Triborough Bridge and Tunnel Authority

(Component Unit of the Metropolitan Transportation Authority)

Financial Statements as of and for the Years Ended December 31, 2019 and 2018,
Required Supplementary Information, and
Independent Auditors' Report

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Report on the Financial Statements

We have audited the accompanying statements of net position of the Triborough Bridge and Tunnel Authority (the "Authority"), a public benefit corporation which is a component unit of the Metropolitan Transportation Authority ("MTA"), as of December 31, 2019 and 2018, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of December 31, 2019 and 2018, and the respective changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, *Subsequent Events*, the novel coronavirus (COVID-19) outbreak has resulted in a significant decline in vehicle crossings. The decline in vehicle crossings have caused a material impact on the Authority's results of operations, financial position, and cash flows in fiscal 2020. In response to the adverse conditions, the MTA has secured funding under the "Coronavirus Aid, Relief and Economic Security Act" or "CARES Act"; received State of New York authorization to increase debt issuing capacity, including $10 billion in deficit bonds; received State of New York authorization to use the Central Business District Tolling lockbox monies to fund COVID-19 operating costs; and has been granted flexibility to apply existing FTA grant program proceeds to operating costs or other purposes to address COVID-19 impacts. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Authority's Proportionate Share of Net Pension Liability in the New York City Employees' Retirement System, Schedule of the Authority's Contributions to the New York City Employees' Retirement System, Schedule of the Authority's Proportionate Share of Net OPEB Liability in the MTA OPEB Plan, and Schedule of the Authority's Contributions to the MTA OPEB Plan, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audits of the 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

May 29, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction

The following is a narrative overview and analysis of the financial activities of Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels" or "Authority") for the years ended December 31, 2019 and 2018. This discussion and analysis is intended to serve as an introduction to MTA Bridges and Tunnels' financial statements which have the following components: (1) Management's Discussion and Analysis ("MD&A"), (2) Financial Statements (3) Notes to the Financial Statements, and (4) Required Supplemental Information.

Management's Discussion and Analysis

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

The Financial Statements Include

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

The Statements of Revenues, Expenses and Changes in Net Position show how MTA Bridges and Tunnels' net position changed during each year and accounts for all the current and prior year's revenues and expenses, measure the success of MTA Bridges and Tunnels' operations over the twelve months and can be used to determine how MTA Bridges and Tunnels has funded its costs.

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

The Notes to the Financial Statements Provide

Information that is essential to understanding the financial statements, such as MTA Bridges and Tunnels' basis of presentation, and significant accounting policies, details of cash and investments, capital assets, employee benefits, long-term debt, lease transactions, future commitments and contingencies, and subsequent events of MTA Bridges and Tunnels.

The notes to the financial statements also describe any other events or developing situations that could materially affect MTA Bridges and Tunnels' financial position.

Required Supplementary Information

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

FINANCIAL REPORTING ENTITY

Triborough Bridge and Tunnel Authority is a public benefit corporation, separate and apart from the State of New York, without any power of taxation. Triborough Bridge and Tunnel Authority is empowered to operate and maintain nine toll bridges and tunnels and the Battery-Parking Garage, all located in New York City. The board members of the Metropolitan Transportation Authority ("MTA") also serve as the Board of Triborough Bridge and Tunnel Authority. Triborough Bridge and Tunnel Authority operates under the name of MTA Bridges and Tunnels and is a component unit of the MTA. The MTA is a component unit of the State of New York.

MTA Bridges and Tunnels' operations and capital costs (debt obligations) for its bridges and tunnels are paid by the revenues it generates from its facilities. MTA Bridges and Tunnels' surplus amounts are used to fund transit and commuter operations and finance capital projects for the transit and commuter systems operated by other affiliates and subsidiaries of the MTA.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in MTA Bridges and Tunnels' financial position for the years ended December 2019 and 2018. Additionally, an examination of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are in conformity with MTA Bridges and Tunnels' financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America.

(In thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	As of December 31, 2019	2018	2017	Increase/(Decrease) 2019 - 2018	2018 - 2017
Capital Assets - Net	$ 6,660,639	$ 6,366,386	$ 6,005,000	$ 294,253	$ 361,386
Other Assets	1,444,762	1,194,244	1,109,935	250,518	84,309
Deferred Outflows of Resources	527,388	487,485	501,979	39,903	(14,494)
Total Assets and Deferred Outflows of Resources	$ 8,632,789	$ 8,048,115	$ 7,616,914	$ 584,674	$ 431,201

Significant Changes in Assets and Deferred Outflows of Resources:

December 31, 2019 versus 2018:

Total assets and deferred outflows of resources increased by $584,674 for the year ended December 31, 2019.

Capital assets, net increased $294,253 for the year ended December 31, 2019. This increase was primarily due to additions to under construction work of $132,518, property road and equipment of $120,581, roadway of $90,142, primary structures of $72,145, open road tolling systems and equipment of $31,952, and other of $13,826. These increases in assets were offset by decreases in toll equipment and other due to retirement of assets of $206 and $286, respectively, and accumulated depreciation of $166,419. See Capital Asset footnote for further details.

Other assets increased by $250,518 for the year ended December 31, 2019. The increase was primarily due to higher cash of $139,053, mainly due to the internet tax revenue of $85,201 and the mansion tax revenue received in the Central Business Tolling lockbox account of $53,852. There were also higher restricted short-term investments of $124,258 and higher accounts receivable of $56,510, mainly from Tolls-By-Mail and E-ZPass violation receivables and an additional $15,781 of receivables relating to the mansion tax. These increases were offset by higher allowance for doubtful accounts of $69,798.

There was an increase in deferred outflows of resources of $39,903. This was due to an increase in the deferred outflows related to pension of $22,809 resulting from changes in the proportionate share of the net pension liability of New York City Employees Retirement System. There was also an increase in the change in fair market value of derivative instruments of $33,706 and an increase in deferred outflows of resources related to Other Post-Employment Benefits of $4,204. The increase was offset by a decrease in the unamortized loss on debt refunding of $20,816.

December 31, 2018 versus 2017:

Total assets and deferred outflows of resources increased by $431,201 for the year ended December 31, 2018.

Capital assets, net increased $361,386 for the year ended December 31, 2018. This increase was primarily due to additions to primary structures of $550,019, property road and equipment of $325,932, roadway of $304,622, open road tolling systems and equipment of $63,501 buildings and additions of $34,549 and other of $5,130. These increases in assets were offset by decreases in under construction work of $774,105 and accumulated depreciation of $148,262. See Capital Asset footnote for further details.

Other assets increased by $84,309 for the year ended December 31, 2018. The increase was primarily due to higher restricted short-term investment funds with MTA of $272,867 and higher accounts receivable of $94,545, mainly from tolls by mail. There was also an increase in unrestricted short-term investments of $51,059. The increases were offset by a decrease in contribution from MTA Headquarters of $163,188 relating to a prior year portion of debt service savings and a decrease of $87,112 for short-term restricted investments, mainly from lower bond proceeds and lower debt service funds. There was also a decrease of $14,448 for unrestricted short-term investment funds with MTA due to drawdowns of investments in the NYCERS GASB 45 fund and GASB employee health contribution fund and an increase of $71,264 for allowance for doubtful accounts, attributable to higher toll video receivables.

There was a decrease in deferred outflows of resources of $14,494. This was due to a decrease in the deferred outflows related to pension of $29,163 resulting from changes in the proportionate share of the net pension liability of NYCERS. There was also a decrease in the change in fair market value of derivative instruments of $25,487, and a decrease in the unamortized loss on debt refunding of $20,590. The decrease was offset by an increase in OPEB related Deferred Outflow of $60,746, which was a result of change in accounting under GASB 75.

(In thousands)

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	As of December 31, 2019	2018	2017	Increase/(Decrease) 2019 - 2018	2018 - 2017
Current Liabilities	$ 1,301,315	$ 1,325,463	$ 1,527,864	$ (24,148)	$ (202,401)
Noncurrent Liabilities	10,338,112	10,272,175	10,110,598	65,937	161,577
Deferred Inflow of Resources	109,410	51,681	20,754	57,729	30,927
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	$ 11,748,837	$ 11,649,319	$ 11,659,216	$ 99,518	$ (9,897)

Significant Changes in Liabilities and Deferred Inflows of Resources:

December 31, 2019 versus 2018:

Total liabilities and deferred inflows of resources increased by $99,518 for the year ended December 31, 2019.

Current liabilities decreased by $24,148 for the year ended December 31, 2019. There was a decrease in accrued salaries of $21,910 due to retro payments and decreases in net payables to MTA of $9,459. These decreases were offset by increases in accounts payable of $7,992 and unearned tolls revenue of $1,073 mainly from unredeemed tolls.

Non-current liabilities increased by $65,937 for the year ended December 31, 2019. There was an increase in net derivative instrument liabilities of $33,699 and long-term debt of $27,066. See derivative instrument footnotes and debt footnotes for further details. There were also increases in net pension liability of $22,578 and estimated liability arising from injuries to persons for $3,964. These increases were offset by a decrease in the liability for other post-employment benefits other than pensions of $22,193.

There was a net increase in deferred inflows of resources relating to pensions and OPEBof $57,729 mainly due to an increase in the change in net OPEB liability of of $63,563. This increase was offset by a decrease in proportionate share of projected and actual earnings on pension plan investments of $5,834.

December 31, 2018 versus 2017:

Total liabilities and deferred inflows of resources decreased by $9,897 for the year ended December 31, 2018.

Current liabilities decreased by $202,401 for the year ended December 31, 2018. There was a decrease in the current portion of long-term debt of $173,203. See debt footnotes for further details. There were also decreases in accounts payable of $66,205 and decreases in net payables to MTA of $1,899. These decreases were offset by increases in unearned tolls revenue of $25,523 mainly from unredeemed tolls, accrued salaries of $9,291, mainly due to anticipated wage increases, and accrued vacation and sick pay benefits of $3,420.

Non-current liabilities increased by $161,577 for the year ended December 31, 2018. There was an increase in long-term debt of $134,358. See debt footnotes for further details. There were also increases in the liability for other post-employment benefits other than pensions of $113,978, which was due to change in accounting under GASB 75, and in estimated liability arising from injuries to persons of $5,354. These increases were offset by a decrease in net pension liability of $67,901 and net derivative instrument liabilities of $25,506. See derivative instrument footnotes for further details.

There was an increase in deferred inflows of resources relating to pensions of $30,927 due to net increase of projected and actual earnings on pension plan investments as well as a change in proportionate share of $30,071, and an increase of $856, due to the adoption of GASB 75 related to OPEB.

(In thousands)

	As of December 31,			**Increase/(Decrease)**	
NET POSITION	**2019**	**2018**	**2017**	**2019 - 2018**	**2018 - 2017**
Net investment in capital assets	$ 2,097,086	$ 2,026,021	$ 1,729,947	$ 71,065	$ 296,074
Restricted	1,168,935	902,346	716,586	266,589	185,760
Unrestricted	(6,382,069)	(6,529,571)	(6,488,835)	147,502	(40,736)
Total net position	$ (3,116,048)	$ (3,601,204)	$ (4,042,302)	$ 485,156	$ 441,098

The negative net position has resulted from assets transferred to MTA and NYCTA on prior years' debt financing incurred on their behalf.

Significant Changes in Net Position:

December 31, 2019 versus 2018:

In 2019 the total net position increased by $485,156. This was due to operating income of $1,393,564 less non-operating expenses of $141,634, less net transfers out of $766,774 (principally operating surplus).

December 31, 2018 versus 2017:

In 2018 the total net position increased by $441,098. This was due to operating income of $1,333,962 less non-operating expenses of $280,481, less net transfers out of $599,560 (principally operating surplus) and less the restatement to beginning net position of $12,823.

Condensed Statements of Revenues, Expenses and Changes in Net Position

(In thousands)	Years Ended December 31,			Increase/(Decrease)	
	2019	**2018**	**2017**	**2019 - 2018**	**2018 - 2017**
OPERATING REVENUES	$ 2,094,850	$ 1,999,584	$ 1,931,939	$ 95,266	$ 67,645
OPERATING EXPENSES	(701,286)	(665,622)	(783,176)	(35,664)	117,554
OPERATING INCOME	1,393,564	1,333,962	1,148,763	59,602	185,199
TOTAL NET NONOPERATING EXPENSES:	(141,634)	(280,481)	(295,177)	138,847	14,696
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,251,930	1,053,481	853,586	198,449	199,895
TRANSFERS IN - MTA	12,301	102,396	168,574	(90,095)	(66,178)
TRANSFERS OUT	(779,075)	(701,956)	(740,144)	(77,119)	38,188
CHANGES IN NET POSITION	485,156	453,921	282,016	31,235	171,905
NET POSITION - BEGINNING OF YEAR	(3,601,204)	(4,042,302)	(4,477,183)	441,098	434,881
RESTATEMENT OF BEGINNING NET POSITION - GASB 75	-	(12,823)	-	12,823	(12,823)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	-	-	152,865	-	(152,865)
NET POSITION - END OF YEAR	$ (3,116,048)	$ (3,601,204)	$ (4,042,302)	$ 485,156	$ 441,098

Operating Revenues

For the year ended December 31, 2019, the operating revenues increased by $95,266 as compared to December 31, 2018. Traffic in 2019 set a record with 329.4 million crossings, surpassing the previous high of 322.3 million crossings from the previous year. See "Overall Financial Position and Results of Operations and Important Economic Conditions" below.

For the year ended December 31, 2018, the operating revenues increased by $67,645 as compared to December 31, 2017. Traffic in 2018 set a record with 322.3 million crossings, surpassing the previous high of 310.0 million crossings from the previous year. See "Overall Financial Position and Results of Operations and Important Economic Conditions" below.

Revenue by Major Source

MTA Bridges and Tunnels tolls accounted for 98.9% and 98.8% of operating revenues in 2019 and 2018, respectively. The remaining revenue primarily represented income from parking fees (net of operating expenses) collected at the Battery Parking Garage and fees collected from E-ZPass customers.

Toll revenues (net of bad debt expense relating to toll collections) were $2,071,410 and $1,975,663 for the years ended December 31, 2019 and December 31, 2018, respectively.

Operating Expenses

Operating expenses, including depreciation, increased for the year ended December 31, 2019, as compared to the prior year by $35,664. The increase was primarily due to higher retirement and other employee benefits of $11,480, higher depreciation expense of $18,224, higher other business expenses of $5,618, mainly from toll collection processing fees and credit card fees, and insurance expense of $4,345. These increases were offset by lower post-employment benefits other than pensions of $3,078.

Operating expenses, including depreciation, decreased for the year ended December 31, 2018, as compared to the prior year by $117,554. The decrease was primarily due to lower depreciation expense of $92,831 attributable to prior year disposals of toll plazas and toll equipment, lower retirement and other employee benefits of $19,242 and lower salary and wages of $6,568. This was offset by increases in professional services of $7,534, maintenance and other operating contracts of $2,306, and other business expenses of $8,636, mainly from toll collection processing fees and credit card fees.

Non-operating Revenues (Expenses)

Net non-operating expenses increased by $138,847 for the year ended December 31, 2019. This increase was mainly due to an internet and mansion tax for the Central Business District tolling of $159,048, partially offset by lower interest expense of $24,685.

Net non-operating expenses decreased by $14,696 for the year ended December 31, 2018. This decrease was mainly due to a prior year write-off of insurance recovery of $58,500 partially offset by lower interest expense of $45,130. There are no longer any insurance recoveries receivables outstanding.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Economic Conditions/Results of Operations

Two key economic factors that have statistically significant relationships to changes in traffic volumes are regional non-farm employment and inflation (CPI-U). Based on data from the U.S. Bureau of Labor Statistics, regional employment grew on average by 1.4% in 2018 and preliminary reports show average employment growth of 1.5% in 2019. Inflation was 1.9% in 2018 and 1.7% in 2019.

