New York City Transit Authority

(Component Unit of
the Metropolitan Transportation Authority)

Financial Statements as of and for
the Years Ended December 31, 2023
and 2022, Required Supplementary
Information, and Independent
Auditor's Report

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

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the New York City Transit Authority (the "Authority"), a public benefit corporation which is a component unit of the Metropolitan Transportation Authority ("MTA"), as of and for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

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

As discussed in Note 2 to the financial statements, the Authority adopted Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of January 1, 2022. The adoption of GASB Statement No. 96 resulted in the restatement of the 2022 financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

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

Deloitte & Touche LLP

June 18, 2024

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:

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

Management's Discussion and Analysis:

The following is a narrative overview and analysis of the financial activities of the Authority as of and for the years ended December 31, 2023 and 2022. This management discussion and analysis ("MD&A") is intended to serve as an introduction to the Authority's consolidated financial statements. It provides an assessment of how the Authority's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the consolidated financial statements described below.

The Consolidated Financial Statements:

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

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

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

The Fiduciary Fund Financial Statements:

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

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

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

The Notes to the Consolidated Financial Statements:

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

Required Supplementation Information:

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

CONDENSED FINANCIAL INFORMATION

All amounts are in millions, except as noted.

The following sections will discuss the significant changes in the Authority's financial position for the years ended December 31, 2023 and 2022. Additionally, an examination of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, summaries of the consolidated financial statements and the various exhibits presented conform to the Authority's consolidated financial statements, which are presented in accordance with generally accepted accounting principles in the United States of America.

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

Capital assets include but are not limited to: construction of buildings and the acquisition of subway cars, buses, track and structures, depots and yards, equipment, and right-of-use assets for leases on land, buildings, office spaces, storage spaces, equipment and vehicles. Intangible right-of-use assets for subscription-based information technology arrangement ("SBITAs") have been included as a result of the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* with retroactive effect of this adoption as of January 1, 2022. 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. This also includes the receivable from leases of the Authority's land, buildings, station concession, equipment, and right-of-way to third parties.

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)	2023	2022	2021	Increase/(Decrease) 2023-2022	2022-2021
		(Restated)			(Restated)*
Capital assets	$ 83,121	$ 78,839	$ 75,527	$ 4,282	$ 3,312
Accumulated depreciation and amortization	(32,675)	(30,611)	(28,658)	(2,064)	(1,953)
Capital assets, net of accumulated depreciation and amortization	50,446	48,228	46,869	2,218	1,359
Other assets	4,939	6,335	2,517	(1,396)	3,818
Total assets	55,385	54,563	49,386	822	5,177
Deferred outflows of resources	4,481	4,840	3,646	(359)	1,194
Total assets and deferred outflows of resources	$ 59,866	$ 59,403	$ 53,032	$ 463	$ 6,371

* GASB 96 restatement is as of 1/1/2022, therefore 2022 balance are not comparative with 2021.

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The Authority's capital assets totaled $83,121 at December 31, 2023. Of the total, depots, yards, signals, and stations were 48.7%, subway cars and buses accounted for 15.6% and track and structures were 19.7%. The Authority's capital assets totaled $78,839 at December 31, 2022. Of the total, depots, yards, signals, and stations were 49.9%, subway cars and buses accounted for 16.3% and track and structures were 20.2%. These gross capital assets exclude significant infrastructure assets such as tunnels and elevated structures, which are assets owned by the City. More detailed information about the Authority's capital assets is presented in Note 5 to the consolidated financial statements.

Significant changes in assets and deferred outflows of resources include:

December 31, 2023 versus 2022

Capital assets increased from December 31, 2022 to December 31, 2023 by $4,282 or 5.4%. This increase was primarily due to station rehabilitation work of $374, signals work of $248, depots and yards of $497, track and structures of $457, acquisition of new subways of $255, acquisition of new buses of $71, other new acquisition of $437, new lease buildings and structures of $77, and construction work of $2,001 related to various projects not yet completed. Accumulated depreciation and amortization increased by $2,064, or 6.7%, due to depreciation expense of $2,182 and amortization expense of $23, partially offset by normal asset retirements of $141.

Other assets decreased by $1,396 or 22.0% compared with the prior year. This decrease was mostly due to a reduction in MTA investment pool of $633 to fund operations and reduction of receivable from MTA and constituent authorities of $328. . There was also a decrease in the receivable from MTA of $664 to reclassify capital assets funded by operating. These decreases were partially offset by an increase in prepaid expenses for the prepayment of the 2024 projected ADC of $158 for the MaBSTOA pension plan and an increase in due from MTA for funds reserved for purchase of capital assets of $79.

Deferred outflows of resources decreased by $359 or 7.4% compared to the prior year. This was due to a decrease of $478 related to OPEB, primarily due to changes in assumption and 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, the decrease is partially offset by an increase of $119 related to pensions, primarily due to actuarial loss on investments as reflected in net 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 Notes 9 and 8 to the consolidated financial statements for more information regarding the Authority's postemployment benefits other than pension and pensions, respectively.

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

Capital assets increased from December 31, 2021 to December 31, 2022 by $3,312 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 $1,953, 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 ARPA accruals of $4,850 offset by receipt of 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 9 and 8 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, current portion of long-term liabilities, and other current liabilities. This also includes the current portion of long-term subscription liability as a result of the implementation of GASB Statement No. 96, *Subscription-based Information Technology Arrangement.* Refer to footnote 2 for additional information.

Non-current liabilities include: long-term debt, claims for injuries to persons, post-employment benefits, long-term liabilities, and other non-current liabilities. This also includes GASB 96 long-term subscription liability. Refer to footnote 2 for additional information.

Deferred inflows of resources reflect deferred inflows related to leases, and actuarial measurements related to pension and OPEB. Refer to footnote 2 for additional information.

				Increase/(Decrease)	
(In millions)	**2023**	**2022**	**2021**	**2023-2022**	**2022-2021**
		(Restated)			**(Restated)***
Current liabilities	$ 2,291	$ 2,084	$ 2,154	$ 207	$ (70)
Long-term liabilities	24,909	26,264	22,565	(1,355)	3,699
Total liabilities	27,200	28,348	24,719	(1,148)	3,629
Deferred inflows of resources	3,646	1,939	3,664	1,707	(1,725)
Total liabilities and deferred inflows of resources	$ 30,846	$ 30,287	$ 28,383	$ 559	$ 1,904

* GASB 96 restatement is as of 1/1/2022, therefore 2022 balances are not comparative with 2021.

At the end of 2023, the Authority's liabilities consisted primarily of employee fringe benefit-related liabilities (for retirement, health and other benefits) of 60.6%, net pension liability of 18.4%, and injuries to persons (public liability and workers' compensation) of 15.4%. Included in the employee fringe benefit-related liabilities was $15,630 of postemployment benefits other than pensions.

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 postemployment benefits other than pensions.

Significant changes in liabilities and deferred inflows of resources include:

December 31, 2023 versus 2022

Total liabilities decreased from December 31, 2022 to December 31, 2023 by $1,148 or 4.0%. Current liabilities increased by $207, or 9.9%, and long-term liabilities decreased by $1,355 or 5.2%.

The net increase in current liabilities of $207 was mainly due to an increase in estimated liability arising from injuries to persons of $105 as a result of increases in the number and amount of claims, an increase of $62 in accrued expenses, an increase in vacation, sick and other benefits by $32 (primarily due to a $19 increase in the reserves for claims incurred but not paid ("IBNR") for the self-insured benefits of the Authority), offset by a decrease in salaries, wages and payroll taxes of $20.

The net decrease in long-term liabilities of $1,355 was primarily due to a decrease of $2,046 in net OPEB liability, which was attributable to change in assumption of $2,403. This decrease was partially offset by an increase of $450 in net pension liability primarily attributable to an actuarial loss on the market value of plan assets, an increase in the estimated liability arising from injuries to persons of $168, based on the current actuarial valuation, and an increase in lease payable of $68.

Deferred inflows of resources increased by $1,707 or 88.0% compared with prior year primarily due to an increase in deferred inflows related to OPEB of $2,038 as a result of change in the discount rate due to increases in the Bond Buyer Index, partially offset by increases in healthcare trend assumptions. The net increase in inflows due to OPEB was partially offset by a decrease of $321 related to pensions primarily due to the actuarial loss on the market value of plan assets as reflected in the net difference between projected and actual earnings based upon the most current actuarial valuation report in accordance with GASB Statement No. 75. Refer to Notes 8 and 9 to the consolidated financial statements for more information regarding the Authority's pensions and postemployment benefits other than pension, respectively.

December 31, 2022 versus 2021

Liabilities increased from December 31, 2021 to December 31, 2022 by $3,629 or 14.7%. Current liabilities decreased by $70, or 3.2%, and long-term liabilities increased by $3,699 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 CARES Act; decrease in vacation, sick and other benefits by $15 (primarily due to a $13 decrease in the reserves for claims 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. This also includes the long-term subscription payable of $1 as a result of the implementation of GASB Statement No. 96, *SBITA*. Refer to footnote 2 for additional information.

Deferred inflows of resources decreased by $1,725 or 47.1% compared with prior year. This was due to a decrease of $1,999 related to pensions primarily on changes in the projected versus actual plan investment earnings based upon the most current actuarial valuation report in accordance with GASB Statements No. 68 and GASB No. 71, and a decrease of $8 related to leases. This was offset by an increase of $283 related to OPEB primarily due to changes in proportion and differences between employer contributions and proportionate share of contributions based upon the most current actuarial valuation report in accordance with GASB Statement No. 75. Refer to Notes 8 and 9 to the consolidated financial statements for more information regarding the Authority's pensions and postemployment benefits other than pension, respectively.

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

(In millions)	2023	2022 (Restated)	2021	Increase/(Decrease) 2023-2022	Increase/(Decrease) 2022-2021 (Restated)*
Net investment in capital assets	$ 49,944	$ 47,785	$ 46,405	$ 2,159	$ 1,380
Unrestricted	(20,924)	(18,669)	(21,756)	(2,255)	3,087
Total net position	$ 29,020	$ 29,116	$ 24,649	$ (96)	$ 4,467

* GASB 96 restatement is as of 1/1/2022, therefore 2022 balances are not comparative with 2021.

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

December 31, 2023 versus 2022

Total net position was $29,020 at the end of 2023, a net decrease of $96, or 0.3% from the end of 2022. The net decrease was primarily due to an operating loss of $8,343 offset by net nonoperating income of $5,496 and capital contributions from the MTA of $2,751.

December 31, 2022 versus 2021

Total net position was $29,116 at the end of 2022, a net increase of $4,467, or 18.1% from the end of 2021. The net increase was primarily due to an operating loss of $8,322 offset by net nonoperating income of $10,400 and capital contributions from the MTA of $2,389. In addition, this includes a restatement of $1 as a result of the implementation of GASB No. 96, *Subscription-Based Information Technology Arrangements*. Refer to footnote 2 for additional.

