(5) On November 19, 2013, MTA Variable Rate Certificates of Participation, Series 2004A associated with the swap in connection with Series 2004A Bonds, were redeemed. Notional amounts from the Series 2004A swap were reassigned to MTA Transportation Revenue Variable Rate Bonds, Series 2011B; and MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A-1.

(6) In accordance with a swaption entered on August 12, 1998, TBTA received an upfront option premium of $22.740, which is being amortized over the life of the swap agreement. Between November 22, 2016 and December 5, 2016, the Variable Rate Certificates of Participation, Series 2004A were redeemed. Corresponding notional amounts from the Series 2004A COPs were reassigned to MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C. Pursuant to an Interagency Agreement (following novations from UBS in April 2016), MTA New York City Transit is responsible for 68.7%, MTA is responsible for 21.0%, and TBTA is responsible for 10.3% of the transaction.

(7) On October 27, 2021 the TBTA 2002F VRDB bond were remarketed to a Fixed Rate Mode. Since the bonds were fixed out, the hedging relationship with the TBTA Citi swap was terminated, and a new hedging relationship was established with the TBTA 2018E taxable VRDB bonds.

LIBOR: London Interbank Offered Rate
SIFMA: Securities Industry and Financial Markets Association Index
TRB: Transportation Revenue Bonds

Counterparty Ratings—The current ratings of the counterparties are as follows as of December 31, 2022:

	Ratings of the Counterparty or its Credit Support Provider		
Counterparty	**S&P**	**Moody's**	**Fitch**
U.S. Bank National Association	AA-	A1	AA-
Wells Fargo Bank, N.A.	A+	Aa2	AA-
BNP Paribas North America, Inc.	A+	Aa3	AA-
Citibank, N.A.	A+	Aa3	A+
JPMorgan Chase Bank, NA	A+	Aa2	AA
UBS AG	A+	Aa3	AA-

DRAFT

Swap Notional Summary—The following table sets forth the notional amount of Synthetic Fixed Rate debt and the outstanding principal amount of the underlying floating rate series as of December 31, 2022 (in thousands):

Series	Outstanding Principal	Notional Amount
TBTA 2005B-4 (a,b,c,d,e)	$ 186,100	$ 186,100
TBTA 2005B-3	186,100	186,100
TBTA 2005B-2 (a,b,c)	186,100	186,100
TBTA 2005A	102,070	17,690
TBTA 2003B (1,2,3)	128,055	50,895
TBTA 2018E	148,470	135,205
TBTA 2001C	82,425	8,000
2002G-1	64,270	64,270
2022E-2a	99,560	89,765
Total	$ 1,183,150	$ 924,125

Except as discussed below under the heading “Rollover Risk,” the swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the principal amount of the associated bonds.

Risks Associated with the Swap Agreements—From MTA’s and MTA Bridges and Tunnels’ perspective, the following risks are generally associated with swap agreements:

Credit Risk—The risk that a counterparty becomes insolvent or is otherwise not able to perform its financial obligations. To mitigate the exposure to credit risk, the swap agreements include collateral provisions in the event of downgrades to the swap counterparties’ credit ratings. Generally, MTA Bridges and Tunnels’ swap agreements contain netting provisions under which transactions executed with a single counterparty are netted to determine collateral amounts. Collateral may be posted with a third-party custodian in the form of cash, U.S. Treasury securities, or certain Federal agency securities. MTA Bridges and Tunnels requires its counterparties to fully collateralize if ratings fall below certain levels (in general, at the Baa1/BBB+ level), with partial posting requirements at higher rating levels (details on collateral posting discussed further under “Collateralization/Contingencies”). As of December 31, 2022, all the valuations were in liability positions to MTA Bridges and Tunnels; accordingly, no collateral was posted by any of the counterparties.

DRAFT

The notional amount totals below include all swaps. The counterparties have the ratings set forth above.