At 329.4 million crossings, traffic in 2019 set a record, surpassing the previous high of 322.3 million crossings in 2018 by 2.2%. The increase is primarily due to improvements in the regional economy, relatively favorable winter weather, stable gas prices, and the substantial completion of Sandy restoration work at the Queens Midtown Tunnel and the Hugh L. Carey Tunnel in the fourth quarter of 2018. Toll revenue in 2019 totaled $2.071 billion, which was $95.7 million, or 4.6% greater than 2018. The additional revenue was due to the higher traffic volume and a toll increase implemented on March 31, 2019.

Traffic in 2018 reached 322.3 million crossings, which was 4.0% above the total volume in 2017. The increase was primarily due to improvements in the regional economy, stable gas prices, improved mobility achieved through cashless tolling, and the substantial completion of Sandy restoration work at the Queens Midtown

Tunnel and the Hugh L. Carey Tunnel in the fourth quarter. Toll revenue in 2018 totaled $1.976 billion, which was $63.8 million, or 3.3% greater than 2017. The additional revenue was due to the higher traffic and a full year's impact of the toll increase implemented on March 19, 2017.

The E-ZPass electronic toll collection system continued to facilitate management of high traffic volumes. All categories grew on a year-to-year basis in both 2019 and 2018:

	2019	2018	2017
Total	95.08%	94.43%	90.35%
Average Weekday	95.65%	95.05%	91.49%
Passenger Vehicles	95.57%	94.98%	91.20%
Commercial Vehicles	96.53%	95.79%	94.50%
Average Weekend	93.74%	92.91%	87.50%

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program

MTA Bridges and Tunnels' portion of the MTA's Capital Program for 2020-2024 totals $2,824,077 (this excludes $503,000 for Central Business District Tolling Program discussed below) for normal replacement and system improvement projects. There were no commitments made during the fourth quarter 2019.

MTA Bridges and Tunnels' portion of the MTA's Capital Program for 2015-2019 totals $2,936,306 for normal replacement and system improvement projects. The commitments made during the fourth quarter 2019 were $535,215 bringing the total commitment under the five-year plan to $2,432,424.

MTA Bridges and Tunnels' portion of the Capital Program for 2010-2014 totals $2,021,982 for normal replacement and system improvement projects. There were $6,471 in commitments made during the fourth quarter 2019. The total commitment under the five-year plan is $1,972,269.

MTA Bridges and Tunnels' portion of the Capital Program for 2005-2009 totals $1,126,736 for normal replacement and system improvement projects. There were no commitments made during the fourth quarter 2019. The total commitment under the five-year plan is $1,118,778.

Approximately 74% of the projected expenditures in the 2020-2024 Capital Program will be incurred at three facilities: The Robert F. Kennedy Bridge, the Throgs Neck Bridge and the Verrazano-Narrows Bridge. Other major projects in the 2020-2024 Capital Program include the Dyckman Street abutment replacement and substation upgrade at the Henry Hudson Bridge, lighting and power redundancy and resiliency improvements at the Bronx-Whitestone Bridge, tower elevator replacement at the Marine Parkway Bridge, rehabilitation of the Queens Midtown and Hugh L. Carey tunnels' ventilation and service buildings, and the rehabilitation/replacement of the agency-wide facility monitoring and safety systems.

Approximately 58% of the projected expenditures in the 2015-2019 Capital Program will be incurred at three facilities: The Robert F. Kennedy Bridge, the Throgs Neck Bridge and the Verrazano-Narrows Bridge. Other major projects in the 2015-2019 Capital Program include the skewback retrofit and the reconstruction of the upper and lower level toll plaza decks and southbound approach roadway (Phase B) at the Henry Hudson Bridge, the rehabilitation of the Queens Midtown Tunnel controls and communication systems, rehabilitation of the Hugh L. Carey Tunnel ventilation systems, and scour protection, repair and replacement of the pier fender systems at the Cross Bay Bridge.

Approximately 64% of the projected expenditures in the 2010-2014 Capital Program will be incurred at three facilities: the Robert F. Kennedy Bridge, the Bronx-Whitestone Bridge, and the Verrazano-Narrows Bridge. Other major projects in the 2010-2014 Plan include the rehabilitation of tunnel walls, roadway drainage, fire lines and ceiling repairs (Phase II) and replacement of electrical switchgear and power distribution equipment at the Hugh L. Carey Tunnel, upper and lower level toll plazas deck rehabilitation at the Henry Hudson Bridge and a facility-wide electrical upgrade, vent building switchgear and motor control center replacement at the Queens Midtown Tunnel.

Approximately 62% of the expenditures in the 2005-2009 Capital Program have been incurred at four facilities: the Verrazano-Narrows Bridge, the Robert F. Kennedy Bridge, the Bronx-Whitestone Bridge, and the Throgs Neck Bridge.

MTA Bridges and Tunnels' portion of the MTA's Capital Program for Sandy Restoration and Resiliency totals \$764,980, of which \$595,959 is for facility restoration and \$169,021 is for facility mitigation projects. There were \$38,147 in commitments made during the fourth quarter 2019. The total commitment under these plans is \$711,907 to date. Approximately 95% of the projected expenditures will be incurred at the Hugh L. Carey and Queens Midtown Tunnels.

Capital funding for MTA Bridge and Tunnels' Central Business District Tolling Program totals \$503,000. On April 11, 2019, legislation was signed into law enabling the Triborough Bridge and Tunnel Authority (TBTA) to implement the nation's first ever Central Business District Tolling Program (CBDTP) as part of the Fiscal Year 2020 New York State Budget. The planning, design, construction, operations and maintenance of the CBDTP will primarily be the responsibility of TBTA though it will also require the involvement of various other regional agencies and stakeholders. The CBDTP will reduce congestion and enhance mobility in Manhattan's Central Business District (south of and inclusive of 60th street). There were \$291,017 in commitments made against the CBDTP in 2019.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Impacts from Global Coronavirus Pandemic:

On March 12, 2020, the World Health Organization declared the current novel coronavirus ("COVID-19") outbreak to be a pandemic in the face of the global spread of the virus. By order of Governor Cuomo ("New York State on PAUSE"), effective March 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures.

> The initial impact of social distancing and Governor Cuomo's PAUSE Executive Order resulted in a severe decline in MTA Bridge and Tunnel crossing traffic and toll revenues. The steep fall in vehicle volume reflects the initial impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic. MTA Bridge and Tunnel reports that system traffic level declined an estimated 65% from April 3, 2020 to May 2, 2020 versus the same period in 2020. Additionally, traffic levels for the period from May 3, 2020 to May 17, 2020 were down 53% year over year, indicating a modest improvement.

MTA Bridges and Tunnels Infrastructure Losses from Sandy

On April 16, 2014, FEMA entered into an agreement with MTA, under the Public Assistance Alternative Procedures Pilot Program, to provide approximately \$329 million in FEMA funding for repairs and \$74.5 million in FEMA funding for hazard mitigation of the damaged elements of the Hugh L. Carey Tunnel and the Queens Midtown Tunnel. To date, MTA Bridges and Tunnels has applied for an additional

$35.7 million from FEMA for restoration and hazard mitigation funding at other facilities, totaling $439.3 million in FEMA funding for all facilities.

Based on preliminary assessments by MTA Bridges and Tunnels staff and independent engineers, the estimated capital cost of repairs, mostly for damage to the tunnels, was $778 million. The estimated cost of repairs was revised by ($157 million) from $778 million to $621 million in the second quarter 2017. The cost estimate modification was attributed to low bids resulting from efficient packaging of work and reflects both actual commitments and revised estimates for remaining and ongoing work. The cost of infrastructure repairs is expected to be covered by a combination of FEMA, insurance, MTA Bridges and Tunnel resources, including its Necessary Construction Reserve, and, if necessary, interim external borrowings. Any such interim borrowings are currently expected to be structured as bond anticipation notes under the MTA Bridges and Tunnels Senior Resolution, and amounts of such borrowings not reimbursed by the federal government or from insurance coverage are expected to be paid from the proceeds of bonds issued under the MTA Bridges and Tunnels Senior Resolution.

In 2019, costs associated with the storm included repair and clean-up expenses of $0.131 million which are included in “asset impairment and related expenses” on the Statements of Revenues, Expenses and Changes in Net Position.

MTA has not yet received all its FEMA reimbursements. FEMA has approved approximately $17 million in operating budget expenses for emergency measures, debris removal, repair and resiliency for the MTA Bridges and Tunnels’ bridge facilities, of which $15.5 million has been received to date.

Verrazano-Narrows Bridge Rebate Programs

The annualized cost of the 2018-2019 Verrazano-Narrows Bridge Rebate Programs (covering the period April 2018 through March 2019) was approximately $20.8 million, with $14 million for the 2018-2019 Verrazano-Narrows Bridge Commercial Rebate Program and for the 2018-2019 Staten Island Resident Rebate Program, funded equally by the State and MTA, with the State’s contribution provided by appropriations to MTA. Following the 2017 toll increase, an additional $6.8 million in appropriations was provided by the State to MTA to keep the $0.98 rebate for Staten Island Residents with three or more trips per month and the $1.34 rebate for Staten Island Residents with less than three trips per month.

The projected annualized cost of the 2019-2020 (covering the period April 2019 through March 2020) Verrazano-Narrows Bridge Rebate Programs and the rebate amounts for Staten Island Residents are estimated to be $26.8 million, with $14 million for the 2018-2019 Verrazano-Narrows Bridge Commercial Rebate Program and for the 2018-2019 Staten Island Resident Rebate Program, funded equally by the State and the MTA, with the State’s contribution provided by appropriations to the MTA. Following the 2019 toll increase, an additional $12.8 million has been provided by the State to the MTA to keep the $1.38 rebate for Staten Island residents with three or more trips per month and the $1.76 rebate for Staten Island residents with less than three trips per month.

If, as a result of unexpected toll transaction activity, MTA Bridges and Tunnels estimates that such MTA and State funds allocated to the MTA for the 2019-2020 Verrazano-Narrows Bridge Rebate Programs, net of offsets, will be insufficient to fund the 2019-2020 Verrazano-Narrows Bridge Commercial Rebate Program for the full Program year, MTA Bridges and Tunnels may reduce the rebate amount under such Program to a percentage that is forecast to be payable in full for the remainder of the Program year with the available funds. However, in the event that such MTA and State funds allocated to the MTA for the 2019-2020 Verrazano-Narrows Bridge Rebate Programs are fully depleted at any time during the 2019-2020 Verrazano-Narrows Bridge Rebate Programs annual period, the 2019-2020 Verrazano-Narrows Bridge Rebate Programs will cease and Staten Island residents will be charged the applicable resident discount toll and trucks and other commercial vehicles will be charged the applicable New York Customer Service Center E-ZPass toll for the Verrazano-Narrows Bridge.

The Verrazano-Narrows Bridge Rebate Programs will continue into future years provided that (a) the MTA's annual period contribution does not exceed $7 million, (b) the MTA Board approves a budget that includes the MTA's contribution to such program, and (c) the State provides to the MTA funds sufficient for at least half the expenses of each continuing annual period.

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TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2019 AND 2018
($ in thousands)

	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash - unrestricted (Note 3)	$ 6,081	$ 10,296
Cash - restricted (Note 3)	143,268	-
Unrestricted investments (Note 4)	116,605	124,746
Restricted investments (Note 4)	321,940	197,682
Invested funds at MTA—unrestricted (Note 5)	23,372	15,075
Invested funds at MTA—restricted (Note 5)	703,727	704,654
Accrued interest receivable	1,715	2,114
Accounts receivable	289,362	232,852
Less allowance for doubtful accounts	(183,087)	(113,289)
Due from MTA (Note 18)	4,185	10,529
Prepaid expenses	6,334	6,050
Total current assets	1,433,502	1,190,709
NON-CURRENT ASSETS:		
Restricted investments (Notes 4 and 5)	1	9
Capital assets (Note 6):		
Land and construction work-in-progress	557,213	424,695
Other capital assets (net of accumulated depreciation)	6,103,426	5,941,691
Due from MTA (Note 18)	7,740	-
Derivative instrument assets (Note 14)	3,519	3,526
Total non-current assets	6,671,899	6,369,921
TOTAL ASSETS	8,105,401	7,560,630
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pensions (Note 7)	64,309	41,500
Related to other post-employment benefits (Note 8)	64,950	60,746
Accumulated decreases in fair value of derivative instruments (Note 14)	177,502	143,796
Loss on debt refunding	220,627	241,443
Total deferred outflows of resources	527,388	487,485
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 8,632,789	$ 8,048,115

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2019 AND 2018
($ in thousands)

	2019	2018
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 163,930	$ 155,938
Accrued expenses:		
Interest	45,625	46,149
Payable to MTA (Note 18)	370,231	372,358
Payable to NYCTA—operating expense (Note 18)	58	757
Accrued salaries	14,721	36,631
Accrued vacation and sick pay benefits	20,458	19,843
Total accrued expenses	451,093	475,738
Current portion—long-term debt (Notes 11 to 13)	314,990	317,285
Current portion—estimated liability from injuries to persons (Note 16)	7,938	5,975
Due to NYCTA—operating surplus (Note 1 and 18)	42,329	43,233
Due to MTA—operating surplus (Note 1 and 18)	65,537	72,869
Unearned tolls revenue (includes $57,176 and $64,498 in 2019 and 2018, respectively, due to other toll agencies)	255,498	254,425
Total current liabilities	1,301,315	1,325,463
NON-CURRENT LIABILITIES:		
Estimated liability arising from injuries to persons (Note 16)	50,617	46,653
Post employment benefits other than pensions (Note 8)	801,555	823,748
Long-term debt (Notes 11 to 13)	9,020,806	8,993,740
Net pension liability (Note 7)	226,285	203,707
Derivative instrument liabilities (Note 14)	160,754	123,921
Due to MTA—change in fair value of derivative (Note 14 and 18)	20,267	23,401
Obligations under capital leases (Note 15)	57,828	57,005
Total non-current liabilities	10,338,112	10,272,175
TOTAL LIABILITIES	11,639,427	11,597,638
DEFERRED INFLOWS OF RESOURCES:		
Related to pensions (Note 7)	44,991	50,825
Related to other post-employment benefits (Note 8)	64,419	856
TOTAL DEFERRED INFLOWS OF RESOURCES	109,410	51,681
NET POSITION:		
Net investment in capital assets	2,097,086	2,026,021
Restricted	1,168,935	902,346
Unrestricted	(6,382,069)	(6,529,571)
Total net position	(3,116,048)	(3,601,204)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 8,632,789	$ 8,048,115

See notes to financial statements.

(Concluded)

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
($ in thousands)

	2019	2018
OPERATING REVENUES:		
Bridges and tunnels	$ 2,071,410	$ 1,975,663
Building rentals and fees	20,997	22,986
Other income	2,443	935
Total operating revenues	2,094,850	1,999,584
OPERATING EXPENSES:		
Salaries and wages	134,215	131,235
Retirement and other employee benefits	86,099	74,619
Post employment benefits other than pensions	66,478	69,556
Electric power	3,933	4,474
Fuel	1,709	1,960
Insurance	16,100	11,755
Maintenance and other operating contracts	150,388	149,393
Professional service contracts	23,487	24,936
Materials and supplies	2,679	4,550
Depreciation	166,910	148,686
Credit card fees	37,639	33,084
Other	11,252	10,189
Total operating expenses	700,889	664,437
Asset impairment and related expenses—(Note 10)	397	1,185
OPERATING INCOME	1,393,564	1,333,962
NON-OPERATING REVENUES (EXPENSES):		
Build America Bonds subsidy	8,360	8,511
Internet and mansion tax for CBD	159,048	-
Interest expense (Note 2)	(313,045)	(288,360)
Interest expense—capital lease obligation	(5,193)	(5,075)
Change in fair value of derivative financial instruments (Note 14)	(3,134)	5,999
Change in fair value of derivative—due to MTA	3,134	(5,999)
Investment income	3,689	2,603
Other non-operating revenue	5,507	1,840
Total net non-operating expenses	(141,634)	(280,481)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,251,930	1,053,481
TRANSFERS IN—Metropolitan Transportation Authority	12,301	102,396
TRANSFERS OUT (Note 1):		
New York City Transit Authority	(334,064)	(290,134)
Metropolitan Transportation Authority	(445,011)	(411,822)
CHANGE IN NET POSITION	485,156	453,921
NET POSITION—Beginning of year	(3,601,204)	(4,042,302)
Restatement of beginning net position - GASB 75 (Note 2)	-	(12,823)
NET POSITION—End of year	$ (3,116,048)	$ (3,601,204)

See notes to financial statements.