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

(In millions)	Year Ended December 31, 2023	2022 (Restated)	2021	Increase/(Decrease) 2023-2022	2022-2021 (Restated)*
Operating revenues	$ 4,006	$ 3,469	$ 2,815	$ 537	$ 654
Operating expenses	(12,349)	(11,791)	(10,497)	(558)	(1,294)
Operating loss	(8,343)	(8,322)	(7,682)	(21)	(640)
Nonoperating revenues (expenses):					
Subsidies: New York State and The City of New York	5,001	5,035	4,373	(34)	662
Triborough Bridge and Tunnel Authority	605	547	464	58	83
Internet and Mansion tax	-	-	400	-	(400)
Federal Transit Administration CRRSAA	-	-	2,795	-	(2,795)
Federal Transit Administration ARPA	-	4,850	-	(4,850)	4,850
Other nonoperating revenues	28	17	11	11	6
Other nonoperating expenses	(137)	(48)	(27)	(89)	(21)
Loss on disposal - subway cars / buses	(1)	(1)	(1)	-	-
Total nonoperating revenues (expenses)	5,496	10,400	8,015	(4,904)	2,385
Income (loss) before capital contributions	(2,847)	2,078	333	(4,925)	1,745
Capital contributions	2,751	2,389	2,492	362	(103)
Change in net position	(96)	4,467	2,825	(4,563)	1,642
Net position — beginning of year	29,116	24,649	21,824	4,467	2,825
Net position — end of year	$ 29,020	$ 29,116	$ 24,649	$ (96)	$ 4,467

* GASB 96 restatement is as of 1/1/2022, therefore 2022 balances are not comparative with 2021.

Revenue from Fares/Ridership

(In millions)	2023	2022	2021	Increase/(Decrease) 2023-2022	2022-2021
Subway revenue	$ 2,646	$ 2,280	$ 1,717	$ 366	$ 563
Bus revenue	624	609	554	15	55
Expired fare media revenue	57	44	61	13	(17)
Paratransit revenue	22	18	15	4	3
Total revenue from fares	$ 3,349	$ 2,951	$ 2,347	$ 398	$ 604
Total ridership (millions)	1,504	1,366	1,080	138	286
Non-student average fare	$ 2.29	$ 2.24	$ 2.19	$ 0.05	$ 0.05

2023 versus 2022

Total revenue from fares was $3,349 in 2023, an increase of $398, or 13.5%. This growth stems from both the August 2023 fare increase and a ridership surge as pandemic anxieties waned, prompting a return to work, travel, and leisure activities. Total ridership was 1,504, an increase of 138, or 10.1% from 2022.

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 1,366, an increase of 286, or 26.5% from 2021.

Operating Expenses, by Major Function

(In millions)	2023	2022 (Restated)	2021	Increase/(Decrease) 2023-2022	Increase/(Decrease) 2022-2021 (Restated)*
Salaries and wages	$ 4,484	$ 4,227	$ 4,042	$ 257	$ 185
Health and welfare	1,096	978	968	118	10
Pensions	881	538	72	343	466
Other fringe benefits	616	581	436	35	145
Reimbursed overhead expenses	(284)	(220)	(218)	(64)	(2)
Postemployment benefits other than pensions	1,087	1,426	1,245	(339)	181
Electric power	302	343	275	(41)	68
Fuel	131	167	98	(36)	69
Insurance	72	73	72	(1)	1
Public liability claims	244	238	230	6	8
Paratransit service contracts	517	412	346	105	66
Maintenance and other operating contracts	298	306	294	(8)	12
Professional service contracts	180	137	149	43	(12)
Pollution remediation projects	33	1	35	32	(34)
Materials and supplies	343	290	247	53	43
Depreciation and amortization	2,205	2,180	2,119	25	61
Other expenses	144	114	87	30	27
Total operating expenses	$ 12,349	$ 11,791	$ 10,497	$ 558	$ 1,294

* GASB 96 restatement is as of 1/1/2022, therefore 2022 balances are not comparative with 2021.

2023 versus 2022

Total operating expenses increased by $558 or 4.7% compared to 2022 as follows:

- Salaries and wages were higher than 2022 by $257 or 6.1% mainly due to gross wages increases including retroactive wage adjustments from contract settlements, and higher vacancies and employee unavailability tour backfilled on overtime.

- Health and welfare expenses increased by $118, or 12.1%, primarily due to an increase in per capita claims activity.

- Pension expenses increased by $343, or 63.8%, primarily due to actuarial loss on investment as reflected in net difference between projected versus actual plan investment earnings of $188, decrease of expected investment rate of return net of expense of $92, and increase of interest expense on total pension liability of $74.

- Other fringe benefit expenses increased by $35, or 6.0%, primarily due to higher workers compensation claims frequency and average worker compensation claim cost, and an increase in FICA social security primarily driven by increases in salaries and wages. This is partially offset by an increase in fringe benefit overhead reimbursement due to an increase in capital project activity.
- Postemployment benefits other than pensions decreased by $339, or 23.8%, primarily due to the net effect of plan assumption changes.
- Electric power expenses decreased by $41, or 12.0%, mainly due to lower than projected rates and lower consumption.
- Fuel expenses decreased by $36, or 21.6%, mainly due to lower than projected rates and lower consumption.
- Public liability claims expenses increased by $6, or 2.5%, 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 $105 or 25.5%, primarily due to higher than projected trip volume and increasing trip costs.
- Maintenance and other operating contracts decreased by $8, or 2.6%, mainly due to discontinued COVID-19 cleaning initiative of $69 or 23%, offset by total paratransit fleet purchases, increased security services, additional water charges, and additional repairs for aging facilities and equipment of $61.
- Professional service contracts increased by $43, or 31.4%, mainly due to increased Subway Action Plan project spending, increased professional contract costs and increased real estate charge back expenses.
- Pollution remediation project expenses increased to $33 versus $1 in 2022, due to the identification of additional areas of exposure requiring environmental remediation.
- Materials and supplies increased by $53 or 18.3%, primarily due to increasing inflation costs and resuming normal maintenance activities post-COVID.
- Depreciation and amortization expenses increased by $25, or 1.1%, due to depreciation and amortization of additional capital projects reaching substantial completion which includes right-of-way equipment, communication-based train control, and mainline track rehabilitation.

<u>2022 versus 2021</u>

Total operating expenses increased by $1,294 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.

- Postemployment benefits other than pensions increased by $181, or 14.5%, due to increases in per capita claims activity as well as increased retiree and dependent populations.

- Electric power expenses increased by $68, or 24.7%, mainly due to higher rates.

- Fuel expenses increased by $69, or 70.4%, mainly due to higher fuel prices.

- Public liability claims expenses increased by $8, or 3.5%, based on the most current actuarial valuation update, which reflected the increase in the number of major claims and the cost of claims.

- Paratransit service contract expenses increased by $66 or 19.1%, due to increased ridership and higher support cost.

- Maintenance and other operating contracts increased by $12, or 4.1%, mainly due to increased facility maintenance, security services and timing of real estate rental.

- Professional service contracts decreased by $12, or 8.1%, mainly due to timing of professional contract payments and bond services charges. In addition, this includes a restatement of $2 as a result of implementation of GASB Statement No. 96, *SBITA*. Refer to footnote 2 for additional information.

- 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 $61, or 2.9%, 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. In addition, this includes a restatement of $1 as a result of implementation of GASB Statement No. 96, *SBITA*. 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 decreased $34, or 0.7% in 2023 and increased $662, or 15.1% in 2022. The reduction in 2023 was primarily due to decrease in urban tax of $293, and decrease in mobility tax of $125, which was partially offset by increase in Mass transportation operating assistance fund of $163 and Petroleum business tax $222. An increase of $662 in 2022 primarily due to lower levels of New York State and The City tax supported subsidies compared to previous years when more Federal COVID subsidies were received.

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 $58 or 10.6% in 2023 over 2022, and increased by $83 or 17.9% in 2022 over 2021, 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.

Capital contributions from the MTA of $2,751 in 2023 and $2,389 in 2022, represent capital program funding from several sources including bonds, Federal, State and City funding. Capital contributions increased by $362, or 15.2%, compared to 2022 due to a timing of capital funding for various capital projects, included reduced debt services payments of $196. Capital contributions decreased by $103, or 4.1%, compared to 2021 due to a timing of capital funding for various capital projects. More detailed information about the Authority's contributed capital is presented in Note 2.

In 2022, nonoperating revenues included the MTA operating assistance allocation of $4,850 from the Federal government under the COVID-19 economic relief program known as the ARPA. This is not recurring in 2023.

Changes in Net Position

The change in net position represents the net total of capital contributions, operating losses and nonoperating income. The net position decreased by $96 in 2023. The 2022 net position increased by $4,467 net of $1 offset as a result of restatement due to the adoption of GASB Statement No. 96, *SBITA*.

Budget Highlights

Total non-reimbursable operating revenues in 2023 of $4,006 were higher than budget by $158, or 4%, primarily due to favorable Paratransit reimbursement and Farebox revenue. Paratransit revenues were lower than the budget by $1, or 5% due to unfavorable timing of billing offset by higher trip volume. Farebox revenues were higher than budget by $60, or 2% mainly due to higher yield per passenger, partially offset by lower ridership.

The non-reimbursable operating expenses in 2023 of $12,349 were lower than budget by $442, or 3%, which was primarily due to favorable OPEB expense of $530 attributed to GASB 75 adjustments vs projected amount partially offset by unfavorable of environmental remediation of $33, unfavorable depreciation expense of $67, and unfavorable paratransit service contracts of $42. Labor-related expenses of $7,879 overran the budget (including favorable GASB 75 and unfavorable GASB 68 adjustments, respectively) by $445, or 5%. Health & welfare and OPEB expenses were lower than budget by $80, or 4%. 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 before GASB 68 were also favorable to budget by $76, or 8% due to higher actuarial valuation.

Jobs vacancies also caused payroll underruns of $38, or 1% offset by the essential worker payments. Reimbursable overhead underran the budget by $39, or 16% reflecting higher (favorable) reimbursable project requirements. Partial offset occurred as overtime expenses were higher than budget by $231, or 47%, reflecting higher than projected absenteeism and vacancy coverage needs, additional maintenance requirements, scheduled and unscheduled service, as well as weather related emergencies.

Non-labor expenses were favorable to the budget by $57, or 2%. Electric power underran budget by $101, or 25%, due to lower consumption and rates, fuel underran budget by $18, or 12%, was also due to lower consumption and rates. Insurance was down $12, or 15%, due to less than projected vehicle and liability premium, materials and supplies were under by $7, or 2%, primarily due to timing, and professional service contract expenses were favorable by $2, or 1% primarily due to the timing of professional contract payments and lower than projected real estate charge backs. This was offset by overruns in paratransit service contract, other business expenses, claims, and maintenance and other operating contract expenses. Paratransit service contracts were higher by $42, or 9%, mainly due to higher than projected trip and support costs, partially offset by lower trip volume. Other business expenses were higher than budget by $21, or 17% resulting from higher card processing transaction fees. Claims expense for public liability overran the budget by $18, or 8%, reflecting higher reserve requirements based on increased claims activity. Maintenance and other operating contract expenses overran the budget by $2 or 1%, due to due to higher than projected maintenance costs to maintain aging fleet and facilities, partially offset by savings in track and the timing of safety and security investments.

OVERALL FINANCIAL POSITION, RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Results of Operations and Overall Financial Position

Total revenue from fares was $3,349 in 2023, an increase of $398 or 13.5% from 2022. Total ridership was 1,504 million, an increase of 138 or 10.1% from 2022. Total operating expenses, including depreciation and amortization, other postemployment benefits and environmental remediation expenses, were $12,349 in 2023, an increase of $558 or 4.7%.

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) consist of urban subway and bus systems, including paratransit services. 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 ridership for fourth quarter 2023 remained below the pre-pandemic level, with paid ridership down 215 million trips (-49.3%) below 2019 fourth quarter ridership. Year-over-year improvements continued, with 2023 exceeding 2022 paid ridership levels by 20.2 million trips (4.9%) during the fourth quarter. For the fourth quarter of 2023 compared with the fourth quarter of 2022, MTA New York City Transit subway ridership increased by 21.8 million trips (7.8%), and MTA New York City Transit bus paid ridership decreased by 7 million trips (-8%).

