



Metropolitan Transportation Authority

Audit Committee Meeting

May 2026

Committee Members

D. Jones, Chair
M. Miller, Vice Chair
M. Fleischer
M. Herbst
JR. Rizzo
L. Sorin

Audit Committee Meeting

Wednesday, 5/20/2026

12:20 - 12:50 PM ET

**MTA Board Room - 20th Floor
2 Broadway**

1. PUBLIC COMMENTS

2. APPROVAL OF MINUTES

2026 January Joint Committee and Board Meeting Minutes - Page 3

3. AUDIT COMMITTEE WORK PLAN

2026 WORKPLAN - Condensed - Page 21

2026 WORKPLAN - Detailed - Page 23

4. MANAGEMENT REVIEW OF MTA CONSOLIDATED FINANCIAL STATEMENTS

MTA May 2026 Audit Committee Meeting - Management Review - Page 28

5. DRAFT - 2025 AUDITED FINANCIAL STATEMENTS

Draft 2025 - MTA Consolidated Financial Statements - Page 40

Draft - 2025 - NYC Transit Financial Statements - Page 180

Draft 2025 - Long Island Rail Road Financial Statements - Page 271

Draft 2025 - MNCRR Financial Statements - Page 345

Draft 2025 - MTA Bus Company Financial Statements - Page 414

Draft 2025 - TBTA Financial Statements - Page 472

Draft 2025 - SIRTOA Financial Statements - Page 549

Draft 2025 - FMTAC Financial Statements - Page 605

6. DRAFT 2025 - MTA INVESTMENT COMPLIANCE REPORT

Draft 2025 - MTA Investment Compliance Report - Page 629

7. OPEN AUDIT RECOMMENDATIONS

Remediation Plans Monitoring Report & Six Months Past Due Report - May 2026 - Page 630

8. INFORMATION TECHNOLOGY REPORT

CTO Update to the Board - Technology Delivery Transformation - May 2026 - Page 637

9. EXECUTIVE SESSION

Joint Minutes of the Metropolitan Transportation Authority, the New York City Transit Authority, the Manhattan and Bronx Surface Transit Operating Authority, the Staten Island Rapid Transit Operating Authority, the Metropolitan Suburban Bus Authority, the Triborough Bridge and Tunnel Authority, the Long Island Rail Road Company, Metro-North Commuter Railroad Company, MTA Construction and Development Company, the MTA Bus Company, Grand Central Madison Operating Company, and the First Mutual Transportation Assurance Company

Joint Meeting of the Triborough Bridges & Tunnel Authority, the Long Island Rail Road, Metro-North, Capital Program and New York City Transit, Audit and Finance Committees and the MTA Board

Meeting Minutes

January 28, 2026

9:00 a.m.

2 Broadway

New York, New York

The following Board Members were present (*attended remotely):

Hon. Janno Lieber, Chair & CEO

Hon. Andrew Albert

Hon. Samuel Chu

Hon. Michael Fleischer

Hon. Daniel Garodnick

Hon. Marc Herbst

Hon. David Jones

Hon. Christopher Leathers

Hon. Blanca Lopez

Hon. David Mack*

Hon. Haeda B. Mihaltses

Hon. James O'Donnell

Hon. Dr. John-Ross Rizzo

Hon. Lisa Sorin

Hon. Midori Valdivia

Hon. Edward Valente

The following alternate non-voting members were present:

Hon. Gerard Bringmann

Hon. Randolph Glucksman*

The following Board Members were not present:

Hon. Melva M. Miller

Hon. John Samuelsen

Hon. Neal Zuckerman

Paige Graves, General Counsel, John McCarthy, Chief External Relations & Policy, Lisette Camilo, Chief Administrative Officer, Jai Patel, Chief Financial Officer, Justin Vonashek, President Metro-North Railroad, Robert Free, President LIRR, Jamie Torres-Springer, President MTA C&D, Shanifah Rieara, Senior Advisor for Communications and Policy/Chief Customer Officer, Juliette Michaelson, Chief of Staff and Strategic Planning, Catherine Sheridan, President Bridges & Tunnels, Demetrius Crichlow, President New York City Transit, Monica Murray, Auditor General, Thomas Taffe, Chief MTA PD, and Michael Kemper, Chief Security Office MTA HQ also attended the meeting.

Chair Lieber called to order the January joint meeting of the MTA Board and Committees (TBTA, Joint Railroad, New York City Transit, Capital Program, Audit and Finance Committees).

A safety announcement was made.

1. PUBLIC SPEAKERS' SESSION

The MTA moderator announced that the following public speakers will speak either live virtually or in-person. The moderator reminded public speakers of the rules of conduct and the two-minute speaking limit. The moderator reminded speakers of the warning beep when 30 seconds remain to conclude their remarks. The moderator advised that the public comment will be recorded, published to the MTA website, and available for MTA Board Members' review.

The following public speakers commented (*live virtual comments):

Jason Anthony, LIRR ADA task force

Iris Kelly, DIA

Jessica Murray, NY Disability Rights Archive

Miriam Fisher, private citizen*

Norbert Giesse, Cures*

Brian Fritsch, PCAC

Joe Rappaport, Brooklyn Center for Independence for the Disabled

Micha Bergdale, Candidate for Congress

Jesse Figueroa, District 1 Veterans of Foreign Wars Department of New York*

Haydee Villanueva, private citizen*

Yuki Endo, Passengers United*

David Kupferberg, Passengers United

Kara Gurl, PCAC

Charlton D'Souza, Passengers United*

Rhiannon Murphy, private citizen

Andy Pollack, Passengers United*

Michael Ring, Disabled in Action

Christopher Greiff, ADA Accessibility Transportation

2. EXECUTIVE SESSION

The Chair stated that there were labor items to be discussed in executive session. Upon motion duly made and seconded the Board voted to convene an Executive Session, in accordance with the Public Officers Law, Section 105(1)(e), to discuss labor matters.

Upon motion duly made and seconded, the Board voted to reconvene in public session.

3. PUBLIC SESSION RESUME

Chair Lieber announced that in Executive Session the Board approved the following labor matters:

- a. Collective bargaining agreement between New York City Transit and the Doctors Council (SEIU); and
- b. Collective bargaining agreement between NYCT, MaBSTOA, SIRTOA, MTA HQ, MTA Bus Company and the Untied Transit Leadership Organization (UTLO).

4. CHAIR'S UPDATE

MTA Chair and CEO Janno Lieber provided his update for January 2026 meeting. The Chair began by recognizing the extraordinary performance by our operating agencies during the storm and especially the MTA workforce, who really showed up when we needed it.

The Chair announced, MTA was basically the only major transit agency on the Eastern Seaboard that kept operating. Transportation to the north and south of us seemed unable to maintain service. The Chair stated that a little later in the meeting, there would be a video highlighting MTA operations during winter storm Fern.

Chair Lieber stated that the MTA is starting 2026 in very good shape and had a record-setting 2025. Chair Lieber stated that he will review some of those accomplishments again because there are new ones to be recognized. The Chair mentioned the MTA Annual Report is available and has been distributed. Chair Lieber stated that there is one headline that remains in focus: almost two billion trips taken on New York City Transit, subway, bus and paratransit all together. It's up 7% from 2024 and almost 80% from where we were in 2021 when this version of the MTA came together with this Board.

In addition, the Chair stated 2025 was also the safest year on the subways in a generation. Overall subway crime down 14% compared to 2019. Obviously, credit to our partnership with the NYPD and with Governor Hochul, who is continuing her investments -- as she laid out in the State of the State -- to make sure there is money for extra cops on the New York City subway system. He continued that Governor Hochul also doubled down on her commitment to SCOUT, the very successful mental health outreach program that's directed at people who are experiencing serious mental illness in the public space. The Chair stated that we're having success moving them into treatment and to more stable situations so hopefully they can begin to recover. And we're very proud of that and appreciative of the Governor's continued investment in the SCOUT program.

MTA had the highest customer satisfaction with the subway to date as shown in the fall Customers Count survey -- now at 62%, which is a 13% increase over a year ago in the fall 2024 report. Satisfaction with safety, is up 6 points, now to 63% -- the highest level it has ever been since MTA began doing these surveys back in 2022. And not to soft-pedal, Metro-North and LIRR customer satisfaction remains well above 80%, which is not surprising given the performance they had with on-time performance in the high 90s. The Chair noted the full results of Customers Count will be available online as part of MTAs continuing commitment to Open Data.

Chair Lieber states that later today, we'll be heading back to court to watch our lawyers do the oral arguments in the congestion pricing case in front of Judge Liman. The Chair stated that a few weeks back he was with Governor Hochul and Mayor Mamdani celebrating the first full year of congestion pricing. Congestion pricing has delivered and continues to deliver on all of the stated goals -- less traffic; faster travel, especially in and out of the crossings to Manhattan, whether you're on a bus or driving; safer streets; better air quality; and -- soon enough -- better transit because congestion pricing and the \$15 billion the

program is in the process of contributing to our Capital Program was a huge piece of the record commitment levels that the team at MTA Construction and Development have been able to accomplish.

The Chair continued to say MTA is going to do the hard stuff, and one of the hard things is to deal with fare evasion. New fare gate prototypes are getting a lot of attention, especially on TikTok. There are three different models, all being paid for by the companies who are competing for this contract. There are three different models being tested across nine stations. That number of stations is going to double in the weeks to come. More than 2 million people have used them so far and we're learning a lot about what works, and also about some aspects of it that over time we will have to adjust. Features of both the design and the software and otherwise that we're going to have to customize for optimizing how they work in New York. Ultimately new faregates will be installed in 150 stations as part of our 2025-2029 Capital Program. The selected stations will account for over 70% of MTA ridership.

The Chair continued by saying that unlike the past three years, MTA does not have a big financial ask on the table with the Legislature. Therefore in 2026 MTA will focus not only on traditional metrics like OTP and service delivery, but will focus on increasing productivity and efficiency in operations to the benefit of the public. Metro-North has been leading the way with their super express trains from New Haven and from Poughkeepsie, which has made a big impression on customers who come from the northern end of the system. The Chair further stated, he would like to see if we can use the best modern scheduling software – which is out there, some of which we have access to because of existing contracts – to optimize our schedules.

On the capital side, the Chair continued, MTA is going to keep advancing Second Avenue Subway Phase 2. The Second Avenue Subway project is subjected to the same explained stoppage of funding from Washington and we're very much hoping that reason prevails. MTA has answered the federal government's questions about the DBE program. MTA has started the process of recertifying all these minority- and women-owned companies so they can participate in this revised and changed version of the DBE program. There's no reason for the Second Avenue Subway funding to be stopped, and the Construction and Development team have done a great job of showing the FTA that this project is moving forward.

The Chair stated that in the meantime, – MTA will take a serious look into the possibility of keeping the tunnel boring machine moving when it reaches the end of its path in this phase of the Second Avenue Subway. MTA will look to see if it may be continued west, perhaps all the way to Broadway to lay the core groundwork for the next phase of Second Avenue Subway. MTA is not committing financially to a project however MTA will explore it and the opportunity to explant what MTA is calling the Q West project, Q to the west – across 125th Street.

The Chair continued by stating that the Governor, in her State of the State address, also introduced the idea of creating a much better Jamaica Station. With the growth of the AirTrain volumes, which are significant, and all the extra transfers that are taking place at Jamaica with the new Grand Central Madison service, LIRR riders really deserve a more modern station. The station is the fourth largest train station, in terms of volume, in North America. A study will be conducted jointly with the Port Authority. Another State of the State proposal of the Governor's with huge implications for this agency is the push to bring down auto insurance rates by getting [rid of] some of the elements of our law that unintentionally permit fraud and that permit a lot of irrationality in the auto crash litigation process. This is important to the MTA as the owners and operators of almost 6,000-strong bus fleet. The MTA, no secret, is a deep pocket, and the result

is that we frequently get sued and hit with huge payouts, even when we're only found 1% responsible for a crash. – Although the Governor's proposal is purposed at reducing auto insurance rates for New Yorkers, it would also change a major exposure for the MTA.

The Chair concluded his prepared remarks and asked that the storm response video be played. The video was played.

Refer to the video recording of the meeting, produced by the MTA and maintained in MTA records for details of the presentation.

5. NEW YORK CITY TRANSIT COMMITTEE

A. President's Update

Bernard Jackson, Chief Operating Officer, NYCT, delivered the President's Report.

Chief Jackson thanked Chair Lieber and the NYCT team for their incredible work continuing operations during the storm, noting that the MTA was the only transportation agency in the region that ran throughout the weekend. He emphasized that New Yorkers rely on the system even during the worst weather. Noting preparation had been key, he discussed several preparation measures that were taken during the days preceding the storm. He reported that approximately 4,400 subway trips, 2,300 bus trips, and 3,250 paratransit trips had been provided during the storm. He commended Frank Farrell for his efforts as the recently appointed Executive Vice President of Buses. He also commended the team's successful and efficient clean-up efforts after the storm.

Chief Operating Officer Jackson reported that December was another strong month for Subways, with 82.8% weekday on-time performance. He indicated that those favorable metrics were achieved despite some unusual challenges, including a crane striking the Broadway Bridge on December 17th.

He reported that Buses on-time performance was slightly down from November, but was up when compared to December 2024. He noted the decline was mainly due to a few weather events. He noted bus speeds continued to increase, up 1.2% year-over-year.

Chief Operating Officer Jackson reported favorable metrics for Paratransit, including 95.4% of weekday trips meeting the thirty minute on-time performance threshold. He noted there were 968,000 trips in December, an increase of 2% from November.

Refer to the video recording, the staff summary, and documentation filed with the records of this meeting, produced by the MTA and maintained in MTA records for the details of the presentation.

6. JOINT LONG ISLAND RAIL ROAD/METRO-NORTH RAILROAD COMMITTEE

A. Long Island Rail Road President's Update

LIRR President Rob Free ("President Free") began by reporting on the recent winter storm that impacted the area leaving as much as 15 inches of snow. LIRR operated safe service throughout the storm because of the preparations and planning of the team before the storm, including modifying train schedules. President Free expressed his appreciation for the 1,800 dedicated employees who reported to work to ensure the LIRR kept moving. President Free stated that on Sunday in the middle of the blizzard, LIRR operated over 620 trains with 95% of trips completed on 11 out of 12 branches, while on Monday, LIRR operated

over 730 trains on all 12 branches. On Tuesday, LIRR returned to full schedule with over 930 trains operating with 97% of trips completed. President Free thanked the employees for their herculean effort.

President Free stated that December ridership remained strong with 7.2 million riders, which is 94% of December 2019. Commutation ridership increased 11.5% over December 2024. Monthly ticket ridership increased 12% over December 2024. The year-to-date (“YTD”) on-time performance (“OTP”) was 94.9% compared to 2024.

President Free stated that the customer injury rate for the month of November is 33% down compared to the same time last year and there was a 14% decrease for employee injury rate as compared to November of last year.

President Free provided an update on the Queens Interlocking modernization project. Queens Interlocking is a major junction point that operates 333 trains daily and joins the Hempstead Branch to the Main Line. Upcoming work will require service modifications for three weekends. President Free reminded everyone to check the website or the TrainTime app for the most updated schedule information.

President Free described some recent ADA station improvement events, including work done at Valley Stream and Laurelton stations. President Free thanked Board Members Miller, Leathers, and Herbst as well as elected officials for attending the events and for their continued support.

President Free highlighted the work at the LIRR for 2025. LIRR operated a total of 321,198 trains, a record. The ridership reached 81,946,669, representing 6.5 million more customers over the prior year, which represents 8.5% growth from 2024 ridership, and 90% of 2019 ridership. Ridership hit the 90% mark beginning in July and 98% of 2019 ridership in September. There were 118 state of good repair projects. Further, over 95% of scheduled outages were taken, stressing the importance of state of good repair at the LIRR. President Free underscored that even with all the added ridership, service and maintenance, LIRR achieved a 96.17% total OTP in 2025. Additionally, this was achieved with efficiencies of \$71M in fiscal savings. LIRR achieved a fare not-collected rate of 2.9%. President Free thanked the employees at the LIRR for their work. Chair Lieber acknowledged and thanked Board Member Leathers who represents the workforce of the LIRR.

Board Member Chu commented that he has seen remarkable improvements in just a year.

Board Member Mack complemented Bridges and Tunnels, the workers, and President Sheridan for an excellent job.

In response to a question from Chair Lieber regarding NICE Bus, Board Member Mack stated that he will discuss with Nassau County Executive.

B. Metro-North Railroad President’s Update

Metro-North President Justin Vonashek (“President Vonashek”) began by briefing the Board on winter storm Fern which dropped two feet of snow with some drifts of over three feet. Preparations began early in the week with coordinated efforts across the railroad. Metro-North tested and confirmed over 400 pieces of snow fighting equipment to ensure they were in working order. The service delivered rate on Sunday and Monday was over 99%. Sunday saw roughly 30% of normal Sunday ridership and Monday was 23%. 1300 employees were on site throughout the storm. Trains were kept in service, with no major delays or disruptions. President Vonashek thanked Metro-North’s employees for their tireless work, stated the work is not yet done, and thanked customers for their patience.

President Vonashek referred to this month’s materials for details of the 2025 year-end review.

President Vonashek stated that for the 12-month period ending in November 2025, Metro-North's safety performance remained strong. The reportable customer injury rate was 1.52 per million customers. The reportable employee lost time injury rate was 1.73 per 200,000 working hours. There were no reportable grade crossing incidents in 2025.

President Vonashek reported that ridership performance for the month of January remained strong. There was a normal dip in ridership after the holidays, and the winter storm impacted ridership. Despite this, last week's ridership was over 220,000, which was 6.8% higher compared to the same week in 2025. Looking back at 2025, Metro-North delivered 74.4 million rides, up 6% from 2024, compared with less than 1% of annual growth from 2010 to 2019. 2025 reached 82.5% of 2019 ridership, with average weekday ridership rising to 237,000 between Labor Day and Christmas. Leaf Peeper trains reached 109% of October 2019 and Shopper Specials set weekend records this past December. CityTicket expansion increased Bronx ridership to 116% of 2019 ridership. Ridership to and from Bronx stations are at 107% throughout the territory with some Bronx stations pushing 150%. Waterbury Branch ridership reached 147% of 2019 levels.

For the sixth consecutive year, OTP was above 97.8%. So far in 2026, aside from the extreme weather conditions, OTP is about 98%. High OTP is in part the result of extensive planning, innovative approaches to project work, advanced data analytics, scheduling tools, and improved coordination.

President Vonashek recapped the implementation of the Super Express Train on the Hudson and New Haven Lines, which operate at 90 minutes or less, saving riders up to 25 minutes per trip. In addition, six Poughkeepsie express line trains operate at 90 minutes or less, saving riders up to 14 minutes per day, and 3 full days per year. President Vonashek recounted the ways in which Metro-North invested in its workforce, including new initiatives such as employee engagement days, and quarterly labor and management meetings.

President Vonashek stated that 2025 was a big year for customer engagement, including ramped up social media efforts. Everyone loved conductor Steve's rendition of Take me out to the ball game to promote Yankee game service and the Veteran Locomotive post won the year for most posts on Instagram with over one million impressions. Over 2,600 people attended our New Haven Open House. After a several year hiatus, the customer newsletter Milepost was relaunched.

For both railroads, President Vonashek reported on the new fare and ticketing changes that took effect on January 4. Based on the recent data, by extending fare validity, introducing the day pass and free ticket redemption, customers on both railroads have saved almost \$3.1 million dollars. There were 273,000 reduced-fare ticket sales since January 4. Compared to expected growth, reduced-fare mobile ticket sales in the morning peak grew 5 times faster on Metro-North and 8 times faster on LIRR, saving riders \$2.4 million dollars so far. 220,000 day pass tickets have been sold since January 4, saving riders \$450,000. Almost 2.5% of Metro-North customers, and over 3.5% of LIRR customers redeemed an eleventh free ride, saving just under \$200,000. The new one-way activation rules are changing customer behavior with more tickets purchased, activated and ready. Same day activations rate for one-way tickets is up nearly 10%. Less than 1% of rides have resulted in a surcharge.

President Vonashek announced that four employees at Metro-North are being honored by Progressive Railroading Magazine with 2026 Women of Influence in Rail Awards. Director of Capital Strategy and Program Development, Robyn Hollander, for Sustainability, Director – Stations and Operation, Elizabeth Hotetz, for Leadership, Manager – Research and Analysis, Raquel Perez Watson, for Innovation, and Assistant Deputy Director of GIS, Xiaojing Wei, for Technology.

President Vonashek recognized two outstanding individuals for their service to Metro-North. Executive Director Communication Signal & Positive Train Control, Tony Chieffo, will be retiring after 24 years of dedicated service. Block Operator Eric Beerwald will be retiring after an extraordinary 58 years of service.

President Vonashek noted that as part of Amtrak's Portal North Bridge Track Cutover project, New Jersey Transit will implement temporary schedule adjustments on the Port Jervis and Pascack Valley lines from February 15 to March 14. President Vonashek advised customers to check the NJT website for up to date schedules.

In response to a question from Chair Lieber regarding service restoration on the West of Hudson yesterday, President Vonashek stated that service has been restored.

President Vonashek stated that yesterday Governor Hochul announced that Amtrak was restoring service to Albany this spring and will not authorize service by Metro-North in the Hudson Valley north of Poughkeepsie at this time. President Vonashek stated that Governor Hochul correctly noted the excitement about the announcement of Metro-North service to Albany. He stated that Metro-North is ready and able to provide its safe, reliable, and very affordable service to Albany in the near future to meet that demand.

Board Member López complimented Metro-North's team for the hard work in keeping the stations and platforms clear and safe during the storm.

Board Member Leathers saluted the labor force for the tremendous year in 2025 and thanked the agency heads for recognizing the employees in December with events that were well attended and appreciated.

Chair Lieber stated that it was Governor Hochul's pressure on Amtrak saying that it needed to provide full service in the Hudson Valley, and in response to Amtrak saying it couldn't and was going to cut service, and that Metro-North could, that seems to have yielded a reversal of Amtrak's decision that it could not provide the service to Albany that the Hudson Valley expected. Chair Lieber appreciates that Governor Hochul's initiative played out and stated that Governor Hochul has instructed Metro-North, perhaps due to its lower fares compared to Amtrak, to continue to plan for the possibility of some version of this service north of Poughkeepsie for a future date.

Board Member Valente stated that Metro-North employees were excited when they were called upon to fill the gap in service to Albany and a lot of time and training went into the preparations. Customers were also very excited about an affordable option. Board Member Valente stated he sees no reason service cannot be run in tandem with Amtrak and that Metro-North could work towards the goal of running service to Albany.

In response to a question from Board Member Albert regarding Amtrak's original explanation that work on the East River Tunnels was the reason they had to suspend some Albany runs, Chair Lieber stated that while he has no specific knowledge as to Amtrak's motivations, when the time came close to when Metro-North would begin its service, Amtrak somehow found a way to provide the service that they previously had said was impossible to provide.

7. TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY COMMITTEE

President Sheridan stated that Winter Storm Fern brought steady snow and sleet across the region, followed by a prolonged period of below-freezing temperatures. TBTA's bridges and tunnels were consistently plowed, deiced, safe, and most importantly, open throughout the duration of the storm. President Sheridan presented a video of echelon formation snowplowing. Thanking MTAPD and TBTA's frontline employees and teams working behind the scenes for a job well done during sustained, challenging conditions, President Sheridan attributed the successful emergency response to best practices, preparedness, training, and dedication. For 23 continuous hours, TBTA employees plowed 11,000 miles of roadway and spread 2,800 tons of deicer, and continued refreeze prevention. TBTA crews also assisted DOT by clearing a mile of the six-mile HOV lane on the Gowanus Expressway -- removing the snowbanks covering the movable barrier wall and applying deicer -- enabling that HOV lane to reopen. ^(P)_(SEP) President Sheridan also thanked TBTA's

customers, who heeded TBTA's advanced messaging by staying off the roads, allowing TBTA to efficiently and safely manage snow operations with minimal collisions.

Turning to 2025 performance, President Sheridan began by noting the start of tolling in the congestion relief zone that kicked off the year. Under the leadership of Governor Hochul and Chair Lieber, this was a huge achievement for New York and the MTA. The results addressed the predictions: reduced congestion and the promise of steady revenue to fund critical mass transit projects, plus improved safety within the zone. TBTA delivered another year of record-breaking toll revenue and support to MTA mass transit. Preliminary year-end data shows TBTA's toll facilities collected a record \$3.3 billion in revenue, and traffic levels reached 339 million vehicle crossings. Total support to MTA mass transit, including from the CRZ, is \$2.2 billion. Even with consistently high traffic volumes, averaging over 930,000 daily crossings, collisions continued their downward trend. Compared to 2024, total collisions-per-million-crossings declined by 12%, and injury-related collisions decreased by 17%, demonstrating the effectiveness of ongoing safety initiatives. TBTA's MTA C&D partners contributed to these lasting reductions with projects such as roadway widening at the Verrazzano-Narrows Bridge and roadway realignment at the Bronx-Whitestone Bridge.

TBTA facility management started an initiative in 2025 to bring work in-house. ^[P.]_[SEP]In-house cost savings efforts by TBTA's Intelligent Transportation Systems and Central Maintenance Divisions resulted in savings of more than \$5 million.

Enforcement against ghost plates and persistent toll violators remained strong, with the ongoing smooth transition of the MTA PD supplementing TBTA's patrols.

In 2025, TBTA proudly marked four milestone anniversaries at the Hugh L. Carey and Queens Midtown tunnels, the Cross Bay Veterans Memorial Bridge, and the launch of E-ZPass. And January 11, 2026 marked the 65th anniversary of the opening of the Throgs Neck Bridge, portrayed in an exhibit on display at Grand Central Terminal.

President Sheridan stated there are no procurements.

There were no action items or procurement items to report for the TBTA Committee.

8. COMMITTEE ON FINANCE

For details of the presentation given by Jai Patel, Chief Financial Officer, please refer to the video recording of the meeting produced by the MTA and maintained in MTA records available on the MTA website.

Ms. Patel gave a brief overview of operating results for 2025, stating that 2025 closed out largely as planned with favorable timing of revenues and continued discipline on controllable costs. Ms. Patel further stated that the results were preliminary and subject to final audit.

Ms. Patel gave a brief overview of capital markets activity by stating that it continues to support both affordability and delivery of the capital program. She further stated that each year a year-end report is presented to summarize these activities and to provide a forward look ahead. That report will be delivered at February 2026 Finance Committee.

Ms. Patel concluded her presentation by providing a year-end update on the Congestion Relief Zone Program.

Ms. Patel and Chair Lieber addressed questions from Board Member Chu concerning the Congestion Relief Zone Program and insurance, and from Board Member Mihaltes concerning final year-end expenses for the Congestion Relief Zone Program and operating revenue related to fare evasion.

9. AUDIT COMMITTEE

A. Independent Auditor's Report

To see a summary of the meeting and the actions taken by the Audit Committee, please refer to the video recording of the meeting produced by the MTA and maintained in MTA records available on the MTA website.

MTA Chair Lieber introduced MTA Auditor General Monica Murray who provided a year-end status update for 2025 and the proposed 2026 Audit Plan. Her presentation is abbreviated from the materials in the committee book. For 2025, the focus of the presentation was on the operations and contracts groups. For 2025, MTA Audit completed 80 operational, financial and technology audits and identified \$11.5 million in potential savings and cost efficiencies. The contract group completed 830 contract reviews covering \$165 million in audited costs of which \$11.9 million were identified as questioned costs for which we typically see a 90% recovery rate. These contract audits are a mix of pre-awards, overhead reviews, contract close outs, contract claims and Engineering Audit Officer (EAO) audits. The EAO reviews cover city funded capital projects. Monica noted that there are also auditors dedicated to reviewing the accuracy of retiree pension payment calculations and on-board auditors who ride the commuter rails (logging over 6,000 rides last year) to ensure proper fare collection and conductor compliance. There is also a group responsible for reviewing Hurricane Sandy funded projects for adherence to federal guidelines in partnership with the MTA Inspector General.

In developing the 2026 Audit Plan, the approach prioritized areas based on financial exposure, the nature of MTA operations, control activities, prior audit results, and input received from management, agency presidents, the Chair, and the Board. Over the course of three months, 98 formal interviews were conducted and there were also many internal discussions. In total, 179 suggestions were received. We track major milestones, solicit feedback, and remain responsive to the public and Board concerns. The plan is flexible to respond to emerging needs and to pivot to include new matters when needed. Approximately 87 audits across all agencies are planned for 2026 and include safety, service and delivery, procurement, HR, finance and IT reviews. The plan intends to address the following issues - are job functions performed as intended; how are facilities functioning; is agency equipment properly maintained; are third-party contracts adhered to; are internal standards being met; is the MTA receiving the expected revenue; and, are policies being followed. Additionally, there will be reviews involving the congestion relief zone and OMNY program, overtime, and employee time and attendance spots checks. The plan also includes bus depot reviews, B&T facilities reviews, station reviews and agency safety reviews.

Kostas Makrakis, Lead Client Services Managing Director (Deloitte) presented the results of their review of the MTA's interim Consolidated Financial Statements for the nine-month period ended September 30, 2025. Deloitte provided their comments to management which were addressed and they are currently in the process of completing the remaining review procedures to issue a review report in the coming weeks. A review of interim financial information consists primarily of analytical procedures and inquiries of those responsible for financial and accounting matters. A review is substantially less in scope than an audit. The objective of an audit is to express an opinion on financial information and accordingly Deloitte does not express such an opinion. Based on the review procedures performed, at this time, Deloitte is not aware of any material modifications that should be made to the interim consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States.

There are additional materials in the Audit Committee book regarding information on internal controls and audit recommendations.

10. CAPITAL PROGRAM COMMITTEE

A. President's Report

Mr. Jamie Torres-Springer, President of MTA Construction & Development (“C&D”), began by noting that while there was no major snowstorm update from C&D, the organization coordinated closely with operating partners during recent severe weather, temporarily standing down contractors where needed to ensure safe and effective operations. Mr. Torres-Springer emphasized that supporting operating partners during critical events remains a priority.

Mr. Torres-Springer highlighted recent line structure repair work, including significant steel repairs in the Eighth Avenue Line tunnel on the Upper West Side, underscoring that weekend service outages are used to bring crews into tunnels to address structural defects essential to maintaining system safety and integrity.

Mr. Torres-Springer then reflected on the progress made since this time last year, noting that in early 2025 the Capital Plan had not yet been approved, and Congestion Relief Pricing was still unproven. The two central questions facing the agency, whether the investment was truly needed and whether the MTA could deliver, have now been decisively answered. The Governor and State Legislature fully funded the 2025-2029 Capital Plan, and Congestion Relief Pricing has proven successful. Furthermore, C&D has met critical milestones and demonstrated its capacity to execute work at scale.

For example, Mr. Torres-Springer reported that in 2025, C&D achieved a record \$15.8 billion in contract awards, more than double the agency’s five-year average since 2020 and a significant increase compared to prior decades. He noted that this pace of delivery aligns with expectations set by the State as part of its commitment to the Capital Program. He attributed this performance to sustained focus on value engineering, innovation, alternative delivery models, expansion of in-house capacity, adoption of advanced project management technologies, and establishing the MTA as a tough but fair “owner of choice” for contractors. Of the total 2025 commitments, \$5 billion consisted of projects made possible through Congestion Relief revenues.

Mr. Torres-Springer highlighted several major CBTC and ADA projects awarded with Congestion Relief funding, including CBTC signal modernization on the Fulton and Liberty Lines on the A and C in Brooklyn and Queens. This project covers 42.7 track miles and provides full underground cellular service through a partnership with Boldyn. He noted that recently awarded signal projects are approximately 33 percent cheaper per mile than earlier CBTC projects. He also identified the Sixth Avenue Line on the B, D, F, and M trains as the next CBTC project to advance. Additional Congestion Pricing funded awards included ADA accessibility packages across seven stations, with 16 more stations planned, delivered \$22 million below estimates.

Next, Mr. Torres-Springer reported progress on Second Avenue Subway Phase 2, including award of the tunneling contract with approximately \$700 million in labor savings and \$1.3 billion in total identified savings to date, while stressing the need for restored predictability in federal funding to maintain schedule and budget certainty.

Turning to early commitments under the 2025-2029 Capital Program, Mr. Torres-Springer reported that procurement of R268 subway cars is approximately 90 percent launched and is 4 percent cheaper in inflation adjusted dollars than the prior plan. He also announced the formal kickoff of design and engineering for the Interborough Express project, noting anticipated collaboration with the City to advance the project.

Mr. Torres-Springer reported \$6.7 billion in project completions in 2025, reflecting steady growth in delivery of projects awarded in prior years. He highlighted the completion of 39 subway elevator replacements and two railroad elevator replacements in 2025, eliminating the backlog of elevators beyond their useful life and positioning the system for improved elevator reliability. He noted that efficiency improvements reduced average elevator replacement duration by two months. In addition, 10 stations were made accessible in 2025, seven subway stations and three Long Island Rail Road stations, with recent completions at Parkchester on the 6 Line and Laurelton on the LIRR Far Rockaway Branch.

Mr. Torres-Springer also reported on substantial completion of the OMNY fare payment system in 2025, achieving 98 percent adoption following the sunset of the MetroCard. He further highlighted completion of a major upgrade to the Grand Central subway complex, including new staircases, escalators, elevators, turnstiles, and circulation improvements, delivered with more than \$46 million in savings.

Additional accomplishments included accelerated reconstruction of the Grand Central Train Shed through public-private partnerships, with Phase One completed \$20 million under budget and \$75 million in private contributions secured for subsequent phases; completion of Phase One of the Park Avenue Viaduct ahead of schedule and under budget; and continued progress on major systemwide state of good repair initiatives. Mr. Torres-Springer concluded by emphasizing that 2025 marked a pivotal year for C&D, demonstrating both the necessity of sustained capital investment and the agency's ability to deliver projects more efficiently, affordably, and at unprecedented scale.

Board Member Lopez thanked President Torres-Springer and his staff for his presentation and for their help in bringing the Westchester Bee-Line Bus System onto the OMNY system. She then requested reports on Metro North projects located in Westchester County in the 2025-2029 plan. Mr. Torres-Springer assured her he could share more information and gave examples of where the \$8 billion dollars of investment is going in the 2025-2029 plan.

Next, Board Member Valdivia congratulated C&D on the \$15.8 billion dollars of commitments and requested a break-out of Capital expenditures for 2025. Mr. Torres-Springer said he would provide.

B. Infrastructure Report

Next, Mr. Jamie Torres-Springer, presented the work of C&D's Infrastructure business unit. He outlined the scope of the unit's responsibilities, which include approximately 61 route miles of elevated structures, 155 route miles of subway tunnels, 253 substations, 254 pump rooms, and 75 transit facilities spread across hundreds of acres. While much of this infrastructure is not visible to riders, he emphasized that these assets underpin some of the agency's largest and most complex capital projects.

Mr. Torres-Springer explained that the infrastructure program is organized into three primary areas: power; back-of-house facilities, such as shops and yards; and line structures, including both underground tunnels and elevated subway segments. The total portfolio is nearly \$20 billion, with approximately \$5 billion currently in construction and another \$7 billion in design or procurement. He described the 2025-2029 Capital Program as a generational investment, allowing the MTA to address long-deferred needs at a scale not previously possible.

Mr. Torres-Springer reported that the current Capital Plan will bring approximately 70 substations, about one-third of the system total, into a state of good repair through full overhauls or targeted component replacements. He noted that power infrastructure is a critical but often overlooked driver of service reliability, enabling fewer outages and supporting closer train spacing once CBTC is installed. As an example of recent progress, he highlighted the completion of the new 28th Street Substation on the Eighth Avenue Line, which was delivered on budget at the end of last year. The substation provides additional

power for A and C service, supports expanded service levels announced in November, and enables ongoing CBTC installation on the line.

Turning to shops and yards, Mr. Torres-Springer noted that all subway cars are tested and maintained at these facilities before entering service, making them essential to system reliability. He reported substantial progress in recent years toward addressing state of good repair needs, including major flood protection and resiliency projects at Coney Island Yard and 207th Street Yard. He acknowledged that significant work remains, including rebuilding critical facilities such as Livonia and Westchester Yards, and stated that C&D is engaged in broader planning with New York City Transit to assess the future of the entire shops and yards network, with additional discussion to be brought to the Board at a future meeting. As a recent completion, he highlighted the rail car acceptance and testing facility, which was delivered early and under budget and will support the large influx of new rolling stock anticipated in the 2025-2029 plan.

Mr. Torres-Springer also provided an update on the Jamaica Bus Depot replacement project, which will replace an 85-year-old facility with a modern depot capable of housing 272 buses, supporting full electrification and high-voltage infrastructure, and delivering reliable service to the surrounding community.

Regarding line structures, Mr. Torres-Springer reported that the current Capital Program will significantly reduce the backlog of repairs on elevated subway infrastructure, with nearly half of the system's 60 miles of elevated structures to be repaired and repainted during this plan. He described a new, more efficient painting approach, adapted from practices used by Bridges and Tunnels, that extends coating life to 25-30 years, delivering major cost savings while also improving neighborhood aesthetics. He stated that these projects are progressing well.

Mr. Torres-Springer also provided an update on the Rockaways line structure reconstruction. He recalled that at the previous presentation, the agency had just begun a 17-week service shutdown to facilitate major reconstruction. He reported that the shutdown was completed successfully in May of last year, with service restored as promised. During the outage, crews reconstructed approximately 1,300 feet of the Hammels Wye, installed 3,000 feet of protective shielding, and rebuilt 1,600 feet of track. He noted that while the major reconstruction work is complete and service fully restored, additional resiliency improvements are ongoing to better protect A Line service against extreme weather in the Rockaways.

Finally, Mr. Torres-Springer recognized Deirdre Harvey, Steve Berrang, and Bobby Samuel all retiring this month from decades of committed work at the MTA.

C. IEC Infrastructure Report

Mr. Sirish Peyyeti, Program Director of the Independent Engineering Consultant ("IEC"), provided detailed updates on MTA Construction & Development's Infrastructure business unit. Mr. Peyyeti first reported on the Rockaway Line resiliency and viaduct rehabilitation project. The IEC noted that the project remains within budget, with an estimated completion cost of \$584 million. He explained that a long-term General Order executed in early 2025 enabled concentrated structural rehabilitation work along the corridor, including wire duct repairs, Hammels Wye rehabilitation, and electrical and mechanical upgrades to the South Channel Bridge. Separately, signal system improvements at Beach 105th Street Station required a redesign, resulting in a forecast delay of approximately 10 months; however, the IEC noted that day-to-day service operations have not been affected. Remaining project risks are being actively managed through focused procurement efforts, prioritization of submittals, and continued interagency coordination.

Next, Mr. Peyyeti provided an update on the Jamaica Bus Depot replacement project, a design-build effort to deliver a new, modern bus parking and maintenance facility at the existing site. He recalled that the IEC had previously reported schedule impacts related to Department of Buildings permit challenges. The project team has since recovered 21 days through strategic weekend work and the use of additional equipment. With the building envelopes nearing completion, the IEC agreed that further mitigation opportunities may be achievable during upcoming phases of construction. The IEC concurred with the forecast substantial completion date of October 2027 and reported that the current \$649 million budget is expected to be sufficient to complete the project, even after accounting for cost exposures related to high-tension electrical upgrades and soft cost overruns associated with the extended duration. Schedule impacts related to commercial property acquisition have been successfully mitigated, though testing and commissioning activities remain a schedule risk, as is typical for projects of this scale.

Mr. Peyyeti then presented the IEC's first report on the painting and structural steel repairs project on elevated structures. The project includes paint removal, abrasive blasting, repainting, and necessary steel repairs along the Jamaica Line between the Williamsburg Bridge and Delancey Street, as well as the Canarsie Line. The IEC reported that the project is forecast to be completed within budget, with an estimated completion cost of \$217 million. However, substantial completion has been revised from March 2026 to September 2026 due to contractor productivity issues. The project team is developing mitigation strategies, and unidentified structural defects were identified as the primary remaining risk.

The final project discussed was line structure component repairs. This design-bid-build project addresses critical defects on the Seventh and Eighth Avenue Lines through targeted steel and concrete repairs to columns, beams, and tunnel walls. The work affects five Manhattan stations and includes stormwater mitigation, demolition of abandoned structures, and repairs to girders and abutments. Mr. Peyyeti reported that the project remains within budget and on schedule, with substantial completion forecast for January 2028. General Order work has progressed steadily through late 2025, with consistent production achieved. All planned outages to date have been executed successfully, and remaining outages are fully sequenced. Schedule risk remains due to reliance on weekend and piggyback outages and the potential for unforeseen site conditions that could add scope or affect sequencing.

Turning to the IEC's broader oversight responsibilities, Mr. Peyyeti explained that the quarterly Traffic Light Report and associated variance reports summarize the budget and schedule status of projects and identify key issues and mitigations. For this reporting period, the IEC analyzed 46 infrastructure projects, all of which were included in the prior traffic light report presented at the December Capital Program Committee meeting. Five projects, representing approximately 11 percent of those reviewed, triggered schedule variances attributable to factors such as unforeseen site conditions, contractor performance issues, inspection challenges, or design errors. He emphasized that none of the projects experienced cost variances. The IEC reviewed the issues and mitigations associated with the five projects and worked with C&D to prepare detailed variance reports.

After the report, Chair Lieber asked Mr. Torres-Springer how C&D is dealing with delay in the Jamaica Bus Depot project. Mr. Torres-Springer explained that some delay was caused by lack of permits and C&D is working with the new mayoral administration to improve those timelines. Additionally, they are working with Skanska to improve issues that caused delays and will report back on that in the future.

Next Chair Lieber asked Mr. Torres-Springer to explain the delay in the painting line structures project. Mr. Torres-Springer responded that the project is mostly on target, but the schedule had slipped a few months due to working in a busy area- they are continuing to try and make up the time.

D. Transit Oriented Development Report

Ms. Miriam Harris, Senior Vice President of Transit Oriented Development (“TOD”), presented highlights of the unit’s activities over the past year. She described the TOD Group as a small but impactful unit within Construction & Development’s planning function, with a mission to facilitate housing near transit, advance systemwide accessibility, and create value for reinvestment in the MTA system. In 2025, the TOD Group enabled 1,738 housing units adjacent to transit through development on MTA-owned or controlled property and through real estate transactions supporting private development near stations. She highlighted the Beacon Station project on Metro-North’s Hudson Line, made viable through the Governor’s EO30 initiative which created the Redevelopment of Underutilized Sites for Housing (RUSH) program.

Ms. Harris reported that the TOD Group also advanced projects through proactive engagement in municipal land use actions, including completion of the MTA’s first Uniform Land Use Review Procedure (ULURP) as lead applicant for the 125th Street and Lexington Avenue site to support higher-density housing above a future Second Avenue Subway entrance. She noted collaboration with the City of New York on the Atlantic Avenue Mixed-Use Plan, which incorporated MTA sites to enable a 100 percent affordable housing project on a former transit parcel and the upzoning of an adjacent MTA parcel planned for a multifamily housing RFP in 2026. She further reported that 2025 marked a significant milestone for accessibility initiatives, including the opening of the first zoning transit bonus elevator in Queens and the execution of more easements and transit improvement bonus agreements in a single year than in all prior years since the Zoning for Accessibility program began in 2021. She cited the Lenox Hill Hospital redevelopment as a key project that will deliver an elevator and wider sidewalks at a critical hospital location.

Ms. Harris stated that in 2025 the TOD Group generated over \$300 million in value for the MTA through private provision of transit facilities, property rights for future transit improvements, and public-private real estate transactions yielding one-time payments or long-term ground lease revenues. She provided examples of integrating new MTA facilities into redevelopment projects, including the Monitor Point project, which will relocate MTA facilities to enable waterfront housing redevelopment and is currently in ULURP. She also discussed partnerships on Park Avenue associated with the Midtown East rezoning, noting the successful negotiation of \$75 million in private contributions to fund restoration of the century-old Metro-North train shed roof.

Ms. Harris concluded by noting that 2025 was a productive year that positioned the TOD Group for continued progress in 2026 and beyond, with ongoing efforts to unlock housing near transit, advance accessibility through private investment, and deliver capital assets for MTA operating agencies.

11.BOARD ACTIONS

A. CAPITAL PROGRAM COMMITTEE ACTIONS

Evan Eisland, Executive Vice President and General Counsel, C&D, presented four procurement actions to the Capital Program Committee.

Upon a motion duly made and seconded, the Capital Program Committee voted to bring the following procurement actions before the full MTA Board and recommended the following:

1. Award of a modification to a contract with Judlau Contracting, Inc. (Contract No. A46026) for the demolition of two decommissioned circuit breaker houses;
2. Award of a modification to a contract with Mitsubishi Electric Power Products, Inc. (Contract No. S48017) to perform software upgrades to the Communications Based Train Control system so that it complies with MTA’s updated Interoperability Interface Specification;

3. Ratification of a modification to a contract with RK Contracting Inc. (Contract No. 6513) compensating the contractor for added work necessitated by unanticipated site conditions and extending the Contract's Substantial Completion date by 161 calendar days, from October 21, 2024 to March 31, 2025; and
4. Ratification of a modification to a contract with Hitachi Rail GTS USA Inc. (Contract No. S48013-2) to resolve the contractor's claim for delay caused by delays in the production of new R211 subway cars.

Refer to the staff summaries and documentation filed with the records of this meeting for the details of these items, and refer to the video recording of the meeting, produced by the MTA and maintained in MTA records, for Board members' and C&D representatives' comments.

B. FINANCE

Upon motion duly made and seconded, the Board voted to approve the following:

Procurement

- a. One MTA Headquarters item in the estimated amount of \$5.7 million. The action was found in the January 2026 Finance Committee Book.

Approval to award eight competitively negotiated all-agency personal services contracts to provide a full range of market research services on an as-needed basis for a period of 60 months (March 1, 2026–February 28, 2031). The combined total amount is not-to-exceed \$5.7 million.

Zero-dollar contracts to be awarded to the following firms, selected based on their diverse expertise and availability to support varying market research study requirements: Eureka Facts LLC (an MBE); IPSOS Public Affairs LLC; M. Davis and Company, Inc. (an MBE); National Opinion Research Center; Resource System Group, Inc.; Target Research Group, Inc.; The MassINC Polling Group, Inc.; and Widener-Burrows & Associates, Inc. (a WBE).

Tasks to be solicited through a competitive mini-RFP process, to which awards will be based on best value to the MTA. While rates are pre-negotiated, lower rates may be proposed when tasks are solicited.