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
($ in thousands)

	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tolls collected	2,085,827	1,977,301
Building rentals and fees received	23,369	24,015
Payroll and related fringe benefits	(267,637)	(225,333)
Other operating expenses	(256,258)	(258,618)
Net cash provided by operating activities	1,585,301	1,517,365
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Subsidies paid to affiliated agencies	(791,097)	(693,521)
Net cash used in noncapital financing activities	(791,097)	(693,521)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payment for capital assets	(421,380)	(538,102)
Internet and mansion tax	159,049	-
Principal payments on Senior, Subordinate, COPS, and BAN	(317,285)	(490,270)
Bond proceeds	501,804	1,442,861
Bonds refunded	(100,395)	(647,550)
Interest payments	(352,290)	(366,601)
Net cash used in capital and related financing activities	(530,497)	(599,662)

See notes to financial statements.

(Continued)

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

(A Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
($ in thousands)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gross sales of short-term securities	$ 4,167,205	$ 4,180,489
Gross purchases of short-term securities	(4,291,859)	(4,402,795)
Net cash used in investing activities	(124,654)	(222,306)
NET INCREASE IN CASH	139,053	1,876
CASH—Beginning of year	10,296	8,420
CASH—End of year	$ 149,349	$ 10,296
RECONCILIATION OF OPERATING INCOME TO NET CASH OPERATING ACTIVITIES:		
Operating income	$ 1,393,564	$ 1,333,962
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	166,910	148,686
On-behalf payments related to rent (Note 15)	(2,240)	(1,840)
GASB 68 pension expense adjustment	(2,641)	(8,968)
GASB 75 OPEB expense adjustment	37,165	41,265
Net decrease (increase) in receivables	12,279	(24,712)
Net (decrease) increase in operating payables	(1,734)	4,376
Net (increase) in prepaid expenses	(3,707)	(18,707)
Net (decrease) increase in accrued salary costs, vacation & insurance	(15,368)	17,781
Net increase in unearned revenue	1,074	25,522
NET CASH OPERATING ACTIVITIES	$ 1,585,302	$ 1,517,365
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital asset related liabilities	$ 73,285	$ 62,750
Interest expense includes amortization of net (premium)	$ (56,077)	$ (81,759)
Interest expense which was capitalized	$ 19,824	$ 33,666

See notes to financial statements.

(Concluded)

($ in thousands, except as noted)

1. BASIS OF PRESENTATION

Reporting Entity — The Triborough Bridge and Tunnel Authority (the "Authority" or "MTA Bridges and Tunnels") is a public benefit corporation created pursuant to the Public Authorities Law (the "Act") of the State of New York (the "State"). MTA Bridges and Tunnels is a component unit of the Metropolitan Transportation Authority ("MTA"). The MTA is a component unit of the State and is included in the State of New York Comprehensive Annual Financial Report of the Comptroller as a public benefit corporation. MTA Bridges and Tunnels is operationally and legally independent of the MTA. MTA Bridges and Tunnels enjoy certain rights typically associated with separate legal status including the ability to issue debt. However, MTA Bridges and Tunnels is included in the MTA's consolidated financial statements as a blended component unit because of the MTA's financial accountability and MTA Bridges and Tunnels is under the direction of the MTA Board (a reference to "MTA Board" means the board of MTA and/or the boards of the MTA Bridges and Tunnels and other MTA component units that apply in the specific context, all of which are comprised of the same persons). Under accounting principles generally accepted in the United States of America ("GAAP"), the MTA is required to include MTA Bridges and Tunnels in its consolidated financial statements.

MTA Bridges and Tunnels operates seven toll bridges, two toll tunnels, and the Battery Parking Garage.

All Authority toll facilities operate E-ZPass in conjunction with a regional electronic toll collection system. MTA Bridges and Tunnels' annual net earnings before depreciation and other adjustments ("operating transfer") are transferred to the New York City Transit Authority ("TA") and the MTA pursuant to provisions of the Act. In addition, MTA Bridges and Tunnels annually transfers its unrestricted investment income to the MTA. The operating transfer and the investment income transfer can be used to fund operating expenses or capital projects. The TA receives $24,000 plus 50% of MTA Bridges and Tunnels' remaining annual operating transfer, as adjusted, to reflect certain debt service transactions and the MTA receives the balance of the operating transfer, as adjusted, to reflect certain debt service transactions, plus the annual unrestricted investment income. Transfers are made during the year. The remaining amount due at December 31, 2019 and 2018, of $107,866 and $116,102, respectively, is recorded as a liability in MTA Bridges and Tunnels' financial statements.

MTA Bridges and Tunnels certified to the City of New York (the "City") and the MTA that its operating transfer and its unrestricted investment income at December 31, 2019 and 2018, were as follows:

	2019	2018
Operating transfer	$ 779,075	$ 701,956
Investment income (excludes unrealized gain or loss)	3,689	2,603
	$ 782,764	$ 704,559

2. SIGNIFICANT ACCOUNTING POLICIES

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

The MTA Bridges and Tunnels applies Governmental Accounting Standards Board ("GASB") Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section P80, Proprietary Accounting and Financial Reporting.

New Accounting Standards Adopted — The MTA Bridges and Tunnels adopted the following GASB Statements for the year ended December 31, 2019:

GASB Statement No. 83, *Certain Asset Retirement Obligations,* establishes accounting and financial reporting standards for certain asset retirement obligations ("AROs"). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset that is permanently removed from service. This Statement requires that a liability must be recognized when incurred and reasonably estimated. The determination of when a liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The adoption of this Statement had no material impact on the MTA Bridges and Tunnels financial statements.

GASB Statement No. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2018. The adoption of this Statement had no material impact on the MTA Bridges and Tunnels financial statements.

GASB Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*", requires that additional information be disclosed in the notes to financial statements related to direct borrowings and direct placements. It also clarifies which liabilities should be included when disclosing information related to debt. The Statement requires that additional information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences; significant termination events with finance-related consequences; and significant subjective acceleration clauses. GASB Statement No. 88 is effective for reporting periods beginning after June 15, 2018. The adoption of this Statement did not have a material impact to Triborough Bridge and Tunnel Authority's note disclosures.

GASB Statement No. 90, "*Majority Equity Interest- an Amendment of GASB Statements No. 14 and No. 61"*, improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and improves the relevance of financial statement information for certain component units. The Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The Statement also establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. In addition, the Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities and deferred inflows of resources at acquisition value. GASB Statement No. 90 is effective for reporting periods beginning after December 15, 2018. The adoption of this Statement did not have a material impact to the MTA Bridges and Tunnels financial statements.

GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance"*, provides temporary relief to government and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. GASB Statement No. 95 is effective immediately. The adoption of this Statement did not have a material impact to the MTA's financial statements. However, the MTA did update the required year of adoption for GASB Statements No. 87, 89, 91, 92 and 93. Refer to Accounting Standards Issued but Not Yet Adopted for further details.

Accounting Standards Issued but Not Yet Adopted — GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of the MTA Bridges and Tunnels upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	**GASB Accounting Standard**	**MTA Required Year of Adoption**
87	*Leases*	2022
89	*Accounting for Interest Cost Incurred Before the End of a Construction Period*	2021
91	*Conduit Debt Obligations*	2022
92	*Omnibus 2020*	2022
93	*Replacement of Interbank Offered Rates*	2022
94	*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*	2023

Use of Management's Estimates — The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated interim financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include fair value of investments and derivative instruments, allowances for doubtful accounts, allowance for insurance recovery, accrued expenses and other liabilities, depreciable lives of capital assets, estimated liability arising from injuries to persons, pension benefits and other postemployment benefits. Actual results could differ significantly from those estimates.

Operating Revenues — Passenger Revenue and Tolls – Revenue is recognized through the fully cashless toll collection system, comprising of toll collection activity and the Tolls-By-Mail video billing. As of October 1, 2017, all facilities were part of the open road tolling system.

MTA Bridges and Tunnels has two toll rebate programs at the Verrazano-Narrows Bridge: the Staten Island Resident ("SIR") Rebate Program, available for residents of Staten Island participating in the Staten

Island Resident E-ZPass toll discount plan, and the Verrazano-Narrows Bridge Commercial Rebate Program ("VNB Commercial Rebate Program"), available for commercial vehicles making more than ten trips per month using the same New York Customer Service Center ("NYCSC") E-ZPass account. The Verrazano- Narrows Bridge Commercial Rebate Program and Staten Island Resident Rebate Program are funded by the State and the MTA.

Non-operating Revenues — Build America Bonds subsidy – MTA Bridges and Tunnels is receiving cash subsidy payments from the U.S. Treasury equal to 35% of the interest payable on the Series of Bonds issued as "Build America Bonds" and authorized by the Recovery Act. The Internal Revenue Code of 1986 imposes requirements that MTA Bridges and Tunnels must meet and continue to meet after the issuance in order to receive the cash subsidy payments. The interest on these bonds is fully subject to Federal income taxation.

Operating and Non-operating Expenses — Operating and non-operating expenses are recognized in the accounting period in which the liability is incurred. All expenses related to operating the MTA Bridges and Tunnels (e.g. salaries, insurance, depreciation, etc.) are reported as operating expenses. All other expenses (e.g. interest on long-term debt, subsidies paid to counties, etc.) are reported as non-operating expenses.

Investments — Effective for 2016, the MTA Bridges and Tunnels adopted GASB Statement No. 72, Fair Value Measurement and Application, which addresses accounting and financial reporting issues related to fair value measurements. Under the Statement, investment assets and liabilities are to be measured at fair value, which is described as the "price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants." Fair Value assumes that the transaction will occur in the MTA's Bridges and Tunnels principal (or most advantageous) market. GASB Statement No. 72 requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The MTA Bridges and Tunnels investment policies comply with the New York State Comptroller's guidelines for such operating and capital policies. Those policies permit investments in, among others, obligations of the U.S. Treasury, its agencies and instrumentalities, and repurchase agreements secured by such obligations.

Investments are recorded on the MTA Bridges and Tunnels statement of net position at fair value, except for commercial paper and repurchase agreements, which are recorded at amortized cost or contract value. All investment income, including changes in the fair value of investments, is reported as revenue on the MTA Bridges and Tunnels statement of revenues, expenses and changes in net position. Fair values have been determined using quoted market values at December 31, 2019 and December 31, 2018.

Investment derivative instrument contracts are reported at fair value using the income approach.

MTA Investment Pool — The MTA, on behalf of the MTA Bridges and Tunnels, invests funds which are not immediately required for the MTA Bridges and Tunnels' operations in securities permitted by the New York State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes and U.S. Treasury zero-coupon bonds. All investments are held by the MTA's agent in custody accounts in the name of the MTA. The Company has no financial instruments with significant individual or group concentration of credit risk.

Capital Assets — Properties and equipment are carried at cost and are depreciated on a straight-line basis over estimated useful lives. Expenses for maintenance and repairs are charged to operations as incurred. Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA having a minimum useful life of two years and having a cost of more than $25 thousand. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the present value of net minimum lease payments at the inception of the lease. Accumulated depreciation and amortization are reported as reductions of fixed assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, 25 to 100 years for infrastructure, 10 years for open road tolling systems and equipment, and 25 years for open road tolling infrastructure. Capital lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less.

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

Compensated Absences — MTA Bridges and Tunnels has accrued the full value (including fringe benefits) of all vacation and sick leave benefits earned by employees to date if the leave is attributable to past service and it is probable that MTA Bridges and Tunnels will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

- **Net investment in capital assets:**

  Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- **Restricted:**

  Nonexpendable — Net position subject to externally imposed stipulations such that the Authority maintains them permanently. For the years ended December 31, 2019 and 2018, the Authority did not have nonexpendable net position.

  Expendable — Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire with the passage of time. For the years ended December 31, 2019 and 2018, the Authority had expendable restricted net position related to (1) Debt Service of $139,801 and $145,431, (2) the Necessary

Reconstruction Reserve of $885,866 and $756,915 and (3) Restricted cash related to internet and mansion tax of $143,268 and $0.

- **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 — Subsidies provided by MTA Bridges and Tunnels represent its operating transfer and investment income computed on an accrual basis.

Pension Plans — The Authority adopted the standards of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for its pension plans.

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

Postemployment Benefits Other Than Pensions — In 2018, MTA Bridges and Tunnels adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85*, Omnibus* for the OPEB Plan.

The MTA Bridges and Tunnels recognizes a proportionate share of the net OPEB liability for the MTA's cost-sharing multiple-employer OPEB Plan, which represents the excess of the total OPEB liability over the fiduciary net position of the OPEB Plan, measured as of the measurement date of the plan.

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

3. CASH

The Bank balances are insured up to $250 in the aggregate by the Federal Deposit Insurance Corporation ("FDIC") for each bank in which funds are deposited. Restricted cash represents Mansion tax of $58,066 and Internet Tax of $85,202 for a total of $143,268 received from the State of New York for capital programs for the MTA Bridges and Tunnels Central Business District Tolling Program (CBDTP) and MTA.

Cash at December 31, 2019 and 2018 consists of the following:

	2019		2018	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits	$ 250	$ 250	$ 250	$ 250
Collateralized deposits	$ 149,099	$ 148,916	$ 10,046	$ 9,862
	$ 149,349	$ 149,166	$ 10,296	$ 10,112

4. INVESTMENTS

MTA Bridges and Tunnels' investment policies comply with the New York State Comptroller's guidelines for investment policies. MTA's All-Agency Investment Guidelines restrict MTA Bridges and Tunnels' investments to obligations of the U.S. Treasury, its agencies and instrumentalities and repurchase agreements backed by U.S. Treasury securities. All investments were managed by the MTA, as MTA Bridges and Tunnels' agent, in custody accounts kept in the name of MTA Bridges and Tunnels for restricted investments and in the name of the MTA for unrestricted investments. MTA's All-Agency Investment Guidelines state that securities underlying repurchase agreements must have a market value at least equal to the cost of the investment.

MTA Bridges and Tunnels holds most of its investments at a custodian bank. The custodian must meet certain banking institution criteria enumerated in MTA's Bridges and Tunnels Investment Guidelines. The Investment Guidelines also require the Treasury Division to hold at least $100 of its portfolio with a separate emergency custodian bank. The purpose of this deposit is in the event that MTA Bridges and Tunnels main custodian cannot execute transactions due to an emergency outside of the custodian's control, MTA Bridges and Tunnels has an immediate alternate source of liquidity.