MTA Bridges and Tunnels continues the work necessary to complete implementing a fully operational Central Business District Tolling Program ("CBDTP"), which objective is to reduce congestion in Manhattan's Central Business District ("CBD") and generate sufficient net revenue to support $15 billion for the MTA 2020-2024 Capital Program and subsequent capital programs. The CBDTP, which was authorized by the MTA Reform and Traffic Mobility Act, enacted in April 2019, will impose a toll for vehicles entering or remaining in the CBD, 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). The CBDTP was subject to an Environmental Assessment ("EA") as required under the National Environmental Policy Act for the Federal Highway Administration ("FHWA") to understand and disclose the environmental effects of the project. On June 26, 2023, after an official 30-day public availability period for the Final EA and draft Finding of No Significant Impact ("FONSI"), the FHWA issued a favorable FONSI, based on the final EA including appropriate mitigation measures. Subsequent to the FHWA issuance of the FONSI, B&T issued a notice to proceed to the project contractors, which has up to 310 days from that notice to finish design, development, testing and installation of the tolling system and infrastructure. The infrastructure, which consists of poles and mast arms, and the tolling system equipment mounted on them, can now be seen at various locations around and within the CBD. On November 30, 2023, the Traffic Mobility Review Board ("TMRB") issued its statutorily-required detailed report with recommendations regarding the CBD toll structure including potential crossing credits, discounts, and/or exemptions. The report was presented to the Board of the Triborough Bridge and Tunnel Authority ("TBTA") for its consideration, and on December 6, 2023, the Board voted to proceed with the adoption process for a toll rate schedule. Under the State Administrative Procedure Act ("SAPA"), a period of public comment on the draft toll rate schedule opened on December 27, 2023 and closed on March 11, 2024. A series of four public hearings on the topic were held between February 29 and March 4, 2024. On June 5, 2024, Governor Kathy Hochul announced her intention to indefinitely pause the implementation of the congestion pricing program.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was higher in 2023 than in 2022 by 77.1 thousand jobs (1.6%). On a quarter-to-quarter basis, New York City employment gained 11.4 thousand jobs (0.2%), the fourteenth 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 3.3% in the fourth quarter of 2023, according to the most recent estimate released by the Bureau of Economic Analysis; in the third quarter of 2023, the revised RGDP increased 4.9%. The increase in consumer spending reflected increase in both services and goods. Within services, the leading contributors were food services and accommodations as well as health care. Within goods, the leading contributor to the increase were other nondurable goods (led by pharmaceutical products) and recreational goods and vehicles (led by computer software). Within exports, both goods (led by petroleum) and services (led by financial services) increased. The increase in state and local government spending primarily reflected increases in compensation of state and local government employees and investment in structures. The increase in nonresidential fixed investment reflected increases in intellectual property products, structures, and equipment. Within federal government spending, the increase was led by nondefense spending. The increase in inventory investment was led by wholesale trade industries. Within residential fixed investment, the increase reflected an increase in new residential structures that was partly offset by a decrease in brokers' commissions. Within imports, the increase primarily reflected 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 2023, with the metropolitan area index increasing 3.1% while the national index increased 3.2% when compared with the fourth quarter of 2022. Regional prices for energy products decreased 4.8%, and national prices of energy products fell 4%. In the metropolitan area, the CPI-U exclusive of energy products increased by 3.7%, while nationally, inflation exclusive of energy products increased 3.8%. The New York Harbor spot price for conventional gasoline decreased by 14.3%, from an average price of $2.74 per gallon to an average price of $2.35 per gallon between the fourth quarters of 2022 and 2023.

In its announcement on December 13, 2023, the Federal Open Market Committee ("FOMC") raised its target for the Federal Funds rate at the 5.25% to 5.50% range. 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, to the 4.5% to 4.75% range on February 1, 2023, to the 5.00% to 5.25% range on May 3, 2023, to 5.25% to 5.50% range on July 26, 2023, and most recently maintained the range at 5.25% to 5.50% range on December 13, 2023. In support of its actions, FOMC noted the Committee will continue to assess additional information and its implications for monetary policy. In determining the extent of any additional policy firming that may be appropriate to return inflation to 2 percent over time, the Committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities, as described in its previously announced plans. The Committee is strongly committed to returning inflation to its 2 percent objective. 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. The FOMC, in an effort to bring post-pandemic inflation under control, gradually increased the Federal Funds target rate starting in March 2022, and as a consequence mortgage origination and refinancing activity began slowing. Mortgage Recording Tax collections in the fourth quarter of 2023 were lower than the fourth quarter of 2022 by $29.1 (-26.4%). Average monthly receipts in the fourth quarter of 2023 were $33.7 (-53%) 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 2023—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 $77.6 (-33%) lower than receipts during the fourth quarter of 2022. Average monthly receipts in the fourth quarter of 2023 were $41.8 (-56.8%) 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 of Federal East Side Access FFGA funds and $764 in Federal Second Avenue Subway FFGA funds relating to the Capital Construction Company's capital program. Also included in this amendment were the rollover of unused LaGuardia Airport Project funds from the 2000-2004 Capital Program and other miscellaneous funding adjustments. In 2009, the capital program received $0.7 billion in federal stimulus funding. In 2011, the program received $0.2 billion in HYIC funds to cover the full value of additional work associated with the Number 7 Extension.

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

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

At December 31, 2023, $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, $0.7 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 $1.0 billion in additional MTA and MTA Bridges and Tunnels bonds.

In December 31, 2023, $11.3 billion has been encumbered to Authority projects from the 2010-2014 approved plan, of which approximately $10.8 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. On June 27, 2023, the MTA Board approved an amendment to change the Program's funding mix to allow the MTA to best meet the funding requirements of the Second Avenue Subway Phase 2 project. This amendment does not change the Program's budget at $33.9 billion, as last approved by the Board in 2019.

The combined funding sources for the last MTA Board approved 2015-2019 Capital Program are comprised of $9.1 billion in MTA Bonds, $2.9 billion in MTA Bridges and Tunnels dedicated funds, $9.1 billion in funding from the State of New York, $6.8 billion in Federal Funds, $2.7 billion from City Capital Funds, $2.1 billion in pay-as-you-go (PAYGO) capital, and $1.2 billion from Other Sources.

As of December 31, 2023, $16.2 billion has been encumbered to Authority projects from the 2015-2019 approved plan, of which approximately $12.1 billion has been expended.

2020-2024 Capital Program—The 2020-2024 Capital program totaling $54.8 billion was approved by the MTA Board on September 25, 2019. The capital programs for the transit and commuter systems totaling $51.5 billion was subsequently submitted to the CPRB on October 1, 2019 and approved on January 1, 2020. The Authority's share of the capital program was $35.4 billion. On December 15, 2021, a Letter Amendment was submitted to the Board that increased the total funding for the 2020-2024 Capital Program to $55.4 billion. The amendment addressed budget adjustments and additional funding to support Penn Station Access and other program projects. The amended Capital Program was deemed approved by the CPRB on December 23, 2021. The Authority's share of the amended capital program was $35.1 billion. On July 27, 2022 the MTA Board approved an amendment to increase the 2020-2024 Capital Program by $108 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. On June 27, 2023, the MTA Board approved an amendment primarily to reflect $678 in budget transfers from the core agencies to support Network Expansion's Penn Station Access project. The amendment to the capital programs was subsequently submitted to the CPRB, and deemed approved on July 31, 2023. The revised 2020-2024 MTA Bridges and Tunnels Capital Program totaling $3.3 billion as last approved by the MTA Board on July 27, 2022, remain unchanged and is not subject to CPRB approval. The Authority's share of the 2023 amended capital program was $34.0 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, $7.4 billion in MTA bonds, $13.1 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, 2023, $15.6 billion has been encumbered to Authority projects from the 2020-2024 approved plan, of which approximately $4.1 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 2023 MTA November Financial Plan

The 2023 MTA November Financial Plan (the "November Plan" or "Plan"), which includes the 2023 November Forecast, the 2024 Final Proposed Budget and a Financial Plan for the years 2024 to 2027, updates the 2023 July Financial Plan (the "July Plan"). This Plan, as with all plans beginning with the 2020 July Plan, reflects the ongoing financial and operational impacts stemming from the Covid-19 pandemic, and the recovery of the MTA Region.

Fare evasion on buses has increased over the past few months. MTA is responding to fare evasion with a multipronged approach across all services, and not just on the bus system, consistent with the recommendations from the Blue Ribbon Commission on Fare Evasion released earlier this year. While it is expected these efforts will reign in fare evasion, this Plan includes, below-the-line, a Farebox Revenue Loss

Provision of $100 for 2024. The need to maintain this provision, or scale back or expand it, will be further evaluated, and necessary revisions will be reflected in the 2024 July Plan.

The November Plan continues to include the resumption of regular biennial fare and toll increases yielding a four percent increase in farebox and toll revenues, proposed for implementation in January 2025 and March 2027. These proposed increases are expected to generate $1.15 billion through the Plan period.

New York City Transit ("NYCT") is working toward improving employee availability across all divisions, with efforts targeting critical job titles in the Division of Subways and Division of Buses to reduce positions and overtime related to backfilling shifts ($341). In addition, overtime assignments will be strategically managed, ensuring compliance with timekeeping rules and reducing overtime hours in targeted functions ($68).

The Division of Subways at NYCT, working with their Operations, Maintenance and Procurement stakeholders, is addressing critical station and infrastructure cleaning previously handled via more costly third-party contracts ($204); has adjusted the car equipment maintenance approach ($203); is obtaining efficiencies in rail material acquisition ($61); is implementing energy efficient initiatives throughout stations, yards and on subway cars ($60); is reorganizing terminal station car cleaning assignments ($25); and is lengthening crew tours for more efficient train operations staffing ($8).

The Division of Buses at NYCT has identified changes to bus maintenance schedules utilizing predictive maintenance tools ($35); and improved analysis of vehicle condition and performance to allow for better maintenance planning ($25). Aligned with these operational efficiencies are the bus lane violation revenues and unscheduled bus operation overtime savings related to the Automated Bus Lane Enforcement ("ABLE") measures through camera installation on additional buses and expanded enforcement, as permitted through the State 2023-24 Enacted Budget ($80). Paratransit trip-booking improvements utilizing self-service functionality will create savings and provide a better Paratransit customer experience ($16).

CONTACTING MTA CONTROLLER'S OFFICE

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

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

CONSOLIDATED STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2023 AND 2022
(In thousands)

	Business-Type Activities	
	2023	**2022**
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		(Restated)
CURRENT ASSETS:		
Cash (Note 3)	$ 23,179	$ 25,493
Receivables:		
Billed and unbilled charges due from New York City	22,129	48,758
Accrued subsidies	29,925	47,866
Due from MTA and constituent Authorities (Note 11)	3,016,670	4,651,134
Other	131,016	114,177
Less allowance for doubtful accounts	(4,086)	(4,843)
Net receivables	3,195,654	4,857,092
Materials and supplies—at average cost—net	350,177	319,350
Prepaid expenses and other current assets	223,126	57,671
Total current assets	3,792,136	5,259,606
NONCURRENT ASSETS:		
Due from MTA for the purchase of capital assets (Note 11)	1,105,794	1,026,738
Capital assets (Note 5):		
Construction work-in-progress	7,814,730	5,813,958
Other capital assets, net of accumulated depreciation and amortization	42,631,249	42,413,577
Lease receivables (Note 6)	39,363	47,900
Restricted deposits and other escrow funds	846	1,031
Total noncurrent assets	51,591,982	49,303,204
Total assets	55,384,118	54,562,810
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pensions (Note 8)	1,892,379	1,772,956
Related to OPEB (Note 9)	2,588,958	3,067,290
Total deferred outflows of resources	4,481,337	4,840,246
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 59,865,455	$ 59,403,056

See notes to consolidated financial statements.