Counterparty	Notional Amount (In thousands)	% of Total Notional Amount
JPMorgan Chase Bank, NA	$ 186,100	20.14 %
UBS AG	186,100	20.14
Citibank, N.A.	186,100	20.14
BNP Paribas North America, Inc.	186,100	20.14
U.S. Bank National Association	89,863	9.73
Wells Fargo Bank, N.A.	89,862	9.71
Total	$ 924,125	100 %

Basis Risk—The risk that the variable rate of interest paid by the counterparty under the swap and the variable interest rate paid by MTA Bridges and Tunnels on the associated bonds may not be the same. If the counterparty's rate under the swap is lower than the bond interest rate, then the counterparty's payment under the swap agreement does not fully reimburse MTA Bridges and Tunnels for its interest payment on the associated bonds. Conversely, if the bond interest rate is lower than the counterparty's rate on the swap, there is a net benefit to MTA Bridges and Tunnels.

Termination Risk—The risk that a swap agreement will be terminated and MTA Bridges and Tunnels will be required to make a swap termination payment to the counterparty and, in the case of a swap agreement which was entered into for the purpose of creating a synthetic fixed rate for an advance refunding transaction may also be required to take action to protect the tax-exempt status of the related refunding bonds.

The ISDA Master Agreement sets forth certain termination events applicable to all swaps entered by the parties to that ISDA Master Agreement. MTA Bridges and Tunnels have entered separate ISDA Master Agreements with each counterparty that govern the terms of each swap with that counterparty, subject to individual terms negotiated in a confirmation. MTA Bridges and Tunnels is subject to termination risk if its credit ratings fall below certain specified thresholds or if MTA Bridges and Tunnels commits a specified event of default or other specified event of termination. If, at the time of termination, a swap was in a liability position to MTA Bridges and Tunnels, a termination payment would be owed by MTA Bridges and Tunnels to the counterparty, subject to applicable netting arrangements.

The ISDA Master Agreements entered with the following counterparties provide that the payments under one transaction will be netted against other transactions entered under the same ISDA Master Agreement:

- JPMorgan Chase Bank, NA with respect to the MTA Transportation Revenue Variable Rate Refunding Bonds, Series 2002D-2 and Series 2012G.

Under the terms of these agreements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

DRAFT

Collateralization—Generally, the Credit Support Annex attached to the ISDA Master Agreement requires that if the outstanding ratings of MTA, MTA Bridges and Tunnels, MTA New York City Transit, or the counterparty falls to a certain level, the party whose rating falls is required to post collateral with a third-party custodian to secure its termination payments above certain threshold valuation amounts. Collateral must be cash or U.S. government or certain Federal agency securities.

The following tables set forth the ratings criteria and threshold amounts relating to the posting of collateral set forth for MTA, MTA Bridges and Tunnels, MTA New York City Transit, and the counterparty for each swap agreement. In most cases, the counterparty does not have a Fitch rating on its long-term unsecured debt, so that criteria would not be applicable in determining if the counterparty is required to post collateral.

The following tables set forth the Additional Termination Events for MTA Bridges and Tunnels and its counterparties.

MTA Bridges and Tunnels Senior Lien

Counterparty Name	MTA Bridges and Tunnels	Counterparty
BNP Paribas North America, Inc.; Citibank, N.A.; JPMorgan Chase Bank, NA; UBS AG	Below Baa2 (Moody's) or BBB (S&P) *	Below Baa1 (Moody's) or BBB+ (S&P) *

* Note: Equivalent Fitch rating is replacement for Moody's or S&P.

MTA Bridges and Tunnels Subordinate Lien

Counterparty Name	MTA Bridges and Tunnels	Counterparty
U.S. Bank National Association; Wells Fargo Bank, N.A.	Below Baa2 (Moody's) or BBB (S&P) *	Below Baa2 (Moody's) or BBB (S&P) **

* Note: Equivalent Fitch rating is replacement for Moody's or S&P. If not below Investment Grade, MTA Bridges and Tunnels may cure such Termination Event by posting collateral at a Zero threshold.