MTA Bridges and Tunnels categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

MTA Bridges and Tunnels had the following recurring fair value measurements as of December 31, 2019 and 2018:

(In thousands)	**December 31, 2019**	**Fair Value Measurements Level 1**	**Fair Value Measurements Level 2**	**December 31, 2018**	**Fair Value Measurements Level 1**	**Fair Value Measurements Level 2**
Investments by fair value level:						
Debt securities:						
U.S. treasury securities	$ 388,188	$ 388,188	$ -	$ 200,572	$ 200,572	$ -
U.S. government agency	-	-	-	7,191	-	7,191
Commercial paper	24,975	-	24,975	94,828	-	94,828
Repurchase agreements	25,383	25,383	-	19,846	19,846	-
Total debt securities	438,546	413,571	24,975	322,437	220,418	102,019
Total investments by fair value level	438,546	$ 413,571	$ 24,975	322,437	$ 220,418	$ 102,019
Total investments	$ 438,546			$ 322,437		

Investments classified as Level 1 of the fair value hierarchy, totaling $413,571 and $220,418 as of December 31, 2019 and 2018, respectively, are valued using quoted prices in active markets. Fair values include accrued interest to the extent that interest is included in the carrying amounts. Accrued interest on investments other than Treasury bills and coupons is included in other receivables on the statement of net position. The MTA Bridges and Tunnels investment policy states that securities underlying repurchase agreements must have a market value at least equal to the cost of the investment.

U.S. Government agency securities totaling $0 and $7,191, and commercial paper totaling $24,975 and $94,828, as of December 31, 2019 and 2018, respectively, classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by a third-party pricing service. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices and indices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from a third-party pricing service or our custodian bank.

Investments had weighted average yields of 1.45% and 2.10% for the years ended December 31, 2019 and 2018, respectively.

Investments available to pay operating and maintenance expenses, debt service and operating surplus transfers, at December 31, 2019 and 2018, are as follows:

Investments	**2019**	**2018**
(in thousands)		
CURRENT:		
Restricted:		
Bond Proceeds Fund	$ 152,495	$ 23,268
Primarily Necessary Reconstruction Fund	38,467	29,569
Debt Service Fund	129,757	143,203
Cost of Issuance Fund	1,221	1,642
Total current — restricted	321,940	197,682
Total current — unrestricted	116,605	124,746
Total — current	$ 438,545	$ 322,428
LONG-TERM:		
Restricted:		
Senior Revenue Bonds	$ 1	$ 9
Total long-term — restricted	1	9
Total — long-term	$ 1	$ 9

The unexpended bond proceeds of the General Purpose Revenue Bonds 1980 Resolution, not including proceeds held for the Transportation Project, were restricted for payment of capital improvements of MTA Bridges and Tunnels' present facilities. The Debt Service Funds are restricted for the payment of debt service as provided by the bond resolutions.

The Necessary Reconstruction Fund was established by MTA Bridges and Tunnels through a resolution adopted on March 29, 1968. The amount in the fund and related interest income is to be used to fund reconstruction of present facilities within the meaning of MTA Bridges and Tunnels General Revenue Bond Resolution.

MTA Bridges and Tunnels' accrual of the liability to the federal government for rebate of arbitrage income from tax-exempt borrowings was $0 at December 31, 2019 and 2018.

The fair value of the above investments consists of $116,605 and $124,746 in 2019 and 2018 in unrestricted investments respectively, and $321,941 and $197,691 in 2019 and 2018 in restricted investments, respectively. Investments had weighted average monthly yields ranging from 1.453% to 2.400%, for the year ended December 31, 2019 and 1.251% to 2.101%, for the year ended December 31, 2018. The net unrealized gain on investments was $228 and $326 for the years ended December 31, 2019 and 2018, respectively.

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

(In thousands)	December 31, 2019		December 31, 2018	
	Fair Value	Duration (In years)	Fair Value	Duration (In years)
U.S. Treasuries	$ 388,188	0.01	$ 200,572	0.01
Other agencies	-	0.01	7,191	0.01
Repurchase agreements	25,383	-	19,846	-
Commercial paper	24,975	-	94,828	-
Total fair value	438,546		322,437	
Modified duration	-	0.01	-	0.01
Total investments	$ 438,546		$ 322,437	

Credit Risk — At December 31, 2019 and 2018, the following credit quality rating has been assigned to MTA investments by a nationally recognized rating organization:

(In thousands) Quality Rating from Standard & Poor's	December 31, 2019	Percent of Portfolio	December 31, 2018	Percent of Portfolio
A-1+	$ -	0 %	$ 7,191	2 %
A-1	24,975	5	94,828	29
Not Rated	25,383	6	19,846	7
U.S. Government	388,188	89	200,572	62
Total	438,546	100 %	322,437	100 %
Total investment	$ 438,546		$ 322,437	

5. MTA INVESTMENT POOL

The MTA, on behalf of MTA Bridges and Tunnels, invests funds which are not immediately required for MTA Bridges and Tunnels' operations in securities permitted by the MTA's All-Agency Investment Guidelines in accordance with the New York State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero-coupon bonds. All investments are held by the MTA's agent in custody accounts in the name of the MTA. The Company has no financial instruments with significant individual or group concentration of credit risk. MTA Bridges and Tunnels categorizes its fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. MTA Bridges and Tunnels' investment in the MTA Investment Pool is valued based on other observable inputs (Level 2 inputs). The amounts related to investment pool funds for the year ended December 31, 2019 were $23,372 for short-term unrestricted and $703,727 for short-term restricted. The amounts related to investment pool funds for the year ended December 31, 2018 were $15,075 for short-term unrestricted and $704,654 for short-term restricted.

6. CAPITAL ADDITIONS AND DELETIONS

Capital assets at December 31, 2019 consisted of the following additions/reclassifications and deletions/reclassifications:

(In thousands)	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019
CAPITAL ASSETS NOT BEING DEPRECIATED:							
Land	$ 52,940	$ -	$ -	$ 52,940	$ -	$ -	$ 52,940
Construction in progress	1,145,860	513,308	1,287,413	371,755	460,336	327,818	504,273
Total capital assets not being depreciated	1,198,800	513,308	1,287,413	424,695	460,336	327,818	557,213
CAPITAL ASSETS BEING DEPRECIATED:							
Building—2 Broadway	81,972	-	-	81,972	-	-	81,972
Primary structures	3,185,241	550,019	-	3,735,260	72,145	-	3,807,405
Toll equipment	-	668	-	668	62	206	524
Buildings	630,718	34,549	-	665,267	5,575	-	670,842
Roadway	1,764,975	304,622	-	2,069,597	90,142	-	2,159,739
Property - Road & Equipment	111,655	325,932	-	437,587	120,581	-	558,168
ORT Systems & Equipment	320,475	63,501	-	383,976	31,952	-	415,928
Other	226,460	4,462	-	230,922	8,189	286	238,825
Total capital assets being depreciated	6,321,496	1,283,753	-	7,605,249	328,646	492	7,933,403
LESS ACCUMULATED DEPRECIATION:							
Building—2 Broadway	42,978	1,154	-	44,132	1,101	-	45,233
Primary structures	590,454	33,959	-	624,413	37,117	-	661,530
Toll equipment	-	8	-	8	10	-	18
Buildings	188,866	16,169	-	205,035	16,668	-	221,703
Roadway	464,269	65,652	-	529,921	72,646	-	602,567
Property - Road & Equipment	17,952	6,901	-	24,853	12,594	-	37,447
ORT Systems & Equipment	8,403	17,686	-	26,089	19,727	-	45,816
Other	202,374	6,733	-	209,107	6,556	-	215,663
Total accumulated depreciation	1,515,296	148,262	-	1,663,558	166,419	-	1,829,977
TOTAL CAPITAL ASSETS BEING DEPRECIATED—Net of accumulated depreciation	4,806,200	1,135,491	-	5,941,691	162,227	492	6,103,426
CAPITAL ASSETS—Net	$ 6,005,000	$ 1,648,799	$ 1,287,413	$ 6,366,386	$ 622,563	$ 328,310	$ 6,660,639

In 2019 and 2018, capital asset additions included $16,667 and $21,175, respectively, of costs incurred by engineers working on capital projects. Capitalized interest totaled $19,824 and $33,666 in 2019 and 2018, respectively.

7. EMPLOYEE BENEFITS

Plan Description

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

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

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

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

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

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

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

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

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

Benefits Provided

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

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

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

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

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

NYCERS provides automatic Cost-of-Living Adjustments (COLA), death benefits, accident, disability retirement benefits, and other supplemental pension benefits to certain retirees and beneficiaries. Members become fully vested as to benefits upon the completion of 5 or 10 years of service.

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

Contributions and Funding Policy

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

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

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

MTA Bridges and Tunnels is required to contribute at an actuarially determined rate. MTA Bridges and Tunnels contributions to NYCERS for the years ended December 31, 2019 and December 31, 2018 were $48,538 and $38,697, respectively.

Net Pension Liability — MTA Bridges and Tunnels net pension liability for the NYCERS pension plan reported at December 31, 2019 and Decmeber 31, 2018 was measured as of June 30, 2019 and June 30, 2018, respectively. The total pension liability at December 31, 2019 and December 31, 2018 for the NYCERS pension plan was determined as of the actuarial valuation dates as of June 30, 2018 and June 30, 2016, respectively, and updated to roll forward the total pension liability to the measurement dates, respectively. The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by NYCERS. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the Plan; and investments are reported at fair value.

Actuarial Assumptions

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

	NYCERS	
Valuation Date:	**June 30, 2018**	**June 30, 2016**
Investment Rate of Return	7.00% per annum, net of investment expenses	7.00% per annum, net of investment expenses
Salary Increases	In general, merit and promotion increases, plus assumed General Wage increases of 3.0% per year.	In general, merit and promotion increases, plus assumed General Wage increases of 3.0% per year.
Inflation	2.50%	2.50%
Cost-of Living Adjustments	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees
Mortality	Mortality tables for service and disability pensioners were developed from an experience study of the plan. The mortality tables for beneficiaries were developed from an experience review.	Mortality tables for service and disability pensioners were developed from an experience study of the plan. The mortality tables for beneficiaries were developed from an experience review.
Pre-retirement	N/A	N/A
Post-retirement—Healthy Lives	N/A	N/A
Post-retirement—Disabled Lives	N/A	N/A

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

The target asset allocations of the fund and the expected real rate of return (RROR) for the asset class in NYCERS was as of the measurement dates of June 30, 2019 and is summarized as follows:

	NYCERS 2019	
Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
U.S. public market equities	29.00 %	7.00 %
International public market equities	13.00	7.10
Emerging public market equities	7.00	9.40
Private market equities	7.00	10.50
U.S. Fixed income	33.00	2.20
Alternatives (real assets, hedge funds)	11.00	5.70
	100 %	
Assumed Inflation - Mean		2.50 %
Long Term Expected Rate of Return		7.00 %

	NYCERS 2018	
Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
U.S. public market equities	29.00 %	6.30 %
International public market equities	13.00	7.00
Emerging public market equities	7.00	9.50
Private market equities	7.00	10.40
U.S. Fixed income	33.00	2.20
Alternatives (real assets, hedge funds)	11.00	5.50
	100.00 %	
Assumed Inflation - Mean		2.50 %
Long Term Expected Rate of Return		7.00 %

Discount Rate — The discount rate used to measure the total pension liability was 7.0% for the NYCERS plan as of June 30, 2019 and June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for the pension plan and that employer contributions will be made at the rates determined by the pension plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and non-active members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MTA Bridges and Tunnels Proportion of Net Pension Liability — NYCERS

The following table presents the MTA Bridges and Tunnels proportionate share of the net pension liability of NYCERS at the measurement date of June 30, 2019 and 2018, and the proportion percentage of the net pension liability of NYCERS allocated to MTA Bridges and Tunnels:

	2019	2018
	($ in millions)	
Bridges and Tunnels proportion of the net pension liability	1.222 %	1.155 %
Bridges and Tunnels proportionate share of the net pension liability	$ 226.29	$ 203.71

MTA Bridges and Tunnels proportion of the net pension liability was based on the actual contributions made to NYCERS for the year-ended June 30, 2019 and 2018, relative to the contributions of all employers in the plan.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate — The following table presents MTA Bridges and Tunnels proportionate share of the net pension liability calculated using the discount rate of 7.0% for NYCERS, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate used as of each measurement date:

	1% Decrease (6.0%)	Discount Rate (7.0%) (in millions)	1% Increase (8.0%)	1% Decrease (6.0%)	Discount Rate (7.0%) (in millions)	1% Increase (8.0%)
Bridges and Tunnels proportionate share of the net pension liability	$ 349.06	$ 226.29	$ 122.63	$ 312.28	$ 203.71	$ 112.12

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — For the year ended December 31, 2019 and 2018, MTA Bridges and Tunnels recognized pension expense as follows (in thousands):

	December 31,	
Pension Plans	**2019**	**2018**
NYCERS	$ 45,897	$ 29,729

For the years ended December 31, 2019 and 2018, the MTA Bridges and Tunnels reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

	2019	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
	(in millions)	
Differences between expected and actual experience	$ 18,922	$ 15,719
Changes in assumptions	145	9,488
Net difference between projected and actual earnings on pension plan investments	-	14,041
Proportionate share of contributions	-	5,743
Employer contribution to plan subsequent to the measurement date of net pension liability	45,242	-
Total	$ 64,309	$ 44,991

	2018	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
	(in millions)	
Differences between expected and actual experience	$ -	$ 19,675
Changes in assumptions	3,104	-
Net difference between projected and actual earnings on pension plan investments	-	11,426
Proportionate share of contributions	-	19,724
Employer contribution to plan subsequent to the measurement date of net pension liability	38,396	-
Total	$ 41,500	$ 50,825

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.

Pension Plan	Recognition Period (in Years)		
	Difference Between Expected and Actual Experience	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contribution	Changes in Actuarial Assumptions
NYCERS	6.10	6.10	6.10

For the years ended December 31, 2019 and 2018, $ 45,242 and $38,696, respectively, were reported as deferred outflows of resources related to pensions resulting from MTA Bridges and Tunnels contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2019 will be recognized as pension expense as follows:

Year Ending December 31: (In millions)	Increase/(Decrease) in Pension Expense
2020	$ (6,680)
2021	(13,177)
2022	(5,992)
2023	(4,517)
2024	4,030
Thereafter	412
Total	$ (25,924)

Deferred Compensation Plans — As permitted by Internal Revenue Code Section 457, MTA Bridges and Tunnels has established a trust or custodial account to hold plan assets for the exclusive use of the participants and their beneficiaries.

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

8. OTHER POSTEMPLOYMENT BENEFITS

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

(1) Plan Description

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

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

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

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

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

MTA Bridges and Tunnels participates in the New York State Health Insurance Program ("NYSHIP") and provides medical and prescription drug benefits, including Medicare Part B reimbursements, to many of its retirees. NYSHIP offers a Preferred Provider Organization ("PPO") plan and several Health Maintenance Organization ("HMO") plans.

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

OPEB Plan Eligibility — To qualify for benefits under the OPEB Plan, a former employee of MTA Bridges and Tunnels must:

(a) have retired;

(b) be receiving a pension (except in the case of the 401(k) Plan);

(c) have at least 10 years of credited service as a member of NYCERS, and

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

Surviving Spouse and Other Dependents —

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

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

Contributions — MTA Bridges and Tunnels is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the "pay-as-you-go" ("PAYGO") amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the year-ended December 31, 2019, MTA Bridges and Tunnels paid $29,314 of PAYGO to the OPEB Plan.

During 2012, the MTA funded $250 million into the Trust and an additional $50 million during 2013. There have been no further contributions made to the Trust. The 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 2017 exceeded the current market value of the assets, a depletion date is assumed to occur immediately. Therefore, the discount rate is set equal to the municipal bond index. The MTA elected the Bond Buyer General Obligation 20-Bond Municipal Bond Index. As a result, the discount rates as of December 31, 2018 and December 31, 2017, the measurement dates, are 4.10% and 3.44%, respectively.

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue on the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore are partially subsidized by the active employees. As shown in the following table, for the year ended December 31, 2018 and 2017, the employer made a cash payment for retiree healthcare of $3,650 and 3,450 respectively as part of the employer's payment for active-employee healthcare benefits. For purposes of GASB Statement No. 75, this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees' underlying age-adjusted, retiree benefit costs.