The firms will be eligible to provide services including questionnaire and sampling design, data tabulation of survey results, analysis, and report writing. Projects planned over the next five years include ongoing tracking surveys of customer satisfaction; in-system intercept surveys; and customers' evaluations of MTA customer-facing applications and websites.

C. NYCT PROCUREMENT

Upon a motion duly made and seconded, the Board voted to approve the following:

- i. The first item was a request for Board approval of a modification to extend the contract with Plasser American Corporation for Ultrasonic Internal Rail Flaw Inspections for three years and to add funding to maintain uninterrupted service while new ultrasonic systems are installed on NYC Transit-owned and operated Track Geometry Cars.

- Ii. The second item was a request that the Board approve the exercise of Option 2 of the contract for Post-Award Consulting Services with C2K Partners in support of the purchase of 435 additional subway cars under the previously Board-approved Option 2 Subway Car Contract.

There were no information items for Long Island Rail Road, Metro-North Railroad or Bridges and Tunnels this month.

Refer to the staff summary and documentation filed with the records of this meeting for the details of these items, and refer to the video recording of the meeting, produced by the MTA and maintained in MTA records.

D. Real Estate Actions

David Florio presented January 2026 real estate report.

Upon motion duly made and seconded, the Board voted to approve the following:

Four items were for MTA Metro-North Railroad that included:

The grant of a permanent easement to the New York City Department of Environmental Protection within the BN Yard in connection with the Tibbets Brook Daylighting Project in the Bronx.

The following three action items were acquisitions of easements to support Penn Station Access. Two were from ConEd for the Oak and Van Nest substations in the Bronx; and the last was from Y Properties Holdings that will support the project's drainage needs near the Morris Park area in the Bronx

The next two items were for the MTA New York City Transit and included: A lease with Hungry Angels Subs for a convenience store at 6309-6311 18th Avenue in Brooklyn and

A license with TB Grant Housing Development Fund Corporation for a landscaped walkway at 581 Grant Avenue in Brooklyn.

There was one information item which was the report on agreements entered into directly by the Real Estate Department pursuant to board policy.

Refer to the video recording of the meeting, produced by the MTA and maintained in MTA records for details on the approved real estate items.

E. Audit Committee Action Items

Upon motion duly made and seconded, the Board voted to approve the following:

- (i) 2026 Audit Plan,
- (ii) Third Quarter 2025 MTA Consolidated Interim Financial Statements

Refer to the video recording of the meeting, produced by the MTA and maintained in MTA records for details on the approved items.

12. APPROVAL OF MINUTES

Upon motion duly made and seconded, the Board approved the minutes of MTA Regular Board meeting held on December 18, 2025, and the minutes of each Committee meeting held on December 16, 2025 as distributed.

Refer to the video recording of the meeting, produced by the MTA and maintained in MTA records for the details.

13. ADJOURNMENT

Upon motion duly made and seconded, the Board voted to adjourn the meeting at 11:48 a.m.

Paige Graves
General Counsel and
Corporate Secretary
MTA

Eamonn Foley
Vice President,
General Counsel and Corporate Secretary
Metro-North Commuter Railroad Company

David Farber
General Counsel and
Corporate Secretary
NYCT and MTA Bus

Haley Stein
Vice President,
General Counsel and Corporate Secretary
Long Island Rail Road Company

Paul L. Friman
General Counsel
and Corporate Secretary
Triborough Bridge & Tunnel Authority

Evan Eisland
General Counsel and Corporate Secretary
MTA C&D

2026 AUDIT COMMITTEE WORK PLAN

I. RECURRING AGENDA ITEMS

Responsibility

Each Meeting:

Approval of Minutes
Audit Work Plan

Committee Chair & Members
Committee Chair & Members

As Appropriate:

Pre-Approval of Audit and Non-Auditing Services
Follow-Up Items
Status of Audit Activities

Committee Chair & Members

Executive Sessions

Auditor General
Auditor General/MTA IG/
CCO/CFO/
Controllers/External Auditor/
Committee Chair & Members

II. SPECIFIC AGENDA ITEMS

January 2026

Quarterly Financial Statements – 3rd Quarter 2025
Enterprise Risk Management Update
and Internal Control Guidelines
Compliance with the Internal Control Act
2025 Audit Plan Status Report
2026 Audit Plan
Open Audit Recommendations

External Auditor
Chief Compliance Officer

Chief Compliance Officer
Auditor General
Auditor General
Chief Compliance Officer

May 2026

2025 Audited Financial Statements
Management's Review of Consolidated
Financial Statements
Investment Compliance Report
Information Technology Report
Open Audit Recommendations
Contingent Liabilities/Third Party
Lawsuits (Executive Session)

External Auditor/CFO
Deputy Chief, Controller's Office

External Auditor
Chief Technology Officer
Chief Compliance Officer
General Counsels/External Auditor

July 2026

Quarterly Financial Statements – 1st Quarter 2026
Pension Audits (2025)
Management's Review of Pension Audits
Single Audit Report
Management Letter Reports
Review of MTA/IG's Office (FY 2025)
Enterprise Risk Management Update
Ethics and Compliance Program
Financial Interest Reports
MTAAS 2026 Audit Plan Status Report
Open Audit Recommendations

External Auditor
External Auditor/Deputy Chief, Controller
Deputy Chief, Controller's Office
External Auditor/CFOs
External Auditor/CFOs/Controllers
External Auditor
Chief Compliance Officer
Chief Compliance Officer
Chief Compliance Officer
Auditor General
Chief Compliance Officer

October 2026

Quarterly Financial Statements – 2nd Quarter 2026
Appointment of External Auditors
Audit Approach Plans/Coordination
Review of Audit Committee Charter
Security of Sensitive Data & Systems
(Executive Session)
Open Audit Recommendations
Annual Audit Committee Report

External Auditor
Committee Chair & Members
External Auditor
CCO and Committee Chair
Chief Technology Officer

Chief Compliance Officer
Committee Chair

2026 AUDIT COMMITTEE WORK PLAN

I. RECURRING AGENDA ITEMS

Each Meeting

Approval of Minutes

Approval of the official proceedings of the previous month's Committee meeting.

Audit Work Plan

A monthly update of any edits and/or changes in the work plan.

As Appropriate

Pre-Approval of Audit and Non-Auditing Services

As appropriate, all auditing services and non-audit services to be performed by external auditors will be presented to and pre-approved by the Committee.

Follow-Up Items

Communications to the Committee of the current status of selected open issues, concerns or matters previously brought to the Committee's attention or requested by the Committee.

Status of Audit Activities

As appropriate, representatives of MTA's public accounting firm or agency management will discuss with the Committee significant audit findings/issues, the status of on-going audits, and the actions taken by agency management to implement audit recommendations.

Executive Sessions

Executive Sessions will be scheduled to provide direct access to the Committee, as appropriate.

II. SPECIFIC AGENDA ITEMS

JANUARY 2026

Quarterly Financial Statements - 3rd Quarter 2025

Representatives of the MTA public accounting firm, in conjunction with appropriate agency management, will discuss the interim financial statement that was prepared for the third quarter of 2025.

Enterprise Risk Management Update and Internal Control Guidelines

These MTA-wide guidelines, which were adopted by the Board in 2011 pursuant to Public Authority Law Section 2931, are required to be reviewed by the Committee annually. The MTA Chief Compliance Officer will brief the Committee on the agency compliance with these guidelines and answer any questions and offer additional comments, as appropriate. The MTA Chief Compliance Officer will also brief the Committee on the status of agency compliance with the ERM guidelines and any new or emerging risk.

Compliance with the Internal Control Act

The Committee will be briefed by the MTA Chief Compliance Officer on the results of the All-Agency Internal Control Reports issued to the NYS Division of the Budget as required by the Government Accountability, Audit and Internal Control Act.

MTAAS 2025/2026 Audit Plans

i. 2025 Audit Plan Status

A briefing by Audit Services that will include a status of the work completed, a summary of the more significant audit findings, and a discussion of the other major activities performed by the department in 2025.

ii 2026 Audit Plan

A discussion by Audit Services of the areas scheduled to be reviewed in 2026 as well as the guidelines and policies that were used to assess audit risk and their application in the development of the audit work plan.

Open Audit Recommendations

The MTA Chief Compliance Officer will report to the Committee on the status of audit recommendations previously accepted by their respective agency.

MAY 2026

2025 Financial Statements

The MTA public accounting firm will review the results and conclusions of their examination of the 2025 Financial Statements. The CFO/Deputy Chief, Controller's Office will be available to the Committee to answer any questions regarding the submission of their audit representation letters to the external audit firm.

Management's Review of MTA Consolidated Financial Statements

The Deputy Chief, Controller's Office will present a management's review of the 2025 MTA consolidated financial statements, including changes in capital, net assets, other assets and operating revenues and expenses.

Investment Compliance Report

Representatives of the MTA's public accounting firm will provide a review of MTA's compliance with the guidelines governing investment practices.

Open Audit Recommendations

The MTA Chief Compliance Officer will report to the Committee on the status of audit recommendations previously accepted by their respective agency.

Information Technology Report

The MTA Chief Technology Officer will brief the Committee on the activities of the MTA IT for the past year, including its accomplishments, strategies and plans for the current year.

Contingent Liabilities and Status of Third-Party Lawsuits

The General Counsels from each agency, along with representatives from the independent accounting firm, will review in Executive Session the status of major litigation that may have a

material effect on the financial position of their agency, or for which a contingency has been or will be established and/or disclosed in a footnote to the financial statements. In addition, the Committee will be briefed on the status of third-party lawsuits for which there has been minimal or sporadic case activity.

JULY 2026

Quarterly Financial Statements – 1st Quarter 2026

Representatives of MTA's public accounting firm, in conjunction with appropriate agency management, will discuss the interim financial statement that was prepared for the first quarter of 2026.

Pension Audits

i Management's Review of MTA-Managed/Controlled Pension Plan Financial Statements

The Deputy Chief, Controller's Office will present a management's review of the 2025 MTA-managed and controlled Pension Plan financial statements, including changes in the plan's net position, the required supplementary information and any new GASB statements or statutory regulations affecting the financial statements.

ii Audit of the Pension Plans Financial Statements

Representatives of the MTA public accounting firm will provide the results of their audits of the pension plans that are managed and controlled by MTA HQ, Long Island Rail Road, Metro-North and NYC Transit.

Single Audit Report

Representatives of MTA's public accounting firm will provide the results of their Federal-and State-mandated single audits of MTA and NYC Transit.

Management Letter Reports

Reports will be made by the MTA's public accounting firm on the recommendations made in the auditors' Management Letter for improving the accounting and internal control systems of the MTA and its agencies. The report will also include management's response to each Management Letter comment. The response will describe the plan of action and timeframe to address each comment. In addition, the report will contain a follow-up of prior years' open recommendations conducted by the MTA's public accounting firm.

Review of the MTA Inspector General's Office

Representatives of MTA's public accounting firm will provide the results of their 2025 "agreed-upon" review procedures on the MTA/IG's operating expenses to ensure compliance with applicable policies and procedures.

Enterprise Risk Management Update

These MTA-wide guidelines, which were adopted by the Board in 2011 pursuant to Public Authority Law Section 2931, are required to be reviewed by the Committee annually. The MTA Chief Compliance Officer will brief the Committee on the agency compliance with these guidelines and answer any questions and offer additional comments, as appropriate. The MTA Chief Compliance Officer will also brief the Committee on the status of agency compliance with the ERM guidelines and any new or emerging risk.

Ethics and Compliance Program

The MTA Chief Compliance Officer will brief the Committee (i) on the status of agency compliance with the ERM guidelines and any new or emerging risk and (ii) selected aspects of the MTA Ethics and Compliance Program.

Financial Interest Reports

The MTA Chief Compliance Officer will brief the Committee on the agencies' compliance with the State Law regarding the filing of Financial Disclosure Statements, including any known conflicts of interest.

MTAAS 2026 Audit Plan Status Report

A briefing by Audit Services that will include a status of the work completed as compared to the audits planned for the year, a summary of the more significant audit findings, results of audit follow-up, and a discussion of the other major activities performed by the department.

Open Audit Recommendations

The MTA Chief Compliance Officer will report to the Committee on the status of audit recommendations previously accepted by their respective agency.

OCTOBER 2026

Quarterly Financial Statements – 2nd Quarter 2026

Representatives of MTA's public accounting firm, in conjunction with appropriate agency management, will discuss the interim financial statement that was prepared for the second quarter of 2026.

Appointment of External Auditors

The Audit Committee will review the appointment of the independent auditor for MTA HQ and all the agencies. As part of this process, the Auditor General has reviewed and provided to the Committee, and will retain on file, the latest report of the firm's most recent internal quality control review.

Audit Approach Plans/Coordination

Representatives of MTA's public accounting firm will review their audit approach for their 2026 engagement. This review will describe the process used to assess inherent and internal control risks, the extent of the auditor's coverage, the timing and nature of the procedures to be performed, and the types of statements to be issued. In addition, the impact of new or proposed changes in accounting principles, regulations, or financial reporting practices will be discussed.

Review of Audit Committee Charter

The Committee Chair will report that the Committee has reviewed and assessed the adequacy of the Audit Committee Charter and, based on that review, will recommend any changes. The review will also show if the Committee's performance in 2026 adequately complied with the roles and responsibilities outlined in its Charter (i.e. monitoring and overseeing the conduct of MTA's financial reporting process; application of accounting principles; engagement of outside auditors; MTA's internal controls; and other matters relative to legal, regulatory and ethical compliance at the MTA).

Security of Sensitive Data & Systems

The MTA Chief Technology Officer will make a presentation to the Committee on the security of sensitive data and systems at the MTA.

Open Audit Recommendations

The MTA Chief Compliance Officer will report to the Committee on the status of audit recommendations previously accepted by their respective agency.

Annual Audit Committee Report

As a non-agenda information item, the Audit Committee will be provided with a draft report which outlines the Audit Committee's activities for the 12 months ended July 2026. This report is prepared in compliance with the Audit Committee's Charter. After Committee review and approval, the Committee Chair will present the report to the full MTA Board.

Metropolitan Transportation Authority

MTA Consolidated Financial Statements

As of and For the Years Ended

December 31, 2025 and 2024

Management's Review

Audit Committee Meeting

May 20, 2026



MTA Component Units

□ The MTA is comprised of the following reporting entities:

1. Metropolitan Transportation Authority Headquarters (“MTAHQ”)
2. The Long Island Rail Road Company (“MTA Long Island Rail Road”)
3. Metro-North Commuter Railroad Company (“MTA Metro-North Railroad”)
4. Staten Island Rapid Transit Operating Authority (“MTA Staten Island Railway”)
5. First Mutual Transportation Assurance Company (“FMTAC”)
6. MTA Construction and Development Company (“MTA Construction and Development”)
7. MTA Bus Company (“MTA Bus”)
8. New York City Transit Authority (“MTA New York City Transit”)
9. Triborough Bridge and Tunnel Authority (“MTA Bridges and Tunnels”)
10. MTA Grand Central Madison Operating Company (“MTA GCMOC”)

MTA Consolidated Financial Statements

□ The MTA's Financial Statements are prepared in conformity with Generally Accepted Accounting Principles in the United States (GAAP) using accounting standards established by the Government Accounting Standards Board (GASB). They include 6 sections as follows:

1. Managements' Discussion & Analysis
2. The basic Financial Statements which include:
 - The Statement of Net Position
 - The Statement of Revenues, Expenses and Changes in Net Position
 - The Statement of Cash Flows
 - The Statements of Fiduciary Net Position
 - The Statements of Changes in Fiduciary Net Position
3. The Notes to the Financial Statements
4. Required Supplementary Information (RSI)
5. Supplementary Information: Combining Fiduciary Funds Financial Statements
6. Additional Supplementary Information

MTA GASB Accounting Standards

GASB No.	Title	Effective Date
102	<u><i>Certain Risk Disclosures</i></u> Enhances financial reporting by requiring disclosure of risks associated with concentrations (lack of diversity in resource inflows or outflows) and constraints (limitations imposed by external parties or internal governance).	Implemented Fiscal Year 2025
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

MTA Consolidated Statement of Net Position for Years Ended 12/31/2025 & 12/31/2024

	DECEMBER 31,	
	2025	2024
(\$'s in Millions)		
ASSETS		
Cash & investments	\$ 20,642	\$ 14,079
Accounts receivables (net)	2,193	1,825
Capital assets (net)	99,361	94,353
Other assets	1,080	1,633
TOTAL ASSETS	123,276	111,890
DEFERRED OUTFLOWS OF RESOURCES	7,225	8,343
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 130,501	\$ 120,233
LIABILITIES		
Long-term debt	\$ 51,034	\$ 48,704
Post-employment benefits other than pensions	19,575	20,229
Net pension liability	5,891	6,755
Liability for injury claims	7,282	6,826
Compensated absences	1,600	1,494
Other liabilities	7,713	7,048
TOTAL LIABILITIES	93,095	91,056
DEFERRED INFLOWS OF RESOURCES	9,558	8,983
NET POSITION	27,848	20,194
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ 130,501	\$ 120,233

MTA Consolidated Financial Statements

ASSETS & DEFERRED OUTFLOWS \$'s in Millions	DECEMBER 31,		CHANGE	
	2025	2024	\$	%
Cash & investments	\$20,642	\$14,079	\$6,563	47%
Receivables	2,193	1,825	368	20%
Capital assets (net)	99,361	94,353	5,008	5%
Other assets	1,080	1,633	(553)	(34%)
Total Assets	\$123,276	\$111,890	\$11,386	10%
Total Deferred Outflows Of Resources	\$7,225	\$9,672	(\$2,447)	(25%)

- Cash & investments increased by \$6.6 billion primarily due to receipt and investment of bond proceeds for RETT and PMT bonds, Federal Preventive Maintenance grant, CRZ loan, and one-time Casino license fee.
- Capital assets increased \$5.0 billion primarily as a result of \$3.2 billion in construction work in progress, \$1.6 billion in infrastructure and right-of-use, \$1.2 billion in passenger cars and locomotives, capital additions of \$1.0 billion to buildings and structures, and other capital assets of \$1.8 billion, offset by accumulated depreciation and amortization of to \$3.8 billion.
- Total deferred outflows of resources decreased primarily as a result of changes in actuarial assumptions to the OPEB liability.

MTA Consolidated Financial Statements

LIABILITIES & DEFERRED INFLOWS

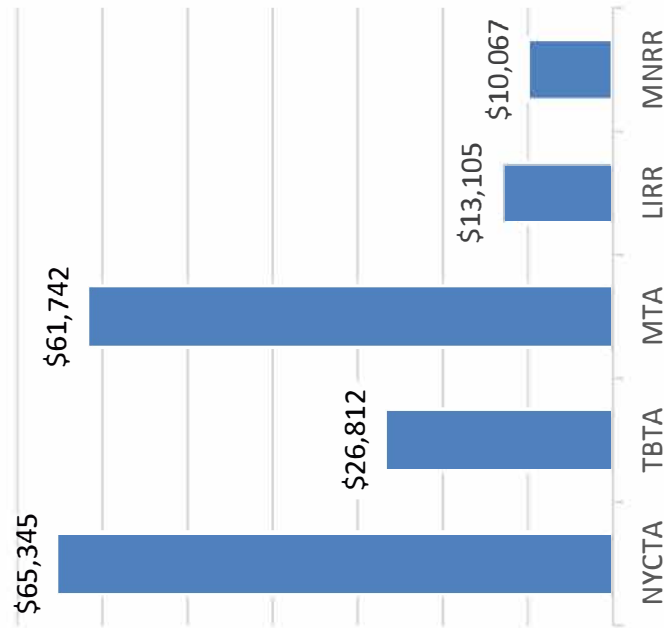
\$'s in Millions

	DECEMBER 31,		CHANGE	
	2025	2024	\$	%
Long-term debt	\$51,034	\$48,704	\$2,330	5%
Other post-employment benefits	19,575	20,229	(654)	(3%)
Net pension liabilities	5,891	6,755	(864)	(13%)
Liabilities for injury claims	7,282	6,826	456	7%
Compensated absences	1,600	1,494	106	7%
Other liabilities	7,713	7,048	665	9%
Total Liabilities	\$93,095	\$91,056	\$2,039	2%
Total Deferred Inflows Of Resources	\$9,558	\$8,983	\$575	6%

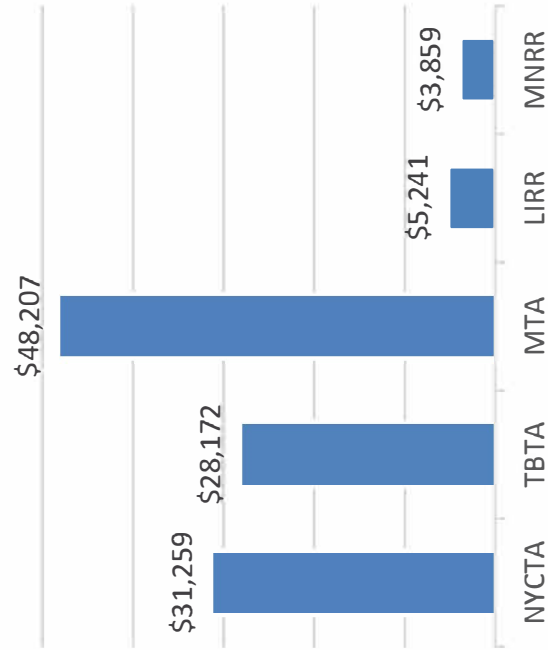
- Long-term debt increase is primarily due to issuance of Real Estate Transfer Tax Revenue bonds, PMT bonds and Subordinate BAN during 2025.
- OPEB liability decrease is primarily due to a change in actuarial assumptions.
- Net Pension liability decreased \$0.9 billion due to changes in the actuarial valuation as a result of an actuarial gain on the fair value of plan assets.
- Total Deferred inflow of resources increased \$0.6 billion primarily due to \$0.3 billion from leases, and \$0.3 billion related to pensions and OPEB as a result of changes in actuarial valuations.

Assets & Liabilities by Agency

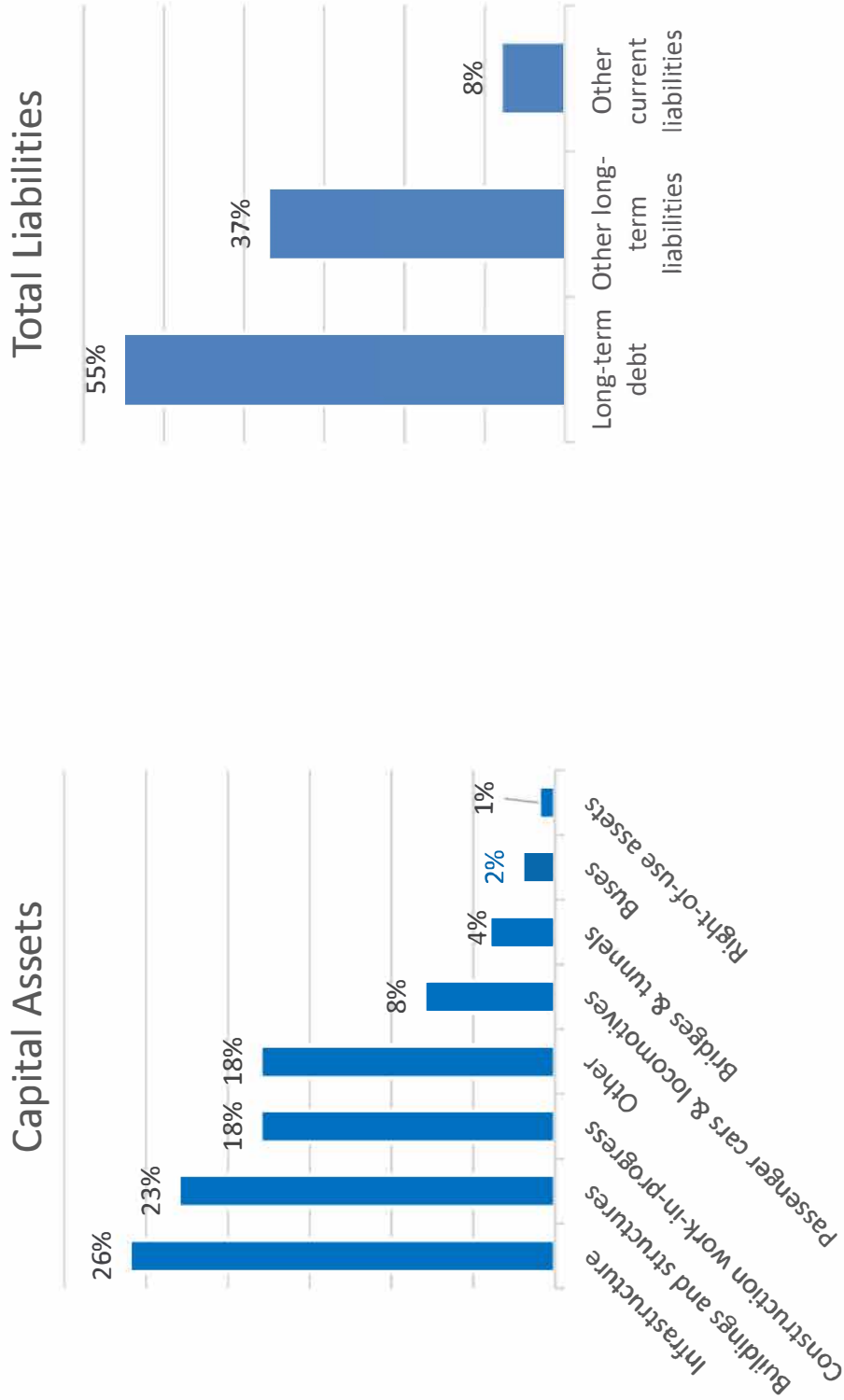
Total Assets and Deferred Outflows of Resources



Total Liabilities and Deferred Inflows of Resources



Capital Assets & Liabilities



MTA Consolidated Financial Statements

	DECEMBER 31,		CHANGE	
	2025	2024	\$	%
Operating revenues	\$ 9,544	\$ 8,508	\$ 1,036	12%
Operating expenses	(21,199)	(20,935)	(264)	(1%)
Operating Deficit	(11,655)	(12,427)	772	6%
Subsidies & tax revenues	16,310	13,330	2,980	22%
Less: Interest expense	(1,965)	(1,950)	(15)	(1%)
Surplus/(Deficit) Before Capital Grants & Appropriations	2,690	(1,047)	3,737	357%
Capital grants & appropriations	4,964	4,368	596	14%
Change In Net Position	7,654	3,321	4,333	130%
Net Position - Beginning of Year	20,194	16,873	3,321	20%
Net Position - End Of Year	\$ 27,848	\$ 20,194	\$ 7,654	38%

MTA Consolidated Financial Statements

STATEMENT OF CASH FLOWS

(\$'s in Millions)

	DECEMBER 31,		CHANGE	
	2025	2024	\$	%
Net Cash from Operating Activities	\$ (7,529)	\$ (7,295)	\$ (234)	(3%)
Net Cash from Non-Capital Financing Activities	11,928	8,553	3,375	39%
Net Cash from Capital & Related Financing Activities	542	(1,290)	1,832	(142%)
Net Cash from Investing Activities	(5,131)	224	(5,355)	2391%
Net Change in Cash	(190)	192	(382)	(199%)
Cash - Beginning of Year	1,780	1,588	192	12%
Cash - End of Year	\$ 1,590	\$ 1,780	\$ (190)	(11%)

MTA Consolidated Financial Statements Footnotes

1. Basis of Presentation
2. Significant Accounting Policies
3. Cash and Investments
4. Capital Assets
5. Employee Benefits
6. Other Postemployment Benefits
7. Long-Term Debt
8. Leases
9. Subscription-Based Information Technology Arrangements
10. Public-Private and Public-Public Partnership Arrangements
11. Financed Purchases
12. Future Option
13. Compensated Absences
14. Estimated Liability Arising From Injuries To Persons
15. Commitments and Contingencies
16. Certain Risk Disclosures
17. Pollution Remediation Cost
18. Non-Current Liabilities
19. Fuel Hedge
20. Condensed Component Unit Information
21. Subsequent Events

DRAFT

Metropolitan Transportation Authority

(A Component Unit of the State of New York)

Financial Statements as of and
for the Years Ended December 31, 2025 and 2024
Required Supplementary Information,
Supplementary Information and
Independent Auditor's Report

Table of Contents

Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements as of and for the Years Ended December 31, 2025 and 2024	20
Consolidated Statements of Net Position	20
Consolidated Statements of Revenues, Expenses, and Changes in Net Position	22
Consolidated Statements of Cash Flows	24
Statements of Fiduciary Net Position	26
Statements of Changes in Fiduciary Net Position	27
Notes to Consolidated Financial Statements	28
Required Supplementary Information	105
Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans	105
Schedule of the MTA's Proportionate Share of the Net Pension Liabilities of Cost-Sharing Multiple-Employer Pension Plans	109
Schedule of the MTA's Contributions for All Pension Plans	110
Notes to Schedule of the MTA's Contributions for All Pension Plans	112
Schedule of Changes in the MTA's Net OPEB Liability and Related Ratios and Notes to Schedule	131
Schedule of the MTA's Contributions to the OPEB Plan	132
Supplementary Information: Combining Fiduciary Funds Financial Statements	134
Pension and Other Employee Benefit Trust Funds - Combining Statement of Fiduciary Net Position for the Year-Ended December 31, 2025	134
Pension and Other Employee Benefit Trust Funds - Combining Statement of Fiduciary Net Position for the Year-Ended December 31, 2024	135
Pension and Other Employee Benefit Trust Funds - Combining Statement of Changes in Fiduciary Net Position for the Year-Ended December 31, 2025	136
Pension and Other Employee Benefit Trust Funds - Combining Statement of Changes in Fiduciary Net Position for the Year-Ended December 31, 2024	137
Supplementary Information	138
Schedule of Consolidated Reconciliation Between Financial Plan and Financial Statements for the Year Ended December 31, 2025	138
Schedule of Consolidated Subsidy Accrual Reconciliation Between Financial Plan and Financial Statements for the Year Ended December 31, 2025	139
Schedule of Financial Plan to Financial Statements Reconciliation for the Year Ended December 31, 2025	140

METROPOLITAN TRANSPORTATION AUTHORITY**(A Component Unit of the State of New York)****MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024****(\$ In Millions, except as noted)**

FINANCIAL REPORTING ENTITY

The Metropolitan Transportation Authority ("MTA" or "MTA Group") was established under the New York Public Authorities Law and is a public benefit corporation and a component unit of the State of New York ("NYS") whose mission is to continue, develop, and improve public transportation and to develop and implement a unified public transportation policy in the New York metropolitan area. The financial reporting entity consists of subsidiaries and affiliates, considered component units of the MTA, because the Board of the MTA serves as the overall governing body of these related entities.

The Reporting entity includes the MTA agencies and Fiduciary Funds:

(1) the MTA is comprised of the following:

- Metropolitan Transportation Authority Headquarters ("MTAHQ") provides support in budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services to the related groups listed below.
- The Long Island Rail Road Company ("MTA Long Island Rail Road") provides passenger transportation between New York City ("NYC") and Long Island.
- Metro-North Commuter Railroad Company ("MTA Metro-North Railroad") provides passenger transportation between NYC and the suburban communities in Westchester, Dutchess, Putnam, Orange, and Rockland counties in NYS and New Haven and Fairfield counties in Connecticut.
- Staten Island Rapid Transit Operating Authority ("MTA Staten Island Railway") provides passenger transportation on Staten Island.
- First Mutual Transportation Assurance Company ("FMTAC") provides primary insurance coverage for certain losses, some of which are reinsured, and assumes reinsurance coverage for certain other losses.
- MTA Construction and Development Company ("MTA Construction and Development"), formerly called MTA Capital Construction Company, provides oversight for the planning, design and construction of current and future major MTA system-wide expansion projects.
- MTA Bus Company ("MTA Bus") operates certain bus routes in areas previously served by private bus operators pursuant to franchises granted by NYC.
- New York City Transit Authority ("MTA New York City Transit") and its subsidiary, Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA"), provide subway and public bus service within the five boroughs of NYC.
- Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels") operates seven toll bridges, two tunnels, and the Battery Parking Garage, all within the five boroughs of NYC.
- MTA Grand Central Madison Operating Company ("MTA GCMOC") operates and maintains the infrastructure and structures supporting Long Island Rail Road access into Grand Central Terminal.
- MTAHQ, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Staten Island Railway, FMTAC, MTA Construction and Development, MTA Bus, MTA New York City Transit, MTA Bridges and Tunnels, and MTA GCMOC collectively are referred to herein as MTA. MTA Long Island Rail Road and MTA Metro-North Railroad are referred to collectively as the Commuter Railroads.

The MTA provides transportation services in the New York metropolitan area, operations of seven bridges and two tunnels within NYC and primary insurance coverage to the MTA related entities. The MTA engages in Business-Type Activities. The financial results of the MTA are reported as consolidated financial statements.

(2) The Fiduciary Funds are comprised of Pension and Other Employee Benefit Trust Funds:

- Pension Trust Funds:
 - MTA Defined Benefit Pension Plan
 - The Long Island Rail Road Company Plan for Additional Pensions ("LIRR Additional Plan")

- Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA Plan”)
- Metro-North Commuter Railroad Cash Balance Plan (“MNR Cash Balance Plan”)
- Other Employee Benefit Trust Funds
 - MTA Other Postemployment Benefits Plan (“OPEB Plan”)

OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

This report consists of: Management’s Discussion and Analysis (“MD&A”), Consolidated Financial Statements, Fiduciary Funds Financial Statements, Notes to the Consolidated Financial Statements, Required Supplementary Information, Supplementary Information - Combining Fiduciary Fund Financial Statements, and Supplementary Information.

Management’s Discussion and Analysis

This MD&A provides a narrative overview and analysis of the financial activities of the MTA as of and for the years ended December 31, 2025 and 2024. For financial reporting purposes, the subsidiaries and affiliates of the MTA are blended component units. This management discussion and analysis is intended to serve as an introduction to the MTA Group’s consolidated financial statements. It provides an assessment of how the MTA Group’s position has improved or deteriorated and identifies the factors that, in management’s view, significantly affected the MTA Group’s overall financial position. It may contain opinions, assumptions, or conclusions by the MTA Group’s management that must be read in conjunction with, and should not be considered a replacement for, the consolidated financial statements.

The Consolidated Financial Statements

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

The Consolidated Statements of Revenues, Expenses and Changes in Net Position provide information about the MTA’s changes in net position for the period then ended and accounts for all of the period’s revenues and expenses, measures the success of the MTA Group’s operations during the year and can be used to determine how the MTA has funded its costs.

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

The Fiduciary Funds Financial Statements

Fiduciary funds are used to account for resources held in a trustee capacity for the benefit of parties outside of a government entity. Fiduciary funds are not reported in the MTA’s consolidated financial statements because the resources of those funds are not available to support the MTA’s own programs. The MTA’s fiduciary funds are collectively reported as Pension and Other Employee Benefit Trust Funds.

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

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

Notes to the Consolidated Financial Statements

The notes provide information that is essential to understanding the consolidated financial statements, such as the MTA Group’s accounting methods and policies, details of cash and investments, employee benefits, long-term debt, lease transactions, future commitments and contingencies of the MTA Group, and information about other events or developing situations that could materially affect the MTA Group’s financial position.

Required Supplementary Information

The required supplementary information provides information about the changes in the net pension liability and net other postemployment benefits (“OPEB”) liability, employer contributions for the OPEB and pension plans, actuarial assumptions used to calculate the net pension liability and net OPEB liability, historical trends, and other required supplementary information related to the MTA Group’s cost-sharing multiple-employer defined benefit pension plans.

Supplementary Information - Combining Fiduciary Funds Financial Statements

The supplementary information combining fiduciary funds financial statements includes the combining statements of fiduciary net position and the combining statements of changes in fiduciary net position which provides financial information on each fiduciary fund in which the MTA is functioning as a trustee for another party. The MTA's fiduciary funds are categorized as Pension and Other Employee Benefit Trust Funds.

Supplementary Information

The supplementary information provides a series of reconciliations between the MTA Group's financial plan and the consolidated statements of revenues, expenses and changes in net position.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following sections discuss the significant changes in the MTA Group's financial position as of and for the years ended December 31, 2025 and 2024. An analysis of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, the information contained within the summaries of the consolidated financial statements and the various exhibits presented were derived from the MTA Group's consolidated financial statements.

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

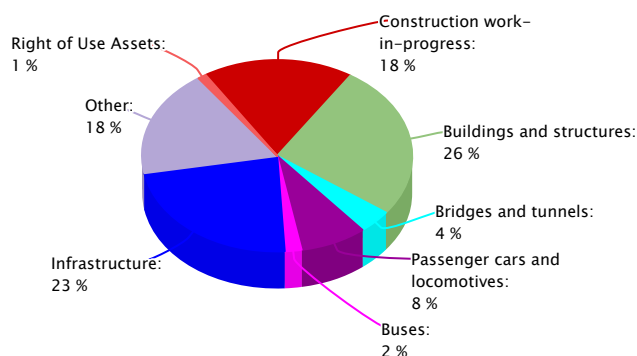
Capital assets include, but are not limited to: bridges, structures, tunnels, construction of buildings and the acquisition of buses, equipment, passenger cars, locomotives, right-of-use assets for leases on building, office space, storage space, equipment and vehicles, and intangible right-to-use assets for subscription-based information technology arrangements.

Other assets include, but are not limited to: cash, restricted and unrestricted investments, State and regional mass transit taxes receivables, and receivables from NYS. This also includes the receivable from leases of MTA's land, building, station concession, equipment, and right-of-way to third parties.

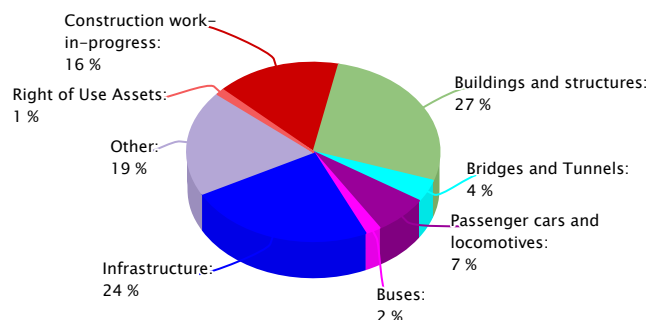
Deferred outflows of resources reflect: changes in fair values of hedging derivative instruments that are determined to be effective, unamortized loss on debt refunding and deferred outflows from pension and OPEB.

(In millions)	December 31,			Increase / (Decrease)	
	2025	2024	2023	2025 - 2024	2024 - 2023
Capital assets — net (see Note 6)	\$ 99,361	\$ 94,353	\$ 90,553	\$ 5,008	\$ 3,800
Other assets	23,915	17,537	15,676	6,378	1,861
Total Assets	123,276	111,890	106,229	11,386	5,661
Deferred outflows of resources	7,225	8,343	9,672	(1,118)	(1,329)
Total assets and deferred outflows of resources	\$ 130,501	\$ 120,233	\$ 115,901	\$ 10,268	\$ 4,332

Capital Assets, Net – December 31, 2025



Capital Assets, Net – December 31, 2024



Significant Changes in Assets and Deferred Outflows of Resources Include:

December 31, 2025 versus December 31, 2024

- Net capital assets increased at December 31, 2025 by \$5,008 or 5.3%. There was an increase in construction in progress of \$3,209, an increase in other capital assets of \$1,757 for elevator and escalator replacements, station renewal and accessibility projects, and IT software and police radios, an increase in infrastructure of \$1,515, primarily due to the Congestion Relief Zone (“CRZ”) Tolling Program, formerly referred to as the Central Business District Tolling Program (“CBDTP”), cameras and structures put in place for Congestion Pricing enforcement, an increase in passenger cars and locomotives of \$1,241, an increase in buildings and structures of \$1,036, an increase in right-to-use assets of \$97, an increase in bridges and tunnels of \$20 and an increase in buses of \$3. These increases were offset by a net increase in accumulated depreciation and amortization of \$3,870. See Note 6 to the MTA’s Consolidated Financial Statements for further information.

Some of the more significant Infrastructure projects contributing to the net increase included:

- Repairs and improvements of all MTA Bridge and Tunnels’ facilities.
- Construction of a third track between Floral Park and Hicksville by MTA Long Island Rail Road.
- Major safety and LIRR-infrastructure improvements including new track interlockings, five full station rehabilitations, four full bridge replacements and three bridge modifications.
- Continued improvements at MTA Metro-North Railroad primarily for station rehabilitation and construction work for various projects relating to signals, depots and yards and track and structures.
- Subway and bus real-time customer information and communications systems.
- Continued structural rehabilitation and repairs of the ventilation system at various facilities.
- Ongoing work by MTA New York City Transit to make stations fully accessible and structurally reconfigured in accordance with the Americans with Disability Act (“ADA”) standards.
- Other assets increased by \$6,378, or 36.4%. The major items contributing to this change include:
 - A net increase in cash and investments of \$6,563, primarily due to increases in unrestricted current and non-current investments.
 - A net increase in other current and noncurrent assets of \$325.
 - A net increase of \$61 in current receivables from various federal and state government subsidies due to timing of receipts.

Offsetting the increases is a decrease of \$571 in prepaid expenses and other current assets mainly due to the pension prepayment in 2024.

- Deferred outflows of resources decreased by \$1,118, or 13.4%. This decrease was primarily due to favorable OPEB change in assumptions resulting in a net decrease of plan liabilities and pension actuarial gain on market value of assets.. In addition, there was a decrease in loss refunding of \$143 which was offset by an accumulated increase in fair value of derivative instruments of \$19.

December 31, 2024 versus December 31, 2023

- Net capital assets increased on December 31, 2024 by \$3,800 or 4.2%. There was an increase in buildings and structures of \$1,971, an increase in infrastructure of \$1,733, primarily due to the CBDTP cameras and structures put in place for Congestion Pricing enforcement, an increase in other capital assets of \$1,203 for elevator and escalator replacements, station renewal and accessibility projects, and IT software and police radios, an increase in passenger cars and locomotives of \$1,090, an increase in construction in progress of \$906, an increase in buses of \$196, an increase in right-to-use assets of \$130 and an increase in bridges and tunnels of \$122. These increases were offset by a net increase in accumulated depreciation and amortization of \$3,551. See Note 6 to the MTA’s Consolidated Financial Statements for further information.

Some of the more significant projects contributing to the net increase included:

- Infrastructure work including:
 - Repairs and improvements of all MTA Bridge and Tunnels’ facilities.
 - Construction of a third track between Floral Park and Hicksville by MTA Long Island Rail Road.

- Major safety and LIRR-infrastructure improvements including new track interlockings, five full station rehabilitations, four full bridge replacements and three bridge modifications.
- Continued improvements to MTA Metro-North Railroad primarily for station rehabilitation and construction work for various projects relating to signals, depots and yards and track and structures.
- Subway and bus real-time customer information and communications systems.
- Continued structural rehabilitation and repairs of the ventilation system at various facilities.
- Ongoing work by MTA New York City Transit to make stations fully accessible and structurally reconfigured in accordance with the ADA standards.
- Other assets increased by \$1,861, or 11.9%. The major items contributing to this change include:
 - A net increase in cash and investments of \$1,606, primarily due to increases in unrestricted current and non-current investments.
 - A net increase in other current and noncurrent assets of \$128.
 - A net increase of \$127 in current receivables from various federal and state government subsidies due to timing of receipts.
- Deferred outflows of resources decreased by \$1,329, or 13.7%. This decrease was primarily due to the \$639 pension prepayment to the MTA-sponsored plans, reducing pension liability and pension actuarial adjustments for projected and actual earnings on pension plan investments in accordance with GASB 68 and GASB 71. In addition, there was an accumulated decrease in fair value of derivative instruments of \$46 and decrease in loss refunding of \$108.

Total Liabilities and Deferred Inflows of Resources, Distinguishing Between Current Liabilities, Non-Current Liabilities and Deferred Inflows of Resources

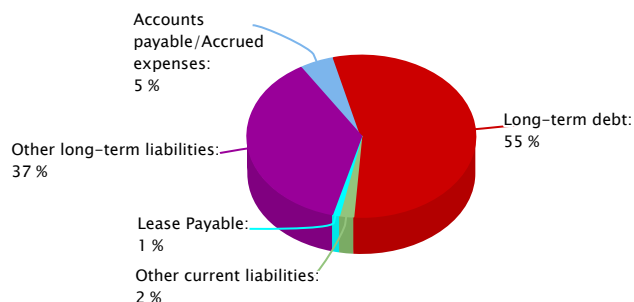
Current liabilities include: accounts payable, accrued expenses, current portion of long-term debt, pollution remediation liabilities, unredeemed fares and tolls, the current portion of long-term lease liability, and other current liabilities.

Non-current liabilities include: long-term debt, claims for injuries to persons, benefits, long-term lease liability, and other non-current liabilities.

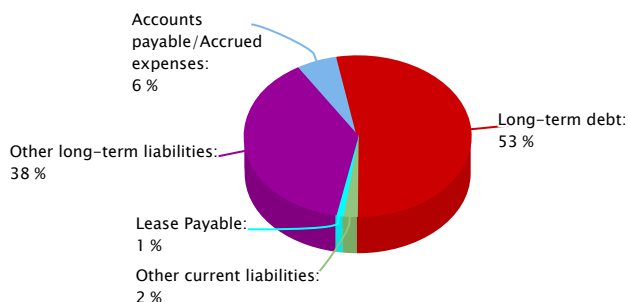
Deferred inflows of resources reflect unamortized gains on debt refunding, and deferred inflows related to leases, pension and OPEB.

(In millions)	December 31,			Increase/(Decrease)	
	2025	2024	2023	2025 - 2024	2024 - 2023
Current liabilities	\$ 8,743	\$ 8,060	\$ 9,093	\$ 683	\$ (1,033)
Non-current liabilities	84,352	82,996	83,859	1,356	(863)
Total liabilities	93,095	91,056	92,952	2,039	(1,896)
Deferred inflows of resources	9,558	8,983	6,076	575	2,907
Total liabilities and deferred inflows of resources	\$ 102,653	\$ 100,039	\$ 99,028	\$ 2,614	\$ 1,011

Total Liabilities – December 31, 2025



Total Liabilities – December 31, 2024



*Significant Changes in Liabilities and Deferred Inflows of Resources Include:*December 31, 2025 versus December 31, 2024

- Current liabilities increased by \$683, or 8.5%. The increase was primarily due to:
 - A net increase in the current portion of loans payable of \$498, primarily due to reclassification of \$500 CRZ loan from long-term to current.
 - An increase of \$226 on the current portion of debt service.
 - An increase in capital accruals of \$164 due to continued work on existing and new capital projects.
 - A net increase of accrued expenses and other current liabilities of \$60.
 - An increase in unearned revenues of \$50 due to timing of NYS's funding towards the MTA Capital Program and processing of capital payments.
 - An increase in accrued interest of \$15.