(Continued)

NEW YORK CITY TRANSIT AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

CONSOLIDATED STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2023 AND 2022
(In thousands)

	Business-Type Activities	
	2023	**2022**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		(Restated)
CURRENT LIABILITIES:		
Accounts payable	$ 189,005	$ 159,349
Accrued expenses:		
Salaries, wages, and payroll taxes	241,287	260,843
Vacation, sick pay, and other benefits	830,027	798,221
Retirement and death benefits	27,856	29,598
Estimated liability arising from injuries to persons (Note 13)	496,973	391,719
Pollution remediation projects (Note 14)	22,357	19,759
Other	239,838	178,074
Total accrued expenses	1,858,338	1,678,214
Unredeemed farecards	195,987	204,000
Revenue advances	32,979	24,309
Lease Payable (Note 6)	8,659	11,726
Subscription-based IT arrangements payable (Note 7)	277	294
Loans Payable (Note 10)	6,001	6,366
Total current liabilities	2,291,246	2,084,258
NONCURRENT LIABILITIES:		
Net pension liability (Note 8)	5,010,967	4,561,254
Net OPEB liability (Note 9)	15,629,504	17,675,397
Estimated liability arising from injuries to persons (Note 13)	3,690,376	3,522,585
Lease Payable (Note 6)	445,690	377,493
Subscription-Based IT Arrangements (Note 7)	426	703
Loans Payable (Note 10)	41,421	46,757
Pollution remediation projects (Note 14)	89,429	79,036
Restricted deposits and other escrow funds	846	1,031
Total noncurrent liabilities	24,908,659	26,264,256
Total liabilities	27,199,905	28,348,514
DEFERRED INFLOWS OF RESOURCES:		
Related to pensions (Note 8)	310,005	631,311
Related to OPEB (Note 9)	3,292,980	1,254,712
Related to leases (Note 6)	43,139	53,222
Total deferred inflows of resources	3,646,124	1,939,245
NET POSITION:		
Net investment in capital assets	49,943,505	47,784,196
Unrestricted	(20,924,079)	(18,668,899)
Total net position	29,019,426	29,115,297
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 59,865,455	$ 59,403,056

See notes to consolidated financial statements.

(Concluded)

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

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands)

	Business-Type Activities	
	2023	**2022** (Restated)
OPERATING REVENUES:		
Rapid transit	$ 2,645,967	$ 2,280,202
Surface transit	623,984	609,178
Expired fare media	56,838	43,753
Paratransit fares	22,175	18,244
School, elderly, and paratransit reimbursement	464,200	334,292
Advertising and other	193,365	183,124
Total operating revenues	4,006,529	3,468,793
OPERATING EXPENSES:		
Salaries and wages	4,484,424	4,226,936
Health and welfare	1,095,747	978,008
Pensions (Note 8)	880,765	538,201
Other fringe benefits	615,655	580,941
Reimbursed overhead expenses	(283,713)	(219,974)
Postemployment benefits other than pensions (Note 9)	1,086,509	1,425,889
Electric power	302,015	342,879
Fuel	131,496	166,691
Insurance	71,990	73,296
Public liability claims	243,770	237,501
Paratransit service contracts	517,151	411,972
Maintenance and other operating expenses	298,286	306,142
Professional service contracts	180,152	137,512
Environmental remediation (Note 14)	33,051	483
Materials and supplies	343,150	290,525
Depreciation and amortization (Note 2 and Note 5)	2,205,055	2,180,338
Other expenses	143,720	114,206
Total operating expenses	12,349,223	11,791,546
OPERATING LOSS	(8,342,694)	(8,322,753)

(Continued)

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

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands)

	Business-Type Activities	
	2023	**2022** (Restated)
NONOPERATING REVENUES (EXPENSES):		
Tax-supported subsidies:		
New York State (Note 2)	$ 4,028,437	$ 3,769,416
New York City	363,856	656,690
Operating assistance subsidies:		
New York State	158,672	158,672
New York City	158,672	158,672
Triborough Bridge and Tunnel Authority	604,535	546,905
Less amounts provided to Staten Island Rapid Transit Operating authority	(8,834)	(8,409)
Other subsidies:		
Assistance fund (Note 2)	300,000	300,000
Total subsidies revenues	5,605,338	5,581,946
Federal Transit Administration ARPA reimbursement	-	4,850,084
Other nonoperating revenues	28,986	16,878
Other nonoperating expenses	(137,280)	(48,754)
Loss on disposal of subway cars	(301)	(620)
Total nonoperating income	5,496,743	10,399,534
(LOSS) INCOME BEFORE CAPITAL CONTRIBUTIONS	(2,845,951)	2,076,781
CAPITAL CONTRIBUTIONS (Note 2)	2,750,080	2,389,418
CHANGE IN NET POSITION	(95,871)	4,466,199
NET POSITION:		
Beginning of year	29,115,297	24,649,098
End of year	$ 29,019,426	$ 29,115,297

See notes to consolidated financial statements.

(Concluded)

NEW YORK CITY TRANSIT AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands)

	Business-Type Activities	
	2023	**2022** (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from passengers, tenants, advertisers, and others	$ 4,013,772	$ 3,451,234
Cash payments for payroll and related employee costs	(7,143,900)	(6,921,941)
Cash payments to suppliers for goods and services	(2,304,807)	(1,958,680)
Net cash used in operating activities	(5,434,935)	(5,429,387)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Subsidies received	5,942,973	6,149,557
Net cash provided by noncapital financing activities	5,942,973	6,149,557
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments	(5,821)	(8,080)
Interest paid	(101,095)	(16,465)
Receipts from leases	7,685	9,057
Payments of leases	(40,079)	(42,114)
Payments of subscription-based IT arrangements	(315)	(1,307)
Payments on MTA Transportation bonds issued to fund capital assets	(989,170)	(1,345,661)
Subsidies designated for debt service payments	195,918	353,187
Capital project costs incurred for capital program	(1,051,646)	(906,956)
Cash transferred to capital program fund	(85,581)	(72,116)
Reimbursement of capital project costs from MTA	945,537	912,798
Net cash used in capital and related financing activities	(1,124,567)	(1,117,657)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in MTA investment pool	596,208	389,806
Interest on investments	18,007	5,555
Net cash provided by investing activities	614,215	395,361
NET DECREASE IN CASH	(2,314)	(2,126)
CASH—Beginning of year	25,493	27,619
CASH—End of year	$ 23,179	$ 25,493

(Continued)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands)

	Business-Type Activities	
	2023	**2022** (Restated)
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (8,342,694)	$ (8,322,753)
Adjustments to reconcile operating loss to net cash used in operating activities—depreciation and amortization	2,205,055	2,180,338
On-behalf payments related to rent (Note 6)	7,553	7,469
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Decrease (increase) in operating receivables	23,357	(644)
Increase in prepaid expenses and other current assets	(165,455)	(18,953)
(Increase) decrease in materials and supplies	(30,827)	170
Increase in deferred outflows of resources related to pensions	(119,423)	(605,559)
Decrease (increase) in deferred outflows of resources related to OPEB	478,332	(588,741)
Decrease in farecard liability	(8,013)	(7,697)
Decrease in accrued salaries, wages and payroll taxes	(19,556)	(80,817)
Increase in accounts payable and other accrued liabilities	79,795	8,353
Increase (decrease) in accrued vacation, sick pay and other benefits	31,806	(15,269)
Decrease in accrued retirement and death benefits	(1,742)	(6,210)
Increase in net pension liability	449,713	2,256,354
(Decrease) increase in net OPEB liability	(2,045,893)	1,185,605
Decrease in deferred inflows of resources related to pensions	(321,306)	(1,999,073)
Increase in deferred inflows of resources related to OPEB	2,038,268	282,784
Increase in estimated liability arising from injuries to persons	273,044	294,773
Increase in liability for environmental pollution remediation	33,051	483
NET CASH USED IN OPERATING ACTIVITIES	$ (5,434,935)	$ (5,429,387)
SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital assets	$ 2,450,421	$ 2,283,084
Capital asset related liabilities	455,052	390,216
Interest expense for leases	26,919	27,695
Interest expense for subscription-based IT arrangements	20	24
Interest income from leases	1,254	1,485
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	$ 2,933,666	$ 2,702,504

See notes to consolidated financial statements.

(Concluded)

NEW YORK CITY TRANSIT AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF FIDUCIARY NET POSITION PENSION FUND
AS OF DECEMBER 31, 2023 AND 2022
(In thousands)

	Fiduciary Activities*	
	2023	**2022**
ASSETS:		
Cash	$ 3,583	$ 3,695
Receivables:		
Employee loans	28,016	26,521
Investment receivables	2,928	1,635
Interest and dividends	2,996	1,787
Total receivables	33,940	29,943
Investments at fair value	3,790,248	3,289,326
TOTAL ASSETS	$ 3,827,771	$ 3,322,964
LIABILITIES:		
Accounts payable and accrued liabilities	$ 317	$ 474
Payable for investment securities purchased	9,290	3,592
Accrued benefits payable	21	75
Accrued postretirement death benefits (PRDB) payable	5,720	5,719
Accrued 55/25 Additional Members Contribution (AMC) payable	1,504	2,527
Other liabilities	443	466
Total liabilities	17,295	12,853
NET POSITION—Restricted for pensions	3,810,476	3,310,111
TOTAL LIABILITIES AND NET POSITION	$ 3,827,771	$ 3,322,964

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

See notes to consolidated financial statements.

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

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION PENSION FUND
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands)

	Fiduciary Activities*	
	2023	**2022**
ADDITIONS:		
Contributions:		
Employer contributions	$ 328,430	$ 158,618
Member contributions	25,390	25,548
Total contributions	353,820	184,166
Investments income:		
Net appreciation (depreciation) in fair value of investments	382,998	(307,355)
Dividend income	40,027	45,924
Interest income	20,357	10,719
Less—investment expenses	29,648	22,915
Investment income (loss)—net	413,734	(273,627)
Total additions	767,554	(89,461)
DEDUCTIONS:		
Benefit payments and withdrawals	266,622	257,973
Distribution to participants	-	-
Administrative expenses	567	806
Total deductions	267,189	258,779
Net increase (decrease) in fiduciary net position	500,365	(348,240)
NET POSITION—Restricted for pensions:		
Beginning of year	3,310,111	3,658,351
End of year	$ 3,810,476	$ 3,310,111

* 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 11.

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, 2023.

In October 2021, the MTA Grand Central Madison 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;

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

d. In 2022, the Federal government, in the form of ARPA. This is not recurring in 2023.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

New Accounting Standards Adopted

The Authority adopted the following GASB Statement for the year ended December 31, 2023, with retroactive effect of this adoption as of January 1, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended.

The Authority evaluated all the requirements under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* and adopted this Statement for the year ended December 31, 2023, and applied the retroactive effect of this adoption by the recognition and measurement of subscription assets and liabilities as of January 1, 2022. Net position as of and for the year ended

December 31, 2022, was restated and increased by $588 thousand.