** Note: Equivalent Fitch rating is replacement for Moody's or S&P.

MTA Bridges and Tunnels' ISDA Master Agreements provide that the payments under one transaction will be netted against other transactions entered under the same ISDA Master Agreement. Under the terms of these agreements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the amounts so that a single sum will be owed by, or owed to, the non-defaulting party.

Rollover Risk—MTA and MTA Bridges and Tunnels are exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, MTA or MTA Bridges and Tunnels may not realize the synthetic fixed rate offered by the swaps on the underlying debt issues. The following debt is exposed to rollover risk:

MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C (swaps with U.S. Bank/Wells Fargo)	January 1, 2032	January 1, 2030
MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2018E (swap with Citibank, N.A.)	November 15, 2032	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2003B (swap with Citibank, N.A.)	January 1, 2033	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A (swaps with U.S. Bank/Wells Fargo and Citibank, N.A.)	November 1, 2041	January 1, 2030 (U.S. Bank/Wells Fargo) January 1, 2032 (Citibank)
MTA Transportation Revenue variable Rate Bonds, Bond series 2022E (swaps with U.S. Bank / Wells Fargo)	November 1, 2041	January 1, 2030

Collateralization/Contingencies—Under the majority of the swap agreements, MTA Bridges and Tunnels is required to post collateral in the event its credit rating falls below certain specified levels. The collateral posted is to be in the form of cash, U.S. Treasury securities, or certain Federal agency securities, based on the valuations of the swap agreements in liability positions and net of the effect of applicable netting arrangements. If MTA Bridges and Tunnels does not post collateral, the swaps may be terminated by the counterparties.

As of December 31, 2022, the aggregate mid-market valuation of MTA Bridges and Tunnels' swaps subject to collateral posting agreements was $31,162; as of this date, MTA Bridges and Tunnels was not subject to collateral posting based on its credit ratings (see further details below).

The following tables set forth the ratings criteria and threshold amounts applicable to MTA Bridges and Tunnels and its counterparties.

MTA Bridges and Tunnels Senior Lien

Counterparty	**MTA Bridges and Tunnels Collateral Thresholds (Based on Highest Rating)**	**Counterparty Collateral Thresholds (Based on Highest Rating)**
BNP Paribas North America, Inc.;	Baa1/BBB+: $30 million	A3/A-: $10 million
Citibank, N.A.;	Baa2/BBB: $15 million	Baa1/BBB+ & below: Zero
JPMorgan Chase Bank, NA;	Baa3/BBB- & below: Zero	

Note: MTA Bridges and Tunnels thresholds based on Moody's, S&P, and Fitch ratings. Counterparty thresholds based on Moody's and S&P ratings; Fitch rating is replacement for Moody's or S&P.

DRAFT

MTA Bridges and Tunnels Subordinate Lien

Counterparty	MTA Bridges and Tunnels Collateral Thresholds (Based on Lowest Rating)	Counterparty Collateral Thresholds (Based on Lowest Rating)
U.S. Bank National Association; Wells Fargo Bank, N.A.	Baa3/BBB- & below: Zero *(Note: only applicable as cure for Termination Event)*	Aa3/AA-: $15 million A1/A+ to A3/A-: $5 million Baa1/BBB+ & below: Zero

Note: Thresholds based on Moody's and S&P ratings. Fitch rating is replacement for Moody's or S&P.

Swap Payments and Associated Debt—The following tables contain the aggregate amount of estimated variable-rate bond debt service and net swap payments during certain years that such swaps were entered into in order to: protect against the potential of rising interest rates; achieve a lower net cost of borrowing; reduce exposure to changing interest rates on a related bond issue; or, in some cases where Federal tax law prohibits an advance refunding, achieve debt service savings through a synthetic fixed rate. As rates vary, variable-rate bond interest payments and net swap payments will vary. Using the following assumptions, debt service requirements of MTA's and MTA Bridges and Tunnel's outstanding variable-rate debt and net swap payments are estimated to be as follows:

- It is assumed that the variable-rate bonds would bear interest at a rate of 4.0% per annum.
- The net swap payments were calculated using the actual fixed interest rate on the swap agreements.