Offsetting decreases were:

- A decrease in accrued payroll liabilities of \$146.
 - A decrease in the current portion of estimated liabilities from injuries of \$115.
 - A decrease in accounts payable of \$69.
- Non-current liabilities increased by \$1,356, or 1.6%. This increase was mainly due to:
 - An increase in long-term debt of \$2,104 from bond issuances in 2025.
 - An increase in estimated liability arising from injuries to persons of \$571 as a result of the increase in FMTAC's liability insurance program's ("ELF") reserve for significant claim costs.
 - A net increase in other non-current liabilities of \$199.

Offsetting the increases were a decrease in post-employment benefits other than pensions of \$654 mainly due to a change in assumptions and a decrease in net pension liability of \$864 attributable to changes in the actuarial valuation primarily as a result of an actuarial gain on the fair value of plan assets.

- Deferred inflows of resources increased by \$575, or 6.4%, primarily due to an increase in deferred inflows from leases of \$267, an increase in deferred inflows related to pensions of \$175 as a result of changes in the actuarial valuation for the pension plans as required by GASB 68 and an increase of \$133 from deferred inflows relating for OPEB as required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75").

December 31, 2024 versus December 31, 2023

- Current liabilities decreased by \$1,033, or 11.4%. The decrease was primarily due to:
 - A decrease in the current portion of long-term debt of \$1,206 mainly due to the longer debt maturities and bond refundings supported by the debt issuances with long maturities.
 - A decrease in unearned revenues of \$476 mainly due to timing of NYS's funding towards the MTA Capital Program and processing of capital payments.

Offsetting increases were:

- An increase in the current portion of estimated liabilities from injuries of \$312.
- An increase in accounts payable of \$130.
- An increase in accrued payroll liabilities of \$88, primarily due to the implementation of GASB 101 for compensated absences.
- A net increase in accrued expenses and of other current liabilities \$82.
- An increase in capital accruals of \$37 due to continued work on existing and new capital projects.

- Non-current liabilities decreased by \$863, or 1.0%. This decrease was mainly due to:
 - A decrease in post-retirement benefits other than pensions of \$2,206 mainly due to a change in assumptions and a decrease in net pension liability of \$1,580 attributable to changes in the actuarial valuation primarily as a result of an actuarial gain on the fair value of plan assets.

Offsetting increases were:

- An increase in long-term debt of \$2,120 from bond issuances in 2024.
 - An increase in estimated liability arising from injuries to persons of \$760 as a result of the increase in the ELF reserve by the actuary for significant claim costs.
 - A net increase in other non-current liabilities of \$43.
- Deferred inflows of resources increased by \$2,907, or 47.8%, primarily due to an increase in deferred inflows related to OPEB of \$3,041 as a result of changes in actuarial valuation for OPEB as required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), offset by a decrease in deferred inflows related to pensions of \$94 as a result of changes in the actuarial valuation for the pension plans as required by GASB 68, a decrease in other deferred inflows from leases of \$23 and a decrease in unamortized bond refunding of \$17.

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

(In millions)	December 31,			Increase/(Decrease)	
	2025	2024	2023	2025 - 2024	2024 - 2023
Net investment in capital assets	\$ 46,256	\$ 43,847	\$ 41,333	\$ 2,409	\$ 2,514
Restricted for debt service	631	709	876	(78)	(167)
Restricted for claims	231	192	275	39	(83)
Restricted for other purposes	2,362	2,222	2,443	140	(221)
Unrestricted	(21,632)	(26,776)	(28,054)	5,144	1,278
Total Net Position	\$ 27,848	\$ 20,194	\$ 16,873	\$ 7,654	\$ 3,321

Significant Changes in Net Position Include:

December 31, 2025 versus December 31, 2024

At December 31, 2025, total net position increased by \$7,654, or 37.9%, when compared with December 31, 2024. This change is a result of net non-operating revenues of \$14,345 and appropriations, grants and other receipts externally restricted for capital projects of \$4,964 which was offset by operating losses of \$11,655.

The net investment in capital assets increased by \$2,409, or 5.5%. Funds restricted for debt service, claims and other purposes increased by \$101, or 3.2% in the aggregate, while unrestricted net position increased by \$5,144, or 19.2%, partly due to a restatement of \$374 as a result of the implementation of GASB 101 in the prior year (see Note 2 for additional information).

December 31, 2024 versus December 31, 2023

At December 31, 2024, total net position increased by \$3,321, or 19.7%, when compared with December 31, 2023. This change is a result of net non-operating revenues of \$11,380, and appropriations, grants and other receipts externally restricted for capital projects of \$4,368, which was offset by operating losses of \$12,427.

The net investment in capital assets increased by \$2,514, or 6.1%. Funds restricted for debt service, claims and other purposes decreased by \$471, or 13.1% in the aggregate, while unrestricted net position increased by \$1,278, or 4.6%, including a restatement of \$374 as a result of the implementation of GASB 101 (see Note 2 for additional information).

Condensed Consolidated Statement of Revenues, Expenses and Changes in Net Position

(In millions)	December 31, 2025	December 31, 2024	December 31, 2023	Increase/(Decrease) 2025 - 2024	2024 - 2023
Operating revenues					
Passenger and tolls	\$ 8,464	\$ 7,560	\$ 7,073	\$ 904	\$ 487
Other	1,080	948	790	132	158
Total operating revenues	9,544	8,508	7,863	1,036	645
Non-operating revenues					
Grants, appropriations and taxes	10,863	9,660	8,415	1,203	1,245
Other	5,461	3,682	1,773	1,779	1,909
Total non-operating revenues	16,324	13,342	10,188	2,982	3,154
Total revenues	25,868	21,850	18,051	4,018	3,799
Operating expenses					
Salaries and wages	7,594	7,273	7,079	321	194
Retirement and other employee benefits	3,359	3,359	3,583	-	(224)
Postemployment benefits other than pensions	1,121	1,305	1,471	(184)	(166)
Depreciation and amortization	4,016	3,951	3,712	65	239
Other expenses	5,109	5,047	4,023	62	1,024
Total operating expenses	21,199	20,935	19,868	264	1,067
Non-operating expenses					
Interest on long-term debt	1,965	1,950	1,838	15	112
Other net non-operating expenses	14	12	20	2	(8)
Total non-operating expenses	1,979	1,962	1,858	17	104
Total expenses	23,178	22,897	21,726	281	1,171
Income (loss) before appropriations, grants and other receipts externally restricted for capital projects	2,690	(1,047)	(3,675)	3,737	2,628
Appropriations, grants and other receipts externally restricted for capital projects	4,964	4,368	3,908	596	460
Change in net position	7,654	3,321	233	4,333	3,088
Net position, beginning of year	20,194	16,873	16,969	3,321	(96)
Restatement of beginning net position due to the adoption of GASB 101	-	-	(329)	-	329
Net position, end of year	\$ 27,848	\$ 20,194	\$ 16,873	\$ 7,654	\$ 3,321

Revenues and Expenses, by Major Source:

Year ended December 31, 2025 versus 2024

- Total operating revenues increased by \$1,036, or 12.2%. The increase was mainly due to increased ridership and fares on trains, subways and buses as well as increased tolls from vehicle crossings. Fare and toll revenues had increases of \$211 and \$693, respectively. Other operating revenues increased by \$132, when compared with the same period in 2024, due to higher advertising revenues and higher paratransit reimbursement subsidy.
- Total non-operating revenues increased by \$2,982, or 22.4%.
 - Other net non-operating expenses increased \$1,025 primarily due to receipt of \$500 from NYS for commercial gaming license fees and \$204 from proceeds of Congestion Relief Zone.
 - FTA reimbursement increased by \$751 primarily due to preventive maintenance funding.
 - Grants, appropriations, and taxes increased by \$1,206, primarily due to increases in Payroll Mobility Tax subsidies of \$883, Metropolitan Mass Transportation Operating Assistance subsidies of \$151, Urban Tax subsidies of \$103, Mortgage Recording Tax subsidies of \$88, NYC Assistance Fund of \$81, Operating Assistance - 18-B Program of \$30, station maintenance, operation and use assessments of \$15, operating subsidies recoverable from NYC of \$10, MTA Aid Trust Account subsidies of \$6 and Internet Marketplace Sales Tax ("Internet Tax") of \$6. Offsetting these increases were decreases in subsidies for Real Estate Transfer Tax Surcharge ("RETT"), formerly referred to as Mansion Tax, of \$114, Connecticut Department of Transportation subsidies for the MTA Metro-North Railroad of \$22, Build America Bond subsidy of \$19 and Mass Transportation Trust Fund subsidies of \$12.
- Labor costs increased by \$137, or 1.1%. due to increase in salaries and wages of \$321, offset by decrease in Other post-employment benefits other than pensions of \$184 due to changes in the actuarial valuation:
- Non-labor operating costs increased by \$127, or 1.4%. The variance was primarily due to:
 - An increase in electric power of \$103.

- An increase in paratransit service contracts of \$100.
- An increase in depreciation and amortization of \$65.
- An increase in materials and supplies of \$48.
- An increase in professional service contracts and maintenance and other operating contracts by \$6 and \$6, respectively.

Offsetting the increases were:

- A decrease in claims of \$131.
- A decrease in pollution remediation projects of \$34.
- A net decrease in other various expenses of \$36 due to changes in operational requirements.
- Total net non-operating expenses increased by \$17, or 0.9% primarily due to an increase in interest on long-term debt of \$15 and an increase of \$2 from subsidies paid to Dutchess, Orange and Rockland counties.
- Appropriations, grants and other receipts externally restricted for capital projects increased by \$596, or 13.6%, mainly due to timing in the availability of Federal and State grants for capital projects.

Year ended December 31, 2024 versus 2023

- Total operating revenues increased by \$645, or 8.2%. The increase was mainly due to increased ridership and fares on trains, subways and buses as well as increased tolls from vehicle crossings. Fare and toll revenues had increases of \$338 and \$149, respectively. Other operating revenues increased by \$158 when compared with the same period in 2023 due to higher advertising revenues and higher paratransit reimbursement subsidy.
- Total non-operating revenues increased by \$3,154, or 31.0%.
 - FTA reimbursements increased by \$2,278, which includes a FTA preventive maintenance grant of \$2,302 received as reimbursement for subway, bus and facility maintenance expenses.
 - Grants, appropriations, and taxes increased by \$1,245 primarily due to increases in Payroll Mobility Tax subsidies of \$862, MTA Aid Trust Account subsidies of \$198, Metropolitan Mass Transportation Operating Assistance subsidies of \$162, Urban Tax subsidies of \$23, Operating assistance - 18-B Program of \$10, NYC Assistance Fund of \$8, Mortgage Recording Tax subsidies of \$6 and Internet Sales Tax of \$4. Offsetting these increases were decreases in subsidies for Mansion Tax of \$18, Build America Bond subsidy of \$5 and Mass Transportation Trust Fund subsidies of \$5.
- Labor costs decreased by \$196, or 1.6%. The major changes within this category are:
 - Retirement and employee benefits decreased by \$224 primarily due to changes in the actuarial valuation for pensions under GASB 68.
 - Salaries and wages increased by \$194 mainly due to 2023 restatement as a result of the implementation of GASB 101.
 - Postemployment benefits other than pensions decreased by \$166 due to changes in the actuarial valuation for OPEB.
- Non-labor operating costs increased by \$1,263, or 16.3%. The variance was primarily due to:
 - An increase in claims of \$765 due to unfavorable loss development in recent years which caused the existing reserves to be increased.
 - An increase in depreciation and amortization of \$239, primarily due to CBDTP cameras and structures being placed in service in 2024.
 - An increase in maintenance and other operating contracts by \$125.
 - An increase in paratransit service contracts of \$100 primarily due to increased ridership.
 - An increase in professional service contracts of \$50.
 - Offsetting the increases was a net decrease in other various expenses of \$16 due to changes in operational requirements.
- Total net non-operating expenses increased by \$104, or 5.6% primarily due to an increase in interest on long-term debt of \$112 offset by an decrease of \$8 in subsidies paid to Dutchess, Orange and Rockland Counties.
- Appropriations, grants and other receipts externally restricted for capital projects increased by \$460, or 11.8%, mainly due to timing in the availability of Federal and State grants for capital projects.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Economic Conditions

Metropolitan New York is the most transit-intensive region in the United States, and a financially sound and reliable transportation system is critical to the region's economic well-being. The MTA consists of urban subway and bus systems, suburban rail systems, bridge and tunnel facilities, all of which are affected by a myriad of economic forces. To achieve maximum efficiency and success in its operations, the MTA must identify economic trends and continually implement strategies to adapt to changing economic conditions.

Preliminary MTA system-wide ridership for fourth quarter 2025 remained below the pre-pandemic level, with paid ridership down 160 million trips (-38.4%) below 2019 fourth quarter ridership. The fourth quarter of 2025 exceeded the paid ridership during the fourth quarter of 2024 by 8 million (2.0%). For the fourth quarter of 2025 compared with the fourth quarter of 2024, MTA New York City Transit subway paid ridership increased by 13 million trips (3.9%), MTA New York City Transit bus paid ridership decreased by 4 million trips (-5.1%), MTA Long Island Rail Road paid ridership increased by 2 million trips (11.1%), MTA Metro-North Railroad paid ridership increased by 1 million trips (3.8%), MTA Bus paid ridership decreased by 1 million trips (-6.0%), and MTA Staten Island Railway paid ridership decreased by 30 thousand trips (-4.9%). Paid vehicle traffic at MTA Bridges and Tunnels facilities for the fourth quarter of 2025 was above 2019 levels by 3 million crossings (3.1%), and MTA Bridges and Tunnels traffic in the fourth quarter, compared with the fourth quarter of 2024, was down 210 thousand crossings (-0.2%).

The Congestion Relief Zone ("CRZ") Tolling Program was established by NYS legislation in 2019 to both manage traffic congestion in Manhattan and be implemented in a manner that achieves a minimum \$15 billion of funding for the projects identified in MTA's 2020-2024 Capital Program, and any additional revenues above that amount to be available for any successor program. Following the execution of an agreement under the Value Pricing Pilot Program by FHWA and the Project Sponsors, MTA Bridges and Tunnels began collecting CRZ tolls on January 5, 2025.

Seasonally adjusted non-agricultural employment in NYC for the fourth quarter was higher in 2025 than in 2024 by 40.1 thousand jobs (0.8%). On a quarter-to-quarter basis, NYC employment lost 19.8 thousand jobs (0.4%), breaking the twenty-month consecutive quarterly increase trend. Third quarter 2025 results, compared to second quarter 2025, increased 32.6 thousand jobs (0.7%) and increased 78.6 thousand jobs (1.6%) compared with the third quarter 2024.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 1.4% in the fourth quarter of 2025 and 4.4% in third quarter 2025, according to the most recent estimate released by the Bureau of Economic Analysis. The increase in real GDP in the fourth quarter primarily reflecting increases in consumer spending and investment that were partly offset by decreases in government spending and exports. The increase in consumer spending reflected an increase in services that was partly offset by a decrease in goods. Within services, the leading contributors to the increase were health care and other services. The increase in investment primarily reflected increases in intellectual property products, private inventory investment, and equipment. The largest contributor to the decrease was a decrease in government spending reflected in a decrease in federal government spending. Both nondefense and defense consumption expenditures for employee compensation declined.

Due to the federal government shutdown, the Bureau of Labor Statistics was unable to collect information necessary to calculate the consumer price index data from October 1, 2025 to November 12, 2025. To this end, the fourth quarter of 2025 presented herein reflects the average of November and December. The NYC metropolitan area's price inflation rate, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was above the national average in the fourth quarter of 2025, with the metropolitan area index increasing 3.2% while the national index increased 2.7% when compared with the fourth quarter of 2024. Regional prices for energy products increased 7.2% while national prices for energy products were 2.7%. In the metropolitan area, the CPI-U exclusive of energy products increased by 3.0%, while nationally, inflation exclusive of energy products increased 2.7%. The New York Harbor spot price for conventional gasoline decreased by 11.1% from an average price of \$2.10 per gallon to an average price of \$1.87 per gallon between the fourth quarters of 2024 and 2025.

In its announcement on December 10th 2025, the Federal Open Market Committee ("FOMC") set its target for the Federal Funds rate at the 3.50% to 3.75% range. This is the sixth decline in the target rate range since September 18, 2024, when the FOMC reduced the target from a 5.25% to 5.50% range to a 4.75% to 5% range. Previously, FOMC actions decreased the range to 4.75% to 5% on September 18, 2024, decreased the range to 4.5% to 4.75% range on November 7, 2024, decreased the range to 4.25% to 4.5% on December 18, 2024, decreased the range to 4.0% to 4.25% on September 17, 2025, and decreased the range to 3.75% to 4% on October 29, 2025. In assessing the appropriate stance of monetary policy, the FOMC will continue to monitor the implications of incoming information for the economic outlook. The FOMC judges that reserve balances have declined to ample levels and will initiate purchases of shorter-term Treasury securities as needed to maintain an ample supply of reserves on an ongoing basis. The FOMC's assessments will consider a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

MRT collections in the fourth quarter of 2025 were higher than the fourth quarter of 2024 by \$16.9 million (18.2%). Average monthly receipts in the fourth quarter of 2025 were \$28.1 million (-44.2%) lower than the monthly average for 2006, just prior to the steep decline in Mortgage Recording Tax revenues during the Great Recession. MTA's Urban Tax receipts during the fourth quarter of 2025—which are derived from commercial real estate transactions and mortgage recording activity within New York City and can vary significantly from quarter to quarter based on the timing of exceptionally high-priced transactions—were \$17.6 million (17.2%) higher than receipts during the fourth quarter of 2024. Average monthly receipts in the fourth quarter of 2025 were \$35.3 million (-48.0%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

Results of Operations

MTA Bridges and Tunnels - For the twelve months ended December 31, 2025, operating revenue from tolls totaled \$3,267, which was \$695, or 27.02%, higher than the twelve months of 2024. Total crossings in 2025 were 338.1 million versus 337.2 million crossings in 2024, an increase of 0.2%.

MTA New York City Transit - Total revenue from fares was \$3,659 in 2025, an increase of \$125, or 3.5% from 2024. Total ridership was 1,650 million, an increase of 118 or 7.7% from 2024. Total operating expenses, including depreciation, other post-employment benefits and environmental remediation expenses, were \$12,913 in 2025, an increase of \$61, or 0.5%.

MTA Long Island Rail Road – Total operating revenue for the twelve months ended December 31, 2025 was \$749, which was higher by \$58, or 8.39%, compared to twelve months ended December 31, 2024. For the same comparative period, operating expenses were higher by \$80, or 3.3%, totaling \$2,497 for the twelve months ended December 31, 2025.

MTA Metro-North Railroad – For the twelve months ended December 31, 2025, operating revenues totaled \$725, an increase of \$63, or 9.5%, compared to December 31, 2024. During the same period, operating expenses increased by \$15, or 0.79%, to \$1,997. Passenger fares accounted for 91.53% and 94.48% of operating revenues in 2025 and 2024, respectively. The remaining revenue represents rental income from retail businesses in and around passenger stations and from advertising revenues.

The MTA receives the equivalent of four quarters of Metropolitan Mass Transportation Operating Assistance (“MMTOA”) receipts each year, with the state advancing the first quarter of each succeeding calendar year’s receipts in the fourth quarter of the current year. This results in little or no Metropolitan Mass Transportation Operating Assistance receipts being received during the first quarter of each calendar year. The MTA has made other provisions to provide for cash liquidity during this period. During April 2022, the State appropriated \$2.6 billion in MMTOA funds. There has been no change in the timing of the State’s payment of, or MTA’s receipt of, Dedicated Mass Transportation Trust Fund (“MTTF”) receipts, which MTA anticipates will be sufficient to make monthly principal and interest deposits into the Debt Service Fund for the Dedicated Tax Fund Bonds. The total MRT for the year ended December 31, 2025 was \$440.0 compared to \$352.4 as at December 31, 2024.

Capital Programs

At December 31, 2025, \$5,813 had been committed and \$449 expended for the combined 2025-2029 Capital Programs and the 2025-2029 MTA Bridges and Tunnels Capital Program, and \$37,856 had been committed and \$18,338 had been expended for the combined 2020-2024 Capital Programs and the 2020-2024 MTA Bridges and Tunnels Capital Program.

The MTA Group has ongoing capital programs, which except for MTA Bridges and Tunnels are subject to the approval of the Metropolitan Transportation Authority Capital Program Review Board (“CPRB”) and are designed to improve public transportation in the New York Metropolitan area.

2025-2029 Capital Program – Capital programs totaling \$65,400 covering the years 2025-2029 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the “2025–2029 Commuter Capital Program”), (2) the transit system operated by MTA New York City Transit and its subsidiary, MABSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the “2025–2029 Transit Capital Program”) were originally approved by the MTA Board on September 25, 2024. The capital programs were subsequently disapproved by the CPRB on December 24, 2024, because fund sources for the plan had not yet been fully identified. The capital program totaling \$3,000 for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the “2025–2029 MTA Bridges and Tunnels Capital Program”) was approved by the MTA Board on September 25, 2024 and was not subject to CPRB approval. On May 28, 2025, the MTA Board approved the resubmitted capital programs. This resubmission was subsequently approved by the CPRB on June 17, 2025.

The approved 2025-2029 Capital Programs provided \$68,400 in capital expenditures. The combined funding sources for the 2025–2029 MTA Capital Programs and the 2025-2029 MTA Bridges and Tunnels Capital Program, include \$31,500 in Payroll Mobility Tax new revenue source (MTA Capital Lockbox), \$9,700 in MTA bonds and PAYGO, \$14,000 in Federal funds, \$4,200 in State of New York funding, \$3,000 in NYC funding, \$3,000 from additional MTA self-funding, and \$3,000 in MTA Bridges and Tunnels dedicated funds.

2020-2024 Capital Program – Capital programs totaling \$54,799 covering the years 2020-2024 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the “2020–2024 Commuter Capital Program”), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the “2020–2024 Transit Capital Program”) were originally approved by the MTA Board on September 25, 2019. The capital programs were subsequently submitted to the CPRB on October 1, 2019 and approved on January 1, 2020. The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the “2020–2024 MTA Bridges and Tunnels Capital Program”) was approved by the MTA Board on September 25, 2019 and was not subject to CPRB approval. On December 15, 2021, the MTA Board approved an amendment to increase the 2020-2024 Capital Program by \$535 million to support the Penn Station Access project. On July 27, 2022 the MTA Board approved an amendment to increase the 2020-2024 Capital Program by \$108 million to reflect addition of new projects, additional support for existing projects and changes to existing project budgets. The capital programs were subsequently submitted to the CPRB on August 1, 2022 and approved on August 30, 2022. On June 27, 2023, the MTA Board approved an amendment primarily to reflect \$678 million in budget transfers from the core agencies to support Network Expansion’s Penn Station Access project. The amendment to the capital programs was subsequently submitted to the CPRB, and deemed approved on July 31, 2023. The revised 2020-2024 MTA Bridges and Tunnels Capital Program totaling \$3,327 as last approved by the MTA Board on July 27, 2022, remain unchanged and is not subject to CPRB approval. On October 30, 2024, the MTA Board approved an amendment to increase the 2020-2024 Capital Program by \$120.9 million received from MTA’s capital funding partners to support Penn reconstruction, Interborough Express project, and Second Avenue Subway West. This amendment was submitted to the CPRB and deemed approved on December 9, 2024. On October 29, 2025, the MTA Board approved an amendment to recognize additional federal funding for Penn Station Access, savings from the Congestion Pricing infrastructure project, and other practical changes that resulted in a net decrease to the program by \$131 million. The amendment to the capital programs was submitted to the CPRB and deemed approved on December 2, 2025.

The last approved 2020-2024 Capital Programs provided \$55,432 in capital expenditures. The combined funding sources for the 2020–2024 MTA Capital Programs and the 2020-2024 MTA Bridges and Tunnels Capital Program, include \$15,000 in Congestion Relief Zone tolling sources, \$10,000 in new revenue sources, \$6,043 in MTA bonds and PAYGO, \$3,251 in MTA Bridges and Tunnels dedicated funds, \$14,750 in Federal funds, \$3,159 in State of New York funding, \$3,052 in City of New York funding, and \$177 in other contributions.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The 2026 MTA Final Proposed Budget - November Financial Plan

The 2025 MTA November Financial Plan (the “November Plan” or “Plan”), which includes the 2025 November Forecast, the 2026 Final Proposed Budget and a Financial Plan for the years 2026 to 2029, updates the 2025 July Financial Plan (the “July Plan”), which included the 2025 Mid-Year Forecast and the 2026 Preliminary Budget.

Risks to MTA’s Financial Future Risks to the November Plan include:

The November Plan remains balanced through 2026 with deficits of \$160 in 2027, \$243 in 2028, and \$306 in 2029. In comparison, the July Plan was balanced through 2026, with deficits of \$345 in 2027, \$354 in 2028, and \$428 in 2029. The February Plan was also balanced through 2026 and included deficits of \$378 in 2027 and \$419 in 2028.

Compared with the July Plan, the November Plan is \$419 favorable over the Plan period. Plan-to-plan changes reflect Agency updates - including savings from new Operating Efficiencies, New Needs, Farebox and Toll Revenue, and other Agency reestimates - as well as Subsidy receipts and Debt Service expense re-forecasts.

The July Plan included additional farebox and toll revenues from proposed fare and toll rate and policy changes for implementation in January 2026. With MTA Board approval in September 2025, the additional revenue projected from these actions, which were represented below-the line in the July Plan, have been incorporated into Agency financial plans. Overall, farebox and toll revenues, compared with the July Plan, are \$20 favorable over the Plan period.

Compared with the July Plan, Debt Service expense is \$161 favorable.

The net cost of Paratransit service, which reflects paratransit service contracts and other expenses, Paratransit fare revenue, Urban Tax receipts dedicated to Paratransit, and City Subsidy for Paratransit, is \$11 higher than in the July Plan, driven primarily by higher service expenses due to increased ridership. While the City’s contribution to Paratransit is currently legislated at 80 percent of expenses, there is a contribution cap of 50 percent plus \$165. As a result, the City’s contribution is less than 80 percent and is further reduced each year as expenses continue to increase.

Other Agency baseline operating expenses are \$319 higher than in the July Plan. Major expense changes include Workers’ Compensation, FELA and Pension, which are \$378 unfavorable due to higher actuarial re-estimates, and Electric Power and

Fuel, which are \$95 unfavorable due to rate and price increases. Health & Welfare expenses are \$532 favorable stemming from 2025 vacancy savings and higher prescription drug credits.

From 2009 through 2022, the MTA identified and captured about \$3.2 billion in annually recurring savings. In 2023, the MTA committed to achieving an additional \$500 in annually recurring cost savings through operating efficiencies, which was attained by the end of 2025 with initiatives I-1 ranging from insourcing functions like cleaning, using reliability data to tailor maintenance frequencies, and standardizing work practices to improve productivity.

Savings targets from new operating efficiencies are being introduced in this Plan. Achievable savings of \$75 in 2026, growing to \$150 in 2027 and \$200 in 2028, are expected to reach a full value of \$250 in annual recurring operating savings by 2029. While the 2023 operating efficiencies focused primarily on operations at MTA New York City Transit, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bridges and Tunnels, new operating efficiencies will also include MTAHQ as shared services have recently been centralized as part of the MTA consolidation efforts to standardize practices and seize economies of scale. Initiatives have been identified to capture \$75 in savings for 2026 and subsequent years.

Revenues from Taxes and State and Local Subsidies are unchanged from the July Plan.

Consistent with prior Plans, this Plan proposes, effective March 2027 and March 2029, biennial fare and toll rate changes to generate a 4 percent yield increase in farebox and toll revenues. These proposals are projected to generate \$39 above the forecast in the July Plan.

The Plan also reflects re-timing of the Penn Station Access project. Full completion of the project, which extends Metro-North's New Haven Line to reach Penn Station with four new accessible stations in the Bronx, has experienced delays due to coordination issues with Amtrak for work on its right-of-way. The full completion of the project, originally scheduled for 2027, is now expected to be delayed until 2030. MTA is planning to provide about 30 percent of the original scheduled service to three of the four new Bronx stations. This interim plan, which is predicated on cooperation by Amtrak, will result in shifts in operating budget spending, lowering net costs by \$58 over the Plan period.

MTA expects a further delay in the reimbursement of direct COVID-related expenses through the Federal Emergency Management Agency ("FEMA"). In the July Plan, reimbursements of \$300 in 2025 and \$300 in 2026 were anticipated, while the February Plan assumed the reimbursement would be received earlier: \$250 in 2025, \$140 in 2025, and \$210 in 2026. In this Plan, the reimbursement is expected over the 2026 to 2028 period, with receipt of \$200 each year.

Tolling through the CRZ began in January 2025. CRZ net revenue, dedicated to the 2020-2024 MTA Capital Program, is deposited into the Capital Lockbox Fund.

The November Plan presents a balanced budget through 2026, with deficits of \$160 in 2027, \$243 in 2028 and \$306 in 2029.

Dedicated tax receipts. Almost 45 percent of operating revenues that are necessary to cover operating budget expenses are derived from dedicated taxes, and an economic slowdown or recession could adversely impact MTA's ability to cover costs.

FEMA COVID reimbursement. The MTA expects reimbursement through the FEMA for direct COVID-related expenses incurred during the pandemic. These reimbursements have already slipped beyond the anticipated date of receipt, and should these reimbursements not materialize, the Plan will be put into deficit by \$200 in 2026, and deficits will be \$200 higher in both 2027 and 2028.

Gaming license fee non-operating revenue. In December 2025, three high-profile casino projects got their final approval from New York State's gaming commission. The casino licenses provided fees of \$500 in December 2025 and \$1,000 in January of 2026, all of which were transferred to the MTA by the gaming commission. The Plan also assumes gaming tax revenues of \$600 in 2028 and \$200 in 2029.

Approval and implementation of fare and toll yield increases. The Plan includes fare and toll rate increases proposed for March 2027 and March 2029. These increases are expected to generate \$1.22 billion over the Plan period.

Labor agreements. Major collective bargaining agreements expire over the course of the Plan period, and the Plan assumes annual 2% wage increases at the conclusion of existing agreements.

NYC paratransit reimbursements. The net cost of Paratransit service, which reflects paratransit service contracts and other expenses, Paratransit fare revenue, Urban Tax receipts dedicated to Paratransit, and New York City ("City") Subsidy for Paratransit, continues to increase. Under current State law, the City's responsibility for reimbursing paratransit expenses reduces from a cap of 50 percent plus \$165 to 50 percent in July 2027 through June 2030, when the State law requiring City contribution expires. Beginning in July 2030, City reimbursement would revert to City reimbursement being the lesser of one-third of net costs or twenty percent more than the prior year's reimbursement. The Plan assumes a continuation of an 80 percent contribution from the City, and without an extension of State law maintaining the 80 percent reimbursement, deficits will increase.

More detailed information on the November Plan can be found in the MTA 2026 Final Proposed Budget - November Financial Plan 2026-2029 at www.MTA.info.

Tropical Storm Sandy Update

The total allocation of emergency relief funding from the Federal Transit Administration (“FTA”) to MTA in connection with Superstorm Sandy to date is \$5.90 billion, including \$1.599 billion allocated on September 22, 2014, through a competitive resiliency program. A total of \$5.9 billion in FTA Emergency Relief Funding has been executed: seven repair/local priority resiliency grants totaling \$4.55 billion and seventeen competitive resiliency grants totaling \$1.26 billion. As of December 31, 2025, MTA has drawn down a total of \$4.55 billion in grant reimbursement for eligible operating and capital expenses. The balance of funds to be drawn down from all twenty-four grants is available to MTA for reimbursement of eligible expenses as requisitions are submitted by MTA and approved by FTA. Additional requisitions are in process. At MTA and Amtrak’s request, in April 2018, FTA transferred \$13.5 million of MTA’s emergency relief allocation to the Federal Railroad Administration (“FRA”) to allow Amtrak to execute a portion of MTA Long Island Rail Road’s Competitive Resilience scope.

Labor Update

As of December 31, 2025, the MTA employs approximately 74,440 people on a full-time basis, more than 90% of whom are represented by labor unions. Throughout 2025, labor negotiations continued with unsettled bargaining groups, and in the final quarter, three new labor agreements were ratified by the MTA Board. The ensuing paragraphs will highlight the terms of these agreements and will describe the overall status of collective bargaining at MTA agencies through December 31, 2025.

MTA Long Island Rail Road – At the end of the fourth quarter of 2025, MTA Long Island Rail Road has approximately 7,458 employees. Approximately 6,749 of these employees are represented by 10 different unions in 18 bargaining units.

On June 15, 2023, all labor agreements at LIRR became amendable and, shortly afterwards, the railroad commenced negotiations towards successor agreements. In December 2023, the MTA Board approved a 38-month labor agreement with MTA Long Island Rail Road’s largest labor union, the Sheet Metal and Rail Transportation Union, which represents 2,970 employees in the Transportation Division. Several other virtually identical agreements have since been reached with other unions at MTA Long Island Rail Road[1], and, through the end of 2025, approximately 50% of the railroad’s represented population is covered by these currently effective agreements.

All agreements reached so far for the 2023-2026 period contain the same provisions. Running from June 16, 2023 through August 15, 2026 (38 months), they provide wage increases of 3.0%, 3.0% and 3.50%, effective each June 16. The final increase (3.5%) is 0.25% higher than Financial Plan expectations, but the additional cost, compared with the Financial Plan, is partly offset by a 2-month extension of the contract period. The other important contract provisions are an increase in new hire employee health care contributions from 2% to 3% of straight-time wages; and the conversion of the existing dental and vision plan to a new plan with the same coverage provided to MTA Long Island Rail Road managers.

The other five unsettled unions at the MTA Long Island Rail Road did not accept the above-referenced proposal and continued collective bargaining pursuant to the Railway Labor Act (“RLA”).[2] Each of the unions filed for mediation under the authority of the National Mediation Board (“NMB”) in January and February 2024. While in mediation, the parties were required to maintain the *status quo* and all terms and conditions of the collective bargaining agreements have remained in effect.

Mediation sessions were conducted by the NMB mediators in the third quarter of 2024, and again in the third quarter in 2025. The unsettled unions maintained a proposal that includes an additional year of contract term, with an added 6.5% gross wage increase in 2026, beyond the net going out costs in the agreements reached with other MTA Long Island Rail Road unions and the Financial Plan. The MTA Long Island Rail Road has proposed terms to each union that include valuable work rule changes and productivity measures, while ensuring that the net going-out costs of the proposals remain consistent with the other agreements reached at the MTA Long Island Rail Road and the Financial Plan.

In August of 2025, the NMB released the MTA Long Island Rail Road and unsettled unions from mediation, finding that continued mediation efforts by the NMB were unlikely to result in voluntary agreements. Although the MTA Long Island Rail Road accepted the NMB’s offer to submit the dispute to arbitration, the unions did not accept the option to arbitrate.

After the passage of a thirty day “cooling off” period, as prescribed in the RLA, on September 15, 2025, the unions requested the establishment of a Presidential Emergency Board (“PEB”) to hear the positions of the parties. The MTA Long Island Rail Road and the unions presented the dispute to the PEB, and a hearing was conducted from October 5-8, 2025. In accordance with the procedural requirements of the RLA, the PEB issued a written report and recommendation for settlement on October 17, 2025. The PEB recommendations included the MTA Long Island Rail Road’s proposal for pattern terms that align with the Financial Plan but also included an additional year of contract duration and a gross wage increase of 4.5% in 2026. The MTA has rejected the recommendations of the PEB report.

Following issuance of the PEB report, the RLA requires an additional “cooling off” period of ninety (90) days in which the parties may resume negotiations in an effort to reach voluntary agreements. That period has now elapsed without an agreement having been reached, and on January 13, 2026, the five-union coalition formally requested the establishment of a second PEB, as is also provided for in the RLA. On January 16, 2026, a second PEB was established by Executive Order 14349, and the parties are required to submit their final and best offers for the settlement of the disputes within thirty (30) days of that date. No later

than thirty (30) days after the submission of final offers, the PEB will then issue new non-binding recommendations based on its determination of which party's offer is the most reasonable. Again, the second PEB report is non-binding, but is intended to encourage a settlement to prevent a strike. Subsequently, the RLA provides for an additional sixty (60) day period during which the parties shall make no change to the conditions under which the dispute has arisen, unless by mutual agreement. With this timeline, should no labor settlement be reached by approximately the middle of May at the latest, the unions would be legally permitted to strike unless Congress intervenes by requiring the employees to return to work and/or by imposing a settlement or establishing additional procedural requirements. However, the MTA and MTA Long Island Rail Road remain committed to negotiating productivity and work rule changes with the unions that advance the agency's mission to deliver safe and efficient service and ensure that financial obligations are met.

MTA Metro-North Railroad – As of December 31, 2025, MTA Metro-North Railroad employs approximately 6,442 people. Among these are approximately 5,535 employees represented by ten different unions. Through the third final of 2025, MTA Metro-North Railroad has reached labor agreements with approximately 58% of its represented workforce.

The first agreements reached with unions at Metro-North Railroad for the current round of collective bargaining were approved by the MTA Board in the final quarter of 2024. The two agreements cover Conductors and Assistant Conductors represented by the Association of Commuter Rail Employees, Division 1 through May 1, 2027; and Locomotive Engineers covered by the Association of Commuter Rail Employees, Division 9 through February 28, 2027). In January 2025, a similar agreement between the railroad and the International Brotherhood of Electrical Workers was approved by the MTA Board and will run through June 21, 2027.

Each of these agreements covers an unsettled portion of the 2019-2023 bargaining round, providing wage increases for that unsettled period that are identical to the wages received by all other railroad unions over the same time span. Going forward from 2023, the agreements include annual wage increases of 4.0%, 4.0% and 4.2%, compounding to 12.70% above 2023 levels. While these increases exceed the wage rises anticipated by the MTA Financial Plan for the current bargaining round, the unanticipated cost will be fully offset by the recurring savings from the agreements' other new provisions; and the net going-out cost will thereby remain consistent with Plan expectations. Important savings will derive from an increase in all employees' health care contributions from the current 2% of regular wages to 3%; from additional contract extensions; and from a set of new work rules, long sought by MTA management both to reduce overtime costs and to contribute to operational efficiencies, especially by allowing greater flexibility in the deployment of labor. In September 2025, similar agreements for the 2023-2026 bargaining round were reached with Sheet Metal, Air, Rail Transportation Union – Mechanical & Engineering Division, and the National Conference of Firemen & Oilers, that included annual wage increases of 4.0%, 4.0% and 4.2% during the forty-one (41) month terms, the same increase to all employees' health and welfare contributions, and various work rule changes driven to reduce overtime and expand operating flexibilities.

In April 2025, Metro-North entered new agreement terms with the Transport Workers Union ("TWU"), Locals 2001 and 2055, covering approximately 605 members. The agreement, spanning the three-year period from November 1, 2023, through October 31, 2026 provides wage increases of 3.0% for the first year, 3.0% for the second year and 3.5% for the third year. These increases and the net costs of the agreement's other provisions are consistent with the 2023-2026 labor agreements that were passed last year with five Long Island Railroad unions, and that now cover 50% of LIRR's represented population. For Metro-North, this agreement reiterates the 3%, 3%, 3.5% as a recognized wage pattern for bargaining units that are unwilling or unable to negotiate significant work rule savings to offset the excess financial cost of the higher (4.0%, 4.0%, 4.2%) wage pattern. Subsequently, similar agreements were reached in July 2025 with the Association of Commuter Rail Employees, Division 113 covering Rail Traffic Controllers, and the Association of Commuter Rail Employees, Division 37 covering Power Directors.

Most recently in December 2025, the MTA Board ratified an additional labor agreement like the MNR TWU agreement ratified in April. The new agreement, covering approximately 95 Supervisory employees in the International Brotherhood of Electrical Workers – Supervisory unit is 37 months long, running from April 3, 2023 through September 2, 2026. It provides wage increases of 3.0% for 2023, 3.0% for 2024, and 3.5% for 2025.

At Metro-North, negotiations continued throughout the quarter with its other unions whose terms are now all amendable; and the employees represented by those unions are looking forward to new agreements for the 2023-2026 period.

MTA Headquarters – As of December 31, 2025, MTA Headquarters employs approximately 5,407 people, of whom 3,277 are union members[3]. In 2025, no new agreements were reached, with most existing agreements having now expired. Both agreements with the MTA Police unions-- the Police Benevolent Association (with more than 1,200 members) and the Commanding Officers Association (with 35 members)-- expired on April 15, 2024; and all three bargaining units of the Transportation Communications Union ("TCU"), which cover IT titles, Business Service Center titles and Procurement titles expired earlier this year (with the BSC and Procurement titles having expired on May 31, 2024; and the IT titles on February 29, 2024).

MTA New York City Transit and MaBSTOA – As of December 31, 2025, MTA New York City Transit and MaBSTOA employs approximately 48,076 people, 46,661 of whom are represented by 14 unions with 23 bargaining units.

In 2023, the MTA Board approved a 36-month labor agreement between the New York City Transit Authority, the MaBSTOA, MTA Bus Company and approximately 37,000 hourly operating employees represented by the Transport Workers Union,

Local 100. Spanning the 36-month period, from May 16, 2023 through May 15, 2026, the agreement provides general wage increases of 3.0% for 2023, 3.0% for 2024, and 3.5% for 2025 (9.8%, in total). It also provides an Essential Worker cash bonus of \$3,000 in the first contract year and a supplemental Essential Worker cash bonus of \$1,000 in the second year, along with the enhancement of certain other employee benefits. Among important savings measures, the agreement institutes TWU Enhanced Retiree Benefits coverage, by which all post-65 Medicare eligible retirees and their eligible dependents will be placed into an alternative health plan. The net economic value of the agreement has informed the MTA's financial assumptions for growth in labor costs for a majority of represented bargaining units, and it is expected that most of the MTA's represented employees will reach future settlements that are consistent with these expectations.

Since the ratification of the TWU Local 100 agreement, several other unions at MTA New York City Transit and MaBSTOA have been approved by the MTA Board, including agreements with other bargaining units of TWU Local 100 (covering Career and Salary employees, Computer and Telecommunications titles, and Staff Analysts). In the third quarter of 2025, two new labor agreements were reached with bargaining units of the Amalgamated Transit Union ("ATU"). These agreements cover 1,805 Bus Operators, Maintainers and Cleaners represented by ATU-Local 1056; and 1,681 Bus Operators, Mechanics and Operators represented by ATU-Local 726. Like the agreement reached with the operating hourly members of TWU Local 100, these agreements are both 36 months long, expiring May 15, 2026. Both provide wage increases of 3.0% for 2023, 3.0% for 2024 and 3.5% for 2025, and both include an Essential Worker lump-sum bonus of \$3,000 and a Supplementary lump sum bonus of \$1,000. The agreements' other benefits and provisions are in line with those present in the TWU Local 100 agreement. To partly offset these costs, savings will be forthcoming through changes to the active and retiree prescription drug program, which will now include a formulary for Non-Specialty medications, as well as an advanced formulary for Specialty medications. These changes to the prescription drug program will achieve savings on a similar scale (relative to base labor costs) as the health and welfare savings generated under the TWU Local 100 Agreement without reducing the quality or scope of coverage.

In December, MTA New York City Transit and MaBSTOA reached a new labor agreement with approximately 330 members of the United Federation of Law Enforcement Officers. The agreement, which will run from April 1, 2025 through May 15, 2028 includes the same wage increases as the agreements described above: 3.0% in the first year, 3.0% in the second year, and 3.5% in the third year; and it includes the \$3,000 Essential Worker Bonus and a \$1,000 Supplemental Bonus. With its other cost and savings provisions, the agreement—like all others for this round of collective bargaining-- remains consistent with MTA financial expectations.

MTA Bus Company – As of December 31, 2025, MTA Bus Company has 4,021 employees, approximately 3,904 of whom are represented by five different unions (now including the United Transit Leadership Organization) and six bargaining units. The largest of these is TWU Local 100, whose more than 2,000 members were co-parties to the agreement approved by the MTA Board in July 2023 and whose current agreement will run through May 15, 2026. In June 2024, the MTA Bus Company also entered into an agreement with its TWU Local 100 bargaining unit that represents Administrative, Professional and Technical titles. During the third quarter of 2025, a new labor agreement, covering 245 Bus Operators, Cleaners, Maintainers and other titles, was reached with ATU Local 1181, one of the two ATU bargaining units at MTA Bus Company. The terms are very similar to the agreements ratified this quarter with the ATU units at New York City Transit: the three-year agreement will expire on October 31, 2026 and will include wage increases of 3.0% for 2023, 3.0% for 2024 and 3.5% for 2025, and it includes an Essential Worker lump-sum bonus of \$3,000 and a Supplementary lump sum bonus of \$1,000. These increases and the costs of other benefits provided in the agreement maintain consistency with Financial Plan expectations primarily by the same mechanism as in the MTA New York City Transit ATU agreements (i.e., through changes in the prescription drug plan for retired and active employees).

In the final quarter, MTA Bus Company reached an agreement with the Amalgamated Transportation Union - Local 1179, the last unsettled bargaining unit of ATU, representing approximately 735 Bus Operators, Maintainers, Cleaners, Stock Workers and other titles. The agreement will run from November 1, 2023 through November 7, 2026. Like the previously ratified ATU agreements, it closely mirrors the economic terms of the 2023-2026 pattern-setting agreement between MTA New York City Transit and TWU Local 100. As such, it provides wage increases of 3.0% in the first year, 3.0% in the second year, and 3.5% in the third year. It also includes a one-time Essential Worker bonus payment of \$3,000, as well as a Supplemental Essential Worker bonus payment of \$1,000. The agreement shares several other cost and savings provisions with agreements reached with the other three units of the ATU at MTA New York City Transit and MTA Bus Company and, like those, it remains consistent with the MTA Financial Plan.

MTA Bridges and Tunnels – As of December 30, 2025, MTA Bridges and Tunnels has 771 employees, approximately 555 of whom are represented by three different labor unions (four bargaining units). No new agreements with B&T unions were reached in 2025. Agreements with the Superior Officers Benevolent Association (representing around 100 active employees) and with AFSCME DC 37 Local 1655 (with an active membership of around 20) remain in effect, with both agreements expiring in November 2026; meanwhile, agreements with the the Authority's other two bargaining groups—District Council 37 Local 1931, representing Maintainers and City Custodial Assistants; and Bridge and Tunnel Officers, represented by the Bridge and Tunnel Officers Benevolent Association, have expired, and their membership will be seeking new agreement terms going forward.