Blended and Age-adjusted Premium	**2018**	**2017**
(in thousands)	**Retirees**	**Retirees**
Total blended premiums	24,642	22,957
Employment payment for retiree healthcare	3,650	3,450
Net Payments	**28,292**	**26,407**

(2) Net OPEB Liability

At December 31, 2019 and 2018, MTA Bridges and Tunnels reported a net OPEB liability of $801,555 and $823,748 respectively for its proportionate share of the Plan's net OPEB liability. The net OPEB liabilities were measured as of the OPEB Plan's fiscal year-end of December 31, 2018 and 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2017, and rolled forward to December 31, 2018 and 2017, respectively. The MTA Bridges and Tunnels proportion of the net OPEB liability was based on a projection of the MTA Bridges and Tunnels long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2019 and 2018, the MTA Bridges and Tunnels proportion was 4.09 percent and 4.06 percent respectively.

OPEB Plan Fiduciary Net Position — The fiduciary net position has been determined on the same basis used by the OPEB plan. The OPEB plan uses the accrual basis of accounting under which contributions from the employer are recognized when paid. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported are fair value based on quoted market prices or Net Asset Value. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report or at www.mta.info.

(*3) Actuarial Assumptions*

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

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

The total OPEB liability was determined by an actuarial valuation performed on July 1, 2017. Update procedures were used to roll forward the total OPEB liability to December 31, 2018 and 2018, the measurement dates The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

	2019	**2018**
Valuation date	July 1, 2017	July 1, 2017
Measurement date	December 31, 2018	December 31, 2017
Discount rate	4.10%, net of expenses	3.44%, net of expenses
Inflation	2.50%	2.50%
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.50%	4.50%
Investment rate of return	6.50%	6.50%

Salary Increases

Salary Scale — salaries are assumed to increase by years of service. Rates are shown below:

	2019	2018
Year of Employment	Rate of Incerese	Rate of Incerese
1	11.00%	11.00%
2	10.00%	10.00%
3	9.00%	9.00%
4	8.00%	8.00%
5	7.00%	7.00%
6	6.00%	6.00%
7	5.00%	5.00%
8	4.00%	4.00%
9	3.80%	3.80%
10	3.60%	3.60%
11+	3.50%	3.50%

Healthcare Cost Trend — The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2017 utilizing the baseline assumptions included in the model, except inflation of 2.5% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, potential excise taxes due to healthcare reform, and other healthcare reform provisions, separately for NYSHIP. The NYSHIP trend reflects actual increases in premiums to participating agencies through 2018. These assumptions are combined with long-term assumptions for dental and vision benefits of an annual trend of 4.0% plus Medicare Part B reimbursements of an annual trend of 4.5%, but not more than projected medical trends excluding any excise tax adjustments. For purposes of estimating the impact of the excise tax, the NYSHIP trend for MTA Bridges and Tunnels reflects that certain represented members do not receive prescription drug coverage through NYSHIP.

The valuation reflects the actuaries understanding of the impact in future health costs due to the Affordable Care Act (“ACA”) passed into law in March 2010. An excise tax for high cost health coverage or “Cadillac” health plans was included in ACA. The provision levies a 40% tax on the value of health plan costs that exceed certain thresholds for single coverage or family coverage. In December 2019, the President signed into law the “Further Consolidated Appropriations Act, 2020” (the “Act”), which included the permanent repeal of the “Cadillac” tax, effective January 1, 2020. The impact of the elimination of the “Cadillac” tax on the Triborough Bridge and Tunnel Authority’s OPEB liability is approximately $12.6 million and will be reflected in the next valuation dated July 1, 2019 and in the reporting year-ended December 31, 2020.

Healthcare Cost Trend Rates — The following lists illustrative rates for the NYSHIP and self-insured trend assumptions for MTA Bridges and Tunnels (all amounts are in percentages).

	NYSHIP 2019		MTA Bridges and Tunnels 2019	
Fiscal Year	< 65	>=65	< 65	>=65
2018	8.50%	8.20%	7.50%	4.90%
2019	6.20%	5.50%	5.80%	3.10%
2020	5.80%	5.30%	5.60%	3.90%
2021	5.50%	5.20%	5.30%	4.40%
2022	7.20%	5.10%	5.10%	5.10%
2023	6.10%	5.10%	5.10%	5.10%
2024	6.10%	5.00%	5.00%	5.00%
2025	5.90%	5.00%	5.00%	5.00%
2026	5.90%	5.00%	5.00%	5.00%
2027	5.80%	4.90%	5.00%	4.90%
2037	5.60%	5.00%	5.90%	5.00%
2047	5.40%	5.90%	5.60%	4.90%
2057	5.10%	5.40%	5.20%	4.80%
2067	4.80%	5.00%	4.90%	4.60%
2077	4.20%	4.30%	4.20%	4.00%
2087	4.10%	4.20%	4.20%	4.00%
2097	4.10%	4.20%	4.20%	4.70%

	NYSHIP 2018		MTA Bridges and Tunnels 2018	
Fiscal Year	< 65	>=65	< 65	>=65
2018	8.50%	8.20%	7.50%	4.90%
2019	6.20%	5.50%	5.80%	3.10%
2020	5.80%	5.30%	5.60%	3.90%
2021	5.50%	5.20%	5.30%	4.40%
2022	7.20%	5.10%	5.10%	5.10%
2023	6.10%	5.10%	5.10%	5.10%
2024	6.10%	5.00%	5.00%	5.00%
2025	5.90%	5.00%	5.00%	5.00%
2026	5.90%	5.00%	5.00%	5.00%
2027	5.80%	4.90%	5.00%	4.90%
2037	5.60%	5.00%	5.90%	5.00%
2047	5.40%	5.90%	5.60%	4.90%
2057	5.10%	5.40%	5.20%	4.80%
2067	4.80%	5.00%	4.90%	4.60%
2077	4.20%	4.30%	4.20%	4.00%
2087	4.10%	4.20%	4.20%	4.00%
2097	4.10%	4.20%	4.20%	4.70%

For purposes of applying the Entry Age Normal Cost method, the healthcare trend prior to the valuation date are based on the ultimate rates, which are 4.1% for medical and pharmacy costs prior to age 65, 4.2% for NYSHIP costs at age 65 and later (4.6% for certain MTA Bridges and Tunnels represented members), and 4.3% for self-insured medical and pharmacy costs at age 65 and later.

Mortality — Preretirement and postretirement healthy annuitant rates are projected on a generational basis using Scale AA. As a generational table, it reflects mortality improvements both before and after the measurement date. The postretirement mortality assumption is based on an experience analysis covering the period from January 1, 2011 to December 31, 2015 for the MTA-sponsored pension plans.

Preretirement — RP-2000 Employee Mortality Table for Males and Females with blue-collar adjustments.

Postretirement Healthy Lives — 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.

Postretirement Disabled Lives — RP-2014 Disabled Annuitant mortality table for males and females.

Expected Rate of Return on Investments — The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class summarized in the following table:

Asset Class	Target Allocation	Real Rate of Return
US Core Fixed Income	13.00%	2.03%
Global Bonds	15.00%	0.41%
Emerging Markets Bonds	5.00%	3.76%
Global Equity	35.00%	5.65%
Non-US Equity	15.00%	6.44%
Global REITs	5.00%	5.80%
Hedge Funds - MultiStrategy	12.00%	3.28%
Total	**100%**	
Long Term Expected Rate of Return selected by MTA		6.50%

Discount Rate — The discount rate used in this valuation to measure the total OPEB liability was updated to incorporate GASB Statement No. 75 guidance.

The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. Therefore, the discount rate is set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of December 31, 2018 and 2017 of 4.10% and 3.44%, respectively.

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

2019	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
		(In millions)	
Proportionate share of the net OPEB liability	$ 917.07	$ 801.55	$ 706.44

2018	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
		(In millions)	
Proportionate share of the net OPEB liability	$ 950.33	$ 825.59	$ 723.38

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

2019	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(In millions)	
Proportionate share of the net OPEB liability	$ 684.75	$ 801.55	$ 948.52

2018	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(In millions)	
Proportionate share of the net OPEB liability	$ 706.20	$ 825.59	$ 976.18

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

(4) OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019 and 2018, MTA Bridges and Tunnels recognized OPEB expense of $66,478 and $69,556 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 7.4 year close period, beginning the year in which the deferred amount occurs.

At December 31, 2019, MTA Bridges and Tunnels reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows (In thousands):

	December 31, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 406	$ (687)
Changes in assumptions	27,227	(63,732)
Net difference between projected and actual earnings on OPEB plan investments	760	-
Changes in proportion and differences between contributions and proportionate share of contribution	7,243	-
Employer contributions to the plan subsequent to the measurement of net OPEB liability	29,314	-
Total	**$ 64,950**	**$ (64,419)**

For the year ended December 31, 2019, $64,950 was reported as deferred outflows of resources related to OPEB. This amount includes both MTA Bridges and Tunnels contributions subsequent to the measurement date and an implicit rate subsidy adjustment of $29,314 that will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2019 will be recognized in OPEB expense as follows (in thousands):

Year ending December 31:	
2020	$ (3,680)
2021	(3,680)
2022	(3,680)
2023	(3,465)
2024	(3,816)
Thereafter	(10,461)
	$ (28,782)

9. POLLUTION REMEDIATION PROJECTS

MTA Bridges and Tunnels implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, in 2008. The Statement establishes standards for determining when expected pollution remediation outlays should be accrued as a liability or, if appropriate, capitalized. An operating expense and corresponding liability, measured at its current value using the expected cash flow method, has been recognized for certain pollution remediation obligations that are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations, which are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations, occur when any one of the following obligating events takes place:

- An imminent threat to public health due to pollution exists
- MTA Bridges and Tunnels is in violation of a pollution prevention-related permit or license
- MTA Bridges and Tunnels is named by a regulator as a responsible or potentially responsible party to participate in remediation
- MTA Bridges and Tunnels is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities
- MTA Bridges and Tunnels voluntarily commences or legally obligates itself to commence remediation efforts

In accordance with GASB Statement No. 49, there was no pollution remediation expense provision in 2019 or 2018.

10. ASSET IMPAIRMENT AND RELATED EXPENSES

On October 29, 2012, Tropical Storm Sandy made landfall just south of Atlantic City, New Jersey, as a post-tropical cyclone. The accompanying storm surge and high winds caused widespread damage to the physical transportation assets operated by MTA and its related groups. MTA expects to recoup most of the costs associated with repair or replacement of assets damaged by the storm over the next several years from a combination of insurance and federal government assistance programs.

As of December 31, 2019 and 2018, costs associated with the storm including repair and clean-up expenses of $0.4 million and $1.2 million, respectively, were included in “asset impairment and related expenses” on the Statements of Revenues, Expenses and Changes in Net Position.

11. LONG-TERM DEBT

MTA Bridges and Tunnels issues long-term bonds to fund its own capital projects, as well as the Transportation Project, through the following two credits:

- General Revenue Bonds, and
- Subordinate Revenue Bonds.

The following represents MTA Bridges and Tunnels’ issuance of long-term debt in 2019:

- On May 23, 2019, MTA Bridges and Tunnels issued $150,000 General Revenue Bonds, Series 2019A. The net proceeds were issued to finance projects for MTA Bridges and Tunnels’ own facilities.
- On September 25, 2019, MTA Bridges and Tunnels issued $102,465 General Revenue Bonds, Series 2019B. The net proceeds were used refunding of Series 2001B of $101,465 Bonds.

- On December 3, 2019, MTA Bridges and Tunnels issued $200,000 General Revenue Bonds, Series 2019C. The net proceeds were issued to finance projects for MTA Bridges and Tunnels' own facilities.

- On December 3, 2019, MTA Bridges and Tunnels remarketed 2003B-2 of $46,050 from a LIBOR Floating rate to a Term Rate Mode bearing interest at the adjusted SIFMA rate.

The following represents MTA Bridges and Tunnels' issuance of long-term debt in 2018:

- On January 25, 2018, MTA Bridges and Tunnels remarketed 2003B-1 of $122,635 and 2005B-2 of $190,300 from a Weekly mode to a Daily mode. On 2003B-1 and 2005B-2 the irrevocable direct-pay letter of credit issued by Wells Fargo is now issued from Bank of America and Citibank respectively.

- On February 1, 2018, MTA Bridges and Tunnels issued $351,930 General Revenue Bonds, Series 2018A. The net proceeds were issued to finance projects for MTA Bridges and Tunnels' own facilities and refunding of Series 2017A1-A6.

- On June 27, 2018, MTA Bridges and Tunnels remarketed 2001C of $107,275 and 2005B-3 of $190,300 from a Weekly mode to a Daily mode. On 2001C and 2005B-3 the irrevocable direct-pay letter of credit issued by Bank of Tokyo is now issued from State Street & Trust Co. respectively.

- On August 30, 2018, MTA Bridges and Tunnels issued $270,090 General Revenue Bonds, Series 2018B. The net proceeds were issued to finance projects for MTA Bridges and Tunnels' own facilities and refunding on 2008C, and 2008D Subordinate Bond. The loss on refunding related to the 2018B issuance was $3,334, which will be amortized into interest expense over 13 years.

- On August 30, 2018, MTA Bridges and Tunnels issued $159,280 General Revenue Bonds, Series 2018C. The net proceeds were issued to finance projects for MTA Bridges and Tunnels' own facilities and refunding on 2009A-2. The gain on refunding related to the 2018C issuance was $3,610, which will be amortized into interest expense over 20 years.

- On September 26, 2018, MTA Bridges and Tunnels remarketed 2001B of $107,280 from a Weekly mode to the Term Rate Mode bearing interest at a variable rate based on the Secured Overnight Financing Rate (SOFR) index. On 2001B the irrevocable direct-pay letter of credit issued by State Street Bank and Trust Co is now issued by Bayerische Landesbank.

- On October 4, 2018, MTA Bridges and Tunnels issued $125,000 General Revenue Bonds, Series 2018D. The net proceeds were issued to finance projects for MTA Bridges and Tunnels' own facilities.

- On October 30, 2018, MTA Bridges and Tunnels remarketing of 2002F of $162,995 will remain a daily mode. On 2002F the irrevocable direct-pay letter of credit issued by Citibank, N.A is now issued by Landesbank Hessen-Thuringen Girozentrale acting through its New York Branch.

- On November 28, 2018, MTA Bridges and Tunnels remarketed 2005B-4c and 2005B-4d was consolidated to 2005B-4c to $82,500 from a Term Rate Mode to a daily mode. On 2005B-4c obtain an irrevocable direct-pay letter of credit issued by U.S. Bank National Association.

- On December 12, 2018, MTA Bridges and Tunnels issued $148,470 General Revenue Bonds, Series 2018E. The net proceeds were used refunding of Series 2013D-2a and 2013D-2b Taxable Subordinate Bonds.

MTA Bridges and Tunnels' non-current portion of long-term debt as of December 31, 2019 and 2018 is comprised of the following:

(In thousands)	**2019**	**2018**
Senior Revenue Bonds (Notes 12)	$8,178,630	$8,079,079
Subordinate Revenue Bonds (Note 13)	842,176	914,661
Total long-term debt—net of premiums and discounts	$9,020,806	$8,993,740

MTA Bridges and Tunnels has entered into several Letter of Credit Agreements and Standby Bond Purchase Agreements (together, "Credit and Liquidity Agreements") as listed on the table below.