MTA Bridges and Tunnels

Years Ending December 31	Variable-Rate Bonds Principal	Variable-Rate Bonds Interest	Net Swap Payments	Total
		(In millions)		
2023	$ 28.6	$ 33.8	$ (6.8)	$ 55.6
2024	57.2	31.5	(6.4)	82.3
2025	30.4	30.3	(6.4)	54.3
2026	31.5	29.1	(6.3)	54.3
2027	32.9	27.8	(6.5)	54.2
2028–2032	681.8	68.5	(16.5)	733.8
2033–2037	12.4	2.5		14.9
2038–2042	-	1.0	-	1.0

18. RELATED PARTY TRANSACTIONS

MTA Bridges and Tunnels and other affiliated MTA agencies receive support from MTA in the form of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, some of which are charged back.

The resulting receivables and payables from the above transactions are recorded in the statement of net position.

The Metropolitan Transportation Authority ("MTA") and the Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels") entered into a Payroll Mobility Tax Financing Agreement (the "Financing Agreement"), dated as of April 9, 2021, to provide the mechanism by which MTA will deposit, allocate and transfer certain payroll mobility taxes ("Mobility Tax Receipts") and certain fees, surcharges and taxes ("Aid Trust Account Receipts," and together with the Mobility Tax Receipts, "PMT Receipts") in order to share the PMT receipts on a parity basis with MTA Bridges and Tunnels. The Financing Agreement ensures that sufficient amounts will be available for MTA to (i) provide MTA Bridges and Tunnels, or the trustee on behalf of MTA Bridges and Tunnels, with the PMT Receipts necessary for MTA Bridges and Tunnels to timely perform its obligations under the Triborough Bridge and Tunnel Authority Payroll Mobility Tax Obligation Resolution and certain related resolutions, each adopted on March 17, 2021, and (ii) retain, or provide to the trustee under the MTA PMT Resolution on its own behalf, the PMT Receipts necessary for MTA to timely perform its obligations under the Metropolitan Transportation Authority Payroll Mobility Tax Obligation Resolution and certain related resolutions, each adopted on November 18, 2020. The aforementioned resolutions were adopted for the purpose of issuing from time to time one or more series of bonds, notes or other obligations secured by the Financing Agreement and the PMT Receipts.

During 2022, Triborough Bridge and Tunnel Authority issued bonds backed by payroll mobility tax revenues. The proceeds of these bonds are sent to MTA for the capital needs of New York City Transit and Commuter Rails. The debt service costs associated with these bonds are collected by MTA from New York state and sent to Triborough Bridge and Tunnel Authority, which are then used to pay the bond holders. The total loan receivable for PMT as of December 31, 2022 is $7,888 million.

Due from/to MTA and affiliated agencies consists of the following at December 31, 2022 and 2021 (in thousands):

	2022		2021	
	Receivable	(Payable)	Receivable	(Payable)
Due from (due to) MTA	$ 4,124	$ (186,551)	$ 10,225	$ (508,824)
Loan receivable due from (due to) MTA	7,887,945	-	2,088,314	-
Due from (due to) affiliated agencies	825	(82,534)	-	(86,213)
	$ 7,892,894	$ (269,085)	$ 2,098,539	$ (595,037)

19. NOVEL CORNAVIRUS (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 has been 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. Traffic crossings at MTA Bridges and Tunnels facilities are nearly at pre-pandemic 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 are providing approximately $4 billion to MTA. Funding will be provided at a 100% Federal share, with no local match required, and is available to support operating, capital 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 $4.010 billion. As of December 31, 2020, a total of $4.010 billion has been 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. 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 MTA expects to issue long-term bonds in December 2023 to repay the MLF loan.

Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA")—On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA") which includes $900 billion in supplemental appropriations for COVID-19, $14 billion of which will be allocated to support the transit industry during the COVID-19 public health emergency was signed into law. The supplemental finding will be provided a 100 percent federal share, with no local match required. CRRSAA through FTA's formula funding provisions has provided $4.1 billion to MTA. This federal relief offsets operating deficits in 2021. The funds were received in late December 2021 of $0.6 billion and January 2022 of $3.5 billion.