MTA Staten Island Railway – As of December 31, 2025, MTA Staten Island Railway had 404 employees, approximately 383 of whom are represented by five different unions (six bargaining units). No new labor agreements have been reached this year, and by the end of the final quarter, all agreements (which covered the 2019-2023 period) have expired. Going forward, the unions will therefore be looking for new agreement terms.

[1] These unions are: the Independent Railway Supervisors Association (IRSA); the National Conference of Firemen and Oilers (NCFO); the Sheet Metal Workers International Association (SMART-SMW); and the Sheet Metal, Air, Rail and Transportation Workers Union – Yardmasters (SMART-Y);

[2] The TCU Union, the Brotherhood of Railroad Signalmen, the International Brotherhood of Electrical Workers, the Brotherhood of Locomotive Engineers and Trainmen and the International Association of Machinists.

[3] This number includes “matrixed” employees who work at MTA Headquarters but are on the payroll of another agency.

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF NET POSITION

AS OF DECEMBER 31, 2025 AND 2024

(\$ in millions)

	Business-Type Activities	
	December 31, 2025	December 31, 2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
CURRENT ASSETS:		
Cash unrestricted (Note 3)	\$ 597	\$ 1,029
Cash restricted (Note 3)	993	751
Unrestricted investments (Note 3)	11,588	7,359
Restricted investments (Note 3)	3,655	2,495
Restricted investments held under financed purchase obligations (Notes 3 and 11)	99	95
Receivables:		
Station maintenance, operation, and use assessments	167	154
State and regional mass transit taxes	254	192
Mortgage Recording Tax receivable	45	32
State and local operating assistance	5	40
Other receivable from New York City and New York State	237	249
Receivable from federal and state government	383	363
Other	1,513	1,127
Less allowance for doubtful accounts	(833)	(544)
Total receivables — net	1,771	1,613
Materials and supplies	824	788
Prepaid expenses and other current assets (Note 2)	234	805
Total current assets	19,761	14,935
NON-CURRENT ASSETS:		
Capital assets (Note 4):		
Land and construction work-in-progress	18,281	15,072
Other capital assets (net of accumulated depreciation and amortization)	81,080	79,281
Unrestricted investments (Note 3)	2,399	920
Restricted investments (Note 3)	997	1,139
Restricted investments held under financed purchase obligations (Notes 3 and 11)	314	291
Other non-current receivables	422	211
Other non-current assets	22	41
Total non-current assets	103,515	96,955
TOTAL ASSETS	123,276	111,890
DEFERRED OUTFLOWS OF RESOURCES:		
Accumulated decreases in fair value of derivative instruments (Note 7)	81	62
Loss on debt refunding (Note 7)	147	290
Deferred outflows related to pensions (Note 5)	1,875	2,165
Deferred outflows related to OPEB (Note 6)	5,122	5,826
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,225	8,343
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 130,501	\$ 120,233

See notes to the basic financial statements.

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF NET POSITION

AS OF DECEMBER 31, 2025 AND 2024

(\$ in millions)

	Business-Type Activities	
	December 31, 2025	December 31, 2024
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 632	\$ 701
Accrued expenses:		
Interest	299	284
Salaries, wages and payroll taxes	363	544
Current portion - compensated absences (Note 13)	781	745
Current portion — retirement and death benefits	31	32
Current portion — estimated liability from injuries to persons (Note 14)	922	1,037
Capital accruals	865	701
Other accrued expenses	1,128	1,060
Total accrued expenses	4,389	4,403
Current portion — loan payable (Note 7)	509	11
Current portion — long-term debt (Note 7)	1,698	1,472
Current portion — pollution remediation projects (Note 17)	30	35
Derivative fuel hedge liability (Note 19)	6	9
Unearned revenues	1,479	1,429
Total current liabilities	8,743	8,060
NON-CURRENT LIABILITIES:		
Net pension liability (Note 5)	5,891	6,755
Estimated liability arising from injuries to persons (Note 14)	6,360	5,789
Net OPEB liability (Note 6)	19,575	20,229
Loan payable (Note 7)	42	51
Long-term debt (Note 7)	49,336	47,232
Lease payable (Note 8)	860	868
Subscription-Based Information Technology Arrangements (Note 9)	76	118
Financed purchase (Note 11)	250	183
Compensated absences (Note 13)	819	749
Pollution remediation projects (Note 17)	168	166
Contract retainage payable (Note 18)	587	500
Derivative liabilities (Note 7)	97	89
Other long-term liabilities (Note 18)	291	267
Total non-current liabilities	84,352	82,996
TOTAL LIABILITIES	93,095	91,056
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to leases	476	209
Deferred inflows related to pensions (Note 5)	510	335
Deferred inflows related to OPEB (Note 6)	8,572	8,439
TOTAL DEFERRED INFLOWS OF RESOURCES	9,558	8,983
NET POSITION:		
Net investment in capital assets	46,256	43,847
Restricted for debt service	631	709
Restricted for claims	231	192
Restricted for other purposes	2,362	2,222
Unrestricted	(21,632)	(26,776)
TOTAL NET POSITION	27,848	20,194
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 130,501	\$ 120,233

See notes to the basic financial statements.

(Continued)

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2025 AND 2024

(\$ in millions)

	Business-Type Activities	
	December 31, 2025	December 31, 2024
OPERATING REVENUES:		
Fare revenue	\$ 5,207	\$ 4,996
Vehicle toll revenue	3,257	2,564
Rents, freight, and other revenue	1,080	948
Total operating revenues	<u>9,544</u>	<u>8,508</u>
OPERATING EXPENSES:		
Salaries and wages	7,594	7,273
Retirement and other employee benefits	3,359	3,359
Postemployment benefits other than pensions (Note 6)	1,121	1,305
Electric power	634	531
Fuel	206	205
Insurance	1	8
Claims	1,029	1,160
Paratransit service contracts	717	617
Maintenance and other operating contracts	915	909
Professional service contracts	608	602
Pollution remediation projects (Note 15)	18	52
Materials and supplies	694	646
Depreciation and amortization (Note 2 and Note 4)	4,016	3,951
Other	287	317
Total operating expenses	<u>21,199</u>	<u>20,935</u>
OPERATING INCOME (LOSS)	<u>(11,655)</u>	<u>(12,427)</u>
NON-OPERATING REVENUES (EXPENSES):		
Grants, appropriations and taxes:		
Tax-supported subsidies — NYS:		
Mass Transportation Trust Fund subsidies	587	599
Metropolitan Mass Transportation Operating Assistance subsidies	3,151	3,000
Payroll Mobility Tax subsidies	4,258	3,375
MTA Aid Trust Account subsidies	469	463
Internet sales tax subsidies	339	333
Tax-supported subsidies — NYC and Local:		
Mortgage Recording Tax subsidies	440	352
Urban Tax subsidies	490	387
Real Estate Transfer Tax	213	327
Other subsidies:		
Operating Assistance - 18-B program	406	376
Build America Bond subsidy	56	75
New York City Assistance Fund	454	373
Total grants, appropriations and taxes	<u>10,863</u>	<u>9,660</u>

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2025 AND 2024

(\$ in millions)

	Business-Type Activities	
	December 31, 2025	December 31, 2024
Connecticut Department of Transportation	238	260
Subsidies paid to Dutchess, Orange, and Rockland Counties	(14)	(12)
Interest on long-term debt (Note 2)	(1,965)	(1,950)
Station maintenance, operation and use assessments	226	211
Operating subsidies recoverable from NYC	583	573
Federal Transit Administration reimbursement	3,060	2,309
Other net non-operating revenues	1,354	329
Net non-operating revenues	14,345	11,380
(LOSS) / GAIN BEFORE APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS	2,690	(1,047)
APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS	4,964	4,368
CHANGE IN NET POSITION	7,654	3,321
NET POSITION— Beginning of year	20,194	16,873
NET POSITION — End of year	<u>\$ 27,848</u>	<u>\$ 20,194</u>

See notes to the basic financial statements.

(Continued)

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

(\$ In millions)

	Business-Type Activities	
	December 31, 2025	December 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts/tolls	\$ 8,439	\$ 7,541
Rents and other receipts	1,460	1,044
Payroll and related fringe benefits	(11,715)	(11,019)
Other operating expenses	(5,713)	(4,861)
Net cash used by operating activities	(7,529)	(7,295)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grants, appropriations, and taxes	11,491	8,288
Operating subsidies from CDOT	233	267
Subsidies paid to Dutchess, Orange, and Rockland Counties	(12)	(11)
Federal Transit Administration reimbursement related to COVID-19	203	0
Net interest receipts	13	9
Net cash provided by noncapital financing activities	11,928	8,553
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
MTA bond proceeds	2,542	3,844
MTA Bridges and Tunnels bond proceeds	5,014	4,923
MTA bonds refunded/reissued	(2,571)	(4,040)
MTA Bridges and Tunnels bonds refunded/reissued	(246)	(1,090)
MTA anticipation notes proceeds	-	500
MTA anticipation notes redeemed	-	(500)
Federal and local grants	6,842	5,449
Other capital financing activities	(1,854)	(1,215)
Payment for capital assets	(6,202)	(6,449)
Debt service payments	(3,684)	(3,312)
Internet and Real Estate Transfer Tax	751	656
Receipts from leases	49	46
Payments from leases and subscription-based information technology arrangements	(99)	(102)
Net cash provided by / (used by) capital and related financing activities	542	(1,290)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of long-term securities	(21,801)	(6,428)
Sales or maturities of long-term securities	15,962	3,772
Net sales or maturities of short-term securities	268	2,550
Earnings on investments	440	330
Net cash (used by) / provided by investing activities	(5,131)	224
NET (DECREASE) / INCREASE IN CASH	(190)	192
CASH — Beginning of year	1,780	1,588
CASH — End of year	\$ 1,590	\$ 1,780

See notes to the basic financial statements.

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

(\$ In millions)

	Business-Type Activities	
	December 31, 2025	December 31, 2024
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY		
OPERATING ACTIVITIES:		
Operating loss (Note 2)	\$ (11,655)	\$ (12,427)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and amortization	4,016	3,951
Net (decrease) / increase in payables, accrued expenses, and other liabilities	(217)	1,407
Net decrease in deferred outflows related to pensions	(290)	(1,634)
Net (decrease) / increase in deferred outflows related to OPEB	(704)	459
Net (decrease) / increase in deferred inflows related to pensions	(175)	94
Net decrease in deferred inflows related to OPEB	(133)	(3,042)
Net increase in net pension liability and related accounts	865	1,580
Net increase in net OPEB liability and related accounts	654	2,206
Net (decrease) / increase in receivables	(505)	150
Net increase / (decrease) in materials and supplies and prepaid expenses	615	(39)
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (7,529)</u>	<u>\$ (7,295)</u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:		
Noncash investing activities:		
Interest expense includes amortization of net (premium) / discount (Note 2)	\$ (9)	\$ 228
Noncash capital and related financing activities:		
Capital assets related liabilities	1,894	1,790
Interest expense for leases and subscription-based information technology arrangements	62	61
Interest income from leases	13	7
Total Noncash capital and related financing activities	<u>1,969</u>	<u>1,858</u>
TOTAL NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ 1,960</u>	<u>\$ 2,086</u>

See notes to the basic financial statements.

(Continued)

(A Component Unit of the State of New York)

**STATEMENTS OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

AS OF DECEMBER 31, 2025 AND 2024

(\$ In thousands)

	Fiduciary Activities	
	December 31, 2025	December 31, 2024
ASSETS:		
Cash	\$ 18,243	\$ 3,954
Receivables:		
Employee loans	31,065	30,500
Participant and union contributions	281	411
Investment securities sold	5,351	2,719
Accrued interest and dividends	39,698	29,383
Other receivables	9,758	4,298
Total receivables	<u>86,153</u>	<u>67,311</u>
Equity securities	5,802,839	5,649,730
Fixed income securities	5,120,250	4,497,028
Other alternative investments*	3,424,224	3,257,463
Total Investments at fair value/NAV	<u>14,347,313</u>	<u>13,404,221</u>
Total assets	<u><u>\$ 14,451,709</u></u>	<u><u>\$ 13,475,486</u></u>
LIABILITIES:		
Accounts payable and accrued liabilities	\$ 9,967	\$ 9,275
Payable for investment securities purchased	19,763	20,633
Accrued benefits payable	265	236
Accrued postretirement death benefits (PRDB) payable	6,051	5,728
Accrued 55/25 Additional Members Contribution (AMC) payable	167	1,098
Other liabilities	7,356	854
Total liabilities	<u>43,569</u>	<u>37,824</u>
NET POSITION:		
Restricted for pensions	12,891,177	12,005,080
Restricted for postemployment benefits other than pensions	1,516,963	1,432,582
Total net position	<u>14,408,140</u>	<u>13,437,662</u>
Total liabilities and net position	<u><u>\$ 14,451,709</u></u>	<u><u>\$ 13,475,486</u></u>

*Other alternative investments include opportunistic, real assets, real estate, absolute return, private equity and short-term investment.

See notes to the basic financial statements.

(A Component Unit of the State of New York)

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(\$ In thousands)

	Fiduciary Activities	
	December 31, 2025	December 31, 2024
ADDITIONS:		
Contributions:		
Employer contributions	\$ 990,705	\$ 1,497,809
Implicit rate subsidy contribution	63,850	66,606
Participant rollovers	3,878	4,216
Member contributions	77,154	68,087
Total contributions	<u>1,135,587</u>	<u>1,636,718</u>
Investment income:		
Net appreciation / depreciation in fair value of investments	1,419,115	937,028
Dividend income	112,401	111,106
Interest income	158,083	142,830
Less:		
Investment expenses	<u>52,348</u>	<u>76,119</u>
Investment income, net	<u>1,637,251</u>	<u>1,114,845</u>
Other additions:		
Total additions	<u>2,772,838</u>	<u>2,751,563</u>
DEDUCTIONS:		
Benefit payments and withdrawals	1,731,378	1,689,577
Implicit rate subsidy payments	63,850	66,606
Transfer to other plans	467	944
Administrative expenses	<u>6,665</u>	<u>6,389</u>
Total deductions	<u>1,802,360</u>	<u>1,763,516</u>
Net increase / (decrease) in fiduciary net position	<u>970,478</u>	<u>988,047</u>
NET POSITION:		
Restricted for Benefits:		
Beginning of year	<u>13,437,662</u>	<u>12,449,615</u>
End of year	<u>\$ 14,408,140</u>	<u>\$ 13,437,662</u>

See notes to the basic financial statements.

(A Component Unit of the State of New York)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

(\$ In millions, except as noted)

1. BASIS OF PRESENTATION

Reporting Entity — The Metropolitan Transportation Authority (“MTA”) was established in 1965, under Section 1263 of the New York Public Authorities Law, and is a public benefit corporation and a component unit of the State of New York (“NYS”) whose mission is to continue, develop and improve public transportation and to develop and implement a unified public transportation policy in the New York metropolitan area.

These consolidated interim financial statements are of the MTA, including its related groups (collectively, the “MTA Group”), which are listed below. The Business-Type activities in these consolidated financial statements purport the operations of the MTA Group.

Metropolitan Transportation Authority and Related Groups (Component Units)

- Metropolitan Transportation Authority Headquarters (“MTAHQ”) provides support in budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services to the related groups listed below.
- The Long Island Rail Road Company (“MTA Long Island Rail Road”) provides passenger transportation between New York City (“NYC”) and Long Island.
- Metro-North Commuter Railroad Company (“MTA Metro-North Railroad”) provides passenger transportation between NYC and the suburban communities in Westchester, Dutchess, Putnam, Orange, and Rockland counties in NYS and New Haven and Fairfield counties in Connecticut.
- Staten Island Rapid Transit Operating Authority (“MTA Staten Island Railway”) provides passenger transportation on Staten Island.
- First Mutual Transportation Assurance Company (“FMTAC”) provides primary insurance coverage for certain losses, some of which are reinsured, and assumes reinsurance coverage for certain other losses.
- MTA Construction and Development (“MTA Construction and Development”) provides oversight for the planning, design and construction of current and future major MTA system-wide expansion projects.
- MTA Bus Company (“MTA Bus”) operates certain bus routes in areas previously served by private bus operators pursuant to franchises granted by the NYC.
- MTA Grand Central Madison Operating Company (“MTA GCMOC”) operates and maintains the infrastructure and structures supporting Long Island Rail Road access into Grand Central Terminal.
- MTAHQ, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Staten Island Railway, FMTAC, MTA Construction and Development, MTA Bus, and MTA GCMOC collectively are referred to herein as MTA. MTA Long Island Rail Road and MTA Metro-North Railroad are referred to collectively as the Commuter Railroads.
- New York City Transit Authority (“MTA New York City Transit”) and its subsidiary, Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA”), provide subway and public bus service within the five boroughs of NYC.
- Triborough Bridge and Tunnel Authority (“MTA Bridges and Tunnels”) operates seven toll bridges, two tunnels, and the Battery Parking Garage, all within the five boroughs of NYC.

The subsidiaries and affiliates, considered component units of the MTA, are operationally and legally independent of the MTA. These related groups enjoy certain rights typically associated with separate legal status including, in some cases, the ability to issue debt. However, they are included in the MTA’s consolidated financial statements as blended component units because of the MTA’s financial accountability for these entities and they are under the direction of the MTA Board (a reference to “MTA Board” means the board of MTAHQ and/or the boards of the other MTA Group entities that apply in the specific context, all of which are comprised of the same persons). Under accounting principles generally accepted in the United States of America (“GAAP”), the MTA is required to include these related groups in its financial statements. While certain units are separate legal entities, they do have legal capital requirements and the revenues of all of the related groups of the MTA are used to support the organizations as a whole. The components do not constitute a separate accounting entity (fund) since there is no legal requirement to account for the activities of the components as discrete accounting entities. Therefore, the MTA financial statements are presented on a consolidated basis with segment disclosure for each distinct

operating activity. All of the component units publish separate annual financial statements, which are available by writing to the MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor, New York, New York 10004.

Basis of Presentation - Fiduciary Funds – The fiduciary fund financial statements provide information about the funds that are used to report resources held in trust for retirees and beneficiaries covered by pension plans and other employee benefit trust funds of the MTA. Separate financial statements are presented for the fiduciary funds.

The following MTA fiduciary component units comprise the fiduciary activities of the MTA and are categorized within Pension and Other Employee Benefit Trust Funds.

- Pension Trust Funds
 - MTA Defined Benefit Plan
 - The Long Island Rail Road Company Plan for Additional Pensions
 - Manhattan and Bronx Surface Transit Operating Authority
 - Metro-North Commuter Railroad Company Cash Balance Plan
- Other Employee Benefit Trust Funds
 - MTA Other Postemployment Benefits Plan

These fiduciary statements of the fiduciary funds are prepared using the accrual basis of accounting and a measurement focus on the periodic determination of additions, deductions, and net position restricted for benefits. Both proprietary funds and fiduciary funds use the economic resources measurement focus. For reporting purposes, the financial results of the MNR Cash Balance Plan are not material and therefore not included in the fiduciary statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

New Accounting Standards — The MTA adopted the following GASB Statements for the year ended December 31, 2025:

GASB Statement No.102, *Certain Risk Disclosures* ("GASB 102"), aims to enhance financial reporting by requiring disclosure of risks associated with concentrations (lack of diversity in resource inflows or outflows) and constraints (limitations imposed by external parties or internal governance). This statement addresses the need for transparency regarding risks that could substantially affect the level of services provided by governments.

The MTA evaluated the requirements under GASB 102 and concluded that the adoption of this Statement required the disclosure of certain risk factors that will have a substantial impact on the financial position, results of operations or cash flows of the MTA.

Accounting Standards Issued but Not Yet Adopted

GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of the MTA upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	MTA Required Year of Adoption
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

Use of Management Estimates — The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the fair value of investments, allowances for doubtful accounts, valuation of derivative instruments, incremental borrowing rate, arbitrage rebate liability, accrued expenses and other liabilities, depreciable lives of capital assets,

estimated liability arising from injuries to persons, pension benefits and other postemployment benefits. Actual results could differ significantly from those estimates.

Principles of Consolidation — The consolidated financial statements consist of MTAHQ, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Staten Island Railway, MTA GCMOC, FMTAC, MTA Bus, MTA Construction and Development, MTA New York City Transit (including its subsidiary MaBSTOA), and MTA Bridges and Tunnels for years presented in the financial statements. All related group transactions have been eliminated for consolidation purposes.

Net Position – Restricted and Unrestricted – When both restricted and unrestricted resources are available for use, the MTA normally uses restricted resources first, and then unrestricted resources as needed, unless there are legal requirements to the contrary. The MTA does not have a formal policy with respect to the order in which unrestricted resources are to be used, therefore, in accordance with GASB Statement No. 54, the MTA’s unrestricted resources will be used in the following order: committed, assigned, and unassigned. 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.

Investments — The MTA Group’s investment policies comply with the NYS Comptroller’s guidelines for such operating and capital policies. Those policies permit investments in, among others, obligations of the U.S. Treasury, its agencies and instrumentalities, and repurchase agreements secured by such obligations. FMTAC’s investment policies comply with New York State Comptroller guidelines and NYS Department of Insurance guidelines.

Investments with a maturity of 12 months or less from the balance sheet date have been classified as current assets in the consolidated interim financial statements. Investments with a maturity beyond 12 months from the balance sheet date are classified as non-current.

In accordance with the provisions of GASB Statement No. 72, *Fair Value Measurement and Application* (“GASB 72”), investments are recorded on the consolidated statements of net position at fair value, except for commercial paper, certificates of deposit, and repurchase agreements, which are recorded at amortized cost or contract value. All investment income, including changes in the fair value of investments, is reported as revenue on the consolidated statements of revenues, expenses and changes in net position. Fair values have been determined using quoted market values at December 31, 2025 and 2024.

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

Materials and Supplies — Materials and supplies are valued at average cost, net of obsolescence reserve at December 31, 2025 and 2024 of \$286 and \$273, respectively.

Prepaid Expenses and Other Current Assets — Prepaid expenses and other current assets reflect advance payment of insurance premiums as well as 2024 and 2025 projected actuarially determined contributions of MTA-sponsored pension plans for the MTA Defined Benefit Pension Plan, MTA Long Island Rail Road Additional Pension Plan, and MaBSTOA Pension Plan.

Capital Assets — Properties and equipment are carried at cost and are depreciated on a straight-line basis over their estimated useful lives. Expenses for maintenance and repairs are charged to operations as incurred. Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA having a minimum useful life of two years and having a cost of more than \$25 thousand. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. GASB Statement No.87, *Leases* (“GASB 87”) are classified as right-to-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. GASB Statement No.96, *Subscription-Based Information Technology Arrangements* (“GASB 96”) are classified as intangible right-to-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementations costs, less any incentives received. Accumulated depreciation and amortization are reported as reductions of capital and right-to-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Right-to-use lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use Subscription-Based Information Technology Assets (“SBITA”) are amortized over the subscription term.

Leases – Per GASB 87, certain lease agreements are classified as financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Lease receivables and liabilities are measured at the present value of payments expected to be made during the lease term, using an applicable discount rate stated or implicit in the lease and if not available, using incremental borrowing rate at the time of valuation. Lease assets and deferred inflows are amortized on a straight-line basis over the term of the lease.

Subscription-Based Information Technology Arrangements - Per GASB 96, subscriptions to certain information technology (“IT”) software, alone or in combination with tangible capital assets (the underlying IT assets) are recognized as an intangible right-to-use subscription asset with a corresponding subscription liability at the commencement of the

subscription term. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the rate charged by the vendor, which may be implicit, or MTA's incremental borrowing rate if the interest rate is not readily determinable. The amortization of the subscription asset and discount on the subscription liability are both recognized as outflow of resources over the subscription term.

Public-Private and Public-Public Partnerships—Per GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, certain public-private and public-public partnership arrangements (“PPPs”) in which a government (“transferor”) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, are classified as financings of the right to use an underlying asset.

Availability Payment Arrangements—Per GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, certain agreements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset are classified as availability payment arrangements (“APAs”). Components of an APA related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract are considered as a financed purchase of the underlying nonfinancial asset. Payments for the operations or maintenance are recognized as outflows of resources as payments become due over the arrangement.

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

Compensated Absences – Per GASB 101, the MTA has accrued the value (including certain salary-related payments) of vacation, sick, compensatory time and other leave benefits earned by employees to date for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means (if any). Unexpired benefits that are more than likely to be used or settled at separation of service are recognized in the financial statements according to timing of estimated payment.

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

Operating Revenues — Passenger Revenue and Tolls — Revenues from the sale of tickets, tokens, electronic toll collection system, and farecards are recognized as income when tickets or farecards are used. Tickets are assumed to be used in the month of purchase, with the exception of advance purchases of monthly and weekly tickets. When the farecards expire, revenue is recorded for the unused value of the farecards.

MTA Bridges and Tunnel has two toll rebate programs at the Verrazano-Narrows Bridge: the Staten Island Resident (“SIR”) Rebate Program, available for residents of Staten Island participating in the SIR E-ZPass toll discount plan, and the Verrazano-Narrows Bridge Commercial Rebate Program (“VNB Commercial Rebate Program”), available for commercial vehicles making more than ten trips per month using the same New York Customer Service Center (“NYCSC”) E-ZPass account. The VNB Commercial Rebate Program and SIR Rebate Program are funded by the State and MTA.

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

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

Non-operating Revenues

Operating Assistance — The MTA Group receives, subject to annual appropriation, NYS operating assistance funds that are recognized as revenue after the NYS budget is approved and adopted. Generally, funds received under the NYS operating assistance program are fully matched by contributions from NYC and the seven other counties within the MTA’s service area.

Mortgage Recording Taxes (“MRT”) — Under NYS law, the MTA receives capital and operating assistance through a Mortgage Recording Tax (“MRT-1”). MRT-1 is collected by NYC and the seven other counties within the MTA’s service area, at the rate of 0.25% of the debt secured by certain real estate mortgages. Effective September 2005, the rate was increased from 25 cents per 100 dollars of recorded mortgage to 30 cents per 100 dollars of recorded mortgage. The MTA also receives an additional Mortgage Recording Tax (“MRT-2”) of 0.25% of certain mortgages secured by real estate improved or to be improved by structures containing one to nine dwelling units in the MTA’s service area. MRT-1 and MRT-2 are recognized as revenue based upon reported amounts of taxes collected.

- MRT-1 proceeds are initially used to pay MTAHQ’s operating expenses. Remaining funds, if any, are allocated 55% to certain transit operations and 45% to the commuter railroads operations. The commuter railroad portion is first used to fund the NYS Suburban Highway Transportation Fund in an amount not to exceed \$20 annually (subject to the monies being returned under the conditions set forth in the governing statute if the Commuter Railroads are operating at a deficit).
- The first \$5 of the MRT-2 proceeds is transferred to the MTA Dutchess, Orange, and Rockland (“DOR”) Fund (\$1.5 each for Dutchess and Orange Counties and \$2 for Rockland County). Additionally, the MTA must transfer to each County’s fund an amount equal to the product of (i) the percentage by which each respective County’s mortgage recording tax payments (both MRT-1 and MRT-2) to the MTA increased over such payments in 1989 and (ii) the base amount received by each county as described above. The counties do not receive any portion of the September 1, 2005 increase in MRT-1 from 25 cents per \$100 of recorded mortgage to 30 cents. As of December 31, 2025, the MTA paid to Dutchess, Orange and Rockland Counties the 2024 excess amounts of MRT-1 and MRT-2 totaling \$9.5.
- In addition, MTA New York City Transit receives operating assistance directly from NYC through a mortgage recording tax at the rate of 0.625% of the debt secured by certain real estate mortgages and through a property transfer tax at the rate of one percent of the assessed value (collectively referred to as “Urban Tax Subsidies”) of certain properties.

Mobility Tax — In June of 2009, Chapter 25 of the NYS Laws of 2009 added Article 23, which establishes the Metropolitan Commuter Transportation Mobility Tax (“MCTMT”). The proceeds of this tax, administered by the NYS Tax Department, are to be distributed to the MTA. This tax is imposed on certain employers and self-employed individuals engaging in business within the metropolitan commuter transportation district which includes NYC, and the counties of Rockland, Nassau, Suffolk, Orange, Putnam, Dutchess, and Westchester. This Tax is imposed on certain employers that have payroll expenses within the Metropolitan Commuter Transportation District, to pay at a rate of 0.34% of an employer’s payroll expenses for all covered employees for each calendar quarter. The employer is prohibited from deducting from wages or compensation of an employee any amount that represents all or any portion of the MCTMT. The effective date of this tax was March 1, 2009 for employers other than public school districts; September 1, 2009 for Public school districts and January 1, 2009 for individuals. Revenue is recognized monthly and adjusted when received. On May 3, 2023, New York Governor Kathy Hochul approved Senate Bill 4008 which, effective July 1, 2023, increases the top rate for the MCTMT from 0.34% to 0.60% for employees and individuals in certain New York counties and clarifies the application of the tax for limited partners. Mobility Tax is recognized as revenue based upon reported amounts of taxes collected.

Supplemental Aid — In 2009, several amendments to the existing tax law provided the MTA supplemental revenues to be deposited into the AID Trust Account of the Metropolitan Transportation Authority Financial Assistance Fund established pursuant to Section 92 of the State Finance law. These supplemental revenues relate to: 1) supplemental learner permit/license fee in the Metropolitan Commuter Transportation District, 2) supplemental registration fee, 3) supplemental tax on every taxicab owner per taxicab ride on every ride that originated in NYC and terminates anywhere within the territorial boundaries of the Metropolitan Commuter Transportation District, and 4) supplemental tax on passenger car rental. This Supplemental Aid Tax is provided to the MTA in conjunction with the Mobility Tax. Supplemental aid is recognized as revenue based upon reported amounts of taxes collected.

Dedicated Taxes — Under NYS law, subject to annual appropriation, the MTA receives operating assistance through a portion of the Dedicated Mass Transportation Trust Fund (“MTTF”) and MMTOA. The MTTF receipts consist of a portion of the revenues derived from certain business privilege taxes imposed by the State on petroleum businesses, a portion of the motor fuel tax on gasoline and diesel fuel, and a portion of certain motor vehicle fees, including registration and non-registration fees. Effective October 1, 2005, the State increased the amount of motor vehicle fees deposited into the MTTF for the benefit of the MTA. MTTF receipts are applied first to meet certain debt service requirements or obligations and second to the Transit System (defined as MTA New York City Transit and MaBSTOA), MTA Staten Island Railway and the Commuter Railroads to pay operating and capital costs. The MMTOA receipts are comprised of 0.375% regional sales tax,

regional franchise tax surcharge, a portion of taxes on certain transportation and transmission companies, and an additional portion of the business privilege tax imposed on petroleum businesses. MMTOA receipts, to the extent that MTTF receipts are not sufficient to meet debt service requirements, will also be applied to certain debt service obligations, and secondly to operating and capital costs of the Transit System, and the Commuter Railroads.

The State Legislature enacts in an annual budget bill for each state fiscal year an appropriation to the MTA Dedicated Tax Fund for the then-current state fiscal year and an appropriation of the amounts projected by the Director of the Budget of the State to be deposited in the MTA Dedicated Tax Fund for the next succeeding state fiscal year. The assistance deposited into the MTTF is required by law to be allocated, after provision for debt service on Dedicated Tax Fund Bonds (See Note 7), 85% to certain transit operations (not including MTA Bus) and 15% to the commuter railroads operations. Revenues from this funding source are recognized based upon amounts of tax reported as collected by New York State, to the extent of the appropriation. MMTOA is recognized as revenue based upon reported amounts of taxes collected.

Build America Bond Subsidy — The MTA is receiving cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the Series of Bonds issued as “Build America Bonds” and authorized by the Recovery Act. The Internal Revenue Code of 1986 imposes requirements that MTA must meet and continue to meet after the issuance in order to receive the cash subsidy payments. The interest on these bonds is fully subject to Federal income taxation to the bondholder. Revenue is recognized when received.

Congestion Zone Surcharges – In April 2018, the approved 2018-2019 NYS Budget enacted legislation that provided additional sources of revenue, in the form of surcharges and fines, as defined by Article 29-C, Chapter 59 of the Tax Law, to address the financial needs of the MTA. Beginning on January 1, 2019, the legislation imposed the following:

- A surcharge of \$2.75 on for-hire transportation trips provided by motor vehicles carrying passengers for hire (or \$2.50 in the case of taxicabs that are subject to the \$0.50 cents tax on hailed trips that are part of the MTA Aid Trust Account Receipts), other than pool vehicles, ambulance and buses, on each trip that (1) originates and terminates south of and excluding 96th Street in NYC, in the Borough of Manhattan (the “Congestion Zone”), (2) originates anywhere in NYS and terminates within the Congestion Zone, (3) originates in the Congestion Zone and terminates anywhere in NYS, or (4) originates anywhere in NYS, enters into the Congestion Zone while in transit, and terminates anywhere in NYS.
- A surcharge of \$0.75 cents for each person who both enters and exits a pool vehicle in NYS and who is picked up in, dropped off in, or travels through the Congestion Zone.

The Congestion Zone Surcharges do not apply to transportation services administered by or on behalf of MTA, including paratransit services. Congestion zone surcharges are recognized as revenue based upon reported amounts of surcharges collected.

The April 2018 legislation also created the NYC Transportation Assistance Fund, held by MTA. The fund consists of the three sub-accounts, the Subway Action Plan Account, the Outer Borough Transportation Account and the General Transportation Account.

- **Subway Action Plan Account** – Funds in this account may be used exclusively for funding the operating and capital costs, and debt service associated with the Subway Action Plan.
- **Outer Borough Transportation Account** - Funds in this account may be used exclusively for funding (1) the operating and capital costs of, and debt service associated with, the MTA facilities, equipment and services in the counties of Bronx, Kings, Queens and Richmond, and any projects improving transportation connections from such counties to Manhattan, or (2) a toll reduction program for any crossing under the jurisdiction of MTA or MTA Bridges and Tunnels.
- **General Transportation Account** - Funds in this account may be used exclusively for funding the operating and capital costs of MTA. In each case, funds may be used for various operations and capital needs or for debt service and reserve requirements.

Dedicated Revenues - In April 2019, Congestion Relief Zone (“CRZ”) Tolling Program, formerly referred to as the Central Business District Tolling Program or the CBD Tolling Program, was established pursuant to the Traffic Mobility Act, as part of the New York State Budget for Fiscal Year 2019-2020. The CRZ Tolling Program charges a toll for vehicles entering the CRZ, defined as south and inclusive of 60th Street in Manhattan, but excluding the FDR Drive, the West Side Highway, the Battery Park underpass, and any surface roadway portion of the Hugh L. Carey Tunnel connecting to West Street.

The MTA Bridges and Tunnels Board approved a toll rate schedule for the CRZ Tolling Program on March 27, 2024, which was confirmed through a NEPA reevaluation (Reevaluation 1) in June 2024 as meeting all environmental, congestion-reduction, and revenue goals.

On November 14, 2024, following a pause in implementation of the CRZ Tolling Program, Governor Hochul announced a proposal to proceed with the CRZ Tolling Program, but with the toll structure and rates that had been adopted by the MTA

Bridges and Tunnels Board on March 27, 2024 being phased-in gradually over several years with proportionally lower toll rates for all vehicle classes in the first six-years of the program. In response, the MTA Bridges and Tunnels Board, at its November 18, 2024 meeting, adopted the phase-in approach to the toll rate schedule that it had approved on March 27, 2024.

On November 21, 2024, the Federal Highway Administration (“FHWA”) approved a second reevaluation under NEPA (“Re-evaluation 2”) and conferred tolling authority through an agreement pursuant to its Value Pricing Pilot Program. The CRZ Tolling Program went into effect and tolling commenced on January 5, 2025.

The Enacted State Budget for Fiscal Year 2019-2020 included provisions for a new Real Estate Transfer Tax Surcharge (“RETT”) on high-priced residential property sales in New York City and an Internet Marketplace Sales Tax (“Internet Tax”). The RETT went into effect on July 1, 2019 and increases the transfer tax on a sliding scale by a quarter percent starting at \$2, with a combined top rate of 4.15%, on the sale of New York City residential properties valued at \$25 or above. The Internet Tax went into effect on June 1, 2019 and requires internet marketplace providers to collect and remit sales tax from out of state retailers on their sites that have gross receipts exceeding \$500,000 (dollars) and delivering more than one hundred sales into New York State in the previous four quarters. The sales tax will be collected at the normal rate of 4% plus local sales tax.

The proceeds from the CRZ Tolling Program, the Internet Tax and RETT will be deposited into the MTA Capital Lockbox Fund (formerly referred to as the Central Business District Tolling Capital Lockbox Fund) and specifically, MTA’s 2020-2024 Capital Program Account. Pursuant to Public Authorities Law Section 553-j that was created by the Traffic Mobility Act, monies in the MTA Capital Lockbox Fund may only be used to support the CRZ Tolling Program and financing of the 2020-2024 Capital Program or any successor capital program.

Operating Subsidies Recoverable from Connecticut Department of Transportation (“CDOT”) — A portion of the deficit from operations relating to MTA Metro-North Railroad’s New Haven line is recoverable from CDOT. Under the terms of a renewed Service Agreement, which began on January 1, 2015, and the 1998 resolution of an arbitration proceeding initiated by the State of Connecticut, CDOT pays 100.0% of the net operating deficit of MTA Metro-North Railroad’s branch lines in Connecticut (New Canaan, Danbury, and Waterbury), 65.0% of the New Haven mainline operating deficit, and 54.3% of the Grand Central Terminal (“GCT”) operating deficit. The New Haven line’s share of the net operating deficit for the use of GCT is comprised of a fixed fee, calculated using several years as a base, with annual increases for inflation, and the actual cost of operating GCT’s North End Access beginning in 1999. The Service Agreement also provides that CDOT pay 100% of the cost of non-movable capital assets located in Connecticut, 100% of movable capital assets to be used primarily on the branch lines and 65% of the cost of other movable capital assets allocated to the New Haven line. Remaining funding for New Haven line capital assets is provided by the MTA. Capital assets completely funded by CDOT are not reflected in these financial statements, as ownership is retained by CDOT. The Service Agreement provides that final billings for each year be subject to audit by CDOT.

Revenue is recognized according to the calculated operating deficit and is adjusted when the annual bill is completed. The Service Agreement provides that final billings for each year be subject to audit by CDOT. The audits of 2025, 2024 and 2023 billings are in progress.

Reimbursement of Expenses — The cost of operating and maintaining the passenger stations of the Commuter Railroads in NYS is assessable by the MTA to NYC and the other counties in which such stations are located for each NYS fiscal year ending December 31, under provisions of the NYS Public Authorities Law. This funding is recognized as revenue based upon an amount, fixed by statute, for the costs to operate and maintain passenger stations and is revised annually by the increase or decrease of the regional Consumer Price Index.

In 1995, NYC ceased reimbursing the MTA for the full costs of the free/reduced fare program for students. Beginning in 1996, NYS and NYC each began paying \$45 per annum to the MTA toward the cost of the program. In 2009, NYS reduced their \$45 reimbursement to \$6.3. Beginning in 2010, NYS increased their annual commitment to \$25.3 while NYC’s annual commitment remained at \$45. These commitments have been met by both NYS and NYC for 2023 and 2024. For the year ended December 31, 2024, the MTA received \$70.3 from NYS and NYC combined, which include \$30.0 prepayment for the year 2024 from NYC and the remaining outstanding balance of \$15.0 million for 2024 was received in June 2025.

Prior to April 1995, NYC was obligated to reimburse MTA New York City Transit for the transit police force. As a result of the April 1995 merger of the transit police force into the NYC Police Department, NYC no longer reimburses MTA New York City Transit for the costs of policing the Transit System on an ongoing basis since policing of the Transit System is being carried out by the NYC Police Department at NYC’s expense. MTA New York City Transit continues to be responsible for certain capital costs and support services related to such police activities, a portion of which is reimbursed by NYC. MTA New York City Transit received approximately \$9.7 and 1.9 for the years ended December 31, 2025 and 2024, respectively, from NYC for the reimbursement of certain transit police costs.

MTAHQ bills MTA Metro-North Railroad through its consolidated services for MTA police costs in the New Haven line of which MTA Metro-North Railroad recovers approximately 65% from Connecticut Department of Transportation. The amounts billed for the years ended December 31, 2025 and 2024 were 32 and 36.2, respectively. The amounts recovered for the years ended December 31, 2025 and 2024 were approximately 20.8 and 23.5, respectively.

Federal law and regulations require a paratransit system for passengers who are not able to ride the buses and trains because of their disabilities. Pursuant to an agreement between NYC and the MTA, MTA New York City Transit, effective July 1, 1993, assumed operating responsibility for all paratransit service required by the Americans with Disability Act of 1990. Services are provided by private vendors under contract with MTA New York City Transit. NYC reimburses MTA New York City Transit for the lesser of 33% of net paratransit operating expenses defined as labor, transportation, and administrative costs less fare revenues and 6% of gross urban tax proceeds as described above or, an amount that is 20% greater than the amount paid by NYC for the preceding calendar year. Fare revenues and NYC reimbursement aggregated approximately \$605.6 in the year ended December 31, 2025, and \$556.8 in the year ended December 31, 2024. Total paratransit expenses, including paratransit service contracts, were \$802.4 and \$715.8 in 2025 and 2024, respectively.

Grants and Appropriations — Grants and appropriations for capital projects are recorded when requests are submitted to the funding agencies for reimbursement of capital expenditures meeting eligibility requirements. These amounts are reported separately after Net Non-operating Revenues in the Statements of Revenues, Expenses, and Changes in Net Position.

Operating and Non-operating Expenses

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

Liability Insurance — FMTAC, an insurance captive subsidiary of MTA, provides a liability insurance program (referred to as “ELF”) that insures certain claims in excess of the agencies self-insured retention. Effective October 31, 2025, the self-insured retention limit for MTA New York City Transit and MaBSTOA increased to \$20, MTA Bus increased to \$15, MTA Long Island Rail Road, MTA Metro-North Railroad, and MTA Staten Island Railway remained \$11; the self-insured retention limit for MTAHQ and MTA Bridges and Tunnels remained \$3.2. The maximum amount that the ELF is responsible for arising out of any one occurrence and in the aggregate is the total assets of the ELF program available for claims, but in no event greater than \$50 for all agencies and an additional \$10 for MTA New York City Transit. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2025, the balance of the assets in this program was \$231.77.

MTA also maintains an All-Agency Excess Liability Insurance Policy (“ELP”), which is reinsured through FMTAC. The ELP affords the MTA Group coverage limits of \$342 in excess of the ELF program for a total limit of \$392 (\$342 excess of \$50).

On March 1, 2025, the “nonrevenue fleet” automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for MTA Long Island Rail Road, MTA Staten Island Railway, MTA Police, MTA Metro-North Railroad, MTA Inspector General, MTA Construction & Development Company, and MTA Headquarters. The program limit is \$11 per occurrence on a combined single limit with a \$1 self-insured retention for each accident. A primary limit of \$1 was procured through the commercial marketplace. Excess limits of \$9 were procured through FMTAC.

On March 1, 2025, the “Access-A-Ride” automobile liability policy program was renewed. This program provides third-party auto liability insurance coverage to vendors under the Access-A-Ride contract, to perform services on behalf of MTA New York City Transit. This policy provides a \$3 per occurrence to fund self-insured losses.

On December 15, 2025, FMTAC renewed the primary coverage on the Station Liability and Force Account liability policies at \$11 per occurrence loss for MTA Metro-North Railroad and MTA Long Island Rail Road.

Property Insurance — Effective May 1, 2025, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2025, FMTAC directly insures property damage claims of the Related Entities in excess of a \$25 per occurrence deductible, subject to an annual \$75 aggregate deductible. The total All Risk program annual limit is \$400 per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, London, European, and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of \$7.5 per occurrence. In addition to the noted \$25 per occurrence self-insured deductible, MTA self-insures above that deductible for \$29.577 within the overall \$400 per occurrence property program as follows: \$11.734 (or 23.47%) of the primary \$50 layer, plus \$11.734 (or 23.47%) of the \$50 excess \$50 layer, plus \$6.109 (or 12.22%) of the \$50 excess \$100 layer. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the \$400 per occurrence noted above, FMTAC’s property insurance program has been expanded to include a further layer of \$100 of fully collateralized storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 19, 2023 to April 30, 2026. The expanded protection is reinsured by MetroCat Re Ltd. 2023-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2023-1 reinsurance policy is fully collateralized by a Regulation 114 trust

invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of “certified” losses, as covered by the Terrorism Risk Insurance Program Reauthorization Act (“TRIPRA”) of 2019. The remaining 20% of the Related Entities’ losses arising from an act of terrorism would be covered under the additional terrorism policy described below. No federal compensation will be paid unless the aggregate industry insured losses exceed a trigger of \$200. The United States government’s reinsurance is in place through December 31, 2027.

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any “certified” act of terrorism up to a maximum recovery of \$215 for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the “certified” acts of terrorism insurance, but not to exceed \$40 for any one occurrence, or (3) 100% of any “certified” terrorism loss which exceeds \$5 and less than the \$200 TRIPRA trigger up to a maximum recovery of \$200 for any one occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of \$255 for any one occurrence. Recovery under the terrorism policy is subject to a deductible of \$25 for any one occurrence per occurrence and \$75 in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities’ deductible in any one year exceed \$75, future losses in that policy year are subject to a deductible of \$7.5 for any one occurrence. The terrorism coverages expire at midnight on May 1, 2028.

In the event that the Terrorism Risk Insurance Act is not extended or renewed on or before January 1, 2028, then effective January 1, 2028, coverage will be limited to \$255 for any one occurrence.

Pension Plans — In accordance with the provisions of GASB 68, the MTA recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the MTA’s proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the measurement date of each of the qualified pension plans. Changes in the net pension liability during the year are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the year incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the year in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the year in which the difference occurred.

Postemployment Benefits Other Than Pensions — In accordance with the provisions of GASB 75, and GASB Statement No. 85, *Omnibus*, for the OPEB Plan, the MTA recognizes a net OPEB liability, which represents the excess of the total OPEB liability over the fiduciary net position of the OPEB Plan, measured as of the measurement date of the plan.

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

3. CASH AND INVESTMENTS

Cash - The bank balances are insured up to \$250 thousand in the aggregate by the Federal Deposit Insurance Corporation (“FDIC”) for each bank in which funds are deposited. As of December 31, 2025, restricted cash, primarily for capital projects, totaled \$993.