Resolution	**Series**	**Provider**	**Exp. Date**
TBTA General Revenue	2001C	State Street	June 26, 2023
TBTA General Revenue	2002F	Citibank, N.A.	October 29, 2021
TBTA General Revenue	2003B-1	Bank of America, N.A.	January 21, 2022
TBTA General Revenue	2005A	Barcleys Bank	January 24, 2024
TBTA General Revenue	2005B-2	Citibank, N.A.	January 28, 2021
TBTA General Revenue	2005B-3	State Street	June 26, 2023
TBTA General Revenue	2005B-4c	U.S. Bank National Assoc.	May 26, 2022
TBTA General Revenue	TBTA 2018E Taxable	Bank of America, N.A.	December 12, 2022

According to the terms of the Credit and Liquidity Agreements, if the remarketing agent fails to remarket any of the bonds listed above that are tendered by the holders, the bank is required (subject to certain conditions) to purchase such unremarketed portion of the bonds. Bonds owned by the bank and not remarketed after a specified amount of time (generally 90 days) are payable to the bank as a term loan over five years in ten equal semiannual principal payments including interest thereon. As of December 31, 2019, there were no term loans outstanding.

Bond Refundings — From time to time, MTA Bridges and Tunnels issue refunding bonds to achieve debt service savings or other benefits. The proceeds of refunding bonds are generally used to purchase U.S. Treasury obligations that are placed in irrevocable trusts. The principal and interest within the trusts will be used to repay the refunded debt. The trust account assets and the refunded debt are excluded from the statement of net position.

At December 31, 2019 and 2018, the following amounts of MTA Bridges and Tunnels bonds, which have been refunded, remain valid debt instruments and are secured solely by and payable solely from their respective irrevocable trusts.

	December 31,	
(In millions)	**2019**	**2018**
MTA Bridges and Tunnels:		
General Purpose Revenue Bonds	$ 628	$ 674
Special Obligation Subordinate Bonds	89	102
Total	$ 717	$ 776

For the year ended December 31, 2019, MTA Bridges and Tunnels refunding transactions increased against aggregate debt service payments by $59 million and provided an economic gain of $5 million. For the year ended December 31, 2018, MTA Bridges and Tunnels refunding transactions decreased against aggregate debt service payments by $75 million and provided an economic gain of $82 million. Details of bond refunding savings for 2019 and 2018 are as follows:

Bonds Refunded in 2019 (In millions)	**Series**	**Date Issued**	**Par Value Refunded**	**Debt Service Savings**	**Net Present Value of Savings**
MTA Bridges and Tunnels General Revenue Bonds					
	TBTA 2019B	9/25/2019	$ 101	$ (59)	$ 5
Total MTA Bridges and Tunnels General Revenue Bonds			101	(59)	5
Total Bond Refunding Savings			$ 101	$ (59)	$ 5

Bonds Refunded in 2018 (In millions)	**Series**	**Date Issued**	**Par Value Refunded**	**Debt Service Savings**	**Net Present Value of Savings**
MTA Bridges and Tunnels General Revenue Bonds					
	TBTA 2018B	8/30/2018	$ 270	$ 80	$ 62
	TBTA 2018C	8/30/2018	159	(5)	20
Total MTA Bridges and Tunnels General Revenue Bonds			429	75	82
Total Bond Refunding Savings			$ 429	$ 75	$ 82

For the years ended December 31, 2019 and 2018, the accounting loss/gain on bond refundings totaled $0 million and $0.28 million, respectively. Unamortized losses related to bond refundings were as follows:

(In millions)	**December 31, 2017**	**Loss on Refunding**	**Year Amortization**	**December 31, 2018**	**Loss on Refunding**	**Year Amortization**	**December 31, 2019**
TBTA:							
General Revenue Bonds	$ 233	$ 0.90	$ (25)	$ 209	$ -	$ (17)	$ 192
Subordinate Revenue Bonds	30	(0.62)	4	33	-	(4)	29
	263	0.28	(21)	242	-	(21)	221

12. DEBT — SENIOR REVENUE BONDS

Senior Revenue Bonds at December 31, 2019, consist of the following:

(In thousands)	Original Issuance	December 31, 2018	Issued	Principal Repayments	December 31, 2019
Series 2001B&C, 4.10% - 5.25%	$ 296,400	214,555	$	$ 113,080	$ 101,475
Series 2002F	246,480	162,995	-	8,900	154,095
Series 2003B	250,000	168,685	-	6,195	162,490
Series 2005A	150,000	106,495	-	4,425	102,070
Series 2005B	800,000	570,900	-	3,000	567,900
Series 2008B	252,230	166,770	-	-	166,770
Series 2009A-1	150,000	68,395	-	3,345	65,050
Series 2009B - BAB	200,000	200,000	-	-	200,000
Series 2010A-1	66,560	15,825	-	7,720	8,105
Series 2010A-2 - BAB	280,400	280,400	-	-	280,400
Series 2011A	609,430	94,875	-	22,065	72,810
Series 2012A	231,490	171,875	-	4,820	167,055
Series 2012B	1,353,055	1,089,605	-	99,795	989,810
Series 2013B	257,195	257,195	-	40,365	216,830
Series 2013C	200,000	149,925	-	3,970	145,955
Series 2014A	250,000	195,825	-	4,740	191,085
Series 2015A	225,000	195,990	-	3,040	192,950
Series 2015B	65,000	61,510	-	1,270	60,240
Series 2016A	541,240	512,350	-	6,775	505,575
Series 2017A	300,000	300,000	-	-	300,000
Series 2017B	902,975	902,975	-	-	902,975
Series 2017C	720,990	720,990	-	-	720,990
Series 2018A	351,930	351,930	-	-	351,930
Series 2018B	270,090	270,090	-	-	270,090
Series 2018C	159,280	159,280	-	-	159,280
Series 2018D	125,000	125,000	-	-	125,000
Series 2018E	148,470	148,470	-	-	148,470
Series 2019A	-	-	150,000	-	150,000
Series 2019B	-	-	102,465	-	102,465
Series 2019C	-	-	200,000	-	200,000
	$ 9,403,215	7,662,905	452,465	333,505	7,781,865
Add net unamortized bond (discount) and premium		648,204	47,096	52,545	642,755
		$ 8,311,109	$ 499,561	$ 386,050	$ 8,424,620

Senior Revenue Bonds at December 31, 2018, consist of the following:

(In thousands)	Original Issuance	December 31, 2017	Issued	Principal Repayments	December 31, 2018
Series EFC 1996A	$ 23,530	$ 325	$ -	$ 325	$ -
Series 2001B&C, 4.10% - 5.25%	296,400	225,425	-	10,870	214,555
Series 2002F	246,480	171,555	-	8,560	162,995
Series 2003B	250,000	174,645	-	5,960	168,685
Series 2005A	150,000	110,710	-	4,215	106,495
Series 2005B	800,000	573,900	-	3,000	570,900
Series 2008A	822,770	24,165	-	24,165	-
Series 2008B	252,230	166,770	-	-	166,770
Series 2008C	629,890	210,145	-	210,145	-
Series 2009A-1	150,000	76,760	-	8,365	68,395
Series 2009A-2	325,000	182,335	-	182,335	-
Series 2009B - BAB	200,000	200,000	-	-	200,000
Series 2010A-1	66,560	23,175	-	7,350	15,825
Series 2010A-2 - BAB	280,400	280,400	-	-	280,400
Series 2011A	609,430	115,945	-	21,070	94,875
Series 2012A	231,490	176,555	-	4,680	171,875
Series 2012B	1,353,055	1,184,990	-	95,385	1,089,605
Series 2013B	257,195	257,195	-	-	257,195
Series 2013C	200,000	153,740	-	3,815	149,925
Series 2014A	250,000	200,380	-	4,555	195,825
Series 2015A	225,000	198,885	-	2,895	195,990
Series 2015B	65,000	62,720	-	1,210	61,510
Series 2016A	541,240	523,265	-	10,915	512,350
Series 2017A	300,000	300,000	-	-	300,000
Series 2017B	902,975	902,975	-	-	902,975
Series 2017C	720,990	720,990	-	-	720,990
Series 2018A	-	-	351,930	-	351,930
Series 2018B	-	-	270,090	-	270,090
Series 2018C	-	-	159,280	-	159,280
Series 2018D	-	-	125,000	-	125,000
Series 2018E	-	-	148,470	-	148,470
	$ 10,149,635	7,217,950	1,054,770	609,815	7,662,905
Add net unamortized bond (discount) and premium		597,534	129,454	78,784	648,204
		$ 7,815,484	$ 1,184,224	$ 688,599	$ 8,311,109

Debt Service Requirements:

Year Ending December 31 (In thousands)	Principal	Interest	Aggregate Debt Service
2020	$ 245,990	$ 296,335	$ 542,325
2021	245,210	288,345	533,555
2022	252,045	276,645	528,690
2023	274,395	264,755	539,150
2024	308,670	249,959	558,629
2025–2029	1,850,915	1,024,100	2,875,015
2030–2034	1,860,665	623,360	2,484,025
2035–2039	1,275,185	338,740	1,613,925
2040–2044	870,085	104,365	974,450
2045–2049	585,630	20,302	605,932
2050	13,075	654	13,729
	$ 7,781,865	$ 3,487,560	$ 11,269,425

The above interest amounts include both fixed and variable rate calculations. The interest rate assumptions for variable rate bonds are as follows: variable rate bonds at an assumed rate of 4%; swapped bonds at the applicable synthetic fixed rate for the swapped portion and 4% otherwise; floating rate notes at the applicable synthetic fixed rate plus the current fixed spread to maturity for the swapped portion and 4% plus the current fixed spread to maturity for the portion that is not swapped.

13. DEBT — SUBORDINATE REVENUE BONDS

Subordinate Revenue Bonds at December 31, 2019, consist of the following:

(In thousands)	Original Issuance	December 31, 2018	Addition/ Retirements During 2019	December 31, 2019
Series 2000ABCD	$ 147,850	$ 18,850	$ (18,850)	$ -
Series 2002E	756,095	115,040	(44,455)	70,585
Series 2008D	491,110	-	-	-
Series 2013A	761,599	736,195	(7,780)	728,415
Series 2013D	313,975	151,540	(14,170)	137,370
	$ 2,470,629	1,021,625	(85,255)	936,370
Add net unamortized bond (discount) and premium		(21,709)	(3,485)	(25,194)
		$ 999,916	$ (88,740)	$ 911,176

Subordinate Revenue Bonds at December 31, 2018, consist of the following:

(In thousands)	Original Issuance	December 31, 2017	Retirements During 2018	December 31, 2018
Series 2000ABCD	$ 147,850	$ 57,700	$ (38,850)	$ 18,850
Series 2002E	756,095	139,825	(24,785)	115,040
Series 2008D	491,110	135,520	(135,520)	-
Series 2013A	761,599	743,480	(7,285)	736,195
Series 2013D	313,975	309,220	(157,680)	151,540
	$ 2,470,629	1,385,745	(364,120)	1,021,625
Add net unamortized bond (discount) and premium		(16,267)	(5,442)	(21,709)
		$ 1,369,478	$ (369,562)	$ 999,916

Debt Service Requirements:

Year Ending December 31 (In thousands)	Principal	Interest	Aggregate Debt Service
2020	$ 69,000	$ 33,231	$ 102,231
2021	71,850	30,128	101,978
2022	76,325	26,823	103,148
2023	81,115	23,330	104,445
2024	74,060	19,596	93,656
2025–2029	352,510	45,538	398,048
2030–2032	211,510	3,094	214,604
	$ 936,370	$ 181,740	$ 1,118,110

The above interest amounts include both fixed and variable rate calculations. The interest rate assumptions for variable rate bonds are as follows: variable rate bonds at an assumed rate of 4%; swapped bonds at the applicable synthetic fixed rate for the swapped portion and 4% otherwise; floating rate notes at the applicable synthetic fixed rate plus the current fixed spread to maturity for the swapped portion and 4% plus the current fixed spread to maturity for the portion that is not swapped.

14. GASB 53 — DERIVATIVE INSTRUMENTS

MTA Bridges and Tunnels implemented GASB Statement No. 53*, Accounting and Financial Reporting for Derivative Instruments*, in 2010. The Statement deals with the recognition, measurement, and disclosure of information regarding derivative instruments, and addresses hedge accounting requirements. Hedging derivative instruments are supposed to significantly reduce financial risk by substantially offsetting the associated changes in cash flows or fair values of the underlying bond portfolio.

For the year ended December 31, 2019, the MTA Bridges and Tunnels is reporting loss, derivative instrument liabilities and deferred outflows from derivative instruments in the amounts of $3,134, $160,754 and $177,502, respectively. The loss of $3,134 is related to swaps on MTA bonds which is offset by a gain of $3,134 reflected in other operating income. Also recognized in the same period are derivative instrument assets of $3,519.

For the year ended December 31, 2018, the MTA Bridges and Tunnels is reporting gains, derivative instrument liabilities and deferred outflows from derivative instruments in the amounts of $5,999, $123,921 and $143,796, respectively. The gain of $5,999 is related to swaps on MTA bonds which is offset by a loss of $5,999 reflected in other operating income. Also recognized in the same period are derivative instrument assets of $3,526.

GASB Statement No. 53- Accounting and Financial Reporting for Derivative Instruments
Summary Information as of December 31, 2019

	Bond Resolution	Series	Type of Derivative	Cash Flow or Fair Value Hedge	Effective Methodology	Trade/ Entered Date	Notional Amount as of 12/31/19 (in millions)	Fair Values as of 12/31/19 (in millions)
Investment Swap	MTA Transportation Revenue Bond	2002G-1	Pay-Fixed Swap	N/a	N/a	4/1/2016	112.730	(7.972)
	MTA Transportation Revenue Bond	2011B	Pay-Fixed Swap	N/a	N/a	4/1/2016	84.520	(15.529)
Hedging Swaps	MTA Bridges & Tunnels Senior Revenue Bonds	2002F (Citi 2005B)	Pay-Fixed Swap	Cash Flow	Synthetic Instrument	6/2/2005	189.300	(32.438)
	MTA Bridges & Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Pay-Fixed Swap	Cash Flow	Synthetic Instrument	1/1/2011	22.650	(2.699)
	MTA Bridges & Tunnels Senior Revenue Bonds	2005B	Pay-Fixed Swap	Cash Flow	Synthetic Instrument	6/2/2005	567.900	(97.317)
	MTA Bridges & Tunnels Subordinate Revenue Bonds	2001C	Pay-Fixed Swap	Cash Flow	Synthetic Instrument	10/26/2016	21.275	(1.280)

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2019, classified by type, and the changes in fair value of such derivative instruments from the year ended December 31, 2018 are as follows:

(In Millions)	Changes In Fair Value		Fair Value at December 31, 2019		Notional Amount
	Classification	Amount	Classification	Amount	
Government Activities					
Cash Flow hedges— Pay-fixed interest rate swaps	Deferred Inflow of resources	$ (33.706)	Debt	$ (133.734)	801.125
Investment Swap— Pay-fixed interest rate swaps	Investment expense	(3.134)	Debt	(23.501)	197.250

The summary above reflects a total number of five (5) swaps and hedging relationships that were reviewed for GASB Statement No. 53 Hedge Accounting treatment. Of that total, five (5) were deemed effective using Synthetic Instrument Method.

For the five (5) hedging relationships, the Synthetic Instrument Method was utilized to determine effectiveness. Under the Synthetic Instrument Method, if the rate determined by dividing the historical Swap and Bond payments (Fixed Swap payments + Floating Bond payments—Floating Swap payments) by the hedge notional amount produces an "Actual Synthetic Rate" that is within 90% to 111% of the corresponding fixed swap rates then the hedging derivative instrument is deemed to be effective.

15. LEASE TRANSACTION

2 Broadway — 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 sub lessee, 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 $1.2 billion. Under the subleases, the lease is apportioned as follows: MTA New York City Transit, 68.7%, MTA, 21%; and MTA Bridges and Tunnels, 10.3%. However, the involved agencies have agreed to sub-sublease space from one another as necessary to satisfy actual occupancy needs. The agencies will be responsible for obligations under the lease based on such actual occupancy percentages. Actual occupancy percentages at December 31, 2019, for the MTA New York City Transit, MTA Bridges and Tunnels and MTA (including MTA Bus, MTA Capital Construction Company and MTA Business Service Center) were 52.8%, 7.5% and 16.1%, respectively. MTA Bridges and Tunnels' sublease is for a year-to-year term, automatically extended, except upon the giving of a nonextension notice by MTA.

