The Metropolitan Transportation Authority

Report to Management

Year Ended December 31, 2024

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July 31, 2025

The Audit Committee
Metropolitan Transportation Authority
New York, New York

And

The Management of the Metropolitan Transportation Authority New York, New York

Dear Members of the Audit Committee and Management:

In connection with our audits of the financial statements of the Metropolitan Transportation Authority (inclusive of Metropolitan Transportation Authority's Headquarters), First Mutual Transportation Assurance Company, Long Island Rail Road Company, Metro-North Commuter Railroad Company, MTA Bus Company, New York City Transit Authority, Staten Island Rapid Transit Operating Authority, and the Triborough Bridge and Tunnel Authority (collectively the “MTA”) as of and for the year ended December 31, 2024 (on which we have issued our reports dated June 17, 2025), performed in accordance with auditing standards generally accepted in the United States of America (generally accepted auditing standards), we considered internal control over financial reporting in order to design audit procedures that were appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the MTA’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MTA’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting. However, in connection with our audits, we have identified and included in the attached Appendix A, deficiencies related to MTA’s internal control over financial reporting as of December 31, 2024, that we wish to bring to your attention.

We also plan to issue our Uniform Guidance reports in accordance with *Government Auditing Standards* and the U.S. Office of Management and Budget (“OMB”) audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“OMB Uniform Guidance”) and compliance with the types of compliance requirements described in the *Part 43 of the New York State Codification of Rules and Regulations* which will include (1) Independent Auditor’s Report (2) Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with *Government Auditing Standards* (3) Independent Auditor’s Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance, and (4) Independent Auditor’s Report on Compliance for Each Major State of New York Department of Transportation Assistance Program; and Report on Internal Controls over Compliance; and

Report on Schedule of State of New York Department of Transportation Assistance expended Required by Part 43 of the New York State Codification of Rules and Regulations.

The definition of a deficiency is also set forth in the attached Appendix B.

Although we have included management's written response to our comments in the attached Appendix A, such responses have not been subjected to the auditing procedures applied in our audits of the financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses, or the effectiveness of any corrective actions described therein.

This report is intended solely for the information and use of management, the Audit Committee, Federal and State awarding agencies or pass-through entities, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Deloitte Touche LLP

APPENDIX A

NEW YORK CITY TRANSIT AUTHORITY

We identified, and included below, a deficiency involving the NYCTA's internal control over financial reporting for the year ended December 31, 2024, that have not been previously communicated in writing or orally, by others within NYCTA, or by us that we wish to bring to your attention.

1. Deferred Outflows for OPEB Account Reconciliation

Criteria:
NYCTA performs an annual review of the schedule of other post-employment benefits (OPEB) contributions made subsequent to the measurement date to ensure these amounts are appropriately accounted for as deferred outflows in accordance with the actuary's OPEB valuation report.

Condition:
During our audit procedures, D&T identified a deficiency in NYCTA's review control through our substantive testing procedures related to OPEB deferred outflows and related OPEB expenses as of December 31, 2024.

Cause:
D&T notes that there was an oversight in the review of the NYCTA schedule of OPEB contributions made after the measurement date as of December 31, 2024 as it included the 2023 benefits paid in 2024 and excluded the 2024 benefits paid in 2025.

Effect:
As a result, there was an understatement of the OPEB deferred outflows amounting to $28M as of December 31, 2024.

Recommendation:
We recommend that NYCTA management enhance the review process of the reconciliation between the OPEB deferred outflows per the year end Milliman OPEB valuation report and the NYCTA schedule of OPEB contributions made after the measurement date as of and by the year end to ensure that it captures the appropriate benefit payments pertaining to the current year.

Financial Statement Impact:
The net impact of this deficiency resulted in an understatement of $28M on OPEB deferred outflows and a related overstatement of OPEB expenses for the same amount, which was corrected by management prior to December 31, 2024, in the MTA consolidated and NYCTA financial statement issuance.

Management Response:
Management will obtain the OPEB benefit payments during the year from the benefits department and perform a reconciliation and review of the NYCTA schedule of OPEB contributions against the general ledger to ensure that the appropriate expenses are captured in the schedule.

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY

We identified, and included below, a deficiency involving SIRTOA's internal control over financial reporting for the year ended December 31, 2024, that have not been previously communicated in writing or orally, by others within SIRTOA, or by us that we wish to bring to your attention.