The following schedule summarizes the net effect of adopting GASB Statement No. 96, *SBITA,* in the Consolidated Statement of Net Position as of December 31, 2022 (in thousands):

	As Previously Stated	GASB Statement No. 96 Impact	Restated
NONCURRENT ASSETS:			
Other capital assets, net of accumulated * depreciation and amortization	$ 42,411,992	$ 1,585	$ 42,413,577
Total noncurrent assets	49,301,619	1,585	49,303,204
Total assets	54,561,225	1,585	54,562,810
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	59,401,471	1,585	59,403,056
CURRENT LIABILITIES:			
Subscription-based IT arrangements payable	-	294	294
Total Current liabilities	2,083,964	294	2,084,258
NONCURRENT LIABILITIES:			
Subscription-based IT arrangements payable	-	703	703
Total noncurrent liabilities	26,263,553	703	26,264,256
Total liabilities	28,347,517	997	28,348,514
NET POSITION:			
Net investment in capital assets	47,783,608	588	47,784,196
Total net position	29,114,709	588	29,115,297
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	59,401,471	1,585	59,403,056

* 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, 2022 were required to be restated by GASB Statement No. 96, *SBITA,* as follows (in thousands):

	As Previously Stated	GASB Statement No. 96 Impact	Restatement Reported
OPERATING EXPENSES:			
Professional service contracts	$ 138,819	$ (1,307)	$ 137,512
Depreciation and amortization *	2,179,643	695	2,180,338
Total operating expenses	11,792,158	(612)	11,791,546
OPERATING LOSS	(8,323,365)	612	(8,322,753)
NONOPERATING REVENUES (EXPENSES):			
Other nonoperating expenses	(48,730)	(24)	(48,754)
Total nonoperating income	10,399,558	(24)	10,399,534
INCOME BEFORE CAPITAL CONTRIBUTIONS	2,076,193	588	2,076,781
CHANGE IN NET POSITION	4,465,611	588	4,466,199
NET POSITION—End of period	29,114,709	588	29,115,297

* Amortization of Right of Use Assets are included in depreciation and amortization on the Statement of Net Position and Statement of Revenues, Expenses and Change in Net Position.

The following schedule summarizes the cash flow impact of adopting GASB Statement No. 96, *SBITA* in the Consolidated Statement of Cash Flows (in thousands) for certain subscription-based information technology arrangements previously classified as professional service contracts for the year ended December 31, 2022:

Year-ended December 31,	As Previously Stated	GASB Statement No. 96 Impact	Restatement Reported
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash payments to supplies for goods and services	(1,959,987)	1,307	(1,958,680)
Net cash used in opeating activities	(5,430,694)	1,307	(5,429,387)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments of subscription-based IT arrangements	-	(1,307)	(1,307)
Net cash used in capital and related financing activities	(1,116,350)	(1,307)	(1,117,657)
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating loss	(8,323,365)	612	(8,322,753)
Depreciation and amortization *	2,179,643	695	2,180,338
Net cash used in operating activities	(5,430,694)	1,307	(5,429,387)
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:			
Noncash capital and related financing activities:			
Capital assets related liabilities	389,219	997	390,216
Interest expense for subscription-based IT arrangements	-	24	24

* Amortization of Right of Use Assets are included in depreciation and amortization on the Consolidated Statements of Cash.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (“PPPs”). As used in this

Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement ("SCA"), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements ("APAs"). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

After evaluating the criteria of GASB 94, the Authority concluded that 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. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

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
100	*Accounting Changes and Error Corrections*	2024
101	*Compensated Absences*	2024
102	*Certain Risk Disclosures*	2024
103	*Financial Reporting Model Improvements*	2025

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, 2023 and 2022, $197.4 million and $215.1 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.

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 2023 and 2022.

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 2023 and 2022 is as follows (in thousands):

	2023	2022
Petroleum business tax	$ 325,371	$ 103,847
Metro mass tax	1,947,767	1,784,790
Payroll Mobility tax	1,755,299	1,880,779
	$ 4,028,437	$ 3,769,416

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 $402.4 million in 2023 and $268.5 million in 2022. Total paratransit expenses, including paratransit service contracts, were $601.5 million and $486.9 million in 2023 and 2022, 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 and SBITA amortization, etc.) are reported as operating expenses. All other expenses (e.g., interest on long-term debt, interest on leases and SBITAs, 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 2023 and 2022, 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 2022 and 2023. For the year ended December 31, 2023, the Authority received $70.3 million from the State and the City combined, which includes a 2024 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 $3.4 million and $4.5 million in 2023 and 2022, 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.

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. This is not recurring in 2023.

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

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

Prepaid Expenses and Other Current Assets—The Authority made the following prepayments in 2023: $32.8 million to the New York Health Insurance Plan (NYSHIP), $31.9 million in risk management related insurance coverage, and $158.4 million for the 2024 projected actuarially determined contributions of MaBSTOA pension plan. The Authority made the following prepayments in 2022: $29.7 million to the New York Health Insurance Plan (NYSHIP) and $28.0 million in risk management related insurance coverage.

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 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. GASB 96 subscription-based information technology arrangements are classified as intangible right-to-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementations costs, less any incentives received. 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. Right-to-use SBITA assets are amortized over the subscription term.

Leases— Per 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.

Subscription-Based Information Technology Arrangements - As a result of the adoption of GASB Statement No. 96, subscriptions to certain information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) are recognized as an intangible right-to-use subscription asset with a corresponding subscription liability at the commencement of the subscription term. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the rate charged by the vendor, which may be implicit, or the Authority's incremental borrowing rate if the interest rate is not readily determinable. The amortization of the subscription asset and discount on the subscription liability are both recognized as outflow of resources over the subscription term.

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, 2023 and 2022, consist of the following (in thousands):

	2023	**2022**
Capital assets contributed by MTA from:		
Federal grants	$1,543,079	$ 1,106,449
Other than federal grants	1,972,220	2,076,501
Petroleum business taxes received for principal and interest payments on debt	195,918	353,187
Principal and interest payments on MTA Transportation bonds issued to fund capital assets	(781,506)	(977,726)
Decrease in funds due from MTA for purchase of capital assets	(179,631)	(168,993)
Total capital contributions	$2,750,080	$ 2,389,418

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, 2023 and 2022 of $94.8 million and $89.0 million, respectively.

Employee Benefits—In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the*

Measurement Date, the Authority recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the Authority's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the pension plans' measurement dates. Changes in the net pension liability during the year are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the year incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the year in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

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

The Authority has recorded a liability for claims incurred but not reported ("IBNR"). The liability represents those estimated future payments that are attributable, under the plan's provisions, to services rendered to participants prior to year-end. The estimated liability of claims includes benefits expected to be paid to retired or terminated employees or their beneficiaries and present employees or their beneficiaries, as applicable. The estimated liability for claims incurred but not reported or paid is $181.3 million and $170.4 million as of December 31, 2023 and 2022, respectively.

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

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

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

Pollution Remediation Projects—Pollution remediation costs are being expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (see Note 14). 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 thousand 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, 2023 and 2022 (in thousands):

	2023		2022	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Insured and collateralized deposits	$10,935	$ 9,888	$10,234	$ 9,654
Less escrow and other restricted deposits	(1,044)	(1,044)	(1,219)	(1,219)
Commercially insured funds on-hand and in-transit	13,288	-	16,478	-
	$23,179	$ 8,844	$25,493	$ 8,435

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 $18.4 million and $6.6 million for the years ended December 31, 2023 and 2022, respectively. The Authority also incurred interest expense of $104.1 million and $18.5 million for the years ended December 31, 2023 and 2022, respectively, which was due to negative investment pool balance of $1,248.5 million and $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 amounts have 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 87 leases are classified as right-to-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. GASB 96 subscription-based information technology arrangements are classified as intangible right-to-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementations costs, less any incentives received.

Accumulated depreciation and amortization are reported as reductions of fixed assets and right-to-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 or 35 years for subway cars, 12 years for buses, and lives generally ranging from 10 years to 60 years for the other capital assets. Right-of-use lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term. Capital and right-to-use assets consist of the following at January 1, 2022, December 31, 2022 and December 31, 2023 (in thousands):

The following is a summary of capital and right-of-use assets activity at January 1, 2022, December 31, 2022 and December 31, 2023:

(In thousands)	January 1, 2022 (Restated) *	Additions/ Reclassifications (Restated) *	Deletions/ Reclassifications (Restated) *	December 31, 2022 (Restated) *	Additions/ Reclassifications	Deletions/ Reclassifications	December 31, 2023
Capital assets not being depreciated—construction work-in-progress	$ 5,048,936	$ 3,405,209	$ (2,640,187)	$ 5,813,958	$ 4,246,985	$ (2,246,213)	$ 7,814,730
Total capital assets not being depreciated	5,048,936	3,405,209	(2,640,187)	5,813,958	4,246,985	(2,246,213)	7,814,730
Capital assets being depreciated:							
Subway cars	9,525,006	122	(22,928)	9,502,200	255,096	(24,827)	9,732,469
Buses	3,148,310	375,537	(203,899)	3,319,948	71,416	(116,003)	3,275,361
Track and structures	15,523,370	394,619	-	15,917,989	456,654	-	16,374,643
Depots and yards	5,207,359	155,731	-	5,363,090	497,138	-	5,860,228
Stations	23,379,601	879,161	-	24,258,762	373,646	-	24,632,408
Signals	9,027,090	700,817	-	9,727,907	248,359	-	9,976,266
Service vehicles	551,387	4,971	-	556,358	4,999	-	561,357
Building	166,733	-	-	166,733	-	-	166,733
Other	3,650,989	260,575	(1,311)	3,910,253	437,128	(140)	4,347,241
Total capital asset being depreciated	70,179,845	2,771,533	(228,138)	72,723,240	2,344,436	(140,970)	74,926,706
Less accumulated depreciation:							
Subway cars	(5,028,598)	(220,794)	22,308	(5,227,084)	(212,028)	24,827	(5,414,285)
Buses	(1,766,433)	(229,002)	203,899	(1,791,536)	(242,147)	116,003	(1,917,680)
Track and structures	(6,197,365)	(401,889)	-	(6,599,254)	(413,063)	-	(7,012,317)
Depots and yards	(2,616,716)	(132,306)	-	(2,749,022)	(126,836)	-	(2,875,858)
Stations	(7,495,488)	(686,537)	-	(8,182,025)	(679,357)	-	(8,861,382)
Signals	(2,917,122)	(277,671)	-	(3,194,793)	(284,829)	-	(3,479,622)
Service vehicles	(240,614)	(20,250)	-	(260,864)	(18,474)	-	(279,338)
Building	(99,412)	(3,308)	-	(102,720)	(3,308)	-	(106,028)
Other	(2,273,368)	(183,951)	1,311	(2,456,008)	(202,137)	140	(2,658,005)
Total accumulated depreciation	(28,635,116)	(2,155,708)	227,518	(30,563,306)	(2,182,179)	140,970	(32,604,515)
Total capital assets being depreciated—net	41,544,729	615,825	(620)	42,159,934	162,257	-	42,322,191
Right-of-use assets being amortized:							
Leased buildings and structures	295,495	317	-	295,812	77,132	-	372,944
Leased equipment and vehicles	2,992	-	-	2,992	1,053	-	4,045
Leased other	71	349	-	420	106	-	526
Subscription-based IT arrangements	2,280	-	-	2,280	-	-	2,280
Total Right-of-Use Assets being amortized	300,838	666	-	301,504	78,291	-	379,795
Less accumulated amortization: Right-of-Use Assets							
Leased buildings and structures	(22,873)	(22,967)	-	(45,840)	(20,865)	-	(66,705)
Leased equipment and vehicles	(321)	(766)	-	(1,087)	(1,103)	-	(2,190)
Leased other	(37)	(202)	-	(239)	(213)	-	(452)
Subscription-based IT arrangements	-	(695)	-	(695)	(695)	-	(1,390)
Total accumulated amortization	(23,231)	(24,630)	-	(47,861)	(22,876)	-	(70,737)
Right-of-use assets being amortized—net	277,607	(23,964)	-	253,643	55,415	-	309,058
Total capital assets, including right-of-use asset—net	$ 46,871,272	$ 3,997,070	$ (2,640,807)	$ 48,227,535	$ 4,464,657	$ (2,246,213)	$ 50,445,979

* Restated due to the adoption of GASB 96, SBITA. Refer to Note 2.