The lease is comprised of both operating and capital elements, with the portion of the lease attributable to the land recorded as an operating lease, and the portion of the lease attributable to the building recorded as a capital lease. MTA Bridges and Tunnels has recorded capital lease assets using the net present value, and using a borrowing rate of 9.11%, and has reflected a capital lease obligation as of December 31, 2019 and 2018, of $57,828 and $57,005, respectively.

MTA pays the lease payments on behalf of MTA Bridges and Tunnels and subsequently makes monthly chargebacks in the form of rental payments. During 2019, the total of the rental payments charged to MTA Bridges and Tunnels was $2,240 less than the lease payment made by MTA on behalf of MTA Bridges and Tunnels.

Total net obligations under all capital leases as of December 31, 2019 and 2018, are as follows:

(In thousands)	**2019**	**2018**
Beginning of the year	$ 57,005	$ 55,711
Additions	823	1,294
End of year	$ 57,828	$ 57,005

The adjusted capital lease for the building is being amortized over the remaining life of the lease. The cost of the building and related accumulated amortization at December 31, 2019 and 2018, is as follows (in thousands):

	2019	**2018**
Capital lease - building	$ 81,865	$ 81,865
Less accumulated amortization	(45,233)	(44,132)
Capital lease - building—net	$ 36,632	$ 37,733

Net minimum capital and operating lease payments are as follows:

Years Ending December 31 (In thousands)	Capital Aggregate Lease Payments	Operating Aggregate Lease Payments
2020	$ 4,371	$ 2,405
2021	4,371	2,405
2022	4,371	2,405
2023	4,371	2,405
2024	5,008	2,405
2025-2029	26,367	12,026
2030-2034	32,851	12,026
2035-2039	38,384	12,026
2040-2044	42,462	12,026
2045-2048	32,152	8,416
Minimum future lease payments	194,708	68,545
Amount representing interest	(136,880)	-
Present value of capital lease obligations	$ 57,828	$ 68,545

Total accumulated depreciation under capital leases was approximately $45,233 and $44,132 in 2019 and 2018, respectively.

Rental amount incurred during 2019 and 2018 were $165 and $565, respectively.

16. RISK MANAGEMENT

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

MTA Bridges and Tunnels is self-insured up to $3.2 million per occurrence for liability arising from injuries to persons, excluding employees. MTA Bridges and Tunnels is self-insured for work related injuries to employees and for damage to third party property. MTA Bridges and Tunnels provides reserves to cover the self-insured portion of these claims, including a reserve for claims incurred but not reported. The annual cost arising from injuries to employees and damage to third-party property is included in “Retirement & other employee benefits” and “Insurance” in the accompanying statements of revenues, expenses and changes in net position.

A summary of activity in estimated liability arising from injuries to persons, including employees, and damage to third-party property, as of December 31, 2019 and 2018, is as follows:

(In thousands)	**2019**	**2018**
Balance—beginning of year	$ 52,628	$ 47,559
Activity during the year:		
Current year claims and changes in estimates	6,999	6,852
Claims paid	(1,072)	(1,783)
Balance—end of year	58,555	52,628
Less current portion	(7,938)	(5,975)
Long-term liability	$ 50,617	$ 46,653

Liability Insurance — FMTAC, an insurance captive subsidiary of MTA, operates a liability insurance program ("ELF") that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limits are: $8 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road, and MTA Metro-North Railroad; $2.3 million for MTA Long Island Bus and MTA Staten Island Railway; and $1.6 million for MTAHQ and MTA Bridges and Tunnels. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limits are: $9 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $2.6 million for MTA Long Island Bus and MTA Staten Island Railway; and $1.9 million for MTAHQ and MTA Bridges and Tunnels. Effective November 1, 2012 the self-insured retention limits for ELF were increased to the following amounts: $10 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $3 million for MTA Staten Island Railway; and $2.6 million for MTAHQ and MTA Bridges and Tunnels. Effective October 31, 2015 the self-insured retention limits for ELF were increased to the following amounts: $11 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $3.2 million for MTA Staten Island Railway; MTAHQ and MTA Bridges and Tunnels. The maximum amount for 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, 2019, the balance of the assets in this program was $164.1 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $350 million for a total limit of $400 million ($350 million excess of $50 million). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50 million.

Property Insurance — Effective May 1, 2019, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2019, 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 $575 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage. Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $575 million per occurrence note above, FMTAC's property insurance program has been expanded to include a further layer of $125 million of fully collateralized earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 23, 2017 to April 30, 2020. The expanded protection is reinsured by MetroCat Re Ltd. 2017-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2017-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index value.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 81% of "certified" losses in 2019 and 80% of "certified" losses in 2020, as covered by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") of 2015. The remaining 19% (2019) and 20% (2020) 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 $180 million in 2019 and $200 million in 2020. The United States government's reinsurance is in place through December 31, 2020.

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) 19% of any "certified" act of terrorism up to a maximum recovery of $204.3 million for any one occurrence and in the annual aggregate during 2019 and 20% of any "certified" act of terrorism up to a maximum recovery of $215 million for any one occurrence and in the annual aggregate during 2020 (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 $180 million TRIPRA trigger up to a maximum recovery of $180 million for any occurrence and in the annual aggregate during 2019 or 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 during 2020.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $204.3 million in 2019 and $215 million in 2020. 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 December 31, 2020.

COMMITMENTS AND CONTINGENCIES

At December 31, 2019 and 2018, MTA Bridges and Tunnels had unused standby letters of credit, relative to insurance, amounting to $2.712 million and $2.712 million, respectively.

MTA Bridges and Tunnels is involved in various litigations and claims involving personal liability claims and certain other matters. Although the ultimate outcome of these claims and suits cannot be predicted at this time, management does not believe that the ultimate outcome of these matters will have a material effect on the financial position, results of operations and cash flows of MTA Bridges and Tunnels.

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

17. SWAP AGREEMENTS

Swap Agreements Relating to Synthetic Fixed Rate Debt — Fair value for the swaps is calculated in accordance with GASB Statement No. 72, utilizing the income approach and Level 2 inputs. It incorporates the mid-market valuation, nonperformance risk of either MTA Bridges and Tunnels or the counterparty, as well as bid/offer. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Swap Agreements Relating to Synthetic Fixed Rate Debt

Board-Adopted Guidelines — The Related Entities adopted guidelines governing the use of swap contracts on March 26, 2002. The guidelines were amended and approved by the Board on March 13, 2013. The guidelines establish limits on the amount of interest rate derivatives instruments that may be outstanding and specific requirements that must be satisfied for a Related Entity to enter into a swap contract, such as suggested swap terms and objectives, retention of a swap advisor, credit ratings of the counterparties, collateralization requirements and reporting requirements.

Objectives of Synthetic Fixed Rate Debt — To achieve cash flow savings through a synthetic fixed rate, MTA Bridges and Tunnels has entered into separate pay-fixed, receive-variable interest rate swaps at a cost anticipated to be less than what MTA Bridges and Tunnels would have paid to issue fixed-rate debt, and in some cases where Federal tax law prohibits an advance refunding to synthetically refund debt on a forward basis.

Terms and Fair Value — The terms, fair values and counterparties of the outstanding swaps of MTA Bridges and Tunnels are reflected in the following tables (as of December 31, 2019).

MTA BRIDGES AND TUNNELS SENIOR LIEN REVENUE BONDS							
Associated Bond Issue	Notional Amounts as of 12/31/2019 (in millions)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values as of 12/31/2019 (in millions)	Swap Termination Date	Counterparty
Series 2002F[1]	$ 189.300	07/07/05	3.076 %	67% of one-month LIBOR[1]	$ (32.438)	01/01/32	Citibank, N.A.
Series 2005B-2a,b,c, 2005B-3 and 2005B-4a,b,c,d,e[1]	567.900	07/07/05	3.076	67% of one-month LIBOR[1]	(97.317)	01/01/32	33% each – JPMorgan Chase Bank, NA, BNP Paribas North America, Inc. and UBS AG
Total	$ 757.200				$ (129.755)		

MTA BRIDGES AND TUNNELS SUBORDINATE REVENUE BONDS							
Associated Bond Issue	Notional Amounts as of 12/31/2019 (in millions)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values as of 12/31/2019 (in millions)	Swap Termination Date	Counterparty
Series 2005A	$ 22.650	09/24/04	3.090 %	Lesser of Actual Bond or 67% of one-month LIBOR – 45 basis points	$ (2.699)	01/01/30	U.S. Bank N.A., Wells Fargo Bank, N.A.
Series 2001C[6]	$ 21.275	04/01/16	3.52	67% of one-month LIBOR[1]	$ (1.280)	01/01/30	U.S. Bank N.A., Wells Fargo Bank, N.A.
Total	$ 43.925				$ (3.979)		

(1) On February 19, 2009, MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2005B-1 were refunded. Notional amounts from the Series 2005B-1 swap were reassigned to MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2002F, MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2003B-1,2,3 and from November 1, 2027 through November 1, 2030, to MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A-2,3.

(2) In accordance with a swaption entered into on August 12, 1998, the Counterparty paid to MTA Bridges and Tunnels a premium of $22,740,000.

(3) On September 30, 2014, the TBTA Subordinate Revenue Variable Rate Refunding Bonds, Series 2000AB, together with the TBTA Subordinate Revenue Variable Rate Refunding Bonds Series 2000CD, were redesignated as the Series 2000ABCD Bonds and converted from a Weekly Mode to a Term Mode. The swap now hedges the portion of the Series 2000ABCD bonds that originally related to the Series 2000AB bonds.

(4) On December 18, 2012, MTA Variable Rate Certificates of Participation, Series 2004A associated with the swap in connection with Series 2004A Bonds, were redeemed. Notional amounts from the Series 2004A swap were reassigned to MTA

Transportation Revenue Variable Rate Bonds, Series 2011B; and MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A-1.

(5) On November 19, 2013, MTA Variable Rate Certificates of Participation, Series 2004A associated with the swap in connection with Series 2004A Bonds, were redeemed. Notional amounts from the Series 2004A swap were reassigned to MTA Transportation Revenue Variable Rate Bonds, Series 2011B; and MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A-1.

(6) In accordance with a swaption entered into on August 12, 1998, TBTA received an upfront option premium of $22.740, which is being amortized over the life of the swap agreement. Between November 22, 2016 and December 5, 2016, the Variable Rate Certificates of Participation, Series 2004A were redeemed. Corresponding notional amounts from the Series 2004A COPs were reassigned to MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C. Pursuant to an Interagency Agreement (following novations from UBS in April 2016), MTA New York City Transit is responsible for 68.7%, MTA is responsible for 21.0%, and TBTA is responsible for 10.3% of the transaction.

LIBOR: London Interbank Offered Rate
SIFMA: Securities Industry and Financial Markets Association Index
TRB: Transportation Revenue Bonds

Counterparty Ratings — The current ratings of the counterparties are as follows as of December 31, 2019:

	Ratings of the Counterparty or its Credit Support Provider		
Counterparty	**S&P**	**Moody's**	**Fitch**
U.S. Bank National Association	AA-	A1	AA-
Wells Fargo Bank, N.A.	A+	Aa2	AA-
BNP Paribas North America, Inc.	A+	Aa3	A+
Citibank, N.A.	A+	Aa3	A+
JPMorgan Chase Bank, NA	A+	Aa2	AA
UBS AG	A+	Aa3	AA-

Swap Notional Summary — The following table sets forth the notional amount of Synthetic Fixed Rate debt and the outstanding principal amount of the underlying floating rate series as of December 31, 2019 (in thousands):

Series	Outstanding Principal	Notional Amount
TBTA 2005B-4 (a,b,c,d,e)	$ 189,300	$ 189,300
TBTA 2005B-3	189,300	189,300
TBTA 2005B-2 (a,b,c)	189,300	189,300
TBTA 2005A	102,070	22,650
TBTA 2003B (1,2,3)	162,490	35,205
TBTA 2002F	154,095	154,095
TBTA 2001C	101,475	21,275
2002G-1	112,730	112,730
2011B	99,560	84,520
Total	$ 1,300,320	$ 998,375

Except as discussed below under the heading "*Rollover Risk*," the swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the principal amount of the associated bonds.

Risks Associated with the Swap Agreements — From MTA's and MTA Bridges and Tunnels' perspective, the following risks are generally associated with swap agreements:

Credit Risk — The risk that a counterparty becomes insolvent or is otherwise not able to perform its financial obligations. To mitigate the exposure to credit risk, the swap agreements include collateral provisions in the event of downgrades to the swap counterparties' credit ratings. Generally, MTA Bridges and Tunnels' swap agreements contain netting provisions under which transactions executed with a single counterparty are netted to determine collateral amounts. Collateral may be posted with a third-party custodian in the form of cash, U.S. Treasury securities, or certain Federal agency securities. MTA Bridges and Tunnels requires its counterparties to fully collateralize if ratings fall below certain levels (in general, at the Baa1/BBB+ level), with partial posting requirements at higher rating levels (details on collateral posting discussed further under "Collateralization/Contingencies"). As of December 31, 2019, all the valuations were in liability positions to MTA Bridges and Tunnels; accordingly, no collateral was posted by any of the counterparties.

The notional amount totals below include all swaps. The counterparties have the ratings set forth above.

Counterparty	Notional Amount (in thousands)	% of Total Notional Amount
JPMorgan Chase Bank, NA	$ 189,300	18.96 %
UBS AG	189,300	18.96
Citibank, N.A.	189,300	18.96
BNP Paribas North America, Inc.	189,300	18.96
U.S. Bank National Association	120,588	12.08
Wells Fargo Bank, N.A.	120,587	12.08
Total	$ 998,375	100 %

Basis Risk — The risk that the variable rate of interest paid by the counterparty under the swap and the variable interest rate paid by MTA Bridges and Tunnels on the associated bonds may not be the same. If the counterparty's rate under the swap is lower than the bond interest rate, then the counterparty's payment under the swap agreement does not fully reimburse MTA Bridges and Tunnels for its interest payment on the associated bonds. Conversely, if the bond interest rate is lower than the counterparty's rate on the swap, there is a net benefit to MTA Bridges and Tunnels.

Termination Risk — The risk that a swap agreement will be terminated and MTA Bridges and Tunnels will be required to make a swap termination payment to the counterparty and, in the case of a swap agreement which was entered into for the purpose of creating a synthetic fixed rate for an advance refunding transaction may also be required to take action to protect the tax-exempt status of the related refunding bonds.

The ISDA Master Agreement sets forth certain termination events applicable to all swaps entered into by the parties to that ISDA Master Agreement. MTA Bridges and Tunnels have entered into separate ISDA Master Agreements with each counterparty that govern the terms of each swap with that counterparty, subject to individual terms negotiated in a confirmation. MTA Bridges and Tunnels is subject to termination risk if its credit ratings fall below certain specified thresholds or if MTA Bridges and Tunnels commits a specified event of default or other specified event of termination. If, at the time of termination, a swap was in a liability position to MTA Bridges and Tunnels, a termination payment would be owed by MTA Bridges and Tunnels to the counterparty, subject to applicable netting arrangements.

The ISDA Master Agreements entered into with the following counterparties provide that the payments under one transaction will be netted against other transactions entered into under the same ISDA Master Agreement:

- JPMorgan Chase Bank, NA with respect to the MTA Transportation Revenue Variable Rate Refunding Bonds, Series 2002D-2 and Series 2012G.

Under the terms of these agreements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Collateralization — Generally, the Credit Support Annex attached to the ISDA Master Agreement requires that if the outstanding ratings of MTA, MTA Bridges and Tunnels, MTA New York City Transit, or the counterparty falls to a certain level, the party whose rating falls is required to post collateral with a third-party custodian to secure its termination payments above certain threshold valuation amounts. Collateral must be cash or U.S. government or certain Federal agency securities.