Cash, including deposits in transit, consists of the following at December 31, 2025 and 2024 (in millions):

	2025		2024	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
FDIC insured or collateralized deposits	\$ 137	\$ 134	\$ 319	\$ 317
Uninsured and not collateralized	1,453	1,444	1,461	1,443
Total Balance	<u>\$ 1,590</u>	<u>\$ 1,578</u>	<u>\$ 1,780</u>	<u>\$ 1,760</u>

All collateralized deposits are held by the MTA or its agent in the MTA's name.

The MTA, on behalf of itself, its affiliates and subsidiaries, invests funds which are not immediately required for the MTA's operations in securities permitted by the NYS Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero coupon bonds.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the MTA will not be able to recover the value of its deposits. While the MTA does not have a formal deposit policy for custodial credit risk, NYS statutes govern the MTA's investment policies. The MTA's uninsured and uncollateralized deposits are primarily held by commercial banks in the metropolitan New York area and are subject to the credit risks of those institutions.

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

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

The MTA had the following recurring fair value measurements as of December 31, 2025 and 2024 (in millions):

Investments by fair value level	December 31,	Fair Value Measurements		December 31,	Fair Value Measurements	
	2025	Level 1	Level 2	2024	Level 1	Level 2
Debt Securities:						
U.S. treasury securities	\$ 17,972	\$ 17,190	\$ 782	\$ 10,806	\$ 9,674	\$ 1,132
U.S. government agency	188	-	188	278	-	278
Asset backed securities	69	-	69	61	-	61
Commercial mortgage backed securities	180	-	180	183	-	183
Foreign bonds	19	19	-	10	10	-
Corporate bonds	141	141	-	116	116	-
Tax Benefit Lease Investments:						
U.S. treasury securities	154	154	-	145	145	-
U.S. government agency	136	75	61	123	69	54
Repurchase agreements	69	69	-	459	459	-
Total debt securities	<u>18,928</u>	<u>17,648</u>	<u>1,280</u>	<u>12,181</u>	<u>10,473</u>	<u>1,708</u>
Total investments by fair value level	<u>18,928</u>	<u>\$ 17,648</u>	<u>\$ 1,280</u>	<u>12,181</u>	<u>\$ 10,473</u>	<u>\$ 1,708</u>
Financed Purchases	124			118		
Total Investments	<u>\$ 19,052</u>			<u>\$ 12,299</u>		

Investments classified as Level 1 of the fair value hierarchy, totaling \$17,648 and \$10,473 as of December 31, 2025 and 2024, respectively, are valued using quoted prices in active markets. Fair values include accrued interest to the extent that interest is included in the carrying amounts. Accrued interest on investments other than Treasury bills and coupons is included in other receivables on the statement of net position. The MTA's investment policy states that securities underlying repurchase agreements must have a fair value at least equal to the cost of the investment. Repurchase agreements are short term investments with underlying securities such as Treasury bills and Treasury notes.

U.S. Government agency securities totaling \$249 and \$332, U.S. treasury securities totaling \$782 and \$1,132, asset-backed securities totaling \$69 and \$61, and commercial mortgage-backed securities totaling \$180 and \$183, as of December 31,

2025 and 2024, respectively, classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by a third party pricing service. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices and indices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from a third party pricing service or our custodian bank.

In connection with certain financed purchase transactions described in Note 10, the MTA has purchased securities or entered into payment undertaking, letter of credit, or similar type agreements or instruments (guaranteed investment contracts) with financial institutions, which generate sufficient proceeds to make basic rent and purchase option payments under the terms of the leases. If the obligors do not perform, the MTA may have an obligation to make the related rent payments.

All investments, other than the investments restricted for financed purchase obligations, are either insured or registered and held by the MTA or its agent in the MTA's name. Investments restricted for financed purchases are either held by MTA or its agent in the MTA's name or held by a custodian as collateral for MTA's obligation to make rent payments under financed purchase obligations. Investments had weighted average yields of 3.86% and 4.49% for the years ended December 31, 2025 and 2024, respectively.

Credit Risk — At December 31, 2025 and 2024, the following credit quality rating has been assigned to MTA investments by a nationally recognized rating organization (in millions):

Quality Rating Standard & Poor's	December 31, 2025	Percent of Portfolio	December 31, 2024	Percent of Portfolio
A-1+	\$ -	0%	\$ 80	1%
AAA	114	1%	309	3%
AA+	61	0%	55	0%
AA	225	1%	19	0%
A	98	1%	73	1%
A-	59	0%	73	1%
BBB	47	0%	44	0%
Not rated	120	1%	505	4%
U.S. Government	18,204	96%	11,023	90%
Total	18,928	100%	12,181	100%
Financed Purchases	124		118	
Total investment	<u>\$ 19,052</u>		<u>\$ 12,299</u>	

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 a bond price's sensitivity to a 100 basis point change in interest rates.

(In millions)	December 31, 2025		December 31, 2024	
	Fair Value	Duration (in years)	Fair Value	Duration (in years)
U.S. treasury securities	\$ 17,972	5.06	\$ 10,806	4.73
U.S. government agency	189	4.68	278	5.68
Tax benefit financed purchase investments	289	4.14	268	4.69
Repurchase agreement	69	-	459	-
Asset-backed securities ⁽¹⁾	69	2.73	61	2.77
Commercial mortgage-backed securities ⁽¹⁾	180	4.43	183	4.70
Foreign bonds ⁽¹⁾	19	5.20	10	6.51
Corporates ⁽¹⁾	141	5.61	116	5.49
Total fair value	18,928		12,181	
Modified duration		5.01		4.58
Investments with no duration reported	124		118	
Total investments	<u>\$ 19,052</u>		<u>\$ 12,299</u>	

⁽¹⁾ These securities are only included in the FMTAC portfolio.

MTA is a public benefit corporation established under the NYS Public Authorities Law. MTA's Treasury Division is responsible for the investment management of the funds of the component units. The investment activity covers all operating and capital funds, including bond proceeds, and the activity is governed by State statutes, bond resolutions and the Board-adopted investment guidelines (the "Investment Guidelines"). The MTA Act currently permits the Related Entities to invest in the following general types of obligations:

- obligations of the State or the United States Government;
- obligations of which the principal and interest are guaranteed by the State or the United States government;
- obligations issued or guaranteed by certain Federal agencies;
- repurchase agreements fully collateralized by the obligations of the foregoing United States Government and Federal agencies;
- certain certificates of deposit of banks or trust companies in the State;
- certain banker's acceptances with a maturity of 90 days or less;
- certain commercial paper;
- certain municipal obligations; and
- certain mutual funds up to \$10 in the aggregate.

The MTA adopted NYS Statutory Requirements with respect to credit risk of its investments, which include, but are not limited to the following sections:

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

MTA Investment Guidelines limit the dollar amount invested in banker acceptances, commercial paper, and obligations issued or guaranteed by certain Federal agencies to \$250 at cost. There are no dollar limits on the purchase of obligations of the United States government, the State or obligations the principal and interest of which are guaranteed by the State or the United States government. Investments in collateralized repurchase agreements are limited by dealer or bank's capital. MTA can invest no greater than \$300 with a bank or dealer rated in Tier 1 (e.g., \$1 billion or more of capital).

FMTAC is created as a MTA subsidiary and is licensed as a captive direct insurer and reinsurer by the NYS Department of Insurance. As such, FMTAC is responsible for the investment management of its funds. The investment activity is governed by State statutes and the FMTAC Board adopted investment guidelines. The minimum surplus to policyholders and reserve instruments are invested in the following investments:

- obligations of the United States or any agency thereof provided such agency obligations are guaranteed as to principal and interest by the United States;
- direct obligations of the State or of any county, district or municipality thereof;
- any state, territory, possession or any other governmental unit of the United States;
- certain bonds of agencies or instrumentalities of any state, territory, possession or any other governmental unit of the United States;
- the obligations of a solvent American institution which are rated investment grade or higher (or the equivalent thereto) by a securities rating agency; and
- certain mortgage backed securities in amounts no greater than five percent of FMTAC's admitted assets.

FMTAC may also invest non-reserve instruments in a broader range of investments including the following general types of obligations:

- certain equities; and
- certain mutual funds.

FMTAC is prohibited from making the following investments:

- investment in an insolvent entity;
- any investment as a general partner; and
- any investment found to be against public policy.

FMTAC investment guidelines do include other investments, but FMTAC has limited itself to the above permissible investments at this time.

4. CAPITAL ASSETS

Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA having a minimum useful life of two years and having a cost of more than \$25 thousand. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. GASB 87 leases are classified as right-of-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. GASB 96 SBITAs are classified as right-to-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalized implementation costs, less any incentive received. GASB 94 public-private and public-public partnerships that result in a newly purchased or constructed underlying nonfinancial asset being transferred to the agency are classified as capital assets and recognized at the cost of the underlying asset when the arrangement meets the definition of a service concession arrangement or when ownership transfers to the MTA.

Accumulated depreciation and amortization are reported as reductions of fixed assets and right-of-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Right-of-use assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term. Capital and right-of-use assets consist of the following at December 31, 2023, December 31, 2024 and December 31, 2025 (in millions):

	Balance December 31, 2023	Additions / Reclassifications	Deletions / Reclassifications	Balance December 31, 2024	Additions / Reclassifications	Deletions / Reclassifications	Balance December 31, 2025
Capital assets not being depreciated:							
Land	\$ 331	\$ -	\$ -	\$ 331	\$ -	\$ -	\$ 331
Construction work-in-progress	13,835	7,534	6,628	14,741	8,965	5,756	17,950
Total capital assets not being depreciated	14,166	7,534	6,628	15,072	8,965	5,756	18,281
Capital assets being depreciated:							
Buildings and structures	35,047	2,095	124	37,018	1,036	-	38,054
Bridges and tunnels	4,649	122	-	4,771	20	-	4,791
Equipment:							
Passenger cars and locomotives	14,815	1,115	25	15,905	1,287	46	17,146
Buses	3,952	354	158	4,148	45	42	4,151
Infrastructure	36,077	1,743	10	37,810	1,521	6	39,325
Other	31,507	1,309	106	32,710	1,799	42	34,467
Total capital assets being depreciated	126,047	6,738	423	132,362	5,708	136	137,934
Less accumulated depreciation:							
Buildings and structures	10,540	727	103	11,164	893	(194)	12,251
Bridges and tunnels	895	181	1	1,075	51	194	932
Equipment:							
Passenger cars and locomotives	8,854	391	24	9,221	415	48	9,588
Buses	2,341	263	158	2,446	213	42	2,617
Infrastructure	14,539	1,069	5	15,603	1,107	6	16,704
Other	13,385	1,154	92	14,447	1,190	41	15,596
Total accumulated depreciation	50,554	3,785	383	53,956	3,869	137	57,688
Total capital assets being depreciated - net	75,493	2,953	40	78,406	1,839	(1)	80,246
Capital assets - net	\$ 89,659	\$ 10,487	\$ 6,668	\$ 93,478	\$ 10,804	\$ 5,755	\$ 98,527

	Balance December 31, 2023	Balance December 31, 2024	Deletions / Reclassifications	Deletions / Reclassifications	Balance December 31, 2025
Right-of-Use Assets being amortized:					
Leased buildings and structures	\$ 843	\$	13	\$	\$ 889
Leased equipment and vehicles	48		4		55
Leased other	10		-		10
Subscription-based IT arrangements	325		119		499
Total Right-of-Use Assets being amortized	1,226	1,356	136	119	1,453
Less accumulated amortization:					
Leased buildings and structures	156		55		266
Leased equipment and vehicles	39		7		51
Leased other	3		3		7
Subscription based IT arrangements	134		91		295
Total accumulated amortization	332	481	156	147	619
Right-of-Use Assets being amortized – net	894	875	(20)	(28)	834
Total Capital Assets, including Right-of-Use					
Asset, net of depreciation and amortization	\$ 90,553	\$ 94,353	\$ 10,467	\$ 5,768	\$ 99,361

Capital assets acquired prior to April 1982 for MTA New York City Transit were funded primarily by NYC with capital grants made available to MTA New York City Transit. NYC has title to a substantial portion of such assets and, accordingly, these assets are not recorded on the books of the MTA. Subsequent acquisitions, which are part of the MTA Capital Program, are recorded at cost by MTA New York City Transit. In certain instances, title to MTA Bridges and Tunnels' real property may revert to NYC in the event the MTA determines such property is unnecessary for its corporate purpose. With respect to MTA Metro-North Railroad, capital assets completely funded by CDOT are not reflected in MTA's financial statements, as ownership is retained by CDOT.

For certain construction projects, the MTA holds in a trust account marketable securities pledged by third-party contractors in lieu of cash retainages. On December 31, 2025 and 2024, these securities, which are not included in these consolidated financial statements, had a fair value of \$137.1 and \$101.2.

As of December 31, 2025, \$115.1 billion is unexpended from the MTA's Capital Program (2005-2024) and \$29.8 billion has been committed.

As of December 31, 2024, \$53.0 billion is unexpended from the MTA's Capital Program (2005-2024) and \$22.4 billion has been committed.

5. EMPLOYEE BENEFITS

Pensions — The MTA Group sponsor and participate in several defined benefit pension plans for their employees, the Long Island Railroad Company Plan for Additional Pensions (the “LIRR Additional Plan”), the Manhattan and Bronx Surface Transit Operating Authority Pension Plan (the “MaBSTOA Pension Plan”), the Metro-North Commuter Railroad Company Cash Balance Plan (the “MNR Cash Balance Plan”), the Metropolitan Transportation Authority Defined Benefit Plan (the “MTA Defined Benefit Pension Plan”), the New York City Employees’ Retirement System (“NYCERS”), and the New York State and Local Employees’ Retirement System (“NYSLERS”). A brief description of each of these pension plans follows:

Plan Descriptions

1. LIRR Additional Plan —

The LIRR Additional Plan is a single-employer defined benefit pension plan that provides retirement, disability and survivor benefits to members and beneficiaries. The LIRR Additional Plan covers MTA Long Island Rail Road employees hired effective July 1, 1971 and prior to January 1, 1988. The LIRR Additional Plan’s activities, including establishing and amending contributions and benefits are administered by the Board of Managers of Pensions. The LIRR Additional Plan is a governmental plan and accordingly, is not subject to the funding and other requirements of the Employee Retirement Income Security Act of 1974 (“ERISA”). The LIRR Additional Plan is a closed plan.

The Board of Managers of Pensions is composed of the Chairman of the MTA, MTA Chief Financial Officer, MTA Director of Labor Relations and the agency head of each participating Employer or the designee of a member of the Board of Managers. The LIRR Additional Plan may be amended by action of the MTA Board. The LIRR Additional Plan is a fiduciary component unit of the MTA and is reflected in the Pension and Other Employee Benefit Trust Funds section of the MTA’s basic financial statements.

The pension plan has a separately issued financial statement that is publicly available and contains required descriptions and supplemental information regarding the employee benefit plan. The financial statements may be obtained at www.mta.info or by writing to the MTA Deputy Chief, Controller’s Office, 2 Broadway, 15th Floor New York, NY 10004 or at www.mta.info.

2. MaBSTOA Pension Plan —

The MaBSTOA Pension Plan is a cost-sharing multiple-employer defined benefit plan administered by MTA Headquarters and funded by MTA New York City Transit covering employees of MaBSTOA and certain employees of MTAHQ. Prior to January 1, 2020, this was a single employer defined benefit retirement plan covering only MaBSTOA employees. Employees of MaBSTOA and MTAHQ are specifically excluded from participating in the New York City Employees’ Retirement System (“NYCERS”). The Plan provides retirement as well as death, accident and disability benefits in order to afford managerial and non-represented MaBSTOA employees the same pension rights as title employees in the MTA New York City Transit. Effective January 1, 1999, membership in the MaBSTOA Pension Plan is not mandatory for managerial and represented employees.

The Board of Administration, established in 1963, determines the eligibility of employees and beneficiaries for retirement and death benefits. The MaBSTOA Pension Plan assigns authority to the MaBSTOA Board to modify, amend or restrict the MaBSTOA Pension Plan or to discontinue it altogether, subject, however, to the obligations under its collective bargaining agreements. The Board is composed of five members: two representatives from the Transport Workers Union, Local 100 (“TWU”) and three employer representatives. The MaBSTOA Pension Plan is a fiduciary component unit of the MTA and is reflected in the Pension and Other Employee Benefit Trust Funds section of the MTA’s basic financial statements.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the MTA Deputy Chief, Controller’s Office, 2 Broadway, 15th Floor, New York, NY 10004 or at www.mta.info.

3. MNR Cash Balance Plan —

The MNR Cash Balance Plan is a single employer, defined benefit pension plan administered by MTA Headquarters and funded by MTA Metro-North Railroad. The MNR Cash Balance Plan covers non-collectively bargained employees formerly employed by Conrail, who joined MTA Metro-North Railroad as management employees between January 1 and June 30, 1983, and were still employed as of December 31, 1988. Effective January 1, 1989, these management employees were covered under the Metro-North Commuter Railroad Defined Contribution Plan for Management Employees (the “Management Plan”) and the MNR Cash Balance Plan was closed to new participants. The MNR Cash Balance Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) and 501(a) of the Internal Revenue Code. Accordingly, the MNR Cash Balance Plan is tax-exempt.

Further information about the MNR Cash Balance Plan is more fully described in the separately issued financial statements that can be obtained by writing to the MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor, New York, NY 10004 or at www.mta.info.

4. MTA Defined Benefit Pension Plan —

The MTA Defined Benefit Pension Plan is a cost sharing, multiple-employer defined benefit pension plan. The MTA Defined Benefit Pension Plan covers certain MTA Long Island Rail Road non-represented employees hired after January 1, 1988, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 24, 1983, MTA Police, MTA Long Island Railroad represented employees hired after December 31, 1987, certain MTA Metro-North Railroad represented employees, MTA Staten Island Railway represented and non-represented employees and certain employees of the MTA Bus Company. The MTA, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Staten Island Railway and MTA Bus contribute to the MTA Defined Benefit Pension Plan, which offers distinct retirement, disability retirement, and death benefit programs for their covered employees and beneficiaries.

The MTA Defined Benefit Pension Plan is administered by the Board of Managers of Pensions. The MTA Defined Benefit Pension Plan, including benefits and contributions, may be amended by action of the MTA Board. The MTA Defined Benefit Pension Plan is a fiduciary component unit of the MTA and is reflected in the Pension and Other Employee Benefit Trust Funds section of the MTA's basic financial statements.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor, New York, NY 10004 or at www.mta.info.

5. NYCERS —

NYCERS is a cost-sharing, multiple-employer retirement system for employees of NYC 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. This plan covers employees of MTA New York City Transit and MTA Bridges and Tunnels.

NYCERS was established by an act of the Legislature of the State of New York under Chapter 427 of the Laws of 1920. NYCERS functions in accordance with the governing statutes contained in the New York State Retirement and Social Security Law ("RSSL"), and the Administrative Code of the City of New York ("ACNY"), which are the basis by which benefit terms and employer and member contribution requirements are established and amended. The head of the retirement system is the Board of Trustees. NYCERS is a fiduciary component unit of The City and is in the Pension and Other Employee Benefit Trust Funds section of The City's Annual Comprehensive Financial Report ("ACFR").

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

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

- Tier 1 All members who joined prior to July 1, 1973.
- Tier 2 All members who joined on or after July 1, 1973 and before July 27, 1976.
- Tier 3 Only certain members who joined on or after July 27, 1976 and prior to April 1, 2012.
- Tier 4 All members (with certain member exceptions) who joined on or after July 27, 1976 but prior to April 1, 2012. Members who joined on or after July 27, 1976 but prior to September 1, 1983 retain all rights and benefits of Tier 3 membership.
- Tier 6 Members who joined on or after April 1, 2012.

6. NYSLERS —

NYSLERS is a cost-sharing, multiple-employer defined benefit retirement system. The NYS Comptroller's Office administers the NYSLERS' plan. The net position of NYSLERS is held in the NYS Common Retirement Fund (the "Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the plan. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of NYSLERS. NYSLERS' benefits are established under the provisions of the New York State RSSL. Once a public employer elects to

participate in NYSLERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. This plan covers nonrepresented MTAHQ employees earning less than \$70,000 per year, those nonrepresented MTAHQ employees that do not choose the Voluntary Defined Contribution Plan provided for under RSSL Tier 6 legislation, and employees represented by the International Brotherhood of Teamsters.

NYSLERS is included in NYS's financial report as a pension trust fund. The report can be accessed on the NYS Comptroller's website at: www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-001.

Pension legislation enacted in 1973, 1976, 1983, 2009 and 2012 established distinct classes of tier membership.

Tier 1	All members who joined prior to July 1, 1973.
Tier 2	All members who joined on or after July 1, 1973 and before July 27, 1976.
Tier 3	Generally, certain members who joined on or after July 27, 1976 but before January 1, 2010 and all other members who joined on or after July 27, 1976, but before September 1, 1983.
Tier 4	Generally, members (with certain member exceptions) who joined on or after September 1, 1983, but before January 1, 2010.
Tier 5	Members who joined on or after January 1, 2010, but before April 1, 2012.
Tier 6	Members who joined on or after April 1, 2012.

Benefits Provided

1. LIRR Additional Plan —

Pension Benefits — An eligible MTA Long Island Rail Road employee who retires under the LIRR Additional Plan, either: (a) after completing at least 20 years of credited service, or (b) after both attaining age 65 while in service and completing at least five years of credited service, or in the case of those who were active employees on January 1, 1988, after completing at least 10 years of credited service, is entitled to an annual retirement benefit, payable monthly for life. Payments commence to an employee referred to in: (a) only after attaining age 50, or (b) only after attaining age 65.

Benefit and contribution provisions, which are based on the point in time at which participants last entered qualifying service and their length of credited service, are established by, and may only be amended by the MTA Long Island Rail Road, subject to the obligations of the MTA Long Island Rail Road under its collective bargaining agreements.

The LIRR Additional Plan has both contributory and non-contributory requirements, with retirement ages varying from 50 to 65 depending upon a participant's length of credited service. Pension benefits payable to age 65, where eligible, are calculated as 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earnings for each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65, regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including any supplemental annuity) value at age 65 under the Federal Railroad Retirement Act.

Participants who entered qualifying service before July 1, 1978 are not required to contribute. Participants who entered qualifying service on or after July 1, 1978, are required to contribute 3% of their wages. The MTA Long Island Railroad contributes additional amounts based on actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due.

Death Benefits — Survivorship benefits are paid to the participant's spouse when a survivorship option is elected or when an active participant has not divested his or her spouse of benefits. The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than five thousand dollars is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

Retirement benefits establishment and changes for representative employees are collectively bargained and must be ratified by the respective union and the MTA Board. For non-represented employees, amendments must be approved by the MTA Board.

2. MaBSTOA Pension Plan —

The MaBSTOA Pension Plan provides retirement as well as death, accident, and disability benefits. The benefits provided by the MaBSTOA Pension Plan are generally similar to the benefits provided to MTA New York City Transit participants in NYCERS. Benefits vest after either 5, 10, or 20 years of credited service, depending on the date of membership.

In 2008, NYCERS had determined that Tier 4 employees are and have been eligible for a post retirement death benefit retroactive to 1986. In June 2012, the MTA Board approved an amendment to the MaBSTOA Pension Plan to provide for incorporation of this benefit.

Chapter 716 of the Laws of 2023 enacted in December 2023 modified the pre-retirement and postretirement ordinary death benefits applicable to Tier 2, 3, 4 and 6 members effective July 1, 2021. This affects the benefits payable after the death of a member who is over age 60. The law lowers the existing age-based reductions, resulting in an increased benefit for eligible beneficiaries.

Chapter 55 of the Laws of 2024, Part KK, extends until December 31, 2026 the exclusion of pensionable earnings above the annual base wages of Tier 6 members for purposes of calculating Basic Member Contributions.

Chapter 56 of the Laws of 2024, Part QQ, reduces the number of years used to calculate the Final Average Salary ("FAS") from five years to three years for certain Tier 6 members.

Tier 1 —

Eligibility and Benefit Calculation: Tier 1 members must be at least age 50 with the completion of 20 years of service to be eligible to collect a service retirement benefit. Generally, the benefit is 1.50% for service before March 1, 1962, plus 2.0% for service from March 1, 1962 to June 30, 1970, plus 2.5% for service after June 30, 1970. The accumulated percentage, up to a maximum of 50%, is multiplied by the member's compensation, which is the greater of earned salary during the year prior to retirement. Once the accumulated reaches 50%, the percentage for each further year of service reverts back to 1.5%. The percentage in excess of 50% is multiplied by the final compensation, which is the highest average earnings over five consecutive years.

Ordinary Disability Benefits — Generally, ordinary disability benefits are provided to eligible Tier 1 members after ten years of service with the benefit equal to the greater of the service retirement percentages or 25% multiplied by final compensation.

Accidental Disability Benefits — The accidental disability benefit to eligible Tier 1 members is equal to 75% of final compensation reduced by 100% of any worker's compensation payments.

Ordinary Death Benefits — For Tier 1 members the amount of the death benefit is a lump sum equal to six months' pay for members with less than 10 years of service; a lump sum equal to a 12 months of pay for members with more than 10 but less than 20 years of service, and a lump sum equal to two times 12 months of pay for members with more than 20 years of service.

Tier 2 —

Eligibility and Benefit Calculation: Tier 2 members must be at least age 55 with the completion of 25 years of service to be eligible to collect a service retirement benefit. Generally, the benefit equals 50% of final 3-year average compensation, defined as the highest average earnings over three consecutive years, plus 1% of final 5-year average compensation, defined as the highest average earnings over five consecutive years, per year of credited service in excess of 20 years. For early retirement, members must be at least age 50 with the completion of at least 20 years of service. The benefit is determined in the same manner as the service retirement but not greater than 2.0% of final 3-year average compensation per year of service.

Ordinary Disability Benefits — Generally, ordinary disability benefits are provided to eligible Tier 2 members after ten years of service with the benefit equal to the greater of the service retirement percentages or 25% multiplied by the final 5-year average compensation.

Accidental Disability Benefits — The accidental disability benefit to eligible Tier 2 members is equal to 75% of the final 5-year average compensation reduced by any worker's compensation payments.

Ordinary Death Benefits — Tier 2 members require the completion of 90 days of service to receive a lump sum equal to 3 times salary, raised to the next multiple of \$1,000 dollars.

Tiers 3, 4 —

Eligibility and Benefit Calculation: Tier 3 and 4 members in the Regular 62 and 5 Plan must be at least age 62 with the completion of at least 5 years of service to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 20 years of service, is equal to 2.0% of Final Average Compensation ("FAC") for the first 30 years of service plus 1.5% of FAC for years of service in excess of 30. FAC is defined as the highest average earnings over three consecutive years, of which earnings in a year cannot exceed 110% of the average of the two preceding years. If the member completes less than 20 years of credited service, the benefit equals 1-2/3% of FAC multiplied by years of service. For early retirement, members must be at least age 55 with the completion of at least 5 years of service. The benefit equals the service retirement benefit reduced by 6% for each of the first two years prior to age 62, and by 3% for years prior to age 60.

Tier 3 and 4 members in the basic 55/25 Plan must be at least age 55 with the completion of at least 25 years of service, or be at least age 62 with the completion of at least 5 years of service, to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 25 years of service, is equal to 2.0% of FAC for the first 30 years of service plus 1.5% of FAC for years of service in excess of 30. If the member completes less than 25 years of credited service, the benefit equals 1-2/3% of FAC multiplied by years of service.

Tier 4 members in the 57/5 Plan must be at least age 57 with the completion of at least 5 years of service to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 20 years of service, is equal to 2.0% of FAC for the first 30 years of service plus 1.5% of FAC for years of service in excess of 30. If the member completes less than 20 years of credited service, the benefit equals 1-2/3% of FAC multiplied by years of service.

Ordinary and Accidental Disability Benefits — For eligible members of the Regular 62/5 Plan, 57/25 Plan and 57/5 Plan, ordinary and accidental disability benefits are provided after 10 years of service for ordinary and no service required for accidental disability benefit. The benefit equals the greater of 1-2/3% of FAC per year of service and 1/3 of FAC.

Ordinary Death Benefits — For eligible members of the Regular 62/5 Plan, 55/25 Plan, 57/5 Plan, the pre-retirement ordinary death benefit is equal to a lump sum of annual salary times the lesser of completed years of service and 3. After age 60, the benefit is reduced 3% per year, to a maximum reduction of 30%. Accumulated regular member contributions with interest and one-half of accumulated additional member contributions with interest are also payable. Upon retirement, the post-retirement benefit is reduced by 50% and reduced an additional 25% after completion of one year of retirement. After completion of two years of retirement, the benefit equals 10% of the pre-retirement benefit in force at age 60 or at the time of retirement was earlier than age 60, but not less than 10% of the pre-retirement benefit in force at the time of retirement.

Tier 6 —

Eligibility and Benefit Calculation: Chapter 56 of the Laws of 2022 enacted in April 2022 reduced the Tier 6 vesting requirement from 10 years to 5 years of service. Tier 6 members in the 55/25 Special Plan must be at least age 55 with the completion of at least 25 years, or at least age 63 with the completion of at least 5 years of service, to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 25 years of service, is equal to 2.0% of FAS for the first 30 years of service plus 1.5% of FAS for years of service in excess of 30. If the member completes less than 20 years of credited service, the benefit equals 1- 2/3% of FAS multiplied by years of service. FAS is defined as the highest average pensionable compensation over five consecutive years.

Tier 6 members in the Basic 63/5 Plan must be at least age 63 with the completion of at least 5 years to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 20 years of service, is equal to 35% of FAS plus 2.0% of FAS for years of service in excess of 20. If the member completes less than 20 years of credited service, the benefit equals 1-2/3% of FAS multiplied by years of service. FAS is defined as the highest average pensionable earnings over five consecutive years. For early retirement, members must be at least age 55 with the completion of at least 10 years of service. The benefit equals the service retirement benefit reduced by 6.5% for each year early retirement precedes age 63.

Ordinary and Accidental Disability Benefits — For eligible members of the 55/25 Special Plan and the Basic 63/5 Plan, ordinary and accidental disability benefits are provided after 10 years of credited service for ordinary. There is no service requirement for accidental disability benefit. The benefit equals the greater of 1-2/3% of FAS per year of service and 1/3 of FAS.

Ordinary Death Benefits — For eligible members of the 55/25 Special Plan and the Basic 63/5 Plan, the pre-retirement ordinary death benefit is equal to a lump sum of annual salary times the lesser of completed years of service and 3. After age 60, the benefit is reduced 3% per year, to a maximum reduction of 30%. Accumulated regular member contributions with interest are also payable. Upon retirement, the post-retirement benefit is reduced by 50% and reduced an additional 25% after completion of one year of retirement. After completion of two years of retirement, the benefit equals 10% of the pre-retirement benefit in force at age 60 or at the time of retirement if retirement was earlier than age 60, but not less than 10% of the pre-retirement benefit in force at the time of retirement..

3. MNR Cash Balance Plan —

Pension Benefits — Participants of the MNR Cash Balance Plan are vested in their benefit upon the earlier of (a) the completion of 5 years of service with MTA Metro-North Railroad or (b) the attainment of age 62. The accrued benefit is a participant's Initial Account Balance increased each month by the benefit escalator. The benefit escalator is defined as the Pension Benefit Guaranty Corporation ("PBGC") immediate annuity rate in effect for December of the year preceding the year for which the determination is being made divided by 180. The accrued benefit is paid as an escalating annuity. Vested participants are entitled to receive pension benefits commencing at age sixty-five. Participants may elect to receive the value of their accumulated plan benefits as a lump-sum distribution upon retirement or they may elect a monthly life annuity. Participants may elect to receive their pension in the form of a joint and survivor annuity.

Participants of the MNR Cash Balance Plan are eligible for early retirement benefits upon termination of employment, the attainment of age 62, or age 60 and completion of 15 years of service, or age 55 and the completion of 30 years of service. The early retirement benefits paid is the normal retirement pension deferred to age 65 or an immediate pension equal to the life annuity actuarial equivalent of a participant's escalating annuity at normal retirement date indexed by the Initial Benefit Escalator from early retirement date to normal retirement date and reduced by 5/9 of 1% for each month retirement precedes age 65 up to 60 months and 5/18 of 1% for each month after 60 months.

For members with cash balances who are currently members of the MTA Defined Benefit Pension Plan, an additional benefit is provided equal to the amount needed to bring their total benefits (i.e., Railroad Retirement Tier I and II benefits, Conrail Plan benefits, Cash Balance Plan benefits, and MTA Defined Benefit Pension Plan benefits) up to a minimum of 65% of their 3-year final average pay under the MTA Defined Benefit Pension Plan. In no event will the Additional Benefit exceed 2% of 3-year final average pay multiplied by the Conrail Management Service prior to July 1, 1983. This benefit is payable as a life annuity and is reduced for commencement prior to age 65 in the same manner as the regular cash balance benefit. This additional benefit is payable only in the form of a life annuity or 100% or 50% contingent annuity.

Death Benefits — Benefits are paid to vested participants' beneficiaries in the event of a participants' death. The amount of benefits payable is the participant's account balance at the date of his or her death. Pre-retirement death benefits paid for a participant's death after 55 is equal to the amount the spouse would have received had the participant elected retirement under the normal form of payment on the day preceding his death. Pre-retirement death benefits paid for a participant's death before 55 is equal to the amount the spouse would have received had the participant survived to age 55 and retired under the normal form of payment on that date. The benefit is based on service to the participant's date of death and is payable beginning on the date the participant would have attained age 55.

In lieu of the above benefit, the surviving spouse can elect to receive the participant's account balance in a single lump sum payment immediately. If the participant was not married, the participant's beneficiary is entitled to receive the participant's Account Balance as of the participant's date of death in a single lump sum payment.

4. MTA Defined Benefit Pension Plan —

Pension Benefits — Retirement benefits are paid from the MTA Defined Benefit Pension Plan to cover MTA Metro-North Railroad, MTA Staten Island Railway and post-1987 MTA Long Island Rail Road employees as service retirement allowances or early retirement allowances. A participant is eligible for a service retirement allowance upon termination if the participant satisfied both age and service requirements. A participant is eligible for an early retirement allowance if the participant has attained age 55 and completed at least 10 years of credited service. Terminated participants with 5 or more years of credited service are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on the first day of the month following the participant's 62nd birthday.

Certain represented employees of the MTA Long Island Rail Road and the MTA Metro-North Railroad continue to make contributions to the Plan for 10 or 15 years, depending on Date of Hire and Collective Bargaining Agreement. Certain represented employees of the MTA Long Island Rail Road and the MTA Metro-North Railroad are eligible for an early retirement allowance if the participant has attained age 60 or 62 and completed at least 5 years of credited service, or has attained age 55 and completed at least 30 years of credited service for unreduced benefit. The early retirement allowance is reduced one-quarter of 1% per month for each full month that retirement predates age 60 for certain represented employees of the MTA Long Island Rail Road and the MTA Metro-North Railroad, and one-half of 1% per month for each full month that retirement predates age 62 until age 60, for certain represented employees of the MTA Long Island Rail Road and MTA Metro-North Railroad.

Effective in 2007, members and certain former members who become (or became) employed by another MTA agency which does not participate in the Plan continue to accrue service credit based on such other employment. Upon retirement, the member's vested retirement benefit from the Plan will be calculated on the FAS of the subsequent MTA agency, if higher. Moreover, the Plan benefit will be reduced by the benefit, if any, payable by the other plan based on such MTA agency employment. Such member's disability and ordinary death benefit will be determined in the same way.

Retirement benefits are paid from the MTA Defined Benefit Pension Plan under the MTA 20-Year Police Retirement Program. A participant is eligible for service retirement at the earlier of completing twenty years of credited police service or attainment of age 62. Terminated participants with five years of credited police service, who are not eligible for retirement, are eligible for a deferred benefit. Deferred vested benefits are payable on the first of the month following the participant's attainment of age 55 or age 63 for a participant who first joins the MTA 20-Year Police Retirement Program on or after April 1, 2012.

Retirement benefits paid from the MTA Defined Benefit Pension Plan to covered represented MTA Bus employees include service retirement allowances or early retirement allowances. Under the programs covering all represented employees at Baisley Park, Eastchester, LaGuardia, Spring Creek, and Yonkers Depots and the represented employees at College Point Depot, JFK, and Far Rockaway, a participant is eligible for a service retirement allowance upon termination if

the participant has attained age sixty-five and completed at least five years of credited service or if the participant has attained age 57 and completed at least 20 years of credited service. A participant hired prior to June 2009 from Baisley Park, College Point, and LaGuardia Depots is eligible for an early retirement allowance if the participant has attained age 55 and completed 20 years of credited service. Terminated participants with five or more years of credited service who are not eligible to receive a service retirement allowance or early retirement allowance are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on or after the participant attains age 65.

At Baisley Park, Far Rockaway, JFK, LaGuardia and Spring Creek Depots, a participant who is a non-represented employee is eligible for an early retirement allowance upon termination if the participant has attained age 55 and completed 15 years of service. Terminated participants with five or more years of credited service who are not eligible to receive a service retirement allowance or early retirement allowance are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on or after the participant attains age 62.

The MTA Bus retirement programs covering represented and non-represented employees at Eastchester and Yonkers and covering the represented employees at Baisley Park, College Point, Far Rockaway, JFK, LaGuardia and Spring Creek are fixed dollar plans, i.e., the benefits are a product of credited service and a specific dollar amount.

The retirement benefits for certain non-represented employees at Baisley Park, Far Rockaway, JFK, LaGuardia and Spring Creek are based on FAS. Certain participants may elect to receive the retirement benefit as a single life annuity or in the form of an unreduced 75% joint and survivor benefit.

Pre-1988 MTA Long Island Rail Road participants are eligible for a service retirement allowance upon termination if the participants has either: (a) attained age sixty-five and completed at least five years of credited service, or if an employee on January 1, 1988 completed at least 10 years of credited service, or (b) attained age fifty and has completed at least 20 years of credited service. Terminated participants who were not employees on January 1, 1988 with five or more years of credited service are eligible for a deferred vested benefit. Pension benefits payable to age 65, where eligible, are calculated as 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earnings of each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65 regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including supplemental annuity) value at age 65 under the Federal Railroad Retirement Act. The reduction of pension benefits for amounts payable under the Federal Railroad Retirement Act is 50%.

Death and Disability Benefits — In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after 10 years of covered MTA Bus service; 10 years of credited service for covered MTA Metro-North Railroad and MTA Long Island Rail Road management and represented employees, covered MTA Staten Island Railway employees and covered MTA police participants.

The disability retirement allowance for covered MTA Metro-North Railroad and MTA Long Island Rail Road management and represented covered MTA Staten Island Railway employees is calculated based on the participant's credited service and FAS but not less than $\frac{1}{3}$ of FAS. Under the MTA 20 Year Police Retirement Program, a disabled participant may be eligible for one of three forms of disability retirement: (a) ordinary disability which is payable if a participant has ten years of credited Police service and is calculated based on the participant's credited Police service and FAS but not less than $\frac{1}{3}$ of FAS; (b) performance of duty, which is payable if a participant is disabled in the performance of duty and is $\frac{1}{2}$ of FAS, and (c) accidental disability, which is payable if a participant is disabled as the result of an on-the-job accidental injury and is $\frac{3}{4}$ of FAS subject to an offset of Workers' Compensation benefits. Pursuant to the MTA Bus programs, the disability benefit is the same as the service retirement benefit.

Survivorship benefits for pre-1988 MTA Long Island Rail Road participants are paid to the spouse when a survivorship option is elected or when an active participant has not divested their spouse of benefits. The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than \$5,000 (whole dollars) is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

Death benefits are paid to the participant's beneficiary in the event of the death of a covered MTA Metro-North Railroad, post-1987 MTA Long Island Rail Road or MTA Staten Island Railway employee after completion of one year of credited service. The death benefit payable is calculated based on a multiple of a participant's salary based on years of credited service up to three years and is reduced beginning at age 61. There is also a post-retirement death benefit which, in the 1st year of retirement, is equal to 50% of the pre-retirement death benefit amount, whichever is greater, 25% the 2nd year and 10% of the death benefit payable at age 60 for the 3rd and later years. For the Police 20 Year Retirement Program, the death benefit is payable after ninety days of credited MTA police service, and is equal to three times their salary. For non-Police groups, this death benefit is payable in a lump sum distribution while for Police, the member or the beneficiary can elect to have it paid as an annuity. The MTA police do not have a post retirement benefit.

In the MSBA Employees' Pension Plan, there are special spousal benefits payable upon the death of a participant who is eligible for an early retirement benefit, or a normal service retirement benefit, or who is a vested participant or vested former participant. To be eligible, the spouse and participant must have been married at least one year at the time of death. Where the participant was eligible for an early service retirement benefit or was a vested participant or former participant, the benefit is a pension equal to 40% of the benefit payable to the participant as if the participant retired on the date of death. Where the participant was eligible for a normal service retirement benefit, the eligible spouse can elect either the benefit payable as a pension, as described in the prior sentence, or a lump sum payment based on an actuarially determined pension reserve. If there is no eligible spouse for this pension reserve benefit, a benefit is payable to the participant's beneficiary or estate.

Moreover, an accidental death benefit is payable for the death of a participant who is a covered MTA Metro-North Railroad or post-1987 MTA Long Island Rail Road employee, a covered MTA Staten Island Railway employee or a covered MTA Police member and dies as the result of an on-the-job accidental injury. This death benefit is paid as a pension equal to 50% of the participant's salary and is payable to the spouse for life, or, if none, to children until age eighteen (or twenty-three, if a student), or if none, to a dependent parent.

For MTA Bus employees, there is varied death benefit coverage under the Plan. For all represented and non-represented MTA Bus employees at Eastchester and Yonkers Depots and represented MTA Bus employees at Baisley Park, College Point, Far Rockaway, JFK, LaGuardia and Spring Creek Depots, if a participant dies prior to being eligible for a retirement benefit, the participant's beneficiary may elect to receive a refund of the participant's contributions plus interest.

Moreover, the spouses of the above employees who are vested are entitled to a presumed retirement survivor annuity which is based on a 50% Joint and Survivor annuity. The date as of which such annuity is determined and on which it commences varies among the different programs depending on whether the participants are eligible for retirement and for payment of retirement benefits.

In addition, the spouse of a non-represented MTA Bus employee at Spring Creek, JFK, LaGuardia, Baisley Park and Far Rockaway, if such employee is age 55 and has 15 years of service and is a terminated member with a vested benefit which is not yet payable, may elect the presumed retirement survivor annuity or 1/2 the participant's accrued benefit paid monthly and terminating on the 60th payment or the spouse's death. The spouse of a non-represented MTA Bus employee at Yonkers Depot may also receive a pre-retirement survivor annuity from the supplemental plan. If there is no such spouse, the actuarial equivalent of such annuity is payable.

Dependent children of MTA Bus employees are also entitled to an annuity based on the spouse's pre-retirement survivor annuity (1/2 of the spouse's annuity is payable to each child, but no more than 100% of the spouse's annuity is payable). In addition, the dependent children of retirees who were MTA Bus employees at these Depots are entitled to an annuity based on the presumed retirement survivor's annuity (25% of the spouse's annuity; but no more than 50% of the spouse's annuity is payable).

Retirement benefits establishment and changes for represented employees are collectively bargained and must be ratified by the respective union and the MTA Board. For non-represented employees, retirement benefits establishment and changes are presented to the MTA Board and must be accepted and approved by the MTA Board.

5. NYCERS —

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

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

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

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

Tier 4 participants upon satisfying applicable eligibility requirements may be mandated or elected, as applicable, into the Basic 62/5 Retirement Plan, the 57/5 Plan, the 55/25 Plan, the Transit 55/25 Plan, the MTA Triborough Bridge and Tunnel Authority 50/20 Plan, and the Automotive Member 25/50 Plan. These plans provide annual benefits of 40% to

50% of final salary after 20 or 25 years of service, with additional benefits equal to a specified percentage per year of service (currently 1.5% to 2%) of final salary.

Chapter 18 of the Laws of 2012 created Tier 6. These changes increase the retirement age to 63, require member contributions for all years of service, institute progressive member contributions, and lengthen the FAS period from 3 to 5 years.

Chapter 693 of the Laws of 2023 removes the age 50 requirement from the MTA Bridges and Tunnels 50/20 plan for Tier 4 and Tier 6 members.

Chapter 716 of the Laws of 2023 enacted in December 2023 modified the pre-retirement and postretirement ordinary death benefits applicable to Tier 2, 3, 4 and 6 members effective July 1, 2021. This affects the benefits payable after the death of a member who is over age 60. The law lowers the existing age-based reductions, resulting in an increased benefit for eligible beneficiaries.

Chapter 55 of the Laws of 2024, Part KK, extends until December 31, 2026 the exclusion of pensionable earnings above the annual base wages of Tier 6 members for purposes of calculating Basic Member Contributions.

Chapter 56 of the Laws of 2024, Part QQ, reduces the number of years used to calculate the FAS from five years to three years for certain Tier 3 and Tier 6 members.

NYCERS also provides automatic Cost-of-Living Adjustments (“COLA”) for certain retirees and beneficiaries, death benefits; and certain retirees also receive supplemental benefits. Subject to certain conditions, members generally become fully vested as to benefits upon the completion of 5 years of service.

6. NYSLERS —

NYSLERS provides retirement benefits as well as death and disability benefits. Members who joined prior to January 1, 2010 need 5 years of service to be fully vested. Members who joined on or after January 1, 2010 need 10 years of service to be fully vested. Subsequent to March 31, 2022, legislation was passed that reduced the number of years of service credit from ten years to five years. Therefore, all Members are vested when they reach five years of service credit.

Tiers 1 and 2 —

Eligibility: Tier 1 members generally must be at least age 55 to be eligible for a retirement benefit. There is no minimum service requirement for Tier 1 members. Generally, Tier 2 members must have 5 years of service and be at least age 55 to be eligible for a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of FAS for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of FAS for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months. FAS is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year’s compensation used in the FAS calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of FAS is limited to no more than 20 percent greater than the average of the previous two years.

Tiers 3, 4, and 5 —

Eligibility: Most Tier 3 and 4 members must have 5 years of service and be at least age 55 to be eligible for a retirement benefit. Tier 5 members must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of FAS for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of FAS for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of FAS is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. FAS is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4 and 5 members, each year’s compensation used in the FAS calculation is limited to no more than 10% greater than the average of the previous two years.

Tier 6 —

Eligibility: Generally, Tier 6 members must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63.

Benefit Calculation: Generally, the benefit is 1.67% of FAS for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of FAS for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of FAS is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits. FAS is the average of the wages earned, limited by overtime caps, in the three highest consecutive years of employment. For Tier 6 members, each year's compensation used in the FAS calculation is limited to no more than 10% greater than the average of the previous four years.