The construction work-in-progress amount includes $432,800 and other capital assets, net of accumulated depreciation and amortization includes $83,374 in transfers that were corrected in 2023 but relate to prior years transfers. The associated depreciation expense with these out of period corrections was not significant.

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

As of December 31, 2023, $60.2 billion is unexpended from the overall MTA Capital program (2005-2024) and $25.1 billion has been committed.

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

6. LEASES

The Authority entered into various lease agreements that convey control of the right to use other entities' nonfinancial assets. Lease receivable and lease liabilities are measured at the present value of payments expected to be made during the lease term, using NYCTA's incremental borrowing rate at the time of valuation ranging from 0.97% to 9.11% if an applicable stated or implicit rate is not available.

The lease liability is reduced as payments are made, and an outflow of resources for interest on the liability is recognized. The lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Interest revenues are recognized on the lease receivables and an inflow of resources from the deferred inflow of resources are recognized on a straight-line basis over the term of the lease.

As Lessor

The Authority leases its land, building, station space, equipment, and right-of-way to other entities. These leases have terms between 1 year to 16 years, with payments required monthly, quarterly, semi-annually, or annually. As of December 31, 2023, the remaining lease terms are between 1 year to 14 years. In addition, the Authority also receives payments for variable leases and operating expenses associated with spaces that are not included in the measurement of lease receivables.

The total amount of inflows of resources recognized for the year ended December 31, 2023 and 2022 is presented below (in thousands):

	2023	2022
Lease Revenue	$ 8,384	$ 9,218
Interest Revenue	1,254	1,485
Other Variable Revenue	992	-

A summary of activity in lease receivable for the years ended December 31, 2023 and December 31, 2022 is presented below (in thousands):

	2023	2022
Balance - beginning of year	$ 56,344	$ 63,040
Additions/Remeasurements	(2,869)	875
Receipts/Interest	(5,545)	(7,571)
Balance - end of year	47,930	56,344
less current portion	8,567	8,444
Lease receivable noncurrent	$ 39,363	$ 47,900

The Authority did not recognize any revenue associated with residual value guarantees and termination penalties for years ended December 31, 2023 and 2022, respectively.

The principal and interest requirements to maturity for the lease receivable subsequent to December 31, 2023, are as follows (in thousands):

Years Ending December 31	Principal	Interest	Total
2024	$ 8,567	$ 1,169	$ 9,736
2025	8,048	959	9,007
2026	7,621	759	8,380
2027	7,731	562	8,293
2028	5,687	373	6,060
2029–2033	6,591	986	7,577
2034–2038	3,685	189	3,874
Total	$ 47,930	$ 4,997	$ 52,927

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. As of December 31, 2023, the remaining lease terms are between 1 year to 65 years.

The amount of lease expenses recognized for variable payments not included in the measurement of lease liability were $949 and $1,885 for the years period ended December 31, 2023 and December 31, 2022. The Authority recognized $0 expense attributable to residual value guarantees and termination penalties for each of the years ended December 31, 2023 and December 31, 2022, respectively.

A summary of activity in lease liability for the year ended December 31, 2023 and December 31, 2022 is presented below (in thousands):

	2023	2022
Balance - beginning of year	$ 389,219	$ 402,971
Additions/Remeasurements	78,290	666
Payments/Interest	(13,160)	(14,418)
Balance - end of year	454,349	389,219
less current portion	8,659	11,726
Lease liability noncurrent	$ 445,690	$ 377,493

The principal and interest requirements to maturity for the lease liability subsequent to December 31, 2023, are as follows (in thousands):

Years Ending December 31	Principal	Interest	Total
2024	$ 8,659	$ 32,210	$ 40,869
2025	10,433	32,052	42,485
2026	9,918	31,834	41,752
2027	3,849	31,678	35,527
2028	3,878	31,592	35,470
2029–2033	50,514	150,733	201,247
2034–2038	87,337	128,172	215,509
2039–2043	94,315	91,701	186,016
Thereafter	185,446	86,430	271,876
Total	$ 454,349	$ 616,402	$ 1,070,751

Significant lease transactions—In 1990, the Authority acquired an office building located at 130 Livingston Street in Brooklyn, New York. The property is located on land owned by the New York City Economic Development Corporation ("NYC EDC"), as trustee for The City, with whom the Authority has entered into a 99-year ground lease. In 2011, the ground lease between the MTA and NYC EDC for Livingston Street was renegotiated with monthly lease payments increasing from approximately $47 to $111 per month. In January 2020, the base rent was increased to $205 per month as a result of a revaluation of the land appraisal. Rent expense payments under the lease were approximately $2.5 million in 2023 and 2022.

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 $968 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, 2023 for the Authority, TBTA and MTA (including MTA Bus, MTA Construction and Development, and MTA Business Service Center) were 48.4%, 7.4% and 44.2%, 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 2023 and 2022, the total of the rental payments charged to the Authority was $7.6 million and $7.5 million, respectively, less than the lease payment made by MTA on behalf of the Authority.

7. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Authority entered into various subscription-based information technology arrangements ("SBITAs") that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time. A right-to-use intangible subscription asset is set up with a corresponding subscription liability measured at the present value of payments during the subscription term, using NYCTA's incremental borrowing rate at the time of valuation ranging from 1.58% to 2.46% if an applicable stated or implicit rate is not available.

The initial measurement of The Authority's subscription asset and lease liability was as of January 1, 2022. The subscription liability was reduced as payments were made, and an outflow of resources for interest on the liability was recognized. The subscription asset is amortized on a straight-line basis over the subscription term.

The Authority's subscription-based information technology arrangements include software licenses, cloud data storage, hosting applications, security platforms and others. These subscriptions have terms between 2 years to 7 years, with payments required monthly, quarterly, or annually. As of December 31, 2023, the remaining subscriptions terms are between 1 year to 8 years. The amount of subscription expense recognized for variable payments not included in the measurement of lease liability were $53 and $0 for the years ended December 31, 2023 and December 31, 2022, respectively. The Authority recognized $0 and $0 expense attributable to termination penalties and impairment for the years ended December 31, 2023 and December 31, 2022, respectively.

The summary of activity in SBITA liability for the years ended December 31, 2023 and December 31, 2022 is presented below (in thousands):

	2023	2022
Balance - beginning of year	$ 997	$ 2,280
Additions/Remeasurements	-	-
Payments/Interest	(294)	(1,283)
Balance - end of year	703	997
Less current portion	277	294
SBITA liability noncurrent	$ 426	$ 703

The principal and interest requirements to maturity for the lease liabilities subsequent to December 31, 2023, are as follows (in thousands):

Years Ending December 31	Principal	Interest	Total
2024	$ 277	$ 13	$ 290
2025	161	9	170
2026	129	5	134
2027	81	2	83
2028	55	1	56
Total	$ 703	$ 30	$ 733

8. 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 cost-sharing multiple-employer defined benefit retirement plan administered by MTA Headquarters and funded by MTA New York City Transit covering employees of MaBSTOA and certain employees of 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 mandatory.

The Board of Administration, established in 1963, determines the eligibility of employees and beneficiaries for retirement and death benefits. Article 12.08 of 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 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 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 sections of The City's Annual Comprehensive Financial Report (ACFR).

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 membership.

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 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.

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— Chapter 56 of the Laws of 2022 enacted in April 2022 reduced the Tier 6 vesting requirement from 10 years to 5 years of service. 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 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 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 to be referred as the 63/5 Plan going forward, must be at least age 63 with the completion of at least 5 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 and 25 Special Plan and the Basic 63 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 55 and 25 Special Plan and the Basic 63 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.

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%.

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, and the 55/25 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.

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. Chapter 56 of the Laws of 2022 enacted in April 2022 reduced the Tier 6 vesting requirement from 10 years to 5 years of service.

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, 2022 and 2021, the date of the latest actuarial valuations:

	2022	2021
Active Plan Members	8,363	8,533
Retirees and beneficiaries receiving benefits	6,192	6,020
Vested formerly active members not yet receiving benefits	1,172	1,125
Total	15,727	15,678

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 10.01 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.

- Chapter 56 of the Laws of 2022 enacted in April 2022 reduced the vesting requirement for Tier 6 employees from 10 years to 5 years and modified the compensation used to determine the applicable member contribution rate from April 1, 2022 to December 31, 2024 to exclude overtime. 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 $170.0 million and $158.6 million for the years ended December 31, 2023 and 2022, respectively. In January 2023, the Authority made a prepayment for the projected Actuarially Determined Contributions for 2024 amounting to $158.4 million.

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. Chapter 56 of the Laws of 2022 enacted in April 2022 excludes certain forms of overtime and extracurricular compensation from the salary used to determine Tier 6 Basic Member Contribution rates during the specified period from 2022 to 2024.

The Authority is required to contribute at an actuarially determined rate. The Authority's contributions to NYCERS for the years ended December 31, 2023 and 2022 were $735.2 million and $765.3 million, respectively.

Net Pension Liability

The Authority's net pension liabilities for each of the pension plans reported at December 31, 2023 and 2022 were measured as of December 31, 2022 and 2021, respectively for the MaBSTOA plan and June 30, 2023 and 2022, respectively for NYCERS. The total pension liability for each of the pension plans were determined as of the actuarial valuation dates of January 1, 2022 and 2021 for MaBSTOA plan and June 30, 2022 and 2021 for NYCERS, respectively, and updated to roll forward the total pension liability to the respective measurement dates. The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by NYCERS and MaBSTOA. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the Plan; and investments are reported at fair value.

Actuarial Assumptions

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

	MaBSTOA		NYCERS	
Valuation Date	**January 1, 2022**	**January 1, 2021**	**June 30, 2022**	**June 30, 2021**
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%	2.5%	2.25%
Cost-of Living Adjustments	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.	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-sponsord pension plan members from 1/1/15 - 12/31/20 reflecting mortality improvement on a generational basis using Scale MP-2021	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	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 92% for males and 100% for females.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	N/A	N/A
Post-retirement Healthy Lives	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 92% for males and 100% 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	Pri-2012 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.	N/A	N/A

Expected Rate of Return on Investments

The long-term expected rate of return on investments of 6.5% and 7.0% for the MaBSTOA plan and NYCERS, respectively, was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocations of each of the funds and the expected real rate of returns (RROR) for each of the asset class in the MaBSTOA plan and NYCERS were as of the measurement dates of December 31, 2022 and June 30, 2023, 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 %	2.27 %
US Long Bonds	2.00	2.51
US Inflation-Indexed Bonds	2.00	1.58
US High Yield Bonds	3.00	4.40
US Bank/Leveraged Loans	1.50	3.79
Private Credit	7.00	6.99
Emerging Markets Bonds	2.00	4.99
US Large Cap Equity	18.00	5.64
US Small Cap Equity	7.00	7.25
Foreign Developed Equity	12.00	6.90
Emerging Markets Equity	4.50	9.58
Emerging Markets Small Cap Equity	1.50	9.81
US REITs	1.00	6.71
Private Real Estate Property	4.00	4.86
Private Equity	7.00	10.74
Commodities	4.00	2.96
Hedge Funds—MultiStrategy	13.00	4.52
	100 %	
Assumed Inflation—Mean		2.33
Assumed Inflation—Standard Deviation		1.41
Portfolio Nominal Mean Return		8.08
Portfolio Standard Deviation		12.42
Long Term Expected Rate of Return selected by MTA		6.50

Asset Class	Target Asset Allocation	NYCERS Long-Term Expected Real Rate of Return
Public markets:		
U.S. public market equities	27.00 %	6.90 %
Developed public market equities	12.00	7.20
Emerging public market equities	5.00	9.10
Fixed income	30.50	2.70
Private markets (alternative investments):		
Private equity	8.00	11.10
Private real estate	7.50	7.10
Infrastructure	4.00	6.40
Opportunistic fixed income	6.00	8.60
	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 6.5% for the MaBSTOA plan as of December 31, 2022 and December 31, 2021 and 7.0% for NYCERS as of June 30, 2023 and June 30, 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for each pension plan and that employer contributions will be made at the rates determined by each pension plan's actuary. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and non-active members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability—MaBSTOA