The following tables set forth the ratings criteria and threshold amounts relating to the posting of collateral set forth for MTA, MTA Bridges and Tunnels, MTA New York City Transit, and the counterparty for each swap agreement. In most cases, the counterparty does not have a Fitch rating on its long-term unsecured debt, so that criteria would not be applicable in determining if the counterparty is required to post collateral.

The following tables set forth the Additional Termination Events for MTA Bridges and Tunnels and its counterparties.

MTA Bridges and Tunnels Senior Lien

Counterparty Name	MTA Bridges and Tunnels	Counterparty
BNP Paribas North America, Inc.; Citibank, N.A.; JPMorgan Chase Bank, NA; UBS AG	Below Baa2 (Moody's) or BBB (S&P)*	Below Baa1 (Moody's) or BBB+ (S&P)*

* Note: Equivalent Fitch rating is replacement for Moody's or S&P.

MTA Bridges and Tunnels Subordinate Lien

Counterparty Name	MTA Bridges and Tunnels	Counterparty
U.S. Bank National Association; Wells Fargo Bank, N.A.	Below Baa2 (Moody's) or BBB (S&P)*	Below Baa2 (Moody's) or BBB (S&P)**

* Note: Equivalent Fitch rating is replacement for Moody's or S&P. If not below Investment Grade, MTA Bridges and Tunnels may cure such Termination Event by posting collateral at a Zero threshold.

** Note: Equivalent Fitch rating is replacement for Moody's or S&P.

MTA Bridges and Tunnels' ISDA Master Agreements provide that the payments under one transaction will be netted against other transactions entered into under the same ISDA Master Agreement. Under the terms of these agreements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the amounts so that a single sum will be owed by, or owed to, the non-defaulting party.

Rollover Risk — MTA and MTA Bridges and Tunnels are exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, MTA or MTA Bridges and Tunnels may not realize the synthetic fixed rate offered by the swaps on the underlying debt issues. The following debt is exposed to rollover risk:

Associated Bond Issue	**Bond Maturity Date**	**Swap Termination Date**
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C (swaps with U.S. Bank/Wells Fargo)	January 1, 2032	January 1, 2030
MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2002F (swap with Citibank, N.A.)	November 1, 2032	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2003B (swap with Citibank, N.A.)	January 1, 2033	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A (swaps with U.S. Bank/Wells Fargo and Citibank, N.A.)	November 1, 2035	January 1, 2030 (U.S. Bank/Wells Fargo) January 1, 2032 (Citibank)

Collateralization/Contingencies — Under the majority of the swap agreements, MTA Bridges and Tunnels is required to post collateral in the event its credit rating falls below certain specified levels. The collateral posted is to be in the form of cash, U.S. Treasury securities, or certain Federal agency securities, based on the valuations of the swap agreements in liability positions and net of the effect of applicable netting arrangements. If MTA Bridges and Tunnels does not post collateral, the swaps may be terminated by the counterparties.

As of December 31, 2019, the aggregate mid-market valuation of MTA Bridges and Tunnels' swaps subject to collateral posting agreements was $(157,235); as of this date, MTA Bridges and Tunnels was not subject to collateral posting based on its credit ratings (see further details below).

The following tables set forth the ratings criteria and threshold amounts applicable to MTA Bridges and Tunnels and its counterparties.

MTA Bridges and Tunnels Senior Lien

Counterparty	MTA Bridges and Tunnels Collateral Thresholds (based on highest rating)	Counterparty Collateral Thresholds (based on highest rating)
BNP Paribas North America, Inc.;	Baa1/BBB+: $30 million	A3/A-: $10 million
Citibank, N.A.;	Baa2/BBB: $15 million	Baa1/BBB+ & below: Zero
JPMorgan Chase Bank, NA;	Baa3/BBB- & below: Zero	

Note: MTA Bridges and Tunnels thresholds based on Moody's, S&P, and Fitch ratings. Counterparty thresholds based on Moody's and S&P ratings; Fitch rating is replacement for Moody's or S&P.

MTA Bridges and Tunnels Subordinate Lien

Counterparty	MTA Bridges and Tunnels Collateral Thresholds (based on lowest rating)	Counterparty Collateral Thresholds (based on lowest rating)
U.S. Bank National Association;	Baa3/BBB- & below: Zero	Aa3/AA-: $15 million
Wells Fargo Bank, N.A.	*(note: only applicable as cure for Termination Event)*	A1/A+ to A3/A-: $5 million
		Baa1/BBB+ & below: Zero

Note: Thresholds based on Moody's and S&P ratings. Fitch rating is replacement for Moody's or S&P.

Swap Payments and Associated Debt — The following tables contain the aggregate amount of estimated variable-rate bond debt service and net swap payments during certain years that such swaps were entered into in order to: protect against the potential of rising interest rates; achieve a lower net cost of borrowing; reduce exposure to changing interest rates on a related bond issue; or, in some cases where Federal tax law prohibits an advance refunding, achieve debt service savings through a synthetic fixed rate. As rates vary, variable-rate bond interest payments and net swap payments will vary. Using the following assumptions, debt service requirements of MTA's and MTA Bridges and Tunnel's outstanding variable-rate debt and net swap payments are estimated to be as follows:

- It is assumed that the variable-rate bonds would bear interest at a rate of 4.0% per annum.
- The net swap payments were calculated using the actual fixed interest rate on the swap agreements.

MTA BRIDGES AND TUNNELS
(In millions)

Year Ending	Variable-Rate Bonds		Net Swap	
December 31	Principal	Interest	Payments	Total
2020	$ 25.4	$ 37.0	$ (6.9)	$ 55.5
2021	26.6	36.0	(6.8)	55.8
2022	27.6	34.9	(6.8)	55.7
2023	28.6	33.8	(6.8)	55.6
2024	57.2	31.5	(6.4)	82.3
2025–2029	289.2	133.1	(30.5)	391.8
2030–2034	499.7	23.6	(5.2)	518.1
2035–2039	0.0	2.0	0.0	2.0

18. RELATED PARTY TRANSACTIONS

MTA Bridges and Tunnels and other affiliated MTA agencies receive support from MTA in the form of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, some of which are charged back.

The resulting receivables and payables from the above transactions are recorded in the due from/to MTA and affiliated agencies account included in the accompanying balance sheets.

Due from/to MTA and affiliated agencies consists of the following at December 31, 2019 and 2018 (in thousands):

	2019		2018	
	Receivable	(Payable)	Receivable	(Payable)
Due from (due to) MTA	$ 11,925	$ (435,768)	$ 10,529	$ (445,227)
Due from (due to) MTA	-	(20,267)	-	(23,401)
Due from (due to) affiliated agencies	-	(42,387)	-	(43,990)
	$ 11,925	$ (498,422)	$ 10,529	$ (512,618)

19. SUBSEQUENT EVENTS

Assessment of impacts from the covid-19 pandemic on Mta Bridges and Tunnels finances and operations

Background Relating to the Global Coronavirus Pandemic. The novel coronavirus (“COVID-19”) outbreak is continuing to have an adverse and severe impact on Triborough Bridge and Tunnel Authority’s financial condition and operating results. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus was first detected in China and has since spread globally, including to the United States and to New York State. On March 12, 2020, the World Health Organization declared the COVD-19 outbreak to be a pandemic in the face of the global spread of the virus. The COVID-19 pandemic has dramatically altered the behavior of businesses and people in a manner that is having negative effects on global and local economies. In addition, stock markets in the U.S. and globally, have seen significant declines and volatility attributed to concerns over COVID-19, and capital markets remain disrupted. These adverse impacts have intensified and continue to evolve daily globally, nationally, and particularly within the State and MTA’s service area, which has become the most severely impacted region in the United States, with the most confirmed cases of infection and regrettably the most fatalities from COVID-19. On March 7, 2020 Governor Cuomo declared a Disaster Emergency in the State of New York and on March 13, 2020 President Trump declared a national state of emergency as a result of the COVID-19 pandemic. In addition, by order of Governor Cuomo ("New York State on PAUSE"), as of Sunday, March 22nd, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. These related measures, most recently, include by Governor's Executive Order, that effective at 8 p.m. on Friday, April 17, 2020 any individual who is over age two and able to medically tolerate a face-covering shall be required to cover their nose and mouth with a mask or cloth face-covering when in a public place and unable to maintain, or when not maintaining, social distance. New York State on PAUSE restrictions remain in place at least through May 15, 2020. This intervention to fight the aggressive spread of the COVID-19 pandemic has further eroded already severely diminished public transportation and bridge and tunnel usage during the duration of the COVID-19 pandemic.

Currently Adopted Federal Legislative and Administrative Actions. The Federal government has taken several actions which are expected to provide flexibility and substantial additional funding to MTA. The Federal Transit Administration ("FTA") has given transit grantees, including MTA, the flexibility to apply certain existing grant program proceeds, previously only available for capital expenditures, to be applied for operating expenses or other purposes to address COVID-19 pandemic impacts. In addition, Federal emergency legislation, the "Coronavirus Aid, Relief and Economic Security Act" or "CARES Act", received final passage by Congress and was signed into law by the President on March 27, 2020. The CARES Act through FTA's formula funding provisions is expected to provide approximately $3.9 billion to MTA. Funding will be provided at a 100 percent Federal share, with no local match required, and will be available to support operating, capital and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders.

Updated Assessment of 2020 Impacts of the COVID-19 Pandemic. The initial impact of social distancing and Governor Cuomo's PAUSE Executive Order resulted in a severe decline in MTA Bridge and Tunnel crossing traffic and toll revenues. The steep fall in vehicle volume reflects the initial impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic. MTA Bridge and Tunnel reports that system traffic level declined an estimated 65% from April 3, 2020 to May 2, 2020 versus the same period in 2020. Additionally, traffic levels for the period from May 3, 2020 to May 17, 2020 were down 53% year over year, indicating a modest improvement.

New York State Fiscal Year 2020-21 Budget Provisions of Importance to MTA. Several provisions in the State's fiscal year 2020-21 budget (as passed by both the State Assembly and State Senate and signed by the Governor on April 3, 2020 the "State FY 2020-21 Enacted Budget"), are intended to provide significant financial assistance and flexibility to aid MTA in addressing the adverse impacts caused by the COVID-19 pandemic. Among the provisions in the State FY 2020-21 Enacted Budget addressing MTA's needs are the following:

> (i) amends the MTA Reforn and Traffic Mobilty Act law to allow MTA to use certain monies in the Central Business District Tolling Lockbox Fund (the "CBD Tolling Lockbox Fund") for two years (2020 and 2021) to offset decreases in revenue (i.e. lost taxes, fees, charges, fares and tolls) or increases in operating costs due in whole or in part to the State emergency disaster caused by the COVID-19 pandemic. The CBD Tolling Lockbox Fund monies that will be used for operations are the internet sales tax revenue and mansion tax revenue. In the future, CBD tolling revenue will be added when that program is up and running, and use of CBD tolling revenue may be restricted to capital expenses under Federal law. All revenues deposited in such fund were under prior law only available for capital costs of MTA's 2020-24 Capital Plan and successor capital plans, and costs of the Central Business District tolling

program. This provision also provides that if MTA receives funds/reimbursements from the Federal government or insurance due to the COVID-19 pandemic, MTA must repay the CBD Tolling Lockbox Fund, but only after it has first fully repaid any COVID-19 pandemic related public or private borrowings, draws on lines of credit; issuances of revenue anticipation notes, internal loans; or use of corpus of MTA's OPEB trust.

Credit Rating
MTA Bridges and Tunnels bond ratings provided by S&P, Moody's Fitch and KBRA remained unchanged; however, during the coronavirus pandemic, S&P and Moody's revised their outlooks to negative while KBRA revised its outlook to "watch-downgrade".

Remarketing of series 2005A
On January 24, 2020 General Revenue Vaiable Rate Bond series 2005A was effeccuating a mandatory tender for the purchase and remarketing of the principal amount of $102,070. The irrevocable direct-pay letter of credit issud by TD Bank; N.A., was replaced with an irrevocable direct-pay letter of credit issued by Barclays Bank PLC.

General revenue bond, Series 2020A
On May 27, 2020, Triborough Bridge and Tunnel Authority issued a new general revenue bond, Series 2020A. This bond 2020A of $525 million will provide proceeds for capital projects in approved TBTA capital programs.

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REQUIRED SUPPLEMENTARY INFORMATION

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY IN THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM AT JUNE 30, 2019

	NYCERS			
	2019 (in millions)	**2018 (in millions)**	**2017 (in millions)**	**2016 (in millions)**
Authority's proportion of the net pension liability	1.222 %	1.155 %	1.308 %	1.266 %
Authority's proportionate share of the net pension liability	$ 226.29	$ 203.71	$ 271.61	$ 307.60
Authority's actual covered-employee payroll	$ 157.46	$ 126.57	$ 130.30	$ 133.89
Authority's proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	143.71 %	160.95 %	208.450 %	229.741 %
Plan fiduciary net position as a percentage of the total pension liability	78.83 %	78.83 %	74.80 %	69.57 %

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEARS ENDED DECEMBER 31,
(In thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 48,538	$ 38,697	$ 41,272	$ 44,609	$ 41,812	$ 33,023	$ 33,461	$ 36,183	$ 27,671	$ 25,455
Contributions in relation to the contractually required contribution	48,538	38,697	41,272	44,609	41,812	33,023	33,461	36,183	27,671	25,455
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 164,110	$ 133,494	$ 144,992	$ 137,900	$ 150,652	$ 167,988	$ 132,095	$ 128,184	$ 128,730	$ 135,339
Contributions as a percentage of covered-employee payroll	29.58 %	28.99 %	28.47 %	32.35 %	27.75 %	19.66 %	25.33 %	28.23 %	21.50 %	18.81 %

Notes to Authority's Contributions to NYCERS:

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

Changes of Benefit Terms

There were no changes of benefit terms in the June 30, 2013 funding valuation.

Changes of Assumptions

There were no changes of benefit assumptions in the June 30, 2013 fund valuation.

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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

Plan Measurement Date (December 31):	2018	2017
MTA Bridges and Tunnels proportion of the net OPEB liability	4.09 %	4.06 %
MTA Bridges and Tunnels proportionate share of the net OPEB liability	$ 801.555	$ 823.748
MTA Bridges and Tunnels covered payroll	$ 133.494	$ 112.716
MTA Bridges and Tunnels proportionate share of the net OPEB liability as a percentage of its covered payroll	600.44 %	730.82 %
Plan fiduciary net position as a percentage of the total OPEB liability	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.

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO THE MTA OPEB PLAN
FOR THE YEARS ENDED DECEMBER 31:

(In thousands)

	2019	2018	2017
Actuarially Determined Contribution	N/A	N/A	N/A
Actual Employer Contribution (1)	$ 29,314	$ 28,291	$ 26,407
Contribution Deficiency (Excess)	N/A	N/A	N/A
Covered Payroll	164,110	133,494	112,716
Actual Contribution as a Percentage of Covered Payroll	17.86 %	21.19%	24.43%

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $3,782, $3,650, and $3,450 for the years ended December 31, 2019 , 2018, and 2017, respectively.

Notes to Schedule of the MTA Bridges and Tunnels Contribution to the OPEB Plan:

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2017	July 1, 2017
Measurement date	December 31, 2018	December 31, 2017
Discount rate	4.10%, net of expenses	3.44%, net of expenses
Inflation	2.50%	2.50%
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.50%	4.50%
Investment rate of return	6.50%	6.50%

Changes of benefit terms: In the July 1, 2017 actuarial valuation, there were no changes to the benefit terms.

Changes of assumptions: In the July 1, 2017 actuarial valuation, there was a change in assumptions. The discount rate used to measure liabilities was updated to incorporate GASB 75 guidance and changed to reflect the current municipal bond rate.

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.