1. Deferred Outflows for OPEB Account Reconciliation

Criteria:
SIRTOA performs an annual review of the schedule of other post-employment benefits (OPEB) contributions made subsequent to the measurement date to ensure these amounts are appropriately accounted for as deferred outflows in accordance with the actuary's OPEB valuation report.

Condition:
During our audit procedures, D&T identified a deficiency in SIRTOA's review control through our substantive testing procedures related to OPEB deferred outflows and related OPEB expenses as of December 31, 2024.

Cause:
D&T notes that there was an oversight in the review of the SIRTOA schedule of OPEB contributions made after the measurement date as of December 31, 2024 as it included the 2023 benefits paid in 2024 and excluded the 2024 benefits paid in 2025.

Effect:
As a result, there was an understatement of the OPEB deferred outflows amounting to $392K as of December 31, 2024.

Recommendation:
We recommend that SIRTOA management enhance the review process of the reconciliation between the OPEB deferred outflows per the year end Milliman OPEB valuation report and the SIRTOA schedule of OPEB contributions made after the measurement date as of and by the year end to ensure that it captures the appropriate benefit payments pertaining to the current year.

Financial Statement Impact:
The net impact of this deficiency resulted in an understatement of $392K on OPEB deferred outflows and a related overstatement of OPEB expenses for the same amount, which was corrected by management prior to December 31, 2024, in the MTA consolidated and SIRTOA financial statement issuance.

Management Response:
Management will obtain the OPEB benefit payments during the year from the benefits payment department and perform a reconciliation and review of the SIRTOA schedule of OPEB contributions against the general ledger to ensure that the appropriate expenses are captured in the schedule.

2. Deferred Outflows for Pension Account Reconciliation

Criteria:
SIRTOA performs a yearly review of the reconciliation between the pension deferred outflows for contributions made after measurement date and its related prepaid pension expenses as of and for the year ended to verify that and the amounts reconcile.

Condition:
During our audit procedures, D&T identified a deficiency in SIRTOA's review control through our substantive testing procedures related to pension deferred outflows and related prepaid pension expenses as of December 31, 2024.

Cause:
D&T notes that there was an oversight in the review of the reconciliation between the pension deferred outflows for contributions made after measurement date and prepaid pension expenses as of December 31, 2024. SIRTOA made advance contributions in 2023 for the proportionate share of pension expense on the MTA Defined Benefit Plan based on actuarially determined contributions which was not properly reconciled as of December 31, 2024, resulting on a negative balance on the pension deferred outflows.

Effect:
As a result, there was an understatement of pension deferred outflows and a related overstatement of prepaid pension expenses amounting to $1.1M.

Recommendation:
We recommend that SIRTOA management enhance the yearly review process of the reconciliation between pension deferred outflows and the prepaid pension contribution expense by taking in consideration advance contributions for the proportionate share of pension expense on MTA Defined Benefit Plan and the proper recognition of the related pension expense based on the year-end Milliman pension valuation report.

Financial Statement Impact:
The net impact of this deficiency resulted in an understatement of $1.1M on deferred outflows for pensions and a related overstatement of prepaid pension expenses for the same amount, which was corrected by management within the December 31, 2024 financial statements of both MTA consolidated and SIRTOA.

Management Response:
Management agrees with the recommendation. The pension employer contributions after measurement date is one component of the total deferred outflows balance. Going forward, when reviewing the financial impacts of the pension transactions from the actuary report, Management will ensure that balances on pension-related ledger accounts are accurate and properly recorded.

APPENDIX B

DEFINITION

The definition of a deficiency is as follows:

A *deficiency* in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

APPENDIX C

MANAGEMENT'S RESPONSIBILITY FOR, AND THE OBJECTIVES AND INHERENT LIMITATIONS OF, INTERNAL CONTROL OVER FINANCIAL REPORTING

The following comments concerning management's responsibility for internal control over financial reporting and the objectives and inherent limitations of internal control over financial reporting are included in generally accepted auditing standards.

Management's Responsibility

The MTA's management is responsible for the overall accuracy of the financial statements and their conformity with accounting principles generally accepted in the United States of America. In this regard, the MTA's management is also responsible for designing, implementing, and maintaining effective internal control over financial reporting.

Objectives of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Control over Financial Reporting

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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