

**MTA
CONSOLIDATED
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**

**MANAGEMENT'S REVIEW
AUDIT COMMITTEE MEETING
MAY 20, 2019**



MTA CONSOLIDATED FINANCIAL STATEMENTS

- The MTA's Financial Statements are prepared in conformity with Generally Accepted Accounting Principles in the United States (GAAP) using accounting standards established by the Government Accounting Standards Board (GASB). They include 5 sections as follows:
 1. Managements' Discussion & Analysis
 2. The basic Financial Statements which include:
 - The Statement of Net Position
 - The Statement of Revenues, Expenses and Changes in Net Position
 - The Statement of Cash Flows
 3. The Notes to the Financial Statements
 4. Required Supplementary Information (RSI)
 5. Additional Supplementary Information



NEW GASB ACCOUNTING STANDARDS FOR FISCAL YEAR 2018

GASB #	Title	Effective Date
GASB 75	<u>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</u> establishes standards of accounting and financial reporting for postemployment benefits other than pensions ("OPEB")	Fiscal year 2018
GASB 85	<u>Omnibus 2017</u> , addresses practice issues identified during the implementation and application of certain GASB statements.	Fiscal year 2018
GASB 86	<u>Certain Debt Extinguishment Issues</u> , establishes standards of accounting and financial reporting for in-substance defeasance of debt.	Fiscal year 2018



MTA CONSOLIDATED STATEMENT OF NET POSITION FOR YEARS ENDED 12/31/2018 & 12/31/2017

\$'s in Millions	DECEMBER 31,	
	2018	2017
ASSETS		
Cash & Investments	\$ 5,921	\$6,671
Accounts Receivables (Net)	1,117	1,066
Capital Assets (Net)	72,511	68,060
Other Assets	789	796
TOTAL ASSETS	<u>80,338</u>	<u>76,593</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows : Refundings & Fair Market Value of Swaps	1,467	1,643
Deferred Outflows for Pensions	1,397	2,044
Deferred Outflows for OPEB	1,496	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,360</u>	<u>3,687</u>
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 84,698	\$ 80,280
LIABILITIES		
Long-term debt	42,169	40,098
Post employment benefits other than pension	20,335	16,731
Net Pension Liability	6,487	8,105
Liability for injury claims	4,254	3,851
Other liabilities	6,386	5,765
TOTAL LIABILITIES	<u>79,631</u>	<u>74,550</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows: Refundings	23	26
Deferred Inflows from Pensions	1,070	480
Deferred Inflows from OPEB	21	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,114</u>	<u>506</u>
NET POSITION	3,953	5,224
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ 84,698	\$ 80,280



MTA CONSOLIDATED FINANCIAL STATEMENTS

ASSETS & DEFERRED OUTFLOWS

\$'s in Millions

	DECEMBER 31,		CHANGE	
	2018	2017	\$	%
CASH & INVESTMENTS	\$5,921	\$6,671	(\$750)	(11%)
RECEIVABLES	1,117	1,066	51	5%
CAPITAL ASSETS (Net)	72,511	68,060	4,451	7%
OTHER ASSETS	789	796	(7)	(1%)
TOTAL ASSETS	\$80,338	\$76,593	\$3,745	5%
DEFERRED OUTFLOWS: OTHER	1,467	1,643	(176)	(11%)
DEFERRED OUTFLOWS FOR PENSIONS	1,397	2,044	(647)	(32%)
DEFERRED OUTFLOWS FOR OPEB	1,496	0	1,496	NA
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$4,360	\$3,687	\$673	18%

TOTAL ASSETS & DEFERRED OUTFLOWS	\$84,698	\$80,280	\$4,419	6%
---	-----------------	-----------------	----------------	-----------

- Cash & Investments decreased \$750 due primarily to decreased investments of \$1,008.
- Receivables increased \$51 due to increases in amounts due from NY State.
- Capital assets increased \$4,451 as a result of increased capital investments.
- Other assets decreased \$7 due primarily to a decrease in prepaid expenses.
- Total deferred outflows of resources increased \$673 due primarily to new deferred outflows for OPEB of \$1,496 as a result of implementing GASB 75. Offsetting this were decreases in deferred outflows from pensions and other deferred outflows of \$823



MTA CONSOLIDATED FINANCIAL STATEMENTS

LIABILITIES & DEFERRED INFLOWS

\$'s in Millions

	DECEMBER 31,		CHANGE	
	2018	2017	\$	%
LONG-TERM DEBT	42,169	40,098	\$2,071	5%
OTHER POST EMPLOYMENT BENEFITS	20,335	16,731	3,604	22%
NET PENSION LIABILITIES	6,487	8,105	(1,618)	
LIABILITIES FOR INJURY CLAIMS	4,254	3,851	403	10%
OTHER LIABILITIES	6,386	5,765	621	11%
TOTAL LIABILITIES	\$79,631	\$74,550	\$5,081	7%
DEFERRED INFLOWS FOR DEBT REFUNDINGS	23	26	(3)	(12%)
DEFERRED INFLOWS FOR PENSIONS	1,070	480	590	123%
DEFERRED INFLOWS FOR OPEB	21	0	21	NA
TOTAL DEFERRED INFLOWS OF RESOURCES	\$1,114	\$506	\$608	120%

- Long-term debt increased \$2,071 due to net new borrowings.
- OPEB liability increased \$3,604 due to implementation of new GASB 75.
- Net Pension liability decreased \$1,618 due primarily to higher than assumed pension investment returns.
- Liabilities for injury claims increased \$403 due to increased workmen's comp claims.
- Other liabilities increased \$621 due primarily to increases in accrued expenses and accrued capital expenditures.
- Total Deferred Inflows of resources increased \$608 due primarily to an increase in deferred inflows fro pensions due to higher than assumed pension investment earnings.