Chapter 55 of the Laws of 2024, Part KK, extends until December 31, 2026 the exclusion of pensionable earnings above the annual base wages of Tier 6 members for purposes of calculating Basic Member Contributions.

Chapter 56 of the Laws of 2024, Part QQ, reduces the number of years used to calculate the FAS from five years to three years for certain Tier 6 members.

Disability Benefits— Generally, disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan. Civilian MTAHQ employees get either Ordinary Disability or Accidental Disability. Ordinary Disability benefits, pay no less than one-third of salary, and are provided to eligible members after ten years of service. The Accidental Disability benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits — Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 (whole dollars) of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases — A COLA is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for ten years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the COLA amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This COLA is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 (whole dollars) of the annual retirement benefit. The COLA percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Membership

As of January 1, 2024 and January 1, 2023, the dates of the most recent actuarial valuations, membership data for the following pension plans are as follows:

Membership at: January 1, 2024

	MNR Cash Balance Plan	LIRR Additional Plan	MaBSTOA Pension Plan	MTA Defined Benefit Pension Plan	TOTAL
Active Plan Members	-	12	8,355	19,420	27,787
Retirees and beneficiaries receiving benefits	20	4,772	6,475	12,291	23,558
Vested formerly active members not yet receiving benefits	5	13	1,324	1,988	3,330
Total	25	4,797	16,154	33,699	54,675

Membership at: January 1, 2023

	MNR Cash Balance Plan	LIRR Additional Plan	MaBSTOA Pension Plan	MTA Defined Benefit Pension Plan	TOTAL
Active Plan Members	-	14	8,393	19,071	27,478
Retirees and beneficiaries receiving benefits	20	4,962	6,307	12,141	23,430
Vested formerly active members not yet receiving benefits	5	13	1,230	1,867	3,115
Total	25	4,989	15,930	33,079	54,023

Contributions and Funding Policy***1. LIRR Additional Plan —***

Employer contributions are actuarially determined on an annual basis and are recognized when due. The LIRR Additional Plan is a defined benefit plan administered by the Board of Pension Managers and is a governmental plan and accordingly, is not subject to the funding and other requirements of ERISA.

Upon termination of employment before retirement, vested participants who have been required to contribute must choose to: (1) receive a refund of their own contributions, including accumulated interest at rates established by the MTA Long Island Rail Road's Board of Managers of Pensions (1.5% in 2024 and 2023), or (2) leave their contributions in the LIRR Additional Plan until they retire and become entitled to the pension benefits. Non-vested participants who have been required to contribute will receive a refund of their own contributions, including accumulated interest at rates established by the MTA Long Island Rail Road's Board of Managers of Pensions (1.5% in 2024 and 2023).

Funding for the LIRR Additional Plan by the MTA Long Island Rail Road is provided by MTA. Certain funding by MTA is made to the MTA Long Island Rail Road on a discretionary basis. The continuance of the MTA Long Island Rail Road's funding for the LIRR Additional Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

2. MaBSTOA Pension Plan —

The contribution requirements of MaBSTOA Pension Plan members are established and may be amended only by the MaBSTOA Board in accordance with Sections 10.01 and 12.08 of the MaBSTOA Pension Plan. MaBSTOA's funding policy for periodic employer contributions is to provide for actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due. It is MaBSTOA's policy to fund, at a minimum, the current year's normal pension cost plus amortization of the unfunded actuarial accrued liability.

The MaBSTOA Pension Plan includes the following plans, including the 2000 amendments which are all under the same terms and conditions as NYCERS:

- Tier 1 – 50 and 20 Plan
- Tier 2 – 55 and 25 Plan
- Tier 4 – 62 and 5 Plan (with Tier III Supplement)
- Tier 4 – 55 and 25 Plan (operating employees only)
- Tier 4 – 55 and 25 Plan (administrative employees only)
- Tier 4 – 57 and 5 Plan
- Tier 6 – 55 and 25 Plan (operating employees only)
- Tier 6 – 63 and 5 Plan (administrative employees only)

For employees, the MaBSTOA Pension Plan has both contributory and noncontributory requirements depending on the date of entry into service. Employees entering qualifying service on or before July 26, 1976, are non-contributing (Tiers 1 and 2). Certain employees entering qualifying service on or after July 27, 1976, are required to contribute 3% of their salary (Tiers 3 and 4).

In March 2012, pursuant to Chapter 18 of the Laws of 2012, individuals joining NYCERS or the MaBSTOA Pension Plan on or after April 1, 2012 are subject to the provisions of Tier 6. The new law increased the employee contribution rates which varied depending on salary, ranging from 3% to 6% of gross wages. Contributions are made until retirement or separation from service.

Pursuant to Section 7.03 of the MaBSTOA Pension Plan, active plan members are permitted to borrow up to 75% of their contributions with interest. Their total contributions and interest remain intact and interest continues to accrue on the full balance. The participant's accumulated contribution account is used as collateral against the loan.

3. MNR Cash Balance Plan —

Funding for the MNR Cash Balance Plan is provided by MTA Metro-North Railroad, a public benefit corporation that receives funding for its operations and capital needs from the MTA and CDOT. Certain funding by MTA is made to the MTA Metro-North Railroad on a discretionary basis. The continuance of funding for the MNR Cash Balance Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

MTA Metro-North Railroad's funding policy with respect to the MNR Cash Balance Plan was to contribute the full amount of the pension benefit obligation ("PBO") of approximately \$2.977 to the trust fund in 1989. As participants retire, the Trustee has made distributions from the MNR Cash Balance Plan. MTA Metro-North Railroad anticipated that no

further contributions would be made to the MNR Cash Balance Plan. However, due to changes in actuarial assumptions and market performance, additional contributions were made to the MNR Cash Balance Plan in several subsequent years. Per the January 1, 2023 valuation, unfunded accrued liability and the actuarially determined contribution are \$12,105 and \$12,589 respectively. Per the January 1, 2024 valuation, unfunded accrued liability and the actuarially determined contribution are \$21,494 and \$22,354 respectively. Actual employer contributions for the years ended December 31, 2025 and 2024 were \$17,322 (whole dollars) and \$22,354 (whole dollars) respectively.

4. MTA Defined Benefit Pension Plan —

Employer contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the MTA Defined Benefit Pension Plan are recognized in the period in which the contributions are due. There are no contributions required under the Metropolitan Suburban Bus Authority Employee's Pension Plan.

The following summarizes the employee contributions made to the MTA Defined Benefit Pension Plan:

Effective January 1, 1994, covered MTA Metro-North Railroad and MTA Long Island Rail Road non-represented employees are required to contribute to the MTA Plan to the extent that their Railroad Retirement Tier II employee contribution is less than the pre-tax cost of the 3% employee contributions. Effective October 1, 2000, employee contributions, if any, were eliminated after ten years of making contributions to the MTA Plan. MTA Metro-North Railroad employees may purchase prior service from January 1, 1983 through December 31, 1993 and MTA Long Island Rail Road employees may purchase prior service from January 1, 1988 through December 31, 1993 by paying the contributions that would have been required of that employee for the years in question, calculated as described in the first sentence, had the MTA Defined Benefit Pension Plan been in effect for those years.

Police Officers who become participants of the MTA Police Program prior to January 9, 2010 contribute to that program at various rates. Police Officers who become participants on or after January 9, 2010, but before April 1, 2012 contribute 3% up to the completion of 32 years of service, the maximum amount of service credit allowed. Police Officers who become participants on or after April 1, 2012 contribute 3%, with additional new rates starting April 2013, ranging from 3.5%, 4.5%, 5.75%, to 6%, depending on salary level, for their remaining years of service.

Covered MTA Metro-North Railroad represented employees and MTA Long Island Rail Road represented employees who first became eligible to be MTA Defined Benefit Pension Plan participants prior to January 30, 2008 contribute 3% of salary. MTA Staten Island Railway employees contribute 3% of salary except for represented employees hired on or after June 1, 2010 who contribute 4%. MTA Staten Island Railway represented and non-represented employees hired before 6/1/2010 contribute 3%. Represented and non-represented employees hired on and after 6/1/2010 contribute 4%. MTA Staten Island Railway employees hired after various contract dates in 2015 are required to contribute 4% for 15 years of service. MTA Long Island Rail Road represented employees who became participants after January 30, 2008 contribute 4% of salary. For the MTA Staten Island Railway employees, contributions are not required after the completion of ten years of credited service. MTA Long Island Railroad represented employees are required to make the employee contributions for ten years, or fifteen years if hired after certain dates in 2014 as per collective bargaining agreements. Certain Metro-North represented employees hired after various contract dates in 2014 and 2015 are required to contribute for 15 years of service depending on their collective bargaining agreements. Certain Metro-North employees hired prior to 2014 are required to make the employee contributions until January 1, 2014, January 1, 2017, June 30, 2017, or the completion of required years of credited service as per the relevant collective bargaining agreements.

Covered MTA Bus represented employees and certain non-represented employees are required to contribute a fixed dollar amount, which varies, by depot. Nonrepresented MTA Bus employees contribute a percentage of pensionable earnings ranging from 3%, 3.5%, 4.5%, 5.75% and 6%. Represented employees contribute a fixed dollar ranging from \$83.03 to \$85.52 bi-weekly. Currently, non-represented employees at certain Depots, contribute \$21.50 (whole dollars) per week. Non-represented employees at Eastchester hired prior to 2007 contribute \$25 (whole dollars) per week. Certain limited numbers of represented employees promoted prior to the resolution of a bargaining impasse continue to participate in the MTA Defined Benefit Pension Plan that was in effect before their promotion. Certain MTA Bus non-represented employees who are formerly employed by the private bus companies (Jamaica, Green, Triboro and Command) at Baisley Park, Far Rockaway, JFK, LaGuardia and Spring Creek Depots who are in the pension program covering only such employees make no contributions to the program.

5. NYCERS —

NYCERS funding policy is to contribute statutorily-required contributions ("Statutory Contributions"), determined by the Chief Actuary for the New York City Retirement Systems, in accordance with State statutes and City laws, and are generally funded by employers within the appropriate Fiscal Year. The Statutory Contributions are determined under the One-Year Lag Methodology ("OYLM"). Under OYLM, the actuarial valuation date is used for calculating the Employer Contributions for the second following Fiscal Year. Statutory Contributions are determined annually to be an amount

that, together with member contributions and investment income, provides for NYCERS' assets to be sufficient to pay benefits when due.

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

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

NYCERS established a "special program" for employees hired on or after July 26, 1976. A plan for employees, who have worked 20 years, and reached age 50, is provided to Bridge and Tunnel Officers, Sergeants and Lieutenants and Maintainers. Also, an age 57 retirement plan is available for all other such MTA Bridges and Tunnels employees. Both these plans required increased employee contributions. Chapter 56 of the Laws of 2022 enacted in April 2022 excludes certain forms of overtime and extracurricular compensation from the salary used to determine Tier 6 Basic Member Contribution rates during the specified period from 2022 to 2024.

Certain retirees also receive supplemental benefits from MTA Bridges and Tunnels. Certain participants are permitted to borrow up to 75% of their own contributions including accumulated interest. These loans are accounted for as reductions in such participants' contribution accounts. Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions, including accumulated interest, less any outstanding loan balances.

MTA New York City Transit and MTA Bridges and Tunnels are required to contribute at an actuarially determined rate. The contribution requirements of plan members, MTA New York City Transit and MTA Bridges and Tunnels are established and amended by law.

6. NYSLERS —

Employer Contributions - Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSLERS fiscal year ending June 30.

Member Contributions - NYSLERS is noncontributory except for employers who joined the plan after July 27, 1976. Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to NYSLERS. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with NYSLERS, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

MTAHQ, MTA Construction and Development and MTA Long Island Bus are required to contribute at an actuarially determined rate.

A summary of the aggregate actual contributions made to each pension plan for the years ended December 31, 2025 and 2024 are as follows:

(\$ in millions)	2025	2024
LIRR Additional Plan	\$ 1.4	\$ 75.0
MaBSTOA Pension Plan	18.3	188.5
MNR Cash Balance Plan	-	*
MTA Defined Benefit Pension Plan	92.4	355.3
NYCERS	899.5	785.1
NYSLERS	31.5	22.2
Total	<u>\$ 1,043.1</u>	<u>\$ 1,426.1</u>

*MNR Cash Balance Plan's actual employer contributions for the years ended December 31, 2025 and 2024 were \$17,322 (whole dollars) and \$22,354 (whole dollars), respectively.

In 2025, MTA prepaid the 2026 projected Actuarially Determined Contributions (“ADCs”) for MTA-Sponsored Pension Plans, in the amount of \$1.19.

Net Pension Liability

The MTA’s net pension liabilities for each of the pension plans reported at December 31, 2025 and 2024 were measured as of the fiscal year-end dates for each respective pension plan. The total pension liabilities used to calculate those net pension liabilities were determined by actuarial valuations as of each pension plan’s valuation date, and rolled forward to the respective year-ends for each pension plan. Information about the fiduciary net position of each qualified pension plan’s fiduciary net position has been determined on the same basis as reported by each respective qualified pension plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan, and investments are reported at fair value. The following table provides the measurement and valuation dates used by each pension plan to calculate the MTA’s aggregate net pension liability.

Year ended December 31, Pension Plan	2025		2024	
	Measurement Date	Plan Valuation Date	Measurement Date	Plan Valuation Date
LIRR Additional Plan	December 31, 2024	January 1, 2024	December 31, 2023	January 1, 2023
MaBSTOA Pension Plan	December 31, 2024	January 1, 2024	December 31, 2023	January 1, 2023
MNR Cash Balance Plan	December 31, 2024	January 1, 2024	December 31, 2023	January 1, 2023
MTA Defined Benefit Pension Plan	December 31, 2024	January 1, 2024	December 31, 2023	January 1, 2023
NYCERS	June 30, 2025	June 30, 2024	June 30, 2024	June 30, 2023
NYSLERS	March 31, 2025	April 1, 2024	March 31, 2024	April 1, 2023

Pension Plan Fiduciary Net Position

Detailed information about the fiduciary net position of the LIRR Additional Plan, MaBSTOA Pension Plan, MNR Cash Balance Plan, MTA Defined Benefit Pension Plan, NYCERS plan and the NYSLERS plan is available in the separately issued pension plan financial reports for each respective plan.

Actuarial Assumptions

The total pension liabilities in each pension plan’s actuarial valuation dates were determined using the following actuarial assumptions for each pension plan, applied to all periods included in the measurement date:

Valuation Date:	LIRR Additional Plan		MaBSTOA Pension Plan	
	January 1, 2024	January 1, 2023	January 1, 2024	January 1, 2023
Investment Rate of Return	6.50%, net of investment expenses.	6.50%, net of investment expenses.	6.50%, net of investment expenses.	6.50%, net of investment expenses.
Salary Increases	3.00%	3.00%	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.
Inflation	2.25%; 3.25% for Railroad Retirement Wage Base.	2.25%; 3.25% for Railroad Retirement Wage Base.	2.25%	2.25%
Cost-of-Living Adjustments	Not applicable	Not applicable	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.

Valuation Date:	MNR Cash Balance Plan		MTA Defined Benefit Pension Plan	
	January 1, 2024	January 1, 2023	January 1, 2024	January 1, 2023
Investment Rate of Return	4.00%, net of investment expenses.	4.00%, net of investment expenses.	6.50%, net of investment expenses	6.50%, net of investment expenses
Salary Increases	Not applicable	Not applicable	Varies by years of employment, and employee group; 2.75% GWI increases for MTA Bus hourly employees.	Varies by years of employment, and employee group; 2.75% GWI increases for MTA Bus hourly employees.
Inflation	2.25%	2.25%	2.25%; 3.25% for Railroad Retirement Wage Base.	2.25%; 3.25% for Railroad Retirement Wage Base.
Cost-of-Living Adjustments	Not applicable	Not applicable	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.

Valuation Date:	NYCERS		NYSLERS	
	June 30, 2024	June 30, 2023	April 1, 2024	April 1, 2023
Investment Rate of Return	7.0% per annum, net of Investment Expenses	7.0% per annum, net of Investment Expenses	5.90% per annum, including inflation, net of investment expenses.	5.90% per annum, including inflation, net of investment expenses.
Salary Increases	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per annum.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per annum.	4.3% in ERS, 6.0 % in PFRS	4.4% in ERS, 6.2 % in PFRS
Inflation	2.50%	2.50%	2.90%	2.90%
Cost-of-Living Adjustments	AutoCOLA – 1.5% per annum Escalation – 2.5% per annum	AutoCOLA – 1.5% per annum Escalation – 2.5% per annum	1.50% per annum.	1.50% per annum.

Mortality

LIRR Additional Plan / MaBSTOA Pension Plan/ MNR Cash Balance Plan and MTA Defined Benefit Pension Plan:

The actuarial assumptions used in the January 1, 2024 and 2023 valuations for the MTA plans are based on an experience study dated October 4, 2019 covering the period from January 1, 2012 - December 31, 2017, with certain assumptions modified subsequently. The mortality assumption used in the January 1, 2024 and 2023 valuations are based on an experience study for all MTA plans covering the period from January 1, 2015 to December 31, 2020. The pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee. As generational tables, they reflect mortality improvements both before and after the measurement date.

Pre-retirement: Pri-2012 Employee mortality table with blue collar adjustments multiplied by 97% for rail males, 92% for MTA Bus and MaBSTOA males and 100% for females. For Police, the Mortality Rates for NYC Active Members of MTA New York City Transit and MTA Bridges and Tunnels Ordinary and Accidental Death (no projection scale is applied to the Accidental Death table).

Post-retirement Healthy Lives: Assumption utilized 95% of RP-2000 Healthy Annuitant mortality table for males with Blue Collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.

Post-retirement Disabled Lives: Assumption utilized in the January 1, 2024 and 2023 valuation was the RP-2014 Disabled Annuitant mortality table for males and females. This assumption was not applicable for the LIRR Additional Plan and the MNR Cash Balance Plan.

NYCERS:

Pursuant to Section 96 of the New York City Charter, an independent actuarial firm conducts studies of the actuarial assumptions used to value liabilities of the NYCERS pension plan every two years. In accordance with the ACNY, the Board of Trustees of NYCERS are to periodically review and adopt actuarial assumptions as proposed by the Actuary

for use in the determination of Employer Contributions, which are also generally used to determine the total pension liability, as applicable.

Mortality tables for service and disability pensioners were developed from experience studies of the NYCERS Plan. The mortality tables for beneficiaries were developed from an experience review.

The actuarial assumptions used in the June 2024 valuation is based on the most recent actuarial experience study and recommendations prepared by Bolton, Inc. for the four-year and ten-year periods ended June 30, 2017. Based, in part, on this report issued in June 2019, the Actuary proposed and the Board of Trustees of NYCERS adopted changes in actuarial assumptions including a change to Mortality Improvement Scale MP-2020 beginning in Fiscal Year 2019. The actuarial assumptions used in the June 2018 valuation was based on the previous study by Gabriel, Roeder, Smith & Company (“GRS”) published in October 2015 for the four-year and ten-year periods ended June 30, 2013. Based, in part, on the GRS Report, the Actuary proposed, and the Boards of Trustees of the NYCERS adopted, new post-retirement mortality tables including the application of Mortality Improvement Scale MP-2015 for use in determining employer contributions beginning in Fiscal Year 2016. Scale MP-2015 replaced Mortality Improvement Scale AA.

NYSLERS:

The actuarial assumptions used in the April 1, 2024 valuation are based on the results of an actuarial experience study completed April 1, 2020. Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2021. The previous actuarial valuation as of April 1, 2023 used the same assumptions for the measure of total pension liability.

Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments for each pension plan is presented in the following table.

Pension Plan	Plan Measurement Date	Rate
LIRR Additional Plan	December 31, 2024	6.50%
MaBSTOA Pension Plan	December 31, 2024	6.50%
MNR Cash Balance Plan	December 31, 2024	4.00%
MTA Defined Benefit Pension Plan	December 31, 2024	6.50%
NYCERS	June 30, 2025	7.00%
NYSLERS	March 31, 2025	5.90%

For the LIRR Additional Plan, MaBSTOA Pension Plan, MNR Cash Balance Plan, MTA Defined Benefit Pension Plan, NYCERS plan and NYSLERS plan, the long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation of each of the funds and the expected real rate of returns (“RROR”) for each of the asset classes are summarized in the following tables for each of the pension plans:

Asset Class	LIRR Additional Plan		MaBSTOA Pension Plan	
	Target Asset Allocation	Long - Term Expected Real Rate of Return	Target Asset Allocation	Long - Term Expected Real Rate of Return
US Core Fixed Income	15.50%	2.36%	15.50%	2.36%
US Treasury Bonds	2.00%	1.85%	2.00%	1.85%
US Inflation-Indexed Bonds	2.00%	1.93%	2.00%	1.93%
US High Yield Bonds	3.50%	4.04%	3.50%	4.04%
Private Credit	8.00%	6.48%	8.00%	6.48%
US Large Caps	23.00%	5.33%	23.00%	5.33%
US Small Caps	4.50%	6.82%	4.50%	6.82%
Foreign Developed Equity	10.50%	6.91%	10.50%	6.91%
Emerging Markets Equity	3.00%	9.29%	3.00%	9.29%
Emerging Markets Small Cap Equity	1.00%	9.62%	1.00%	9.62%
Private Real Estate Property	5.00%	5.93%	5.00%	5.93%
Private Equity	8.00%	10.37%	8.00%	10.37%
Infrastructure - Public	3.00%	5.92%	3.00%	5.92%

(Continued)

Asset Class	LIRR Additional Plan		MaBSTOA Pension Plan	
	Target Asset Allocation	Long - Term Expected Real Rate of Return	Target Asset Allocation	Long - Term Expected Real Rate of Return
Commodities	3.00%	3.38%	3.00%	3.38%
Hedge Funds - MultiStrategy	8.00%	4.13%	8.00%	4.13%
	<u>100.00%</u>		<u>100.00%</u>	
Assumed Inflation - Mean		2.30%		2.30%
Assumed Inflation - Standard Deviation		1.46%		1.46%
Portfolio Nominal Mean Return		7.77%		7.77%
Portfolio Standard Deviation		12.25%		12.25%
Long Term Expected Rate of Return selected by MTA		6.50%		6.50%

Asset Class	MTA Defined Benefit Pension Plan		MNR Cash Balance Plan	
	Target Asset Allocation	Long - Term Expected Real Rate of Return	Target Asset Allocation	Long - Term Expected Real Rate of Return
US Core Fixed Income	15.50%	2.36%	100.00%	2.47%
US Treasury Bonds	2.00%	1.85%	-	-
US Inflation-Indexed Bonds	2.00%	1.93%	-	-
US High Yield Bonds	3.50%	4.04%	-	-
Private Credit	8.00%	6.48%	-	-
US Large Caps	23.00%	5.33%	-	-
US Small Caps	4.50%	6.82%	-	-
Foreign Developed Equity	10.50%	6.91%	-	-
Emerging Markets Equity	3.00%	9.29%	-	-
Emerging Markets Small Cap Equity	1.00%	9.62%	-	-
Private Real Estate Property	5.00%	5.93%	-	-
Private Equity	8.00%	10.37%	-	-
Infrastructure - Public	3.00%	5.92%	-	-
Commodities	3.00%	3.38%	-	-
Hedge Funds - MultiStrategy	8.00%	4.13%	-	-
	<u>100.00%</u>		<u>100.00%</u>	
Assumed Inflation - Mean		2.30%		2.37%
Assumed Inflation - Standard Deviation		1.46%		1.46%
Portfolio Nominal Mean Return		7.77%		4.84%
Portfolio Standard Deviation		12.25%		4.44%
Long Term Expected Rate of Return selected by MTA		6.50%		4.00%

Asset Class	NYCERS		NYSLERS	
	Target Asset Allocation	Long - Term Expected Real Rate of Return	Target Asset Allocation	Long - Term Expected Real Rate of Return
U.S. Public Market Equities	23.50%	6.70%	25.00%	6.80%
International Public Market Equities	0.00%	0.00%	14.00%	9.35%
Developed Public Market Equities	11.60%	7.10%	0.00%	0.00%
Emerging Public Market Equities	4.90%	8.30%	0.00%	0.00%
Fixed Income	31.00%	3.00%	22.00%	4.00%
Private Equities	10.00%	11.20%	15.00%	10.00%
Alternatives (Real Assets, Hedge Funds)	0.00%	0.00%	4.00%	8.34%
Real Estate	8.00%	7.00%	12.00%	7.10%
Infrastructure	4.50%	6.30%	0.00%	0.00%
Absolute Return Strategies	0.00%	0.00%	0.00%	0.00%
Opportunistic Portfolio	6.50%	8.30%	3.00%	7.88%
Cash	0.00%	0.00%	1.00%	2.50%
Credit	0.00%	0.00%	4.00%	7.93%
	<u>100.00%</u>		<u>100.00%</u>	
Assumed Inflation - Mean		2.50%		2.90%
Long Term Expected Rate of Return		7.00%		5.90%

Discount rate

The discount rate used to measure the total pension liability of each pension plan is presented in the following table:

Year ended December 31, Pension Plan	2025		2024	
	Measurement Date	Rate	Measurement Date	Rate
LIRR Additional Plan	December 31, 2024	6.50%	December 31, 2023	6.50%
MaBSTOA Pension Plan	December 31, 2024	6.50%	December 31, 2023	6.50%
MNR Cash Balance Plan	December 31, 2024	4.00%	December 31, 2023	4.00%
MTA Defined Benefit Pension Plan	December 31, 2024	6.50%	December 31, 2023	6.50%
NYCERS	June 30, 2025	7.00%	June 30, 2024	7.00%
NYSLERS	March 31, 2025	5.90%	March 31, 2024	5.90%

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for each pension plan and that employer contributions will be made at the rates determined by each pension plan's actuary. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability – LIRR Additional Plan, MaBSTOA Pension Plan, MNR Cash Balance Plan and the MTA Defined Benefit Pension Plan

Changes in the MTA's net pension liability for the LIRR Additional Plan, MaBSTOA Pension Plan, MNR Cash Balance Plan and the MTA Defined Benefit Pension Plan for the year ended December 31, 2025, based on the December 31, 2024 measurement date, and for the year ended December 31, 2024, based on the December 31, 2023 measurement date, were as follows:

	LIRR Additional Plan			MaBSTOA Pension Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(in thousands)					
Balance as of December 31, 2023	\$ 1,200,887	\$ 711,781	\$ 489,106	\$ 4,685,055	\$ 3,810,475	\$ 874,580
Changes for fiscal year 2024:						
Service Cost	71	-	71	101,919	-	101,919
Interest on total pension liability	73,783	-	73,783	302,222	-	302,222
Effect of plan changes	-	-	-	12,932	-	12,932
Effect of economic / demographic (gains) or losses	2,053	-	2,053	67,495	-	67,495
Benefit payments	(133,794)	(133,795)	1	(279,205)	(279,205)	-
Administrative expense	-	(915)	915	-	(529)	529
Member contributions	-	45	(45)	-	28,506	(28,506)
Net investment income	-	57,553	(57,553)	-	364,654	(364,654)
Employer contributions	-	74,957	(74,957)	-	189,884	(189,884)
Balance as of December 31, 2024	<u>\$ 1,143,000</u>	<u>\$ 709,626</u>	<u>\$ 433,374</u>	<u>\$ 4,890,418</u>	<u>\$ 4,113,785</u>	<u>\$ 776,633</u>

	LIRR Additional Plan			MaBSTOA Pension Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(in thousands)					
Balance as of December 31, 2022	\$ 1,258,877	\$ 652,398	\$ 606,479	\$ 4,526,353	\$ 3,310,111	\$ 1,216,242
Changes for fiscal year 2023:						
Service Cost	81	-	81	99,603	-	99,603
Interest on total pension liability	77,391	-	77,391	292,158	-	292,158
Effect of plan changes	-	-	-	2,586	-	2,586
Effect of economic / demographic (gains) or losses	3,362	-	3,362	30,977	-	30,977
Benefit payments	(138,824)	(138,824)	-	(266,622)	(266,622)	-
Administrative expense	-	(546)	546	-	(567)	567
Member contributions	-	50	(50)	-	25,389	(25,389)
Net investment income	-	58,303	(58,303)	-	413,734	(413,734)
Employer contributions	-	140,400	(140,400)	-	328,430	(328,430)
Balance as of December 31, 2023	<u>\$ 1,200,887</u>	<u>\$ 711,781</u>	<u>\$ 489,106</u>	<u>\$ 4,685,055</u>	<u>\$ 3,810,475</u>	<u>\$ 874,580</u>

	MNR Cash Balance Plan			MTA Defined Benefit Pension Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(in thousands)					
Balance as of December 31, 2023	\$ 262	\$ 253	\$ 9	\$ 8,277,409	\$ 6,553,455	\$ 1,723,954
Changes for fiscal year 2024:						
Service Cost	-	-	-	242,996	-	242,996
Interest on total pension liability	10	-	10	541,037	-	541,037
Effect of plan changes	-	-	-	10,126	-	10,126
Effect of economic / demographic (gains) or losses	14	-	14	85,003	-	85,003
Benefit payments	(34)	(34)	-	(399,832)	(399,832)	-
Administrative expense	-	-	-	-	(4,801)	4,801
Member contributions	-	-	-	-	43,752	(43,752)
Net investment income	-	8	(8)	-	633,816	(633,816)
Employer contributions	-	22	(22)	-	355,279	(355,279)
Balance as of December 31, 2024	<u>\$ 252</u>	<u>\$ 249</u>	<u>\$ 3</u>	<u>\$ 8,756,739</u>	<u>\$ 7,181,669</u>	<u>\$ 1,575,070</u>

	MNR Cash Balance Plan			MTA Defined Benefit Pension Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(in thousands)					
Balance as of December 31, 2022	\$ 310	\$ 279	\$ 31	\$ 7,877,401	\$ 5,368,034	\$ 2,509,367
Changes for fiscal year 2023:						
Service Cost	-	-	-	230,704	-	230,704
Interest on total pension liability	12	-	12	515,016	-	515,016
Effect of plan changes	-	-	-	349	-	349
Effect of economic / demographic (gains) or losses	(19)	-	(19)	23,934	-	23,934
Effect of assumption changes or inputs	-	-	-	5,490	-	5,490
Benefit payments	(41)	(41)	-	(375,485)	(375,485)	-
Administrative expense	-	-	-	-	(4,660)	4,660
Member contributions	-	-	-	-	38,304	(38,304)
Net investment income	-	2	(2)	-	695,942	(695,942)
Employer contributions	-	13	(13)	-	831,320	(831,320)
Balance as of December 31, 2023	<u>\$ 262</u>	<u>\$ 253</u>	<u>\$ 9</u>	<u>\$ 8,277,409</u>	<u>\$ 6,553,455</u>	<u>\$ 1,723,954</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the MTA's net pension liability calculated for the LIRR Additional Plan, MaBSTOA Pension Plan, MNR Cash Balance Plan and the MTA Defined Benefit Pension Plan using the discount rate as of each measurement date, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the actual discount rate used for each measurement date:

Measurement Date:	December 31, 2024			December 31, 2023		
	Discount			Discount		
	1% Decrease	Rate	1% Increase	1% Decrease	Rate	1% Increase
	(5.5%)	(6.5%)	(7.5%)	(5.5%)	(6.5%)	(7.5%)
	(in thousands)			(in thousands)		
LIRR Additional Plan	\$ 518,085	\$ 433,374	\$ 359,091	\$ 579,748	\$ 489,106	\$ 409,805
MaBSTOA Pension Plan	1,328,018	776,633	309,745	1,403,484	874,580	426,535
MTA Defined Benefit Pension Plan	2,663,898	1,575,070	660,734	2,758,448	1,723,954	855,028

Measurement Date:	December 31, 2024			December 31, 2023		
	Discount			Discount		
	1% Decrease	Rate	1% Increase	1% Decrease	Rate	1% Increase
	(3.0%)	(4.0%)	(5.0%)	(3.0%)	(4.0%)	(5.0%)
	(in whole dollars)			(in whole dollars)		
MNR Cash Balance Plan	\$ 17,295	\$ 3,125	\$ (9,479)	\$ 24,680	\$ 9,226	\$ (4,479)

The MTA's Proportion of Net Pension Liability – NYCERS and NYSLERS

The following table presents the MTA's proportionate share of the net pension liability of NYCERS based on the June 30, 2024 and June 30, 2023 actuarial valuations, rolled forward to June 30, 2025 and June 30, 2024, respectively, and the proportion percentage of the aggregate net pension liability allocated to the MTA:

	NYCERS	
	June 30, 2025	June 30, 2024
	(\$ in thousands)	
MTA's proportion of the net pension liability	22.750%	21.980%
MTA's proportionate share of the net pension liability	\$ 3,022,481	\$ 3,615,094

The following table presents the MTA's proportionate share of the net pension liability of NYSLERS based on the April 1, 2024 and April 1, 2023 actuarial valuations, rolled forward to March 31, 2025 and March 31, 2024, respectively, and the proportion percentage of the aggregate net pension liability allocated to the MTA:

	NYSLERS	
	March 31, 2025	March 31, 2024
	(\$ in thousands)	
MTA's proportion of the net pension liability	0.480%	0.355%
MTA's proportionate share of the net pension liability	\$ 82,359	\$ 52,271

The MTA's proportion of each respective Plan's net pension liability was based on the MTA's actual required contributions made to NYCERS for the plan's fiscal year-end June 30, 2025 and 2024 and to NYSLERS for the plan's fiscal year-end March 31, 2025 and 2024, relative to the contributions of all employers in each plan.

Sensitivity of the MTA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the MTA's proportionate share of the net pension liability for NYCERS and NYSLERS calculated using the discount rate as of each measurement date, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the actual discount rate used as of each measurement date (\$ in thousands):

Measurement Date:	June 30, 2025			June 30, 2024		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	(6.0%)	(7.0%)	(8.0%)	(6.0%)	(7.0%)	(8.0%)
NYCERS	\$ 5,724,981	\$ 3,022,481	\$ 744,072	\$ 6,138,640	\$ 3,615,094	\$ 1,483,419

Measurement Date:	March 31, 2025			March 31, 2024		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	(4.9%)	(5.9%)	(6.9%)	(4.9%)	(5.9%)	(6.9%)
NYSLERS	\$ 238,358	\$ 82,359	\$ (47,900)	\$ 164,345	\$ 52,271	\$ (41,334)

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

For the years ended December 31, 2025 and 2024, the MTA recognized pension expense related to each pension plan as follows (in \$ thousands):

Pension Plan	December 31,	
	2025	2024
LIRR Additional Plan	\$ 46,690	\$ 39,628
MaBSTOA Pension Plan	220,333	185,108
MNR Cash Balance plan	26	(10)
MTA Defined Benefit Pension Plan	517,843	483,522
NYCERS	464,905	745,503
NYSLERS	22,205	23,939
Total	\$ 1,272,002	\$ 1,477,690

For the years ended December 31, 2025 and 2024, the MTA reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows (in \$ thousands):

	LIRR Additional Plan		MaBSTOA Pension Plan		MNR Cash Balance Plan		MTA Defined Benefit Pension Plan	
For the Year Ended December 31, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 78,475	\$ 18,061	\$ -	\$ -	\$ 224,143	\$ 334
Changes in assumptions	-	-	46,865	-	-	-	272,079	-
Net difference between projected and actual earnings on pension plan investments	12,808	-	-	42,636	31	-	-	75,042
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	1,824	1,824	-	-	81,270	81,270
Employer contributions to the plan subsequent to the measurement of net pension liability	1,389	-	18,277	-	17	-	91,261	-
Total	\$ 14,197	\$ -	\$ 145,441	\$ 62,521	\$ 48	\$ -	\$ 668,753	\$ 156,646

	NYCERS		NYSLERS		TOTAL	
For the Year Ended December 31, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 471,306	\$ 5,959	\$ 20,442	\$ 964	\$ 794,366	\$ 25,318
Changes in assumptions	-	15,192	3,454	-	322,398	15,192
Net difference between projected and actual earnings on pension plan investments	-	261,652	6,462	-	19,301	379,330
Changes in proportion and differences between contributions and proportionate share of contributions	8,899	6,139	16,351	839	108,344	90,072
Employer contributions to the plan subsequent to the measurement of net pension liability	488,510	-	31,480	-	630,934	-
Total	\$ 968,715	\$ 288,942	\$ 78,189	\$ 1,803	\$ 1,875,343	\$ 509,912

For the Year Ended December 31, 2024	LIRR Additional Plan		MaBSTOA Pension Plan		MNR Cash Balance Plan		MTA Defined Benefit Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 28,782	\$ 24,509	\$ -	\$ -	\$ 191,569	\$ 3,680
Changes in assumptions	-	-	82,937	-	-	-	368,103	-
Net difference between projected and actual earnings on pension plan investments	40,273	-	105,830	-	41	-	176,302	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-	-	-	46,843	46,843
Employer contributions to the plan subsequent to the measurement of net pension liability	2,003	-	15,755	-	22	-	735	-
Total	\$ 42,276	\$ -	\$ 233,304	\$ 24,509	\$ 63	\$ -	\$ 783,552	\$ 50,523

For the Year Ended December 31, 2024	NYCERS		NYSLERS		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 509,585	\$ 11,291	\$ 16,836	\$ 1,425	\$ 746,772	\$ 40,905
Changes in assumptions	-	32,134	19,763	-	470,803	32,134
Net difference between projected and actual earnings on pension plan investments	47,145	-	-	25,534	369,591	25,534
Changes in proportion and differences between contributions and proportionate share of contributions	23,832	187,855	6,479	1,237	77,154	235,935
Employer contributions to the plan subsequent to the measurement of net pension liability	459,921	-	22,194	-	500,630	-
Total	\$ 1,040,483	\$ 231,280	\$ 65,272	\$ 28,196	\$ 2,164,950	\$ 334,508

The annual differences between the projected and actual earnings on investments are amortized over a five-year closed period beginning the year in which the difference occurs.

The following table presents the recognition periods used by each pension plan to amortize the annual differences between expected and actual experience, changes in proportion and differences between employer contributions and proportionate share of contributions, and changes in actuarial assumptions, beginning the year in which the deferred amount occurs.

Pension Plan	Recognition Period (in years)		
	Differences between expected and actual experience	Changes in proportion and differences between employer contributions and proportionate share of contributions	Changes in actuarial assumptions
LIRR Additional Plan	1.00	N/A	N/A
MaBSTOA Pension Plan	6.10	6.10	N/A
MNR Cash Balance Plan	1.00	N/A	1.00
MTA Defined Benefit Pension Plan	8.40	N/A	8.30
NYCERS	5.56	5.56	5.56
NYSLERS	5.00	N/A	N/A

For the years ended December 31, 2025 and 2024, \$630.9 and \$500.6 were reported as deferred outflows of resources related to pensions resulting from the MTA's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2026 and December 31, 2025, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2025 will be recognized as pension expense as follows:

	LIRR Additional Plan	MaBSTOA Pension Plan	MNR Cash Balance plan	MTA Defined Benefit Pension Plan	NYCERS	NYSLERS	Total
Year Ending December 31:							
	(in thousands)						
2026	\$ 5,257	\$ 42,209	\$ 16	\$ 149,154	\$ 405,652	\$ 18,725	\$ 621,013
2027	14,970	62,015	13	204,021	(101,015)	25,290	205,294
2028	(4,882)	(44,674)	2	318	(91,902)	(2,804)	(143,942)
2029	(2,537)	(8,077)	-	7,014	(46,479)	3,695	(46,384)
2030	-	12,064	-	30,269	25,007	-	67,340
Thereafter	-	1,106	-	30,070	-	-	31,176
	<u>\$ 12,808</u>	<u>\$ 64,643</u>	<u>\$ 31</u>	<u>\$ 420,846</u>	<u>\$ 191,263</u>	<u>\$ 44,906</u>	<u>\$ 734,497</u>

Deferred Compensation Program

Description - The Deferred Compensation Program consists of two defined contribution plans that provide benefits based solely on the amount contributed to each participant's account(s), plus or minus any income, expenses and gains/losses. The Deferred Compensation Program is comprised of the Deferred Compensation Plan For Employees of the MTA, its Subsidiaries and Affiliates ("457 Plan") and the Thrift Plan For Employees of the MTA, its Subsidiaries and Affiliates ("401(k) Plan"). Certain MTA Related Groups employees are eligible to participate in both deferred compensation plans. Both Plans are designed to have participant charges, including investment and other fees, cover the costs of administering the Deferred Compensation Program.

Participation in the 401(k) Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 401(k) Plan, and all income attributable to such compensation, less expenses and fees, are held in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 401(k) Plan is not reflected in the accompanying consolidated statements of net position.

The Deferred Compensation Program is administered and may be amended by the Deferred Compensation Committee.

As the Deferred Compensation Program's asset base and contribution flow increased, participants' investment options were expanded by the Deferred Compensation Committee with the advice of its Financial Advisor to provide greater diversification and flexibility. In 1988, after receiving an IRS determination letter for the 401(k) Plan, the MTA offered its managers the choice of either participating in the 457 Plan or the 401(k) Plan. By 1993, the MTA offered eight investment funds: a Guaranteed Interest Account Fund, a Money Market Fund, a Common Stock Fund, a Managed Fund, a Stock Index Fund, a Government Income Fund, an International Fund and a Growth Fund.

In 1998, the Deferred Compensation Committee approved the unbundling of the Plans. In 2008, the Plans' investment choices were restructured to set up a four-tier strategy:

- Tier 1 – The MTA Asset Allocation Programs, for those participants who would like to make retirement investing easy, offers a suite of custom target retirement year funds. The MTA Target Year Funds are automatically diversified among a range of investment options and are automatically rebalanced quarterly to a more conservative investment allocation.
- Tier 2 – The MTA Index Funds offer a tier of index funds, which invest in the securities of companies that are included in a selected index, such as the Standard & Poor's 500 (large cap) Index or Barclays Capital U.S. Aggregate (bond) index. The typical objective of an index fund is to achieve approximately the same return as that specific market index. Index funds provide investors with lower-cost investments because they are less expensive to administer than actively managed funds.
- Tier 3 – The MTA Actively Managed Portfolios, which are comprised of actively managed portfolios that are directed by one or a team of professional managers who buy and sell a variety of holdings in an effort to outperform selected indices. The funds provide a diversified array of distinct asset classes, with a single option in each class. They combine the value and growth disciplines to create a "core" portfolio for the mid-cap and international categories.
- Tier 4 – The Self-Directed Mutual Fund Option is designed for the more experienced investors. The fund offers access to an expanded universe of mutual funds from hundreds of well-known mutual fund families. Participants may invest only a portion of their account balances in this Tier.

In 2011, the Deferred Compensation Program began offering Roth contributions. Employees can elect after-tax Roth contributions and before-tax contributions in both the 401(k) Plan and the 457 Plan. The total combination of Roth after-tax contributions and regular before-tax contributions cannot exceed the IRS maximum of \$23,000 dollars or \$30,500 dollars for those over age 50 for the year ended December 31, 2024, in each Plan. The total combination of Roth after-tax contributions and regular before-tax contributions cannot exceed the IRS maximum of \$23,500 dollars if you are under age 50, \$31,000 if you are age 50-59 or over age 63, and \$34,750 if you are age 60-63 at any time during the calendar year for the year ended December 31, 2025, in each Plan.

The two Plans offer the same array of investment options to participants. Eligible participants in the Deferred Compensation Program include employees (and former employees) of:

- MTA
- MTA Long Island Rail Road
- MTA Bridges and Tunnels
- MTA Long Island Bus
- MTA Metro-North Railroad
- MTA New York City Transit
- MTA Staten Island Rapid Transit
- MTA Construction and Development
- MTA Bus

Employer Contributions - MTA Bus on behalf of certain MTA Bus employees, MTA Metro-North Railroad on behalf of certain MTA Metro-North Railroad employees who opted-out of participation in the MTA Defined Benefit Pension Plan and MTA on behalf of certain represented MTA Business Service Center, Procurement, and IT employees and on behalf of certain MTA Police Officers, make contributions to the 401(k) Plan. The rate for the employer contribution varies.

MTA Bus – Effective in 2019, there are no employees receiving these employer contributions. Prior to 2019, certain members who were employed by Queens Surface Corporation on February 26, 2005, and who became employees of MTA Bus on February 27, 2005, receive a matching contribution equal to 50% of member's before-tax contributions provided that the maximum matching contribution did not exceed 3% of the member's base pay. MTA Bus also made a basic contribution equal to 2% of the member's compensation. These contributions vest as follows:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

MTA Metro-North Railroad – MTA Metro-North Railroad employees represented by certain unions and who elected to opt-out of participation in the MTA Defined Benefit Pension Plan receive an annual employer contribution equal to 4% of the member’s compensation. Effective on the first full pay period following the nineteenth anniversary date of an eligible MNR member’s continuous employment, MTA Metro-North Railroad contributes an amount equal to 7% of the member’s compensation. Eligible MTA Metro-North Railroad members vest in these employer contributions as set forth below:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 5	0%
5 or more	100%

MTAHQ - Police - For each plan year, the MTA shall make contributions to the account of each eligible MTA Police Benevolent Association member in the amounts required by the collective bargaining agreement (“CBA”) and subject to the contribution limits set forth in the CBA. These contributions shall be made monthly and shall be considered MTA Police contributions. Members are immediately 100% vested in these employer contributions.

MTAHQ – Commanding Officers - In addition, for each plan year, the MTA shall make contributions to the account of each eligible MTA Police Department Commanding Officers Benevolent Association member in the amounts required by the CBA and subject to the contribution limits set forth in the CBA. These contributions shall be made monthly and shall be considered MTA Police contributions. These members are immediately 100% vested in these employer contributions.

MTAHQ – Business Services - Effective January 1, 2011, all newly hired MTA Business Services Center and IT employees represented by the TCU are eligible to receive a matching contribution. Effective January 1, 2017, all newly hired MTA employees in the procurement department represented by the TCU are eligible to receive a matching contribution. The matching contribution for these eligible employees is currently equal to 100% of the first 5% of compensation deferred on a pre-tax basis. A participant’s right to the balance in his or her matching contributions account shall vest upon the first of the following to occur:

1. Completing 5 years of service,
2. Attaining the Normal Retirement Age of 62 while in continuous employment, or
3. Death while in continuous employment.

Additional Deposits (Incoming Rollover or Transfers) - Participants in the Deferred Compensation Program are eligible to roll over both their before-tax and Roth assets from other eligible retirement plans into the 401(k) and 457 Plans. Under certain conditions, both Plans accept rollovers from all eligible retirement plans (as defined by the Code), including 401(a), 457, 401(k), 403(b), and rollover IRAs.