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. An additional estimated $100 million is expected to be submitted for the period ended December 31, 2022.

DRAFT

20. SUBSEQUENT EVENTS

On January 12, 2023, MTA Bridges and Tunnels issued $764,950 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Refunding Green Bonds, Series 2023A ("the Series 2023A Bonds"). Proceeds from the transaction will be used (i) to refund certain MTA Transportation Revenue Bonds and MTA Dedicated Tax Fund Bonds and (ii) to pay certain financing, legal, and miscellaneous expenses associated with the Series 2023A Bonds.

On February 14, 2023, MTA Bridges and Tunnels issued $828,225 Triborough Bridge and Tunnel Authority General Revenue Refunding Bonds, Series 2023A ("the Series 2023A Bonds"). Proceeds from the transaction will be used (i) to refund certain outstanding bonds of MTA Bridges and Tunnels and (ii) pay certain financing, legal, and miscellaneous expenses.

On March 14, 2023, MTA Bridges and Tunnels issued $1,253,750 Triborough Bridge and Tunnel Authority Sales Tax Revenue Bonds, Series 2023A ("the Series 2023A Bonds"). Proceeds from the transaction will be used (i) to finance approved transit and commuter project included in the 2020-2024 Capital Program and (ii) finance a portion of the capital costs of the Central Business District Tolling and (iii) pay certain financing, legal and miscellaneous expenses.

On March 16, 2023, MTA purchased $1,032,146 for three portfolios of State and Local Governments Securities (SLGS) sufficient to pre-pay all or a portion of interest due on certain MTA Dedicated Tax Bond Funds, MTA Transportation Revenue Bonds, and TBTA Payroll Mobility Tax Senior Lien Bonds through November 15, 2026. The funds were deposited in three escrow accounts. The establishment of the Escrow Fund is not intended to constitute an economic or legal defeasance of the Bonds and the MTA and TBTA retains the ability, in its sole discretion, to withdraw in whole or in part the amounts deposited in the Escrow Fund at any time should such amounts be needed for any other authorized purpose.

The breakdown of the portfolios were allocated as follows: Dedicated Tax Bond funds, Series 2010A-2, together with the Series 2009C Bonds, $181,749; MTA Transportation Revenue Bonds, Series 2020E Bonds, together with the Series 2006B, the Series 2010A, Series 2010B-1, Series 2010C-1, Series 2010E and the Series 2020D Bonds, $582,681; TBTA Payroll Mobility Tax Senior Lien Bonds Subseries 2022D-2 Bonds and, together with the Series 2022C and the Series 2022D-1a Bonds, $267,716.

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 $128.28 million.

Congestion Price- The Biden administration Friday granted long-awaited federal approval to New York's Metropolitan Transportation Authority's first-in-the-nation congestion pricing plan. The Federal Highway Administration approved the MTA's environmental assessment for the Central Business District Tolling Program, commonly known as congestion pricing, and released a draft "finding of no significant impact" that will be up for public review for 30 days, after which the FHWA will make it final determination.

* * * * * *

DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

TRIBOROGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY IN THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
AT JUNE 30,
(In thousands)

	NYCERS							
	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.924 %	0.933 %	1.212 %	1.222 %	1.155 %	1.308 %	1.266 %	1.205 %
Authority's proportionate share of the net pension liability	$ 167.41	$ 59.82	$ 255.54	$ 226.29	$ 203.71	$ 271.61	$ 307.60	$ 243.90
Authority's actual covered-employee payroll	$ 122.95	$ 114.46	$ 121.31	$ 157.46	$ 126.57	$ 130.30	$ 133.89	$ 127.48
Authority's proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	136.16 %	52.26 %	210.65 %	143.71 %	160.95 %	208.450 %	229.741 %	191.329 %
Plan fiduciary net position as a percentage of the total pension liability	81.27 %	93.14 %	76.93 %	78.83 %	78.83 %	74.80 %	69.57 %	73.12 %