The Authority's net pension liability for the MaBSTOA plan at the measurement date of December 31, 2022 and 2021 were as follows (in thousands):

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2021	$ 4,422,017	$ 3,658,350	$ 763,667
Changes for fiscal year 2022:			
Service cost	95,860	-	95,860
Interest on total pension liability	285,410	-	285,410
Effect of plan changes	1,760	-	1,760
Effect of economic/demographic (gains) or losses	(20,721)	-	(20,721)
Effect of assumptions changes or inputs			
Benefit payments and withdrawals	(257,973)	(257,973)	-
Administrative expense	-	(806)	806
Member contributions	-	25,548	(25,548)
Net investment income	-	(273,627)	273,627
Employer contributions	-	158,619	(158,619)
Balance as of December 31, 2022	$ 4,526,353	$ 3,310,111	$ 1,216,242

	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

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, 2022			December 31, 2021		
	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	$ 1,729,790	$ 1,216,242	$ 781,314	$ 1,269,779	$ 763,667	$ 335,356

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, 2023 and 2022, and the proportion percentage of the net pension liability of NYCERS allocated to the Authority (in millions):

	June 30, 2023	June 30, 2022
The Authority's proportion of the net pension liability	21.268 %	20.975 %
The Authority's proportionate share of the net pension liability	$ 3,795	$ 3,798

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, 2023 and 2022, 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, 2023			June 30, 2022		
	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	$ 6,149,077	$ 3,794,724	$ 1,807,657	$ 6,043,234	$ 3,797,586	$ 1,900,797

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

For the years ended December 31, 2023 and 2022, the Authority recognized pension expense, gross of capital project reimbursements and other pension adjustments of $33,490 and $37,465 for December 31, 2023 and 2022, respectively, related to each pension plan as follows (in thousands):

Pension Plans	December 31, 2023	December 31, 2022
MaBSTOA	$ 259,366	$ 132,278
NYCERS	654,889	443,388
Total	$ 914,255	$ 575,666

For the years ended December 31, 2023 and 2022, 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, 2023	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	$ 5,869	$ 30,956	$ 426,937	$ 16,906	$ 432,806	$ 47,862
Changes in actuarial assumptions	119,496	-	6	77,137	119,502	77,137
Net difference between projected and actual earnings on pension plan investments	296,972	-	473,067	-	770,039	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	21,917	185,006	21,917	185,006
Employer contributions to plan subsequent to the measurement date of net pension liability	170,033	-	378,082	-	548,115	-
Total	$ 592,370	$ 30,956	$ 1,300,009	$ 279,049	$ 1,892,379	$ 310,005

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

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	6.20	N/A	6.20
NYCERS	5.55	5.55	5.55

For the years ended December 31, 2023 and 2022, $548.1 million and $536.7 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 $548.1 million will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2023 will be recognized as pension expense as follows (in thousands):

Year Ending December 31	**MaBSTOA**	**NYCERS**	**Total**
2024	$ 75,413	$ 121,192	$ 196,605
2025	123,180	(31,168)	92,012
2026	86,844	500,432	587,276
2027	106,650	22,651	129,301
2028	(38)	29,771	29,733
Thereafter	(668)	-	(668)
Total	$ 391,381	$ 642,878	$ 1,034,259

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 2023 and 2022.

9. 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, 2023 and 2022, the Authority paid $601.0 million and $589.6 million of PAYGO to the OPEB Plan, respectively. The PAYGO amounts included an implicit rate subsidy adjustment of $9.3 million and $10.8 million for the years ended December 31, 2023 and 2022, respectively. There were no additional prior year implicit rate subsidy adjustments for the year ended December 31, 2023.

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 2022 and 2021 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, 2022 and December 31, 2021, the measurement dates, are 3.72% and 2.06%, 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, 2022 and 2021, the employer made a cash payment for retiree healthcare of $10.8 million and $9.6 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	**2022 Retirees**	**2021 Retirees**
	(in thousands)	
Total blended premiums	$ 578,771	$ 551,980
Employment payment for retiree healthcare	10,818	9,651
Net payments	$ 589,589	$ 561,631

Net OPEB Liability

The Authority's proportionate share of the Plan's net OPEB liability reported at December 31, 2023 and 2022 was measured as of the OPEB Plan's fiscal year-end of December 31, 2022 and 2021, 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, 2022 and 2021, 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,	
	2022	**2021**
The Authority's proportion of the net OPEB liability	69.667 %	70.825 %
The Authority's proportionate share of the net OPEB liability	$ 15,629,504	$ 17,675,397

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. Update procedures were used to roll forward the total OPEB liability to December 31, 2022 and 2021, 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, 2021
Measurement date	December 31, 2022	December 31, 2021
Discount rate	3.72%, net of expenses	2.06%, net of expenses
Inflation	2.33%	2.30%
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	3.72%	2.06%

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, 2022:

			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 Society of Actuaries ("SOA") developed and regularly updates a long-term medical trend model based on detailed research performed by a committee of economists and actuaries, which included a representative from the Authority's actuary. This model is used as the foundation for the trend that the actuary recommends for postretirement healthcare valuations, with certain adjustments designed to produce trends that are appropriate for employer plans. These adjustments include incorporating assumed administrative cost trend where applicable and removing the impact of age-related morbidity (since age-related morbidity assumptions are applied separately in the valuation when applicable). Trend rates also reflect the expected impact of short-term inflation.

Healthcare Cost Trend Rates—The following lists illustrative rates for the NYSHIP and self-insured trend assumptions for the measurement date December 31, 2022:

Year	NYSHIP Trend Pre-65 Trend	NYSHIP Trend Post-65 Trend	Self-Insured Trend Pre-65 Trend	Self-Insured Trend Post-65 Trend
2021	12.20 %	0.30 %	5.80 %	(6.80)%
2022	14.10	13.40	6.30	5.40
2023	6.70	5.90	7.00	5.90
2024	7.00	6.70	7.20	7.20
2025	6.40	6.40	6.50	6.60
2026	5.80	5.80	5.90	5.90
2027	5.10	5.10	5.20	5.10
2028	4.90	4.90	5.00	4.90
2029	4.70	4.70	4.80	4.70
2030	4.50	4.50	4.60	4.50
2031	4.30	4.30	4.40	4.30
2032	4.20	4.10	4.20	4.20
2033 - 2039	4.10	4.10	4.20	4.10
2040 - 2049	4.10	4.10	4.20	4.10
2050	4.20	4.20	4.20	4.20
2051 - 2064	4.20	4.20	4.20	4.20
2065 - 2066	4.10	4.10	4.10	4.10
2067	4.00	4.00	4.10	4.00
2068	4.00	4.00	4.00	4.00
2069	3.90	3.90	4.00	3.90
2070	3.90	3.90	3.90	3.90
2071	3.80	3.80	3.90	3.80
2072 - 2073	3.80	3.80	3.80	3.80
2074 - 2089	3.70	3.70	3.70	3.70
2090+	3.70	3.70	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 3.7% 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, 2022 are as follows:

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Short (1-3 Yr) Govt/Credit Bonds	Bloomberg US Govt/Credit 1-3 Yr TR USD	100.00 %	1.31%

Assumed Inflation—Mean	2.33 %
Assumed Inflation—Standard Deviation	1.41 %
Portfolio Nominal Mean Return	3.64 %
Portfolio Standard Deviation	2.05 %
Long Term Expected Rate of Return selected by MTA	3.72 %

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, 2022 and 2021 of 3.72% and 2.06%, 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, 2022			December 31, 2021		
	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
		(in thousands)			(in thousands)	
Proportionate share of the net OPEB liability	$17,783,997	$15,629,504	$13,849,811	$20,438,272	$17,675,397	$15,432,891

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, 2022			December 31, 2021		
	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	$ 13,401,645	$ 15,629,504	$ 18,434,977	$ 15,013,791	$ 17,675,397	$ 21,084,009

* 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 years ended December 31, 2023 and 2022, the Authority recognized OPEB expense of $1.1 billion and $1.4 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, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows ($ in thousands):

	December 31, 2023		December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 247,824	$ 23,635	$ 293,351	$ 29,723
Changes in assumptions	1,080,663	2,872,913	1,382,672	1,040,210
Net difference between projected and actual earnings on OPEB plan investments	13,192	-	33,369	-
Changes in proportion and differences between contributions and proportionate share of contributions	646,271	396,432	768,309	184,779
Employer contributions to the plan subsequent to the measurement of net OPEB liability	601,008	-	589,589	-
Total	$ 2,588,958	$ 3,292,980	$ 3,067,290	$ 1,254,712

For the years ended December 31, 2023 and 2022, $601.0 million and $589.5 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 years ended December 31, 2024 and December 31, 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2023 will be recognized in OPEB expense as follows:

Year Ending December 31:	
2024	$ (168,420)
2025	(214,988)
2026	(160,497)
2027	(92,456)
2028	(154,081)
Thereafter	(514,588)
Total	$ (1,305,030)

10. 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, 2023 are as follows (in thousands):

Year	Principal	Interest	Total
2024	$ 6,001	$ 2,441	$ 8,442
2025	6,041	2,118	8,159
2026	5,976	1,794	7,770
2027	6,035	1,469	7,504
2028	6,169	1,138	7,307
2029–2033	16,988	1,798	18,786
2034–2038	212	7	219
Total	47,422	$ 10,765	$ 58,187
Less current portion	6,001		
Long-term loans payable	$ 41,421		

The above interest amounts include both fixed and variable rate calculations. Interest on the variable-rate loan is paid at the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) rate and is reset annually. The SIFMA rate as of December 31, 2023 was 3.87%.

11. RELATED PARTY TRANSACTIONS

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

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, 2023 and 2022 (in thousands):

	2023		2022	
	Receivable	**(Payable)**	**Receivable**	**(Payable)**
MTA	$ 10,360,308	$ (7,471,953)	$ 11,044,559	$ (6,500,143)
Constituent authorities	159,467	(31,152)	129,189	(22,471)
Total MTA and constituent authorities	$ 10,519,775	$ (7,503,105)	$ 11,173,748	$ (6,522,614)

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 $1,105,794 and $1,026,738 as of December 31, 2023 and 2022, respectively.

12. 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	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

Counterparty	Cargill	Cargill	Cargill	Goldman Sachs	JPMorgan	Goldman Sachs
Trade Date	1/31/2023	2/28/2023	3/29/2023	4/24/2023	5/30/2023	6/27/2023
Effective Date	1/1/2024	2/1/2024	3/1/2024	4/1/2024	5/1/2024	6/1/2024
Termination Date	12/31/2024	1/31/2025	2/28/2025	3/31/2025	4/30/2025	5/31/2025
Price/Gal	$2.69	$2.57	$2.44	$2.44	$2.25	$2.29
Notional Qnty (Gal)	2,826,779	2,826,759	1,633,857	2,462,350	2,636,717	2,636,709

Counterparty	Cargill	Goldman Sachs	JPMorgan	Cargill	BOA_ Merrill	Cargill
Trade Date	7/28/2023	8/29/2023	9/26/2023	10/30/2023	11/27/2023	12/27/2023
Effective Date	7/1/2024	8/1/2024	9/1/2024	10/1/2024	11/1/2024	12/1/2024
Termination Date	6/30/2025	7/31/2025	8/31/2025	9/30/2025	10/31/2025	11/30/2025
Price/Gal	$2.55	$2.57	$2.65	$2.58	$2.49	$2.43
Notional Qnty (Gal)	2,636,706	2,636,714	2,636,696	2,636,708	2,636,707	2,636,716

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, 2023, the total outstanding notional value of the ULSD contracts was 49.0 million gallons with a negative fair market value of $9.5 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 $3.5 million and $1.0 million in 2023 and 2022, respectively.