Forfeitures – Non-vested contributions balances are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan’s administrative expenses.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	(In thousands)	
Employer 401(k) contributions	<u>\$3,825</u>	<u>\$3,894</u>

6. OTHER POSTEMPLOYMENT BENEFITS

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

(1) Plan Description

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

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

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

OPEB Plan. The OPEB Plan is a fiduciary component unit of the MTA and is in the Pension and Other Employee Benefit Trust Funds section of the MTA's basic financial statements.

The separate annual financial statements of the OPEB Plan may be obtained by writing to the MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor, New York, NY 10004 or at www.mta.info.

Benefits Provided — The benefits provided by the OPEB Plan include medical, pharmacy, dental, vision, life insurance and a Medicare supplemental plan. The different types of benefits provided vary by agency, employee type (represented employees versus non-represented) and the relevant collective bargaining agreements. Pension benefits are provided upon retirement as defined in the applicable pension plan. Certain agencies provide benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of the MTA are members of the following pension plans: the MTA Defined Benefit Pension Plan, the LIRR Additional Plan, the MNR Cash Balance Plan, the MaBSTOA Pension Plan, NYCERS, and NYSLERS. Certain represented employees of MTA Metro-North Railroad participate in the 401(k) Plan. Eligible employees of the MTA may elect to join the New York State Voluntary Defined Contribution Plan ("VDC").

The MTA participates in the New York State Health Insurance Program ("NYSHIP") and provides medical and prescription drug benefits, including Medicare Part B reimbursements, to many of its retirees. NYSHIP offers a Preferred Provider Organization ("PPO") plan and several Health Maintenance Organization ("HMO") plans. Represented MTA New York City Transit employees, other MTA New York City Transit former employees who retired prior to January 1, 1996 or January 1, 2001, MTA Staten Island Railway represented employees as of March 1, 2010, June 1, 2010 or January 1, 2013 depending on the union and MTA Bus retirees do not participate in NYSHIP. These benefits are provided either through a self-insured health plan, a fully insured health plan or an HMO.

The NYSHIP financial report can be obtained by writing to NYS Department of Civil Service, Employee Benefits Division, Alfred E. Smith Office Building, 805 Swan Street, Albany, NY 12239.

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

- i. have retired;
- ii. be receiving a pension (except in the case of the 401(k) Plan and the VDC);
- iii. have at least 10 years of credited service as a member of NYCERS, NYSLERS, the MTA Defined Benefit Pension Plan, the LIRR Additional Plan, the MaBSTOA Pension Plan, the MNR Cash Balance Plan, the 401(k) Plan or the VDC; and
- iv. have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members).
A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

Surviving Spouse and Other Dependents —

- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of retired managers and certain non-represented retired employees.
- Represented retired employees must follow the guidelines of their collective bargaining agreements regarding continued health coverage for a surviving spouse or domestic partner and surviving dependents. The surviving spouse coverage continues until spouse is eligible for Medicare for represented employees of MTA New York City Transit and MTA Staten Island Railway, retiring on or after:
 - o May 21, 2014 for TWU Local 100;
 - o September 24, 2014 for Amalgamated Transit Union ("ATU") Local 726;
 - o October 29, 2014 for ATU Local 1056;
 - o March 25, 2015 for TCU; and
 - o December 16, 2015 for United Transportation Union ("UTU") and American Train Dispatchers Association ("ATDA").
- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependents of retired uniform members of the MTA Police Department.
- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of uniformed members of the MTA Police Department whose death was sustained while in performance of duty.

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

Employees Covered by Benefit Terms — As of July 1, 2023 and July 1, 2021, the date of the most recent actuarial valuation, the following classes of employees were covered by the benefit terms:

	Number of Participants	
	July 1, 2023	July 1, 2021
Active plan members	71,454	68,672
Inactive plan members currently receiving benefit payments	50,932	48,888
Inactive plan members entitled to but not yet receiving benefit payments	41	131
Total	122,427	117,691

Contributions — The MTA is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the “pay-as-you-go” (“PAYGO”) amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years ended December 31, 2025 and 2024, the MTA paid \$942 and \$944 of PAYGO to the OPEB Plan, respectively. The PAYGO amounts include an implicit rate subsidy adjustment of \$64 and \$67 for the years ended December 31, 2025 and 2024, respectively.

The discount rate estimates investment earnings for assets earmarked to cover retiree health benefits. Under GASB 75, the discount rate depends on the nature of underlying assets for funded plans. Since the amount of benefits paid in 2020 exceeded the current fair 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, 2024 and December 31, 2023, the measurement dates, are 4.08% and 3.26%, respectively.

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue on the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore, are partially subsidized by the active employees. As shown in the following table, for the years ended December 31, 2024 and 2023, the employer made a cash payment for retiree healthcare of \$66,606 and \$62,445, respectively, as part of the employer’s payment for active-employee healthcare benefits. For purposes of GASB 75, this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees’ underlying age-adjusted, retiree benefit costs.

Blended and Age-adjusted Premium (in thousands)	2024 Retirees	2023 Retirees
Total blended premiums	\$ 877,690	\$ 819,815
Employment payment for retiree healthcare	66,606	62,445
Net Payments	\$ 944,296	\$ 882,260

(2) Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan, which refers to the plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees. The projections include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members at that time. The MTA 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, 2023. Update procedures were used to roll forward the total OPEB liability to the measurement dates of December 31, 2024, and December 31, 2023.

The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

Valuation date	July 1, 2023	July 1, 2023
Measurement date	December 31, 2024	December 31, 2023
Discount rate	4.08%, net of expenses	3.26%, net of expenses
Inflation	2.30%	2.31%
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.25%
Salary increases	Varies by years of service and differs for members of the various pension plans	Varies by years of service and differs for members of the various pension plans
Investment rate of return	4.25%	4.25%

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

Healthcare Cost Trend Rates — Trend rates were developed separately for NYSHIP benefits and self-insured plans administered by MTA New York City Transit (“Union Health Plans”). The following lists illustrative rates for the NYSHIP benefits and associated Medicare Part B reimbursements, as well as for dental and vision benefits (all amounts are in percentages).

Fiscal Year	NYSHIP Trend		TBTA No Rx Trend		Medicare Part B Trend	Dental/Vision Trend
	< 65	> = 65	< 65	> = 65		
2023	9.50%	22.90%	6.60%	19.80%	5.90%	4.00%
2024	0.80%	0.90%	3.60%	3.70%	5.90%	4.00%
2025	6.30%	6.60%	5.40%	5.00%	1.00%	4.00%
2026	5.70%	6.00%	5.30%	5.10%	11.00%	4.00%
2027	5.20%	5.40%	5.10%	5.10%	4.80%	4.00%
2028	5.10%	5.30%	5.00%	5.00%	7.10%	4.00%
2029	4.90%	5.10%	4.80%	4.90%	5.80%	4.00%
2030	4.80%	4.90%	4.70%	4.70%	6.30%	4.00%
2031	4.60%	4.70%	4.60%	4.60%	7.00%	4.00%
2032	4.50%	4.50%	4.50%	4.50%	7.00%	4.00%
2033	4.30%	4.30%	4.30%	4.30%	5.90%	4.00%
2034 - 2039	4.10%	4.10%	4.10%	4.10%	5.90%	4.00%
2040 - 2048	4.10%	4.10%	4.10%	4.10%	4.40%	4.00%
2049	4.10%	4.20%	4.10%	4.20%	4.40%	4.00%
2050	4.10%	4.20%	4.10%	4.20%	3.90%	4.00%
2051 - 2064	4.20%	4.20%	4.20%	4.20%	3.90%	4.00%
2065 - 2066	4.10%	4.10%	4.10%	4.10%	3.90%	4.00%
2067 - 2068	4.00%	4.00%	4.00%	4.00%	3.90%	4.00%
2069	3.90%	3.90%	3.90%	3.90%	3.90%	4.00%
2070	3.90%	3.90%	3.90%	3.90%	3.80%	3.90%
2071	3.80%	3.80%	3.80%	3.80%	3.80%	3.90%

(continued) Fiscal Year	NYSHIP Trend		TBTA No Rx Trend		Medicare Part B Trend	Dental/ Vision Trend
	< 65	> = 65	< 65	> = 65		
2072 - 2073	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
2074 - 2079	3.70%	3.70%	3.70%	3.70%	3.80%	3.70%
2080 - 2089	3.70%	3.70%	3.70%	3.70%	3.90%	3.70%
2090+	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%

The trends for the Union Health Plans for post-65 retirees were developed separately for medical and Rx benefits by plan type using a weighted average of actual medical and prescription drug cost experience by plan and the Aetna Medicare Advantage and EGWP premium rates. These trends apply to the benefit plans for applicable represented employees of MTA New York City Transit, MTA Staten Island Railway and MTA Bus. For TWU Local 100 members of MTA New York City Transit and MTA Bus Company, the post-65 trends reflect the Medicare Advantage and EGWP Option 1 and Option 2 plans only.

The following table provides the healthcare trend assumptions for the Union Health Plans. The trends shown above for Medicare Part B reimbursements and dental and vision benefits also apply to members receiving the Union Health Plans, if applicable (all amounts are in percentages).

Fiscal Year	Union Health Plans Medical Trend			Union Health Plans Rx Trend		
	< 65	> = 65	TWU MA Trend	< 65	> = 65	TWU MA Trend
2023	7.20%	5.50%	-14.40%	5.80%	6.70%	6.40%
2024	5.70%	5.50%	26.80%	12.30%	5.10%	0.00%
2025	5.50%	5.30%	13.40%	9.00%	7.70%	7.30%
2026	5.40%	5.20%	9.30%	7.40%	6.70%	6.50%
2027	5.20%	5.10%	5.10%	5.70%	5.70%	5.60%
2028	5.00%	5.00%	5.00%	5.50%	5.40%	5.40%
2029	4.90%	4.80%	4.90%	5.30%	5.20%	5.20%
2030	4.80%	4.70%	4.70%	5.00%	5.00%	5.00%
2031	4.60%	4.60%	4.60%	4.80%	4.80%	4.80%
2032	4.50%	4.50%	4.50%	4.60%	4.60%	4.60%
2033	4.40%	4.30%	4.30%	4.40%	4.40%	4.40%
2034	4.20%	4.10%	4.10%	4.20%	4.20%	4.20%
2035 - 2046	4.20%	4.10%	4.10%	4.20%	4.20%	4.10%
2047 - 2049	4.20%	4.10%	4.10%	4.20%	4.20%	4.20%
2050	4.20%	4.10%	4.20%	4.20%	4.20%	4.20%
2051 - 2064	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
2065	4.10%	4.10%	4.10%	4.20%	4.10%	4.10%
2066	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%
2067	4.00%	4.00%	4.00%	4.10%	4.00%	4.00%
2068	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
2069	4.00%	3.90%	3.90%	4.00%	3.90%	3.90%
2070	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%
2071	3.90%	3.80%	3.80%	3.90%	3.90%	3.80%
2072 - 2073	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
2074+	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date is based on the ultimate rates, which are 3.7% for NYSHIP costs, 3.7% for self-insured medical and pharmacy costs, and 3.7% for Medicare Part B costs.

Mortality — All mortality rates (except accidental death for active police members) are projected on a generational basis using the Society of Actuaries Mortality Improvement Scale MP-2021. As generational tables, they reflect mortality improvement both before and after the measurement date. The post-retirement mortality assumption is based on an experience analysis covering the period from January 1, 2015 to December 31, 2020 for the MTA-sponsored pension plans. The mortality rates vary by employee type:

- Headquarters Non-Police Members: PubG.H-2010 Mortality Table, headcount weighted for general employees for males and females with separate rates for employees, healthy annuitants and disabled annuitants.
- Headquarters Police Members: Rates from the June 30, 2021 (Lag) Actuarial Valuation for NYCERS dated October 2, 2023 as follows: Service Retirees for Housing Police and Transit Police (Table XII-5), Disabled Retirees for Housing Police and Transit Police (Table XII-6) and Active Members for MTA New York City Transit and MTA Bridges and Tunnels Ordinary Death and Accidental Death (Table XII-4). No adjustments were made to convert from lives-weighted to amounts-weighted. Base year is 2012 for mortality improvement purposes.
- Rail Members (Long Island Bus, MTA Long Island Rail Road, MTA Metro-North Railroad, and MTA Staten Island Railway: Pri.H-2012(BC) Mortality Table, headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 97%.
- Transit Members (MTA Bridges and Tunnels, MTA Bus, and MTA New York City Transit): Pri.H-2012(BC) Mortality Table, headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 92%.

(3) *Net OPEB Liability*

At December 31, 2025 and 2024, the MTA reported a net OPEB liability of \$19,575 and \$20,229, respectively. The MTA's net OPEB liability was measured as of December 31, 2024 and December 31, 2023, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2023 and July 1, 2021 and rolled forward to December 31, 2023 and December 31, 2022, respectively.

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

Expected Rate of Return on Investments — The best-estimate range for the long-term expected rate of return was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of December 31, 2024.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Cash	BAML 3-Mon Tbill	1.50%	0.94%
US Short (1-3 Yr) Govt/Credit Bonds	Bloomberg US Govt/Credit 1-3 Yr TR	98.50%	1.98%
Assumed Inflation - Mean			2.30%
Assumed Inflation - Standard Deviation			1.46%
Portfolio Nominal Mean return			4.27%
Portfolio Standard Deviation			2.68%
Long Term Expected Rate of Return selected by MTA			4.25%

Discount Rate — The discount rate used in this valuation to measure the total OPEB liability was updated to incorporate GASB 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, 2024 of 4.08% and as of December 31, 2023 of 3.26%.

Changes in Net OPEB Liability — Changes in the MTA's net OPEB liability for the year ended December 31, 2025 based on the December 31, 2024 measurement date, and for the year ended December 31, 2024, based on the December 31, 2023 measurement date, were as follows (\$ in thousands):

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of December 31, 2023	\$ 21,603,051	\$ 1,373,905	\$ 20,229,146
Changes for the year:			
Service Cost	1,016,084	-	1,016,084
Interest on total OPEB liability	722,115	-	722,115
Effect of plan changes	291,217	-	291,217
Effect of economic/demographic gains or losses	51,425	-	51,425
Effect of assumptions changes or inputs	(1,732,215)	-	(1,732,215)
Benefit payments	(944,296)	(944,296)	-
Employer contributions	-	944,296	(944,296)
Net investment income	-	58,822	(58,822)
Administrative expenses	-	(145)	145
Net changes	<u>(595,670)</u>	<u>58,677</u>	<u>(654,347)</u>
Balance as of December 31, 2024	<u>\$ 21,007,381</u>	<u>\$ 1,432,582</u>	<u>\$ 19,574,799</u>

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of December 31, 2022	\$ 22,446,401	\$ 11,736	\$ 22,434,665
Changes for the year:			
Service Cost	991,091	-	991,091
Interest on total OPEB liability	855,614	-	855,614
Effect of plan changes	74,166	-	74,166
Effect of economic/demographic gains or losses	(3,036,310)	-	(3,036,310)
Effect of assumptions changes or inputs	1,154,349	-	1,154,349
Benefit payments	(882,260)	(882,260)	-
Employer contributions	-	2,201,541	(2,201,541)
Net investment income	-	43,031	(43,031)
Administrative expenses	-	(143)	143
Net changes	<u>(843,350)</u>	<u>1,362,169</u>	<u>(2,205,519)</u>
Balance as of December 31, 2023	<u>\$ 21,603,051</u>	<u>\$ 1,373,905</u>	<u>\$ 20,229,146</u>

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

Measurement Date:	December 31, 2024		
	1% Decrease	Discount Rate	1% Increase
	3.08%	4.08%	5.08%
Net OPEB liability	\$22,313,162	\$19,574,799	\$17,297,202

Measurement Date:	December 31, 2023		
	1% Decrease	Discount Rate	1% Increase
	(2.26%)	(3.26%)	(4.26%)
Net OPEB liability	\$23,153,304	\$20,229,146	\$17,810,727

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates — The following presents the net OPEB liability of the MTA, calculated using the healthcare cost trend rates as of each measurement date, as well as what the MTA's net OPEB liability would be if it were calculated using trend rates that are 1-percentage point lower or 1-percentage point higher than the actual healthcare trend rate used for the measurement date:

Measurement Date:	December 31, 2024		
	1% Decrease	Healthcare Cost Current Trend Rate*	1% Increase
Net OPEB liability	\$16,674,836	\$19,574,799	\$23,200,656
Measurement Date:	December 31, 2023		
	1% Decrease	Healthcare Cost Current Trend Rate*	1% Increase
Net OPEB liability	\$17,310,279	\$20,229,146	\$23,893,435

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

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

For the years ended December 31, 2025 and 2024, the MTA recognized OPEB expenses of \$1.13 billion and \$1.32 billion, respectively.

At December 31 2025 and 2024, the MTA reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows (\$ in thousands):

	December 31, 2025		December 31, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 256,138	\$ 2,275,615	\$ 282,966	\$ 2,672,926
Changes of assumptions	1,681,354	4,045,230	2,156,494	3,329,443
Net difference between projected and actual earnings on OPEB plan investments	-	9,223	5,658	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,242,054	2,242,054	2,437,101	2,437,101
Employer contributions to the plan subsequent to the measurement of net OPEB liability	942,439	-	944,296	-
Total	<u>\$ 5,121,985</u>	<u>\$ 8,572,122</u>	<u>\$ 5,826,515</u>	<u>\$ 8,439,470</u>

The annual differences between the projected and actual earnings on investments are amortized over a 5-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience and changes in assumptions are amortized over a 7.8-year closed period, beginning the year in which the deferred amount occurs.

For the years ended December 31, 2025 and 2024, \$942.4 and \$944.3 were reported as employer contributions subsequent to measurement date. The current year contributions included MTA's contributions subsequent to the measurement date and an implicit rate subsidy adjustment that will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2026 and December 31, 2025, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2025 will be recognized in OPEB expense as follows:

Year ending December 31:	2026	\$ (766,654)
	2027	(668,301)
	2028	(728,064)
	2029	(920,703)
	2030	(727,958)
	Thereafter	(580,896)
		<u>\$ (4,392,576)</u>

7. LONG-TERM DEBT

(In millions)	Original Issuance	December 31, 2024	Issued	Retired	December 31, 2025
MTA:					
Transportation Revenue Bonds					
1.43%-5.25% due through 2057	\$ 48,645	\$ 17,189	\$ 2,250	\$ 2,772	\$ 16,667
Dedicated Tax Fund Bonds					
1.86%-5.00% due through 2057	12,780	4,733	-	156	4,577
	61,425	21,922	2,250	2,928	21,244
Net unamortized bond premium	-	614	208	251	571
	61,425	22,536	2,458	3,179	21,815
TBTA:					
General Revenue Bonds					
1.00%-5.50% due through 2057	12,939	8,530	728	612	8,646
Payroll Mobility Tax Senior Lien Obligations					
2.00%-5.50% due through 2059	8,117	10,546	1,200	203	11,543
Sales Tax Revenue Bonds					
3.73%-5.50% due through 2064	3,604	3,604	-	2	3,602
Subordinate Revenue Bonds					
1.00%-5.50% due through 2032	1,832	242	-	17	225
Real Estate Transfer Tax Revenue Bond					
4.50%-5.50% due through 2059	1,600	-	1,600	12	1,588
Subordinate BAN					
5.00% due through 2028	500	-	500	-	500
Second Subordinate BAN					
5.00% due through 2026	230	379	230	379	230
	28,822	23,301	4,258	1,225	26,334
Net unamortized bond premium		2,027	270	235	2,062
	28,822	25,328	4,528	1,460	28,396
MTA Hudson Rail Yards Trust:					
MTA Hudson Rail Yards Trust Obligations					
1.88%-2.65% due through 2056	1,220	756	-	15	741
Net unamortized bond premium	-	84	-	2	82
	1,220	840	-	17	823
Total	\$ 91,467	\$ 48,704	\$ 6,986	\$ 4,656	\$ 51,034
Current portion		\$ 1,472			\$ 1,698
Long-term portion		\$ 47,232			\$ 49,336

Details of the current portion of Long-Term debt at December 31, 2024 and 2025 are as follows:

	December 31,	
	2024	2025
Current Portion - MTA		
Transportation Revenue Bonds	\$ 505	\$ 585
Dedicated Tax Fund Bonds	111	117
	616	702
Current Portion - TBTA		
General Revenue Bonds	366	397
PMT Bonds/ BAN	470	577
Sales Tax Revenue Bonds	2	3
Real Estate Transfer Tax Revenue Bonds:	-	19
Subordinate Revenue Bonds	18	-
	856	996
Total	\$ 1,472	\$ 1,698

(In millions)	Original Issuance	December 31, 2023	Issued	Retired	December 31, 2024
MTA:					
Transportation Revenue Bonds					
1.43%-5.15% due through 2057	\$ 46,395	\$ 18,794	\$ 2,315	\$ 3,920	\$ 17,189
Bond Anticipation Notes					
1.33% due through 2024	24,135	-	500	500	-
Dedicated Tax Fund Bonds					
1.86%-5.00% due through 2057	12,780	4,122	1,253	642	4,733
	83,310	22,916	4,068	5,062	21,922
Net unamortized bond premium	-	613	276	275	614
	83,310	23,529	4,344	5,337	22,536
TBTA:					
General Revenue Bonds					
1%-5.5% due through 2057	12,211	8,553	699	722	8,530
Payroll Mobility Tax Senior Lien Obligations					
2%-5.5% due through 2057	6,917	10,623	1,958	2,035	10,546
Subordinate Revenue Bonds					
1%-5.5% due through 2032	1,832	259	-	17	242
Sales Tax Revenue Bonds					
3.73%-5.5% due through 2064	3,604	1,954	1,650	-	3,604
Bond Anticipation Notes					
5.0% due through 2025	379	193	186	-	379
	24,943	21,582	4,493	2,774	23,301
Net unamortized bond premium		1,798	441	212	2,027
	24,943	23,380	4,934	2,986	25,328
MTA Hudson Rail Yards Trust:					
MTA Hudson Rail Yards Trust Obligations					
1.88%-2.65% due through 2056	1,220	796	-	40	756
Net unamortized bond premium	-	85	-	1	84
	1,220	881	-	41	840
Total	\$ 109,473	\$ 47,790	\$ 9,278	\$ 8,364	\$ 48,704
Current portion		<u>\$ 2,678</u>			<u>\$ 1,472</u>
Long-term portion		<u>\$ 45,112</u>			<u>\$ 47,232</u>

Details of the current portion of Long-Term debt at and are as follows:

	December 31,	
	2023	2024
Current Portion - MTA		
Transportation Revenue Bonds	\$ 856	\$ 505
Dedicated Tax Fund Bonds	132	111
	<u>988</u>	<u>616</u>
Current Portion - TBTA		
General Revenue Bonds	282	366
PMT Bonds/ BAN	1,391	470
Sales Tax Revenue Bonds	-	2
Subordinate Revenue Bonds	17	18
	<u>1,690</u>	<u>856</u>
Total	<u>\$ 2,678</u>	<u>\$ 1,472</u>

MTA and its affiliate, MTA Bridges and Tunnels, issue bonds and notes to finance capital projects in approved transit and commuter capital programs and to refund outstanding indebtedness. Proceeds from the following bonds may be used to finance transit and commuter projects: MTA Transportation Revenue Bonds (“TRB”), MTA Dedicated Tax Fund Bonds (“DTF”), MTA and MTA Bridges and Tunnels Senior Payroll Mobility Tax Bonds, Real Estate Transfer Tax Revenue Bonds (“MTA Bridges and Tunnels Capital Lockbox Fund”), and MTA Bridges and Tunnels Sales Tax Revenue Bonds (“MTA Bridges and Tunnels” Capital Lockbox – City Sales Tax), each secured by specified revenue sources as explained below. Projects may also be financed with bond anticipation notes (“BANs”) issued as interim financing in anticipation of permanent bonds.

The NYS Legislature limits the total debt MTA and MTA Bridges and Tunnels can issue for approved transit and commuter capital programs. The current ceiling, \$115,500 compares with outstanding issuances of approximately \$50,537 as of December 31, 2025. MTA expects that this limit will suffice to meet the bonding needs of the approved capital programs.

MTA Bridges and Tunnels also issues bonds and notes to finance capital projects relating to its bridge and tunnel facilities and to refund outstanding indebtedness. Such bridge and tunnel facility projects are financed with proceeds of its General Revenue Bonds and Subordinated Revenue Bonds secured by net bridge and tunnel tolling revenues, as well as related BANs. General Revenue Bonds and Subordinated Revenue Bonds may also be used to finance approved transit and commuter capital programs.

Under applicable state law, MTA and MTA Bridges and Tunnels bonds may have maximum maturities of up to 50 years, and related BANs must be refunded with long-term bonds within five years of their initial issuance.

MTA and MTA Bridges and Tunnels periodically issue refunding bonds to achieve debt service savings or other benefits. Proceeds are typically invested in U.S. Treasury obligations held in irrevocable trusts, whose principal and interest repay the refunded debt. Both the trust assets and the refunded debt are excluded from the consolidated statements of net position.

In addition to the bonds and BANs described above, MTA and MTA Bridges and Tunnels periodically issue other obligations for specific purposes, detailed below.

MTA Transportation Revenue Bonds — are secured under MTA’s General Resolution Authorizing Transportation Revenue Obligations adopted on March 26, 2002. The TRB are MTA’s special obligations payable solely from transit and commuter systems revenues, surplus toll revenues, and certain state and local operating subsidies.

On March 11, 2025, MTA redeemed \$7.220 Transportation Revenue Variable Rate Refunding Bonds, Series 2020B.

On March 27, 2025, MTA issued \$847.785 Transportation Revenue Refunding Fund Green Bonds, Series 2025A. Proceeds from the transaction were used to lock in a net present value savings of \$29.426 and refund \$201.355 bonds issued as Build America Bonds (“BAB”) and \$693.190 non-BAB TRB. The Series 2025A Bonds were issued as fixed rate tax-exempt bonds with a final maturity of November 15, 2055.

On June 4, 2025, MTA redeemed \$7.175 Transportation Revenue Variable Rate Refunding Bonds, Series 2020B.

On June 13, 2025, Moody’s Ratings upgraded to A2 from A3 the rating on the \$17,100 of outstanding TRB and revised the outlook to stable from positive.

On July 29, 2025, MTA extended its irrevocable direct-pay Line of Credit Agreements (“LOC”) issued by Barclays Bank PLC, associated with Transportation Revenue Variable Rate Bonds, Subseries 2005E-1, for two years to August 18, 2027.

On July 29, 2025, MTA extended its irrevocable direct-pay LOC issued by Barclays Bank PLC, associated with Transportation Revenue Variable Rate Bonds, Subseries 2015E-1, for two years to August 18, 2027.

On August 12, 2025, S&P Global Ratings upgraded the MTA’s TRB to ‘A’ from ‘A-’ and revised the outlook to stable from positive. S&P also took related rating actions on certain variable-rate TRB supported by bank letters of credit, including upgrades to the long-term ratings.

On September 24, 2025, MTA issued \$1,401.785 Transportation Revenue Refunding Green Bonds, Series 2025B. Proceeds from the transaction were used to refund \$1,390.115 TRB bonds, \$44.740 Dedicated Tax Fund Variable Rate Refunding Bonds, Subseries 2008B-3c, and \$112.545 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Green Bonds, Subseries 2024B-3 and to lock in a net present value savings of \$90.8. The Series 2025B Bonds were issued as fixed rate tax-exempt bonds with a final maturity of November 15, 2043.

MTA Transportation Revenue Bond Anticipation Notes — From time to time, MTA issues BANs in accordance with the terms and provisions of the General Resolution described above to fund its transit and commuter capital needs. The interest rate payable on the notes depends on the maturity and market conditions at the time of issuance. The MTA Act requires MTA to refund its BANs with bonds no later than five years of issuance of the notes. MTA has not issued any Transportation Revenue BANs in 2025.

MTA Transportation Revenue Subordinated Contract Obligations — are secured under the Transportation Resolution. On May 4, 2023, MTA incurred a Subordinated Contract Obligation of \$160,628,235 in connection with a public-private partnership project that will provide accessibility upgrades at certain MTA New York City Transit subway stations. MTA has not issued any Subordinated Contract Obligations in 2025.

MTA Revenue Anticipation Notes — are secured by a lien on Operating Subsidies (as defined in the Transportation Resolution) prior to the lien in favor of the owners of TRB, Subordinated Contract Obligations, and Subordinated Indebtedness issued under the Transportation Resolution. The maturity on such Revenue Anticipation Notes (“RANs”) may not exceed 18 months. While such notes can be rolled over, the final maturity cannot exceed five years from the date of their original issuance. MTA typically issues RANs for working capital purposes. From time to time, MTA enters into Revolving Credit Agreements with draws evidenced by RANs.

On February 4, 2025, MTA entered into a \$300 taxable Revolving Credit Agreement with Wells Fargo Bank, N.A., set to expire on February 4, 2028, unless renewed. As of December 31, 2025, MTA also maintains revolving credit agreements of \$800 with JP Morgan Chase Bank, N.A., expiring April 28, 2026, and \$200 with Bank of America, N.A., expiring July 30, 2027.

MTA Dedicated Tax Fund Bonds — are secured under MTA’s Dedicated Tax Fund Obligation Resolution adopted on March 26, 2002. The DTF are MTA’s special obligations payable solely from monies held in the Pledged Amounts Account of the MTA Dedicated Tax Fund. MTA has not issued any new DTF in 2025.

On June 9, 2025, MTA extended its irrevocable direct-pay LOC issued by TD Bank, N.A. associated with Dedicated Tax Fund Variable Rate Refunding Bonds, Subseries 2008A-1 for three years to June 2, 2028.

On October 2, 2025, MTA effected a mandatory tender and remarketing of \$84.855 of Dedicated Tax Fund Variable Rate Refunding Bonds, Subseries 2008A-2b as its respective irrevocable direct-pay LOC issued by PNC Bank, National Association was replaced with a new irrevocable direct-pay LOC issued by Bank of America, N.A. The subseries of bonds were remarketed as VRDBs in Weekly Mode. The LOC for the subseries of bonds will expire on October 2, 2030. In connection with this transaction, Fitch upgraded the short-term rating of the Subseries 2008A-2b bonds to F1+ from F1 and affirmed the long-term rating of AAA, with a stable outlook.

2 Broadway CoP Swap Payments — The Certificates of Participation were paid off in 2016 and are no longer outstanding. The associated interest rate swap is scheduled to mature in 2030.

MTA Bridges and Tunnels General Revenue Bonds — as secured under MTA Bridges and Tunnels General Resolution Authorizing General Revenue Obligations adopted on March 26, 2002. The General Revenue Bonds are MTA Bridges and Tunnels’ general obligations payable generally from the net revenues collected on the bridges and tunnels operated by MTA Bridges and Tunnels.

On January 8, 2025, MTA extended its irrevocable direct-pay LOC issued by U.S. Bank National Association associated with MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Subseries 2003B-1 for three years to January 7, 2028.

On January 8, 2025, MTA extended its irrevocable direct-pay LOC issued by U.S. Bank National Association associated with MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Subseries 2005B-4c to January 7, 2028.

On August 20, 2025, MTA issued \$728.305 MTA Bridges and Tunnels General Revenue Bonds, Series 2025A. Proceeds from the transaction were used to provide \$521 in new funding for approved bridge and tunnel capital projects and to lock in net present value savings of \$19.6 or 7.97% of refunded par. The Series 2025A Bonds were issued as fixed rate tax-exempt bonds with a final maturity of November 15, 2055.

On November 20, 2025, MTA effected a mandatory tender and remarketed \$148.470 of MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2018E as its respective irrevocable direct-pay LOC issued by UBS AG was replaced with a new irrevocable direct-pay LOC issued by Royal Bank of Canada. The series of bonds were remarketed as VRDBs in Weekly Mode. The LOC for the series of bonds will expire on November 20, 2028.

MTA Bridges and Tunnels Subordinate Revenue Bonds — as secured under its 2001 Subordinate Revenue Resolution Authorizing Subordinate Revenue Obligations adopted on March 26, 2002. The Subordinate Revenue Bonds are MTA Bridges and Tunnels’ special obligations payable generally from the net revenues collected on the bridges and tunnels operated by MTA Bridges and Tunnels after the payment of debt service on the MTA Bridges and Tunnels General Revenue Bonds described in the section above. There have been no MTA Bridges and Tunnels Subordinate Revenue Bonds issued in 2025.

MTA Bridges and Tunnels Subordinate Revenue Bond Anticipation Notes — are issued in accordance with the terms and provisions of the 2001 Subordinate Revenue Resolution Authorizing Subordinate Revenue Obligations of MTA Bridges and Tunnels adopted on March 26, 2002, as supplemented, including as supplemented by the Multiple Credit and Series 2025 Supplemental Resolution Authorizing Obligations, Obligation Anticipation Notes and Refunding Obligations adopted by

MTA Bridges and Tunnels on December 18, 2024. The purpose of the issuance of BANs or bonds under the aforementioned supplemental resolution, in one or more series from time to time, as necessary is to finance: MTA Bridges and Tunnels capital projects, or to retire such obligations when due, plus accrued interest, applicable issuance costs and any original issue discount; MTA transit or commuter capital programs (less amounts issued for such purposes under the MTA multiple credit supplemental resolution referenced above), or to retire such obligations when due, plus accrued interest, applicable issuance costs and any original issue discount; or refinance the costs of the CRZ Tolling Program pursuant to a previously approved resolution of MTA Bridges and Tunnels.

On February 6, 2025, MTA issued \$500 MTA Bridges and Tunnels Subordinate Revenue BANs, Series 2025A. Proceeds from the transaction financed existing approved 2020-2024 Capital Program transit and commuter projects and funded capitalized interest payments through May 15, 2026. The Series 2025A Notes were issued as fixed rate tax-exempt notes maturing February 1, 2028.

MTA Bridges and Tunnels Second Subordinate Bond Anticipation Notes — are issued in accordance with the terms and provisions of the CRA Tolling Program Second Subordinate Revenue Resolution authorizing CRZ Tolling Program Second Subordinate Revenue Obligations. The purpose of the issuance of BANs or bonds under CRZ Tolling Program Second Subordinate Revenue Resolution, in one or more series from time to time, is to provide funds in an amount not to exceed \$506 million to finance costs of the CRZ Tolling Program infrastructure, tolling systems, and allowable implementation expense or to retire any such BANs when due.

On October 28, 2025, MTA issued \$230 MTA Bridges and Tunnels Second Subordinate BANs, Series 2025A. Proceeds from the transaction were used to retire outstanding MTA Bridges and Tunnels Second Subordinate BANs, Series 2021A and MTA Bridges and Tunnels Second Subordinate BANs, Series 2024A. The notes were issued as tax-exempt notes maturing May 15, 2026.

MTA and MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Bonds — are secured under both the MTA Payroll Mobility Tax Obligation Resolution (“MTA PMT Resolution”), adopted by the Board on November 18, 2020, and the MTA Bridges and Tunnels Payroll Mobility Tax Obligation Resolution (“MTA Bridges and Tunnels PMT Resolution”) adopted by the Board on March 17, 2021, as applicable. Each of the MTA PMT Senior Lien Obligations and any MTA Bridges and Tunnels PMT Senior Lien Obligations are secured by a first lien on, and parity pledge of, the PMT Receipts, consisting of two distinct revenue streams: Mobility Tax Receipts and MTA Aid Trust Account Receipts (also referred to as “ATA Receipts”). MTA and MTA Bridges and Tunnels have entered into the Financing Agreement, dated as of April 9, 2021, to provide the mechanism by which MTA and MTA Bridges and Tunnels share PMT Receipts on a parity basis (i) first with respect to the PMT Senior Lien and then (ii) with respect to PMT Second Lien. Under State Law, the MTA PMT Senior Lien Indebtedness are special obligations of MTA and MTA Bridges and Tunnels, respectively, which means that they are payable solely from a gross lien on the money pledges from payment under the MTA PMT Resolution and the MTA Bridges and Tunnels PMT Resolution. Such bonds are not general obligations of MTA or MTA Bridges and Tunnels. There have been no MTA or MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Bonds issued in 2025.

MTA and MTA Bridges and Tunnels Payroll Mobility Tax Bond Anticipation Notes – are issued pursuant to the MTA and MTA Bridges and Tunnels PMT Resolutions, respectively.

On March 19, 2025, MTA issued \$400 MTA Bridges and Tunnels Payroll Mobility Tax Bond Anticipation Notes, Series 2025A. Proceeds from the transaction were used to finance existing approved 2020-2024 Capital Program transit and commuter projects and fund capitalized interest payments through March 1, 2028. The Series 2025A Notes were issued as fixed-rate tax-exempt notes with a final maturity of March 1, 2028.

On April 9, 2025, MTA issued \$800 MTA Bridges and Tunnels Payroll Mobility Tax Bond Anticipation Notes, Subseries 2025B-1 and 2025B-2. Proceeds from the transaction were used to finance existing approved transit and commuter projects and fund capitalized interest payments through November 15, 2027. The Subseries 2025B-1 Notes were issued as fixed-rate tax-exempt notes with a final maturity of March 15, 2027. The Subseries 2025B-2 Notes were issued as fixed-rate tax-exempt notes with a final maturity of March 15, 2029.

MTA Bridges and Tunnels Sales Tax Revenue Bonds (“MTA Bridges and Tunnels Capital Lockbox – City Sales Tax”) — are issued pursuant to MTA Bridges and Tunnels 2021 MTA Bridges and Tunnels Special Obligation Resolution Authorizing Sales Tax Revenue Obligation adopted on September 15, 2021. The Sales Tax Revenue Bonds are MTA Bridges and Tunnels’ special, not general, obligations, payable solely from monies in the Obligations Trust Estate pledged by the MTA Bridges and Tunnels Sales Tax Resolution derived primarily from the Sales Tax Receipts paid from the MTA Bridges and Tunnels Capital Lockbox Fund and deposited into the Revenue Fund. There have been no MTA Bridges and Tunnels Sales Tax Revenue Bonds issued in 2025.

Real Estate Transfer Tax Revenue Bonds (“MTA Bridges and Tunnels Capital Lockbox Fund”) — are issued pursuant to MTA Bridges and Tunnels Special Obligation Resolution Authorizing Real Estate Transfer Tax Revenue Obligations (“MTA Bridges and Tunnels RETT Resolution”) adopted on December 18, 2024. The Real Estate Transfer Tax Revenue Bonds are MTA Bridges and Tunnels’ special, not general obligations, payable solely from monies pledged therefor under

the Obligations Trust Estate under the MTA Bridges and Tunnels RETT Resolution derived primarily from Transfer Tax Receipts deposited into the MTA Bridges and Tunnels Capital Lockbox Fund and thereafter deposited into the Revenue Fund, and certain of the funds and accounts established under the MTA Bridges and Tunnels RETT Resolution, including the Senior Lien Debt Service Reserve Fund.

On January 23, 2025, MTA launched its second Capital Lockbox credit with the inaugural issuance of \$1,600 of Real Estate Transfer Tax Revenue Bonds, Series 2025A. Proceeds financed approved 2020–2024 Capital Program transit and commuter projects, funded the debt service reserve, and covered issuance costs. The Series 2025A Bonds are fixed-rate, tax-exempt, with a final maturity of December 1, 2059.

Congestion Relief Zone Tolling Program Obligations – On May 2, 2025, MTA Bridges and Tunnels entered into a loan agreement with a custodian on behalf of a lender. Pursuant to the loan agreement, the lender provided a term loan to the MTA Bridges and Tunnels in the amount of \$500 and the maturity date of May 1, 2026. The repayment of the principal of and interest on the loan is secured by a lien on CRZ revenues collected on or after May 1, 2025 net of operating expenses and certain other costs. MTA Bridges and Tunnels is using the loan proceeds to finance transit and commuter projects in the 2020-2024 Capital Program.

MTA Hudson Rail Yards Trust Obligations — The Hudson Rail Yard Trust Obligations and Hudson Rail Yard Refunding Trust Obligations (together, the “HRY Trust Obligations”) were issued pursuant to the MTA Hudson Rail Yards Trust Agreement, dated as of September 1, 2016 (the “Original HRY Trust Agreement”), as supplemented by the MTA Hudson Rail Yards First Supplemental Trust Agreement, dated as of March 1, 2020 (the “Supplemental HRY Trust Agreement” and, together with the Original HRY Trust Agreement, the “HRY Trust Agreement”), each by and between MTA and Wells Fargo Bank, National Association, as trustee. The HRY Trust Obligations are payable solely from and secured by certain payments made by MTA under the Financing Agreement referred to in the HRY Trust Agreement.

On February 15, 2025, MTA effected the early mandatory redemption of a portion of the MTA Hudson Rail Yard Trust Obligations, Series 2020A maturing November 15, 2046 in the Principal Component of \$7.220.

On May 15, 2025, MTA effected the early mandatory redemption of a portion of the MTA Hudson Rail Yard Trust Obligations, Series 2020A maturing November 15, 2046 in the Principal Component of \$7.175.

There have been no HRY Trust Obligations issued since the 2020 refunding issuance.

Refer to Note 8 for further information on Leases.

Debt Limitation — The NYS Legislature has imposed limitations on the aggregate amount of debt that the MTA and MTA Bridges and Tunnels can issue to fund the approved transit and commuter capital programs. The current aggregate ceiling, subject to certain exclusions, is \$115,500 compared with issuances totaling approximately \$50,037 as of December 31, 2025. The MTA expects that the current statutory ceiling will allow it to fulfill the bonding requirements of the approved Capital Programs.

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

For the year ended December 31, 2025, MTA refunding transactions decreased aggregate debt service payments by \$154 and provided an economic gain of \$316. For the year ended December 31, 2024, MTA refunding transactions decreased aggregate debt service payments by \$327 and provided an economic gain of \$203. Details of bond refunding savings for December 31, 2025 and December 31, 2024 are as follows:

Refunding Bonds Issued in 2025	Series	Date issued	Par value Refunded	Debt Service Savings (Increase)	Net Present Value of Savings
Metropolitan Transportation Authority Transportation Revenue Refunding Bonds	2025A	3/27/2025	\$ 895	\$ 32	\$ 29
Triborough Bridge and Tunnel Authority General Revenue Refunding Bonds	2025A-2	8/20/2025	246	23	196
Metropolitan Transportation Authority Transportation Revenue Refunding Bonds	2025B	9/24/2025	1,547	99	91
Total Bond Refunding Savings			<u>\$ 2,688</u>	<u>\$ 154</u>	<u>\$ 316</u>

Refunding Bonds Issued in 2024	Series	Date issued	Par value Refunded	Debt Service Savings (Increase)	Net Present Value of Savings
Metropolitan Transportation Authority Transportation Revenue Refunding Bonds	2024A	3/27/2024	\$ 1,094	\$ 200	\$ 99
Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Refunding Bonds	2024C	7/10/2024	835	(17)	2
Triborough Bridge and Tunnel Authority General Revenue Refunding Bonds	2024A-2	8/21/2024	439	22	19
Metropolitan Transportation Authority Dedicated Tax Fund Refunding Green Bonds	2024B-2	10/9/2024	191	47	24
Metropolitan Transportation Authority Transportation Revenue Refunding Bonds	2024B	10/29/2024	524	75	59
Total Bond Refunding Savings			<u>\$ 3,083</u>	<u>\$ 327</u>	<u>\$ 203</u>

Unamortized gains and losses related to bond refundings were as follows:

	December 31, 2023	(Gain)/ loss on refunding	2024 amortization	December 31, 2024	(Gain)/ loss on refunding	Current year amortization	December 31, 2025
MTA:							
Transportation Revenue Bonds	\$ 196	\$ (125)	\$ 34	\$ 105	\$ (85)	\$ (11)	\$ 9
State Service Contract Bonds	-	-	-	-	-	-	-
Dedicated Tax Fund Bonds	126	31	(36)	121	-	(11)	110
	<u>322</u>	<u>(94)</u>	<u>(2)</u>	<u>226</u>	<u>(85)</u>	<u>(22)</u>	<u>119</u>
MTA Bridges and Tunnels:							
General Revenue Bonds	78	-	(13)	65	(29)	(8)	28
Subordinate Revenue Bonds	(2)	-	1	(1)	-	1	-
	<u>76</u>	<u>-</u>	<u>(12)</u>	<u>64</u>	<u>(29)</u>	<u>(7)</u>	<u>28</u>
Total	<u>\$ 398</u>	<u>\$ (94)</u>	<u>\$ (14)</u>	<u>\$ 290</u>	<u>\$ (114)</u>	<u>\$ (29)</u>	<u>\$ 147</u>

Debt Service Payments — Future principal and interest debt service payments at December 31, 2025 are as follows (in millions):

Year	MTA		MTA BRIDGES AND TUNNELS		Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 702	\$ 929	\$ 996	\$ 1,218	\$ 1,698	\$ 2,147
2027	649	878	1,648	1,159	2,297	2,037
2028	717	803	1,790	1,081	2,507	1,884
2029	759	781	1,174	1,022	1,933	1,803
2030	905	734	919	984	1,824	1,718
2031-2035	4,702	3,332	3,889	4,541	8,591	7,873
2036-2040	3,873	2,718	3,337	3,741	7,210	6,459
2041-2045	3,658	1,886	3,162	2,847	6,820	4,733
2046-2050	3,694	845	3,792	1,995	7,486	2,840
2051-2055	1,849	232	3,285	1,061	5,134	1,293
2056-2060	478	5	1,427	413	1,905	418
Thereafter	-	-	913	92	913	92
	<u>\$ 21,986</u>	<u>\$ 13,143</u>	<u>\$ 26,332</u>	<u>\$ 20,154</u>	<u>\$ 48,318</u>	<u>\$ 33,297</u>

The above interest amounts include both fixed-rate and variable-rate calculations. The interest rate assumptions for variable rate bonds are as follows:

- Transportation Revenue Refunding Bonds, Series 2002D — 4.45% per annum taking into account the interest rate swap plus the current fixed floating rate note spread.
- Transportation Revenue Refunding Bonds, Series 2002G — 3.542% per annum taking into account the interest rate swap plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.
- Transportation Revenue Bonds, Series 2005D — 3.561% per annum taking into account the interest rate swaps.