MTA CONSOLIDATED FINANCIAL STATEMENTS

NET POSITION

\$'s in Millions

	DECEMBER 31,		CHANGE	
	2018	2017	\$	%
NET INVESTMENT IN CAPITAL ASSETS	30,000	\$28,250	\$1,750	6%
RESTRICTED FOR DEBT SERVICE	454	516	(62)	(12%)
RESTRICTED FOR CLAIMS	206	182	24	13%
RESTRICTED FOR OTHER PURPOSES	1,230	983	247	25%
UNRESTRICTED	(27,937)	(24,707)	(3,230)	(13%)
TOTAL NET POSITION	\$3,953	\$5,224	(\$1,271)	(24%)

- Net investment in Capital Assets increased \$1,750 due to an increase in net capital assets of \$4,392, offset by an increase in net capital related liabilities of \$2,642.
- Restricted for debt service decreased \$62 due to a decrease in debt service related investments.
- Restricted for claims increased \$24 due to an increases in FMTAC loss reserves.
- Net Position for other purposes increased \$247 due to an increase in other restricted investments
- Unrestricted net position decreased \$3,230 due to an increase in the OPEB liability of \$3,604, offset by a net increase in deferred inflows and outflows of \$65, and a surplus before depreciation and capital grants & appropriations of \$309



MTA CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

\$'s in Millions

	DECEMBER 31,		CHANGE	
	2018	2017	\$	%
NET CASH FROM OPERATING ACTIVITIES	(\$4,284)	(\$3,834)	(\$450)	(12%)
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	7,050	6,601	449	7%
NET CASH FROM CAPITAL & RELATED FINANCING ACTIVITIES	(3,334)	(3,098)	(236)	(8%)
NET CASH FROM INVESTING ACTIVITIES	826	(118)	944	(800%)
NET CHANGE IN CASH	258	(449)	707	(157%)
CASH - BEGINNING OF YEAR	283	732	(449)	(61%)
CASH - END OF YEAR	\$541	\$283	\$258	91%



MTA CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

\$'s in Millions

	DECEMBER 31,		CHANGE	
	2018	2017	\$	%
OPERATING REVENUES	\$8,736	\$8,673	\$63	1%
OPERATING EXPENSES	(16,841)	(16,850)	9	0%
OPERATING DEFICIT	(8,105)	(8,177)	72	1%
SUBSIDIES & TAX REVENUES	7,113	6,496	617	9%
LESS: INTEREST EXPENSE	(1,460)	(1,517)	57	4%
DEFICIT BEFORE CAPITAL GRANTS & APPROPRIATIONS	(2,452)	(3,198)	746	23%
CAPITAL GRANTS & APPROPRIATIONS	2,302	2,662	(360)	(14%)
CHANGE IN NET POSITION	(\$150)	(\$536)	\$386	72%
NET POSITION - BEGINNING OF YEAR	5,224	5,607		
RESTATEMENT OF BEGINNING NET POSITION - ADOPTION OF GASB NO 75	(1,121)	0	(1,121)	
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	0	153	(153)	
NET POSITION - END OF YEAR	\$3,953	\$5,224	(\$1,271)	(24%)



MTA CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of Financial Plan to GAAP Statement of Revenues, Expenses & Changes in Net Position

	December 31, 2018			
	Financial Plan Estimate	Financial Statement Actual	VARIANCE	
			\$	%
Total Operating Revenues	\$8,782	\$8,736	(\$46)	(1%)
Operating Expenses:				
Total Labor Expenses	11,490	10,496	(994)	(9%)
Total Non-Labor Expenses	3,902	3,666	(236)	(6%)
Depreciation	2,697	2,679	(18)	(1%)
Total Operating Expenses	18,089	16,841	(1,248)	(7%)
Net Operating Deficit	\$ (9,307)	\$ (8,105)	\$1,202	(13%)
Dedicated Taxes, & Subsidies	7,242	7,238	(4)	(0%)
Debt Service (<i>Financial Plan includes Interest+Principal</i>)	(2,559)	(1,460)	1,099	
Conversion to Cash Basis: Non Cash Liability Adj's	4,286	(125)	(4,411)	
(Deficit) Before Capital Grants & Appropriations	(\$338)	(\$2,452)	(\$2,114)	



MTA CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE OF FINANCIAL PLAN TO FINANCIAL STATEMENTS RECONCILIATION FOR THE PERIOD ENDED DECEMBER 31, 2018 (\$ in millions)

Financial Plan Actual Operating Loss at 12/31/2018	\$ (9,307)
---	-------------------

The Financial Plan Includes:

1 Higher other operating revenues	(46)
2 Higher labor expense primarily from higher OPEB expense which did not reflect GASB 75 OPEB implementation adjustments	994
3 Higher non-labor expense primarily from higher estimated maintenance expense	102
4 Other expense adjustments	152
Total Operating Reconciling Items	1,202

Audited Financial Statements Operating Loss at 12/31/2018	(\$8,105)
--	------------------

Financial Plan Deficit after Subsidies and Debt Service at 12/31/2018	(\$338)
--	----------------

The Financial Plan Actual Includes:

1 Debt Service Bond Principal Payments	1,099
2 Adjustments for non-cash liabilities:	
Depreciation	(2,697)
Unfunded OPEB Expense	(1,809)
Unfunded GASB 68 pension adjustment	240
Other Non-cash liability adjustment	(20)
	(4,286)

The Audited Financial Statements Includes:

3 Lower subsidies and other non-operating revenues & expenses	(129)
4 Total Operating Reconciling Items (from above)	1,202

Audited Financial Statements Deficit Before Capital Grants & Appropriations at 12/31/2018	(\$2,452)
--	------------------