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

TRIBOROGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEARS ENDED DECEMBER 31,
(In thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 31,973	$ 34,591	$ 40,790	$ 48,538	$ 38,697	$ 41,272	$ 44,609	$ 41,812	$ 33,023	$ 33,461
Contributions in relation to the contractually required contribution	31,973	34,591	40,790	48,538	38,697	41,272	44,609	41,812	33,023	33,461
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$122,952	$119,482	$126,895	$164,110	$133,494	$144,992	$137,900	$150,652	$167,988	$132,095
Contributions as a percentage of covered-employee payroll	26.00 %	28.95 %	32.14 %	29.58 %	28.99 %	28.47 %	32.35 %	27.75 %	19.66 %	25.33 %

Notes to Authority's Contributions to NYCERS:

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.

DRAFT

TRIBOROUGH BRIDGE AND TUNNEL 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 DECEMBER 31,
(In thousands)

Plan Measurement Date (December 31):	**2021**	**2020**	**2019**	**2018**	**2017**
MTA Bridges and Tunnels proportion of the net OPEB liability	3.64 %	4.05 %	3.85 %	4.09 %	4.06 %
MTA Bridges and Tunnels proportionate share of the net OPEB liability	$ 908,111	$ 987,443	$ 813,359	$ 801,555	$ 823,748
MTA Bridges and Tunnels covered payroll	$ 119,482	$ 126,895	$ 164,110	$ 133,494	$ 112,716
MTA Bridges and Tunnels proportionate share of the net OPEB liability as a percentage of its covered payroll	760.04 %	778.16 %	495.62 %	600.44 %	730.82 %
Plan fiduciary net position as a percentage of the total OPEB liability	0 %	0 %	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.

DRAFT

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO THE MTA OPEB PLAN
FOR THE YEARS ENDED DECEMBER 31:
(In thousands)

	2022	2021	2020	2019	2018
Actuarially determined contribution	N/A	N/A	N/A	N/A	N/A
Actual employer contribution [(1)]	$ 32,898	$ 28,855	$ 29,318	$ 29,314	$ 28,291
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A
Covered payroll	$122,952	$119,482	$126,895	$164,110	$ 133,494
Actual contribution as a percentage of covered payroll	26.76 %	24.15 %	23.10 %	17.86 %	21.19 %

[(1)] Actual employer contribution includes the implicit rate of subsidy adjustment of $1,763, $1,290, $2,495, $3,782 and $3,650, for the years ended December 31, 2022, 2021, 2020, 2019, and 2018, respectively.

Notes to Schedule of the MTA Bridges and Tunnels Contribution to the OPEB Plan:

Methods and Assumptions Used to Determine Contribution Rates:

Valuation date	July 1, 2021	July 1, 2019	July 1, 2019	July 1, 2018
Measurement date	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Discount rate	2.06%—net of expenses	2.12%—net of expenses	2.74%—net of expenses	4.10%—net of expenses
Inflation	2.25%	2.25%	2.50%	2.50%
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.25%	4.50%	4.50%
Investment rate of return	2.06%	2.12%	5.75%	6.50%

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 was a change in assumptions. The discount rate used to measure liabilities was updated to incorporate GASB 75 guidance and changed to reflect the current municipal bond rate.

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.

Deloitte.

Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112
USA
Tel: +1-212-492-4000
Fax: +1-212-489-1687
www.deloitte.com

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Dear Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of the business-type activities of the Metropolitan Transportation Authority (the "Authority"), a component unit of the State of New York, which comprise the statement of net position as of December 31, 2022, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 31, 2023, which expresses an unmodified opinion on those consolidated financial statements and includes an emphasis-of-matter paragraph regarding the Authority requires significant subsidies from other governmental entities.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the Authority's Investment Guidelines, the New York State ("NYS") Comptroller's Investment Guidelines, Section 2925 of the NYS Public Authorities Law, or Section 201.3 of the NYS Public Authorities Law (collectively, the "Investment Guidelines"), insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the Investment Guidelines, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of directors and management of the Authority, and the Office of the New York State Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

May 31, 2023