13. RISK MANAGEMENT

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

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

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

A summary of activity in estimated liability arising from injuries to persons, including employees, and damage to third-party property, for the years ended December 31, 2023 and 2022, is as follows (in thousands):

	2023	**2022**
Balance at beginning of year	$3,914,304	$3,619,531
Activity during the year:		
Current year claims and changes in estimates	687,048	646,948
Claims paid	(414,003)	(352,175)
Balance at end of year	4,187,349	3,914,304
Less current portion	(496,973)	(391,719)
Long-term liability	$3,690,376	$3,522,585

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, 2023, the balance of the assets in this program was $189.2 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, 2023, the “Access-A-Ride” automobile liability policy program was renewed. This program provides third-party auto liability insurance coverage to vendors under the Access-A-Ride contract, to perform services on behalf of MTA New York City Transit. This policy provides a $3 million per occurrence to fund self-insured losses.

Property Insurance—Effective May 1, 2023, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2023, FMTAC directly insures property damage claims of the Related Entities* in excess of a $25 million per occurrence deductible, subject to an annual $75 million aggregate deductible. The total All Risk program annual limit is $500 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

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

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. In addition to the noted $25 million per occurrence self-insured deductible, MTA self-insures above that deductible for $147.08 million within the overall $500 million per occurrence property program as follows: $20.277 million (or 40.55%) of the primary $50 million layer, plus $23.777 million (or 47.55%) of the $50 million excess $50 million layer, plus $14.792 million (or 29.58%) of the $50 million excess $100 million layer, plus $8.827 million (or 17.65%) of the $50 million excess $150 million layer, plus $4.484 million (or 8.96%) of the $50 million excess $200 million layer, plus $12.548 million (or 25.09%) of the $50 million excess $250 million layer, plus $13.547 million (or 27.09%) of the $50 million excess $300 million layer, plus $14.997 million (or 29.99%) of the $50 million excess $350 million layer, plus $18.664 million (or 37.32%) of the $50 million excess $400 million layer, and $15.164 million (or 30.32%) 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 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 19, 2023 to April 30, 2026. The expanded protection is reinsured by MetroCat Re Ltd. 2023-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2023-1 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.

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, 2025.

During 2023 there were FMTAC excess loss claim reimbursements of $2.7 to the Authority. At December 31, 2023, the Authority had $114 million in outstanding claims requiring FMTAC coverage from its Excess Loss Program.

14. 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 2023 and 2022, the Authority recognized $33 million and $0.5 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, 2023 and 2022, were as follows (in thousands):

	2023	**2022**
Balance at beginning of year	$ 98,795	$ 97,424
Activity during the year:		
Changes in estimates	33,051	483
Payments	(20,060)	888
Balance at end of year	111,786	98,795
Less current portion	(22,357)	(19,759)
Long-term liability	$ 89,429	$ 79,036

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

15. CONDENSED COMPONENT UNIT INFORMATION

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

December 31:	**2023**	**2022**
Current assets	$ 166,371	$ 8,324
Capital assets	661,958	751,841
Deferred outflows of resources	592,370	326,069
Total assets and deferred outflows of resources	1,420,699	1,086,234
Current liabilities	465,407	513,937
Non-current liabilities	2,200,733	1,683,629
Deferred inflows of resources	30,956	127,897
Total liabilities and deferred inflows of resources	2,697,096	2,325,463
Net investment in capital assets	649,776	739,175
Unrestricted	(1,926,173)	(1,978,404)
Total net position	$ (1,276,397)	$ (1,239,229)
For the Year Ended December 31:		
Fare revenue	$ 262,883	$ 266,245
Advertising and other revenue	14,487	14,606
Total operating revenue	277,370	280,851
Total labor expenses	1,383,712	1,161,241
Total non-labor expenses	138,194	151,787
Depreciation	105,964	102,671
Total operating expenses	1,627,870	1,415,699
Operating deficit	(1,350,500)	(1,134,848)
Loss before capital contributions	(1,350,500)	(1,134,848)
Capital contributions	1,313,332	1,247,990
Change in net position	(37,168)	113,142
Net position, beginning of the year	(1,239,229)	(1,352,371)
Net position, end of year	$ (1,276,397)	$ (1,239,229)
For the Year Ended December 31:		
Net cash used in operating activities	$ (1,296,692)	$ (1,072,869)
Net cash provided by non-capital financing activities	1,297,845	1,075,077
Net cash used in capital and related financing activites	(1,739)	(1,501)
Net cash provided by (used in) investing activities	615	(1,084)
Net Increase (decrease) in cash	29	(377)
Cash at beginning of year	786	1,163
Cash at end of year	$ 815	$ 786

16. SUBSEQUENT EVENTS

In 2024, MTA is prepaying the 2025 projected Actuarially Determined Contributions (“ADCs”) for MTA-Sponsored Pension Plans on a monthly basis. As of June 18, 2024, the prepayments for the MaBSTOA Pension Plan amounted to $109.4 million.

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:									
Service cost	$ 96	$ 94	$ 95	$ 90	$ 87	$ 84	$ 82	$ 77	$ 72
Interest	285	274	267	265	256	246	237	233	224
Differences between expected and actual experience	(21)	(19)	(1)	9	6	12	14	(69)	(2)
Change of plan	2	-	-	-	-	-	-	-	-
Change of assumptions	-	72	-	169	-	6	-	-	-
Benefit payments and withdrawals	(258)	(245)	(238)	(221)	(214)	(209)	(188)	(180)	(175)
Net change in total pension liability	104	176	123	312	135	139	145	61	119
Total pension liability—beginning	4,422	4,246	4,123	3,811	3,676	3,537	3,392	3,331	3,212
Total pension liability—ending(a)	4,526	4,422	4,246	4,123	3,811	3,676	3,537	3,392	3,331
Fiduciary net position:									
Employer contributions	159	156	159	206	205	202	221	215	226
Member contributions	26	25	25	24	22	20	19	16	15
Net investment income	(274)	416	60	447	(88)	350	212	(24)	105
Benefit payments and withdrawals	(258)	(245)	(238)	(221)	(214)	(209)	(188)	(180)	(175)
Administrative expenses	(1)	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(348)	352	6	456	(75)	363	264	27	171
Plan fiduciary net position—beginning	3,658	3,306	3,300	2,844	2,919	2,556	2,292	2,265	2,094
Plan fiduciary net position—ending(b)	3,310	3,658	3,306	3,300	2,844	2,919	2,556	2,292	2,265
Employer's net pension liability—ending(a)-(b)	$ 1,216	$ 763	$ 940	$ 823	$ 967	$ 757	$ 981	$ 1,100	$ 1,066
Plan fiduciary net position as a percentage of the total pension liability	73.1 %	82.7 %	77.9 %	80.0 %	74.6 %	79.4 %	72.3 %	67.6 %	68.0 %
Covered-employee payroll	776	769	802	787	776	750	717	687	653
Employer's net pension liability as a percentage of covered-employee payroll	156.7 %	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.

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 PENSION LIABILITY IN THE NYCERS PENSION PLAN AT JUNE 30
(In millions)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
The Authority's proportion of the net pension liability	21.268 %	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	$ 3,795	$ 3,798	$ 1,365	$ 4,892	$ 4,310	$ 3,973	$ 4,732	$ 5,400	$ 453
The Authority's actual covered-employee payroll	$ 4,022	$ 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	94.356 %	101.932 %	38.955 %	144.392 %	132.371 %	128.576 %	156.481 %	184.300 %	158.277 %
Plan fiduciary net position as a percentage of									

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

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

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

MaBSTOA	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$ 170.0	$ 158.6	$ 156.2	$ 159.5	$ 209.3	$ 202.5	$ 202.9	$ 220.7	$ 214.9	$ 226.4
Actual Employer Contribution	328.4	158.6	156.2	159.5	206.4	205.4	202.7	220.7	214.9	226.4
Contribution Deficiency (Excess)	$(158.4)	$ -	$ -	$ -	$ 2.9	$ (2.9)	$ 0.2	$ -	$ -	$ -
Covered Payroll	820.5	775.5	768.9	802.1	786.6	776.2	749.7	716.5	686.7	653.3
Contributions as a % of Covered Payroll	40.0 %	20.5 %	20.3 %	19.9 %	26.2 %	26.5 %	27.0 %	30.8 %	31.3 %	34.7 %

NYCERS	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$ 735.2	$ 765.3	$ 807.7	$ 841.9	$ 904.1	$ 768.4	$ 759.6	$ 753.2	$ 694.4	$ 708.2
Actual Employer Contribution	735.2	765.3	807.7	841.9	904.1	768.4	759.6	753.2	694.4	708.2
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	4,022.1	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
Contributions as a % of Covered Payroll	18.3 %	20.5 %	23.0 %	23.1 %	23.9 %	20.0 %	21.0 %	22.2 %	20.8 %	20.5 %

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, 2022 and 2021 funding valuation for the MaBSTOA pension plan as follows:

	MaBSTOA	
Valuation Date	January 1, 2022	January 1, 2021
Measurement Date	December 31, 2022	December 31, 2021
Actuarial cost method	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)
Amortization method	For FIL bases, 15 years for Fresh start base as of 1/1/2020. 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.	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-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.
Inflation	2.25% per annum	2.25% per annum
Salary increases	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.
Overtime	Except for managerial employees, rates of overtime for operating employees vary by years of service and are applied to base salary ranging from 16% to 30%, and 3.0% of base salary for nonoperating employees regardless of the years of service. For Tier 6 members, all overtime was assumed to be less than the overtime cap.	Except for managerial employees, rates of overtime for operating employees vary by years of service and are applied to base salary ranging from 16% to 30%, and 3.0% of base salary for nonoperating employees regardless of the years of service. For Tier 6 members, all overtime was assumed to be less than the overtime cap.
Cost-of-Living Adjustments	60% of inflation assumption or 1.35%, if applicable	60% of inflation assumption or 1.35%, if applicable
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, 2022 funding valuation.

Changes of Assumptions
There were no changes of benefit assumptions in the June 30, 2022 funding valuation.

(Concluded)

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

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

Plan Measurement Date (December 31)	2022	2021	2020	2019	2018	2017
The Authority's proportion of the net OPEB liability	69.67 %	70.80 %	67.50 %	68.70 %	67.83 %	67.88 %
The Authority's proportionate share of the net OPEB liability	$15,630	$ 17,675	$ 16,490	$ 14,507	$13,281	$13,784
The Authority's covered payroll	$ 4,501	$ 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	347.23 %	484.91 %	370.80 %	317.37 %	287.65 %	380.80 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.05 %	- %	- %	1.93 %	1.76 %	1.79 %

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

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

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

	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Actuarially Determined Contribution	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Actual Employer Contribution [(1)]	$ 601.0	$ 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	n/a
Covered Payroll	4,842.6	4,501.3	3,644.7	4,446.8	4,570.8	######	3,618.6
Actual Contribution as a Percentage of Covered Payroll	12.41 %	13.10 %	15.40 %	11.01 %	11.06 %	10.15 %	12.21 %

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $9.3, $10.8, $9.6, $12.8, $21.3, $19.9 and $19.6 for the years ended December 31, 2023, 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, 2021
Measurement date	December 31, 2022	December 31, 2021
Discount rate	3.72%	2.06%
Inflation	2.33%	2.30%
Actuarial cost method	Entry Age Normal	Entry Age Normal
Investment rate of return	3.72%	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 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.