- *Transportation Revenue Bonds, Series 2005E — 3.561% per annum taking into account the interest rate swaps and 4.00% per annum on the unhedged portion.*
- *Transportation Revenue Bonds, Series 2012A — 4.00% per annum plus the current fixed floating rate note spread.*
- *Transportation Revenue Bonds, Series 2012G — 3.563% per annum taking into account the interest rate swaps plus the current fixed floating rate note spread.*
- *Transportation Revenue Bonds, Series 2015E — 4.00% per annum.*
- *Dedicated Tax Fund Variable Rate Refunding Bonds, Series 2008A — 3.316% per annum taking into account the interest rate swaps plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.*
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2001C — 4.00% per annum.*
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2003B — 4.00% per annum; and 4.00% per annum plus the current fixed floating rate note spread on Subseries 2003B-2.*
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2005A — 4.00% per annum except from November 1, 2027 through November 1, 2030, 3.076% per annum taking into account the interest rate swap.*
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2005B — 3.076% per annum based on the Initial Interest Rate Swaps plus the current fixed floating rate note spread.*
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2018E — 4.00% per annum.*

Loans Payable – The MTA and the New York Power Authority (“NYPA”) entered into an updated Energy Services Program Agreement (“ESP Agreement”). The ESP Agreement authorized MTA affiliates and subsidiaries to enter into a Customer Installation Commitment with NYPA for turn-key, energy efficiency projects, which would usually be long-term funded and constructed by NYPA. The repayment period for the NYPA loan can be up to 20 years, but can be repaid at any time without penalty.

The debt service requirements at December 31, 2025 are as follows (in millions):

Year	Principal	Interest	Total
2026	\$ 9	\$ 2	\$ 11
2027	9	2	11
2028	9	2	11
2029	7	1	8
2030	5	1	6
2031-2035	11	1	12
2036-2040	1	0	1
Total	<u>\$ 51</u>	<u>\$ 9</u>	<u>\$ 60</u>
Current portion - NYPA Loan	\$ 9		
Current portion - CBDTP Loan	<u>\$ 500*</u>		
Subtotal - Current Portion	509		
Long-term portion - NYPA Loan	<u>42</u>		
Total NYPA Loans Payable	<u>\$ 551</u>		

The above interest amounts include both fixed and variable rate calculations. Interest on the variable-rate loan is paid at the Securities Industry and Financial Markets Association Municipal Swap Index (“SIFMA”) rate and is reset annually. The SIFMA rate at December 31, 2025 was 2.36%.

* On May 2, 2025, MTA TBTA entered into a loan agreement with a custodian on behalf of a lender for a term loan in the amount of \$500 with a maturity date of May 1, 2026. The repayment of the principal of and interest on the loan is secured by a lien on Central Business District Tolling Program revenues collected on and after May 1, 2025 net of operating expenses and certain other costs. MTA TBTA expects to use the loan proceeds to finance transit and commuter projects in the 2020-2024 Capital Program.

Tax Rebate Liability — Under the Internal Revenue Code of 1986, the MTA may accrue a liability for an amount of rebateable arbitrage resulting from investing low-yielding, tax-exempt bond proceeds in higher-yielding, taxable securities. The arbitrage liability is generally payable to the federal government at five-year intervals for each bond issue that is subject to the rebate requirements. There was a payment of \$0.340 made during the period ended December 31, 2025. No payments were made for the year ended December 31, 2024.

Liquidity Facility — MTA and MTA Bridges and Tunnels have entered into several Standby Bond Purchase Agreements (“SBPA”) or LOC as listed in the table below. In the event an Irrevocable Direct-Pay LOC is scheduled to expire without being extended or replaced with another Credit Facility, the bonds are subject to mandatory purchase under the LOC. The obligation to repay the LOC is secured by Bank Bonds. Currently, the terms of the LOC reimbursement agreements require repayment of Bank Bonds in 10 equal semi-annual installments beginning 180 days after the incurrence of Bank Bonds. As of December 31, 2025, there were no outstanding Bank Bonds.

Resolution	Series	Provider (Insurer)	Type of Facility	Exp. Date
Transportation Revenue	2002D-2a- ¹	Truist Bank, N.A.	LOC	3/28/2029
Transportation Revenue	2002D-2b	Truist Bank, N.A.	LOC	3/28/2029
Transportation Revenue	2002G-1g	TD Bank, N.A.	LOC	11/1/2026
Transportation Revenue	2005D-1	Truist Bank, N.A.	LOC	3/28/2029
Transportation Revenue	2005D-2	Bank of America, N.A.	LOC	11/12/2027
Transportation Revenue	2005E-1	Barclays Bank	LOC	8/18/2027
Transportation Revenue	2005E-2	Bank of America, N.A.	LOC	12/8/2026
Transportation Revenue	2012G-1	Barclays Bank	LOC	7/17/2026
Transportation Revenue	2012G-2	TD Bank, N.A.	LOC	7/16/2029
Transportation Revenue	2012G-3	Royal Bank of Canada	LOC	12/10/2027
Transportation Revenue	2012G-4	Bank of America, N.A.	LOC	11/12/2027
Transportation Revenue	2015E-1	Barclays Bank	LOC	8/18/2027
Transportation Revenue	2015E-3	Bank of America, N.A.	LOC	11/5/2027
Transportation Revenue	2020B	Royal Bank of Canada	LOC	3/19/2027
Dedicated Tax Fund	2008A-1	TD Bank, N.A.	LOC	6/2/2028
Dedicated Tax Fund	2008A-2a	TD Bank, N.A.	LOC	11/1/2026
Dedicated Tax Fund	2008A-2b	Bank of America, N.A.	LOC	10/2/2030
MTA Bridges and Tunnels General Revenue	2001C	Barclays Bank	LOC	6/22/2028
MTA Bridges and Tunnels General Revenue	2003B-1	U.S. Bank National Association	LOC	1/7/2028
MTA Bridges and Tunnels General Revenue	2003B-2	TD Bank, N.A.	LOC	7/18/2029
MTA Bridges and Tunnels General Revenue	2005A	Barclays Bank	LOC	7/19/2028
MTA Bridges and Tunnels General Revenue	2005B-2a	State Street	LOC	1/21/2026 *
MTA Bridges and Tunnels General Revenue	2005B-2b	State Street	LOC	1/21/2026 *
MTA Bridges and Tunnels General Revenue	2005B- ³	Bank of America, N.A.	LOC	6/22/2027
MTA Bridges and Tunnels General Revenue	2005B-4a	TD Bank, N.A.	LOC	12/13/2028
MTA Bridges and Tunnels General Revenue	2005B-4c	U.S. Bank National Association	LOC	1/7/2028
MTA Bridges and Tunnels General Revenue	2018E	Royal Bank of Canada	LOC	11/20/2028

* Renewed after 12/31/2025. Refer to Note 21 for additional information.

Derivative Instruments — Fair value for the swaps is calculated in accordance with GASB 72, utilizing the income approach and Level 2 inputs. It incorporates the mid-market valuation, nonperformance risk of either MTA/MTA Bridges and Tunnels or the counterparty, as well as bid/offer. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2025 and 2024, classified by type, and the changes in fair value of such derivative instruments from the year ended December 31, 2024 are as follows (in \$ millions):

Derivative Instruments - Summary Information as of December 31, 2025

Bond Resolution Credit - Cashflow Hedges	Underlying Bond Series	Effective Methodology	Trade/Hedge Association Date	Notional Amount	Fair Value
MTA Bridges and Tunnels Senior Revenue Bonds	2018E & 2003B (Citi 2005B)	Regression/Dollar Offset	6/2/2005	\$ 173,700	\$ (5,219)
MTA Bridges and Tunnels Senior Revenue Bonds	2005B-2,3,4	Synthetic Instrument/Regression	6/2/2005	521,100	(15,657)
MTA Bridges and Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Synthetic Instrument	4/1/2016	10,915	(0,215)
MTA Bridges and Tunnels Senior Revenue Bonds	2001C (COPS 2004A)	Regression	12/5/2016	5,000	(0,115)
MTA Dedicated Tax Fund Bonds	2008A	Regression	3/8/2005	180,435	(5,719)
MTA Transportation Revenue Bonds	2002D-2	Regression	7/11/2002	200,000	(21,181)
MTA Transportation Revenue Bonds	2005D & 2005E	Regression/Synthetic Instrument	9/10/2004	243,920	(13,584)
MTA Transportation Revenue Bonds	2012G	Synthetic Instrument	12/12/2007	353,575	(21,589)
MTA Transportation Revenue Bonds	2002G-1 (COPS 2004A)	Regression	4/1/2016	9,755	(0,006)
MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Bonds	2022E	Regression	4/1/2016	85,305	(1,865)
			Total	\$ 1,783,705	\$ (85,150)

Type of Derivatives: SOFR Fixed Payer; Cash Flow or Fair Value Hedge: Cash Flow.

Derivative Instruments - Summary Information as of December 31, 2024

Bond Resolution Credit - Cashflow Hedges	Underlying Bond Series	Effective Methodology	Trade/Hedge Association Date	Notional Amount	Fair Value
MTA Bridges and Tunnels Senior Revenue Bonds	2018E & 2003B (Citi 2005B)	Synthetic Instrument/Dollar Offset	6/2/2005	\$ 174,700	\$ (2,876)
MTA Bridges and Tunnels Senior Revenue Bonds	2005B-2,3,4	Synthetic Instrument	6/2/2005	524,100	(8,628)
MTA Bridges and Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Synthetic Instrument	4/1/2016	13,260	(0,202)
MTA Bridges and Tunnels Senior Revenue Bonds	2001C (COPS 2004A)	Synthetic Instrument	12/5/2016	6,000	(0,103)
MTA Dedicated Tax Fund Bonds	2008A	Synthetic Instrument	3/8/2005	207,025	(4,335)
MTA Transportation Revenue Bonds	2002D-2	Synthetic Instrument	7/11/2002	200,000	(19,676)
MTA Transportation Revenue Bonds	2005D & 2005E	Synthetic Instrument	9/10/2004	263,460	(11,371)
MTA Transportation Revenue Bonds	2012G	Synthetic Instrument	12/12/2007	354,100	(17,212)
MTA Transportation Revenue Bonds	2002G-1 (COPS 2004A)	Synthetic Instrument	4/1/2016	28,645	(0,069)
MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Bonds	2022E	Regression	4/1/2016	86,845	(1,691)
			Total	\$ 1,858,135	\$ (66,163)

Type of Derivatives: SOFR Fixed Payer; Cash Flow or Fair Value Hedge: Cash Flow.

	Changes In Fair Value		Fair Value at December 31, 2025		Notional (in millions)
	Classification	Amount (in millions)	Classification	Amount (in millions)	
Government activities					
Cash Flow hedges:					
Pay-fixed interest rate swaps	Deferred outflow of resources	\$ (18.987)	Debt	\$ (85.150)	\$ 1,783.705

Swap Agreements Relating to Synthetic Fixed Rate Debt

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

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

Terms and Fair Values. The terms, fair values and counterparties of the outstanding swaps of MTA and MTA Bridges and Tunnels are reflected in the following tables (as of December 31, 2025):

Metropolitan Transportation Authority						
Related Bonds	Notional Amount as of 12/31/25	Effective Date	Maturity Date	Terms	Counterparty and Ratings(S&P / Moody's / Fitch)	Fair Value as of 12/31/25
TRB 2002D-2	\$ 200.000	01/01/07	11/01/32	Pay 4.45%; receive 69% SOFR + 0.079%	JPMorgan Chase Bank, NA (AA- / Aa2 / AA)	\$ (21.181)
TRB 2005D	182.940	11/02/05	11/01/35	Pay 3.561%; receive 67% SOFR + 0.076%	UBS AG (A+ / Aa2 / A+)	(10.189)
TRB 2005E	60.980	11/02/05	11/01/35	Pay 3.561%; receive 67% SOFR + 0.076%	AIG Financial Products ⁽¹⁾ (A- / Baa1 / BBB+)	(3.396)
TRB 2012G	353.575	11/15/12	11/01/32	Pay 3.563%; receive 67% SOFR + 0.076%	JPMorgan Chase Bank, NA (AA- / Aa2 / AA)	(21.589)
DTF 2008A	180.435	03/24/05	11/01/31	Pay 3.3156%; receive 67% SOFR + 0.076%	Bank of New York Mellon (AA- / Aa2 / AA)	(5.719)
Total	\$ 977.930					\$ (62.074)

¹ Guarantor: American International Group, Inc., parent of AIG Financial Products.

MTA Bridges and Tunnels						
Related Bonds	Notional Amount as of 12/31/25	Effective Date	Maturity Date	Terms	Counterparty and Ratings (S&P / Moody's / Fitch)	Fair Value as of 12/31/25
TBTA 2018E & 2003B ⁴	\$ 173.700	07/07/05	01/01/32	Pay 3.076%; receive 67% SOFR + 0.076%	Citibank, N.A. (A+ / Aa3 / A+)	\$ (5.219)
TBTA 2005B-2	173.700	07/07/05	01/01/32	Pay 3.076%; receive 67% SOFR + 0.076%	JPMorgan Chase Bank, NA (AA- / Aa2 / AA)	(5.219)
TBTA 2005B-3	173.700	07/07/05	01/01/32	Pay 3.076%; receive 67% SOFR + 0.076%	BNP Paribas North America (A+ / A1 / AA-) ¹	(5.219)
TBTA 2005B-4	173.700	07/07/05	01/01/32	Pay 3.076%; receive 67% SOFR + 0.076%	UBS AG (A+ / Aa2 / A+)	(5.219)
TRB 2002G-1 & PMT 2022E TBTA 2005A & 2001C ²	55.488 ³	04/01/16	01/01/30	Pay 3.52%; receive 67% SOFR + 0.076%	U.S. Bank N.A. (A+ / A2 / A+)	(1.101) ³
TRB 2002G-1 & PMT 2022E TBTA 2005A & 2001C ²	55.488 ³	04/01/16	01/01/30	Pay 3.52%; receive 67% SOFR + 0.076%	Wells Fargo Bank, N.A. (A+ / Aa2 / AA-)	(1.101) ³
Total	\$ 805.776					\$ (23.078)

1 Guarantor: BNP Paribas North America.

2 Between November 22, 2016 and December 5, 2016, the Variable Rate Certificates of Participation, Series 2004A were redeemed. Corresponding notional amounts from the Series 2004A COPs were reassigned to MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C.

3 Pursuant to an Interagency Agreement (following novations from UBS in April 2016), MTA New York City Transit is responsible for 68.7%, MTA is responsible for 21.0%, and MTA Bridges and Tunnels is responsible for 10.3% of the transaction. On November 1, 2022 the 2011B were refunded with 2022E-2a bonds. The portion of the U.S. Bank and Wells Fargo Swap associated with 2011B bonds were allocated to the 2022E-2a bonds.

4 On October 27, 2021 the 2002F bonds were changed to fixed-rate mode and a portion of the Citibank N.A. swap was reassigned to the 2018E bonds.

SOFR: Secured Overnight Financing Rate

TRB: Transportation Revenue Bonds

DTF: Dedicated Tax Fund Bonds

Risks Associated with the Swap Agreements

From MTA's and MTA Bridges and Tunnels' perspective, the following risks are generally associated with swap agreements:

Credit Risk. The risk that a counterparty becomes insolvent or is otherwise not able to perform its financial obligations. To mitigate the exposure to credit risk, the swap agreements include collateral provisions in the event of downgrades to the swap counterparties' credit ratings. Generally, MTA and MTA Bridges and Tunnels' swap agreements contain netting provisions under which transactions executed with a single counterparty are netted to determine collateral amounts. Collateral may be posted with a third-party custodian in the form of cash, U.S. Treasury securities, or certain Federal agency securities. MTA and MTA Bridges and Tunnels require its counterparties to fully collateralize if ratings fall below certain levels (in general, at the Baa1/BBB+ or Baa2/BBB levels), with partial posting requirements at higher rating levels (details on collateral posting discussed further under "Collateralization/Contingencies"). As of December 31, 2025, all of the valuations were in liability positions to MTA and MTA Bridges and Tunnels; accordingly, no collateral was posted by any of the counterparties.

The following table shows, as of December 31, 2025, the diversification, by percentage of notional amount, among the various counterparties that have entered into ISDA Master Agreements with MTA and/or MTA Bridges and Tunnels. The notional amount totals below include all swaps.

Counterparty	S&P	Moody's	Fitch	Notional Amount (in thousands)	% of Total Notional Amount
JPMorgan Chase Bank, NA	AA-	Aa2	AA	\$727,275	40.77%
UBS AG	A+	Aa2	A+	356,640	19.99%
The Bank of New York Mellon	AA-	Aa2	AA	180,435	10.12%
Citibank, N.A.	A+	Aa3	A+	173,700	9.74%
BNP Paribas US Wholesale Holdings, Corp.	A+	A1	AA-	173,700	9.74%
U.S. Bank National Association	A+	A2	A+	55,488	3.11%
Wells Fargo Bank, N.A.	A+	Aa2	AA-	55,488	3.11%
AIG Financial Products Corp.	A-	Baa1	BBB+	60,980	3.42%
Total				\$1,783,706	100.00%

Interest Rate Risk. MTA and MTA Bridges and Tunnels are exposed to interest rate risk on the interest rate swaps. On the pay-fixed, receive variable interest rate swaps, as LIBOR or SIFMA (as applicable) decreases, MTA and MTA Bridges and Tunnels' net payments on the swaps increase.

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

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

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

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

MTA Transportation Revenue		
Counterparty Name	MTA	Counterparty
AIG Financial Products Corp.; JPMorgan Chase Bank, NA; UBS AG	Below Baa3 (Moody's) or BBB- (S&P)*	Below Baa3 (Moody's) or BBB- (S&P)*

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

MTA Dedicated Tax Fund		
Counterparty Name	MTA	Counterparty
Bank of New York Mellon	Below BBB (S&P) or BBB (Fitch)*	Below A3 (Moody's) or A- (S&P)**

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

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

MTA Bridges and Tunnels Senior Lien		
Counterparty Name	MTA Bridges and Tunnels	Counterparty
BNP Paribas US Wholesale Holdings, Corp.; Citibank, N.A.; JPMorgan Chase Bank, NA; UBS AG	Below Baa2 (Moody's) or BBB (S&P)*	Below Baa1 (Moody's) or BBB+ (S&P)*

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

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

Rollover Risk. The risk that the swap agreement matures or may be terminated prior to the final maturity of the associated bonds on a variable rate bond issuance, and MTA or MTA Bridges and Tunnels may be exposed to the market rates and cease to receive the benefit of the synthetic fixed rate for the duration of the bond issue. The following debt is exposed to rollover risk:

Associated Bond Issue	Bond Maturity Date	Swap Termination Date
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C (swaps with U.S. Bank/Wells Fargo)	January 1, 2032	January 1, 2030
MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2018E (swap with Citibank, N.A.)	November 15, 2032	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2003B (swap with Citibank, N.A.)	January 1, 2033	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A (swaps with U.S. Bank/Wells Fargo and Citibank, N.A.)	November 1, 2041	January 1, 2030 (U.S. Bank/Wells Fargo) January 1, 2032 (Citibank)
MTA Transportation Revenue Variable Rate Bonds, PMT Series 2022E (swaps with U.S. Bank/Wells Fargo)	November 1, 2032	January 1, 2030

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

As of December 31, 2025, the aggregate mid-market valuation of the MTA's swaps subject to collateral posting agreements was \$62.49 million; as of this date, the MTA was not subject to collateral posting based on its credit ratings (see further details below).

As of December 31, 2025, the aggregate mid-market valuation of MTA Bridges and Tunnels' swaps subject to collateral posting agreements was negative \$22.96 million; as of this date, MTA Bridges and Tunnels was not subject to collateral posting based on its credit ratings (see further details below).

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

MTA Transportation Revenue		
Counterparty	MTA Collateral Thresholds (based on highest rating)	Counterparty Collateral Thresholds (based on highest rating)
AIG Financial Products Corp.; JPMorgan Chase Bank, NA; UBS AG	Baa1/BBB+: \$10 million Baa2/BBB & below: Zero	Baa1/BBB+: \$10 million Baa2/BBB & below: Zero

Note: Based on Moody's and S&P ratings. In all cases except JPMorgan counterparty thresholds, Fitch rating is replacement for either Moody's or S&P, at which point threshold is based on lowest rating.

MTA Dedicated Tax Fund		
Counterparty	MTA Collateral Thresholds	Counterparty Collateral Thresholds (based on lowest rating)
Bank of New York Mellon	N/A—MTA does not post collateral	Aa3/AA- & above: \$10 million A1/A+: \$5 million A2/A: \$2 million A3/A-: \$1 million Baa1/BBB+ & below: Zero

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

MTA Bridges and Tunnels Senior Lien		
Counterparty	MTA Bridges and Tunnels Collateral Thresholds (based on highest rating)	Counterparty Collateral Thresholds (based on highest rating)
BNP Paribas US Wholesale Holdings, Corp.; Citibank, N.A.; JPMorgan Chase Bank, NA; UBS AG	Baa1/BBB+: \$30 million Baa2/BBB: \$15 million Baa3/BBB- & below: Zero	A3/A-: \$10 million Baa1/BBB+ & below: Zero

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

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

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

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

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

MTA (in millions)				
Year Ended December 31, 2025	Variable-Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2026	63.6	32.0	(3.1)	92.5
2027	55.9	29.6	(2.8)	82.7
2028	70.2	39.5	(2.5)	107.2
2029	95.9	37.8	(2.1)	131.6
2030	145.7	73.4	(1.8)	217.3
2031-2035	620.1	323.7	(3.2)	940.6
2036-2040	78.1	14.9	(0.4)	92.6
2041-2045	21.5	0.7	-	22.2

MTA Bridges and Tunnels (in millions)				
Year Ended December 31, 2025	Variable-Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2026	31.5	29.1	(6.3)	54.3
2027	32.9	27.8	(6.5)	54.2
2028	50.0	25.8	(6.4)	69.4
2029	144.5	20.1	(4.9)	159.7
2030	149.5	14.1	(3.4)	160.2
2031-2035	350.2	10.0	(1.8)	358.4
2036-2040	-	1.5	-	1.5
2041-2045	-	-	-	-

8. LEASES

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

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

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

As Lessor

MTA leases its land, buildings, station space, equipment, and right of way to other entities. These leases have terms between 1 year to 100 years, with payments required monthly, quarterly, semi-annually, or annually. As of December 31, 2025, the remaining lease terms are between 1 year to 100 years. In addition, MTA also receives payments for variable leases and operating expenses associated with spaces that are not included in the measurement of lease receivable.

The total amount of inflows of resources recognized for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	<u>2025</u>	<u>2024</u>
Lease Revenue - Operating	\$ 42,228	\$ 37,902
Lease Revenue - Non-Operating	1,107	-
Interest Revenue	13,589	7,413
Other Variable Revenue	31,378	17,580

A summary of activity in lease receivable for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	<u>2025</u>	<u>2024</u>
Balance – beginning of year	\$ 240,815	\$ 264,051
Additions/remeasurements	300,577	15,144
Receipts/Interest	<u>(84,890)</u>	<u>(38,381)</u>
Balance – end of year	456,502	240,814
Less - current portion*	<u>45,526</u>	<u>40,104</u>
Lease receivable - noncurrent	<u>\$ 410,976</u>	<u>\$ 200,710</u>

*The current portion of lease receivable is reported in Other receivables, while the noncurrent portion is reported in Other non-current receivables.

MTA recognized revenue of \$68 and \$1,369 associated with residual value guarantees and termination penalties for each of the years ended December 31, 2025 and 2024, respectively.

The principal and interest requirements to maturity for the lease receivable subsequent to December 31, 2025, are as follows (in thousands):

Year Ended December 31,	Principal	Interest	Total
2026	\$ 45,526	\$ 21,016	\$ 66,542
2027	9,628	20,538	30,166
2028	20,952	20,326	41,278
2029	11,642	20,043	31,685
2030	5,399	19,864	25,263
2031 - 2035	(1,008)	99,985	98,977
2036 - 2040	(22,278)	105,165	82,887
2041 - 2045	(26,330)	112,950	86,620
Thereafter	412,971	2,531,076	2,944,047
Total	<u>\$ 456,502</u>	<u>\$ 2,950,963</u>	<u>\$ 3,407,465</u>

Significant Lease Transaction

In August 2025, the MTA, as the lessor, entered into a long-term lease agreement with a private developer for the redevelopment of the property located at 341-347 Madison Avenue in Manhattan. The site had previously served as an administrative facility and operational support location for MTA agencies. Under the terms of the agreement, the lessee will construct a new commercial office building on the site and will make fixed base rent payments to MTA over the term of the lease.

The lease has an initial term of 99 years. Rental payments consist of scheduled base rent amounts, with future payments subject to periodic escalation in accordance with the lease provisions. As part of the redevelopment arrangement, the lessee is responsible for all costs associated with construction, operations, and maintenance of the new building. The MTA retains long-term ownership of the underlying land.

Base rent revenue recognized under the lease was approximately \$48.2 million and \$0 million for the years ended December 31, 2025 and 2024, respectively. Future minimum lease payments under the agreement totaled approximately \$3.03 billion as of December 31, 2025.

As Lessee

MTA leases buildings, office space, storage space, equipment, vehicles, and cell tower space from other entities. These leases have terms between 1 year to 74 years, with payments required monthly, quarterly, or annually. As of December 31, 2025, the remaining lease terms are between 1 year to 69 years.

The amount of lease expense recognized for variable payments not included in the measurement of lease liability were \$24,167 and \$15,360 for the years ended December 31, 2025 and 2024, respectively. MTA recognized \$ - and \$0 expense attributable to residual value guarantees and termination penalties for each of the years ended December 31, 2025 and 2024, respectively.

A summary of activity in lease liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance – beginning of year	\$ 911,629	\$ 941,036
Additions/remeasurements	33,584	14,978
Payments/Interest	(43,312)	(44,385)
Balance – end of year	901,901	911,629
Less: current portion*	41,585	43,501
Lease liability - noncurrent	<u>\$ 860,316</u>	<u>\$ 868,128</u>

*The current portion of lease liability is reported in Other accrued expenses.

The principal and interest requirements to maturity for the lease liability subsequent to December 31, 2025, are as follows (in thousands):

Year Ended December 31,	Principal	Interest	Total
2026	\$ 41,585	\$ 52,663	\$ 94,248
2027	35,458	51,460	86,918
2028	34,019	50,320	84,339
2029	38,340	49,015	87,355
2030	39,403	47,423	86,826
2031 - 2035	212,035	210,347	422,382
2036 - 2040	148,067	159,962	308,029
2041 - 2045	168,775	101,619	270,394
Thereafter	184,219	74,228	258,447
Total	<u>\$ 901,901</u>	<u>\$ 797,037</u>	<u>\$ 1,698,938</u>

Significant Lease Transactions - On July 29, 1998, the MTA, (solely on behalf of MTA Long Island Rail Road and MTA Metro-North Railroad, MTA New York City Transit, and MTA Bridges and Tunnels) entered into a lease and related agreements whereby each agency, as sublessee, will rent an office building at 2 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 \$937 million. Under the subleases, the lease is apportioned as follows: MTA New York City Transit, 68.7%, MTA, 21%; and MTA Bridges and

Tunnels, 10.3%. However, the involved agencies have agreed to sub-sublease space from one another as necessary to satisfy actual occupancy needs. The agencies will be responsible for obligations under the lease based on such actual occupancy percentages. Actual occupancy percentages at December 31, 2025, for the MTA New York City Transit, MTA Bridges and Tunnels and MTA (including MTA Bus, MTA Construction and Development and MTA Business Service Center) were 48.40%, 7.36% and 44.24%, respectively. MTAs' sublease is for a year-to-year term, automatically extended, except upon the giving of a non-extension notice by MTA. The total annual rental payments over the initial lease term were \$1,602 with rent being abated from the commencement date through June 30, 1999. The office building at 2 Broadway, is principally occupied by MTA New York City Transit, MTA Bridges and Tunnels, MTA Construction and Development, MTAHQ, and MTA Bus.

MTA pays the lease payments on behalf of MTA New York City Transit and MTA Bridges and Tunnels, and subsequently makes monthly chargebacks in the form of rental payments treated as management fees.

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

MTA entered into various Subscription-Based Information Technology Arrangements ("SBITA") that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time. A right-to-use intangible subscription asset is set up with a corresponding subscription liability measured at the present value of payments during the subscription term, using MTA's incremental borrowing rate at the time of valuation ranging from 1.33% to 5.87%, if an applicable stated or implicit rate is not available.

The subscription liability was reduced as payments were made, and an outflow of resources for interest on the liability was recognized. The subscription asset is amortized on a straight-line basis over the subscription term.

MTA's subscription-based information technology arrangements include software licenses, cloud data storage, hosting applications, security platforms and others. These subscriptions have terms between 2 years to 12 years, with payments required monthly, quarterly, or annually. As of December 31, 2025, the remaining subscription terms are between 1 year to 10 years. The amount of subscription expense recognized for variable payments not included in the measurement of lease liability were \$16,424 and \$12,770 for the years ended December 31, 2025 and 2024, respectively. MTA recognized \$509 and \$0 expense attributable to termination penalties and impairment for the years ended December 31, 2025 and 2024, respectively.

A summary of activity in SBITA liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance – beginning of year	\$ 176,635	\$ 138,110
Additions / remeasurements	63,693	113,874
Payments/Interest	(112,710)	(75,349)
Balance – end of year	127,618	176,635
Less: current portion*	52,018	58,940
SBITA liability- noncurrent	<u>\$ 75,600</u>	<u>\$ 117,695</u>

*The current portion of SBITA liability is reported in Other accrued expenses.

The principal and interest requirements to maturity for the Subscription-Based Information Technology Arrangements liability subsequent to December 31, 2023, are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	\$ 52,018	\$ 5,391	\$ 57,409
2027	38,066	3,227	41,293
2028	3,835	1,783	5,618
2029	4,775	1,631	6,406
2030	4,322	1,399	5,721
2031-2035	24,058	3,434	27,492
2036-2040	544	12	556
Total	<u>\$ 127,618</u>	<u>\$ 16,877</u>	<u>\$ 144,495</u>

10. PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIP ARRANGEMENTS

MTA entered into various PPP arrangements that provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets, for a period of time in an exchange or exchange-like transactions. PPP's receivables are measured at the present value of payments expected to be made during the PPP term, using MTA incremental borrowing rate at the time of valuation ranging from 4.15% to 5.64% if an applicable stated or implicit rate is not available.

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

As Transferor

These arrangements provide cellular connectivity and high-speed Wi-Fi to users across the system. These PPPs have terms between 1 year to 30 years, with payments required annually. As of December 31, 2025, the remaining PPP terms are between 1 year to 27 years. In addition, MTA also receives payments for variable PPPs and operating expenses associated with the contracts that are not included in the measurement of PPP receivable.

The total amount of inflows of resources recognized for the quarter ended December 1, 2025 and the year ended December 2024 is presented below (in thousands):

	2025	2024
PPP revenue	\$ 904	\$ -
Interest revenue	681	-
Other variable revenue	400	-

A summary of activity in SBITA liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance – beginning of year	\$ -	\$ -
Additions / remeasurements	9,393	-
Payments / Interest	(4,890)	-
Balance – end of year	4,503	-
Less: current portion	258	-
PPP/SCA receivable noncurrent	<u>\$ 4,245</u>	<u>\$ -</u>

MTA recognized revenue of \$0 and \$0, associated with residual value guarantees and termination penalties for each of the years ended December 31, 2025 and 2024, respectively.

Year Ended, December 31,	Principal	Interest	Total
2026	\$ 258	\$ 225	\$ 483
2027	284	211	495
2028	298	196	494
2029	231	184	415
2030	258	170	428
2031-2035	1,747	596	2,343
2036-2040	1,102	138	1,240
2041-2045	80	77	157
2046-2050	136	46	182
2051-2055	109	6	115
Total	<u>\$ 4,503</u>	<u>\$ 1,849</u>	<u>\$ 6,352</u>

11. FINANCED PURCHASES

MTA made an assessment of its existing sale/leaseback transactions and determined that these transactions are not eligible to be treated as leases but as financed purchases under GASB 87. Accordingly, under GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance, a sale-leaseback is required to include a transaction that qualifies as a sale under the guidance for sales of real estate. The sales-of-real estate criteria include the provision that an option or

requirement for a seller to repurchase the asset would preclude a sale treatment. Furthermore, a qualifying sale should occur for a transaction to be accounted for as a sale-leaseback and that the sales-of-real-estate criteria should be used to determine whether a sale has occurred, regardless of whether a leaseback is involved. The transaction should be accounted for as financing, leasing or profit-sharing arrangement rather than a sale when the seller has an obligation to repurchase the property, or the terms of the transaction allow the buyer to compel the seller or give an option to the seller to repurchase the property.

Subway Cars — On September 3, 2003, the MTA entered into a sale/leaseback transaction whereby MTA New York City Transit transferred ownership of certain MTA New York City Transit subway cars to the MTA, the MTA sold those cars to a third party, and the MTA leased those cars back from such third party. The MTA subleased the cars to MTA New York City Transit. The lease expires in 2033. At the lease expiration, the MTA has the option of either exercising a fixed-price purchase option for the cars or returning the cars to the third-party owner.

Under the terms of the sale/leaseback agreement, the MTA initially received \$168.1, which was utilized as follows: The MTA paid \$126.3 to an affiliate of one of the lenders to the third party, which affiliate has the obligation to pay to the MTA an amount equal to the rent obligations under the lease attributable to the debt service on such loan from such third party's lender. The obligations of the affiliate of the third party's lender are guaranteed by American International Group, Inc. The MTA also purchased the Federal National Mortgage Association ("FNMA") and U.S. Treasury securities in amounts and with maturities which are sufficient to make the lease rent payments equal to the debt service on the loans from the other lender to the third party and to pay the remainder of the regularly scheduled rent due under that lease and the purchase price due upon exercise by the MTA of the fixed price purchase option if exercised. The amount remaining after payment of transaction expenses, \$7.4, was the MTA's benefit from the transaction.

Subway Cars — On September 25, 2003 and September 29, 2003, the MTA entered into two sale/leaseback transactions whereby MTA New York City Transit transferred ownership of certain MTA New York City Transit subway cars to the MTA, the MTA sold those cars to third parties, and the MTA leased those cars back from such third parties. The MTA subleased the cars to MTA New York City Transit. Both leases expire in 2033. At the lease expiration, MTA has the option of either exercising a fixed-price purchase option for the cars or returning the cars to the third-party owner.

Under the terms of the sale/leaseback agreements, the MTA initially received \$294, which was utilized as follows: In the case of one of the leases, the MTA paid \$97 to an affiliate of one of the lenders to the third party, which affiliate has the obligation to pay to the MTA an amount equal to the rent obligations under the lease attributable to the debt service on the loan from such third party's lender. The obligations of the affiliate of such third party's lender are guaranteed by American International Group, Inc. In the case of the other lease, the MTA purchased US Treasury debt securities in amounts and with maturities, which are sufficient for the MTA to make the lease rent payments equal to the debt service on the loan from the lender to that third party. In the case of both of the leases, the MTA also purchased Resolution Funding Corporation ("REFCO") debt securities that mature in 2030. Under an agreement with AIG Matched Funding Corp (guaranteed by American International Group, Inc.), AIG Matched Funding Corp. receives the proceeds from the REFCO debt securities at maturity and is obligated to pay to the MTA amounts sufficient for the MTA to pay the remainder of the regularly scheduled lease rent payments under those leases and the purchase price due upon exercise by the MTA of the purchase options if exercised. The amount remaining after payment of transaction expenses, \$24, was the MTA's net benefit from these two transactions.

On December 17, 2008, MTA terminated the Ambac Assurance Corp. surety bond for the lease transaction that closed on September 25, 2003 and since then MTA has provided short-term U.S. Treasury debt obligations as replacement collateral. As of December 31, 2025, the fair value of total collateral funds was \$1.3.

On January 12, 2009, MTA provided a short-term U.S. Treasury debt obligation as additional collateral in addition to the Ambac Assurance Corp. surety bond for the lease transaction that closed on September 29, 2003. As of December 31, 2025, the fair value of total collateral funds was \$58.3.

As a result of the implementation of GASB 87, the 2 Broadway office building lease has been reclassified as a right-of-use asset with its corresponding lease liability and excluded from the schedule below. See footnote 8 for additional information.

Financed Purchase Schedule

For the Year Ended December 31, 2025

(in millions)

Description	December 31, 2024	Increase	Decrease	December 31, 2025
Met Life	\$ 8	\$ 1	\$ -	\$ 9
Met Life Equity	19	-	-	19
Bank of New York	22	-	-	22
Bank of America	43	3	-	46
Bank of America Equity	16	-	-	16
Met Life Equity	75	3	-	78
Total MTA Financed Purchase	183	\$ 7	\$ -	190
Current Portion Obligations under Financed Purchase	-			-
Long Term Portion Obligations under Financed Purchase	<u>\$ 183</u>			<u>\$ 190</u>

Financed Purchase Schedule

For the Year Ended December 31, 2024

(in millions)

Description	December 31, 2023	Increase	Decrease	December 31, 2024
Met Life	\$ 8	\$ -	\$ -	\$ 8
Met Life Equity	19	-	-	19
Bank of New York	22	-	-	22
Bank of America	41	2	-	43
Bank of America Equity	16	-	-	16
Met Life Equity	70	5	-	75
Total MTA Financed Purchase	\$ 176	\$ 7	\$ -	183
Long Term Portion Obligations under Financed Purchase	<u>\$ 176</u>			<u>\$ 183</u>

MTA Hudson Rail Yards Air Rights Leases – MTA assessed the MTA Hudson Rail Yards Leases and associated air rights and determined that these are intangible assets and excluded as leases under GASB 87.

In the 1980's, the MTA developed a portion of the Hudson Rail Yards as a storage yard, car wash and repair facility for the MTA Long Island Railroad rail cars entering Manhattan. It was anticipated that, eventually, the air rights above the Hudson Rail Yards would be developed to meet the evolving needs for high-quality commercial, retail, residential and public space in Manhattan.

To undertake the development of the Hudson Rail Yards, the MTA entered into two 99-year leases for the airspace within the boundary of the Hudson Rail Yards, one for the Eastern Rail Yards ("ERY") beginning December 3, 2012, and the other for the Western Rail Yards ("WRY") beginning December 3, 2013.

As of April 10, 2013, the ERY Lease was terminated and substituted with separate Severed Parcel Leases. Several Tenants under the Severed Parcel Leases have exercised their options to purchase fee title, as well as numerous condominium owners in residential buildings. The WRY Lease is also expected to be severed into separate parcels as development progresses.

The Severed Parcel Leases in the ERY, fee title for which has not been purchased, and the WRY Lease (until any severed parcel leases are purchased) are pledged as security for the Series 2016A Hudson Yards Trust Obligations.

Minimum rent receipts for ERY and WRY Leases are as follows as of December 31, 2025 (in \$ millions):

Year	ERY	WRY	Total
2026	\$ 6	\$ 36	\$ 42
2027	6	36	42
2028	6	37	43
2029	6	40	46
2030	6	40	46
Thereafter	2,240	14,091	16,331
Total	\$ 2,270	\$ 14,280	\$ 16,550

Availability Payment Arrangement

MTA Construction and Development, on behalf of the MTA, and the developer entered into an ADA (“Americans with Disabilities Act”) Project Agreement (the “Project Agreement”) for the design, construction, financing and maintenance of station accessibility improvements for MTA New York City Transit. The Project Agreement requires, among other things, the payment of periodic progress payments, capital availability payments, maintenance availability payments and completion payments. MTA issued a subordinated contract obligation (the “SCO”) in the aggregate contractual face amount of \$160,628,234.50 on May 4, 2023 which secures the capital availability payments owed under the Project Agreement. This availability payment arrangement (“APA”) is being reported as a financed purchase Under GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payments Arrangements.

The APA liabilities are measured at the present value of payments expected to be made during the payment term, using the developer’s pre-tax Weighted Average Cost of Capital at the time of valuation. This APA has a term of approximately 26.5 years, with payments scheduled monthly as measures related to availability have been met. As of December 31, 2025, the remaining APA term is 25.75 years.

The amount of APA expenses recognized for variable payment not included in the measurement of APA liability were \$0 and \$0 for the years ended December 31, 2025 and 2024. The Authority recognized \$0 and \$0 expense attributable to residual value guarantees and termination penalties for years ended December 31, 2025 and 2024.

A summary of activity in the APA liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	<u>2025</u>	<u>2024</u>
Balance – beginning of year	\$ -	\$ -
Additions / remeasurements	59,054	-
Payments/Interest	<u>652</u>	<u>-</u>
Balance – end of year	59,706	-
Less: current portion	<u>-</u>	<u>-</u>
APA liability - noncurrent	<u>\$ 59,706</u>	<u>\$ -</u>

The principal and interest requirements to maturity for the APA liability subsequent to December 31, 2025, are as follows (in thousands):

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ (237)	\$ 4,487	\$ 4,250
2027	(249)	4,505	4,256
2028	(143)	4,520	4,377
2029	(193)	4,532	4,339
2030	(208)	4,547	4,339
2031-2035	5,694	22,055	27,749
2036-2040	10,877	18,766	29,643
2041-2045	15,788	13,843	29,631
Thereafter	28,377	6,896	35,273
	<u>\$ 59,706</u>	<u>\$ 84,151</u>	<u>\$ 143,857</u>

12. FUTURE OPTION

In 2010, MTA and MTA Long Island Railroad entered into an Air Space Parcel Purchase and Sale Agreement (“Agreement”) with Atlantic Yards Development Company, LLC (“AADC”) pursuant to which AADC has obtained an exclusive right to purchase fee title to a parcel (subdivided into six sub-parcels) of air space above the MTA Long Island Railroad Vanderbilt Yard in Brooklyn, New York. Initial annual payments of \$2 (covering all six sub-parcels) commenced on June 1, 2012 and were paid on the following three anniversaries of that date. Starting on June 1, 2016, and continuing on each anniversary thereof through and including June 1, 2031, an annual option payment in the amount of \$11 is due. The Agreement provides that all such payments are (i) fully earned by MTA as of the date due in consideration of the continuing grant to AADC of the rights to purchase the air space sub-parcels, (ii) are non-refundable except under certain limited circumstances and (iii) shall be deemed to be payments on account of successive annual options granted to AADC.

After AADC and its affiliates have completed the new yard and transit improvements to be constructed by them at and in the vicinity of the site, AADC has the right from time to time until June 1, 2031, to close on the purchase of any or all of the six air rights sub-parcels. The purchase price for the six sub-parcels is an amount, when discounted at 6.5% per annum

from the date of each applicable payment that equals a present value of \$80 as of January 1, 2010. The purchase price of any particular air space sub-parcel is equal to a net present value as of January 1, 2010 (calculated based on each applicable payment) of the product of that sub-parcel's percentage of the total gross square footage of permissible development on all six air space sub-parcels multiplied by \$80.

13. COMPENSATED ABSENCES

MTA provides employee benefits for vacation, compensatory time, sick, and other leave days. Certain leave that has not been used are recorded as compensated absences liabilities when the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Short-term liability is recorded based on average usage or applicable leave expiration, while long-term liability is recorded for leave that accumulates and is carried forward to a future reporting period during which it may be used for time off or otherwise paid or settled at separation of service, or according to timing as provided for in the policy or collective bargaining agreement.

A summary of activity indicated as net increase or decrease in compensated absences liability for the years ended December 31, 2025 and December 31, 2024 is presented below (in thousands):

	December 31, 2025	December 31, 2024
Balance - beginning of year	\$ 1,493,904	\$ 1,451,404
Net adjustment	106,249	42,500
Balance - end of year	1,600,153	1,493,904
Less: current portion	781,387	745,036
Compensated absences liability - noncurrent	<u>\$ 818,766</u>	<u>\$ 748,868</u>

14. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

A summary of activity in estimated liability as computed by actuaries arising from injuries to persons, including employees, and damage to third-party property for the years ended December 31, 2025 and 2024 is presented below (in millions):

	December 31, 2025	December 31, 2024
Balance - beginning of year	\$ 6,826	\$ 5,754
Activity during the year:		
Current year claims and changes in estimates	1,504	1,721
Claims paid	(998)	(649)
Balance - end of year	7,332	6,826
Less current portion	(972)	(1,037)
Long-term liability	<u>\$ 6,360</u>	<u>\$ 5,789</u>

See Note 2 for additional information on MTA's liability and property disclosures.

15. COMMITMENTS AND CONTINGENCIES

Financial Guarantee — Moynihan Station Development Project - On May 22, 2017, the MTA Board approved entering into various agreements, including a Joint Services Agreement ("JSA"), necessary to effectuate Phase 2 of the Moynihan Station Development Project (the "Project"), which entailed the redevelopment of the James A. Farley Post Office Building to include a new world-class train hall to be shared by National Railroad Passenger Corporation ("Amtrak"), MTA Long Island Rail Road and MTA Metro-North Railroad, as well as retail and commercial space (the "Retail and Commercial Space").

On July 21, 2017, New York State Urban Development Corporation d/b/a Empire State Development ("ESD") executed a TIFIA Loan Agreement with the United States Department of Transportation (the "TIFIA Lender") in an amount of up to \$526 (the "2017 TIFIA Loan"), to pay for costs of the construction of the Train Hall. The 2017 TIFIA Loan was amended and restated on November 18, 2021 in an amount up to \$607 (the "2021 TIFIA Loan"), to lower the interest rate to 1.99% per annum and to provide additional capital financing for the train hall. The 2021 TIFIA Loan has a final maturity date of the earlier of (1) October 30, 2055 and (2) the last semi-annual payment date occurring no later than the date that is thirty-five (35) years following the date on which the train hall is substantially completed. The proceeds of the 2021 TIFIA Loan are being used to reimburse or pay for costs of the construction of the train hall. The 2021 TIFIA Loan is secured by mortgages on the train hall property. The principal and interest on the 2021 TIFIA Loan is payable from a pledged revenue stream that

primarily consists of PILOT payments to be paid by certain tenants in the Retail and Commercial Space. The amount of the PILOT payments is fixed through June 2030 and is thereafter calculated based upon the assessed value of the properties as determined by New York City. The 2021 TIFIA Loan is further supported by a debt service reserve account, which is funded in an amount equal to the sum of the highest aggregate TIFIA Loan debt service amounts that will become due and payable on any two consecutive semi-annual payment dates in a five-year prospective period (the “TIFIA Debt Service Reserve Account”).

Simultaneously with the execution of the 2017 TIFIA Loan, the JSA was entered into by and among the MTA, the TIFIA Lender, ESD, and Manufacturers and Traders Trust Company (as PILOT trustee). MTA ratified and confirmed its obligations under the JSA in connection with the closing of 2021 TIFIA Loan.

Under the JSA, MTA is obligated to satisfy semi-annual deficiencies in the TIFIA Debt Service Reserve Account. MTA’s obligations under the JSA are secured by the same monies available to MTA for the payment of the operating and maintenance expenses of the operating agencies.

MTA’s obligation under the JSA remains in effect until the earliest to occur of (a) the MTA JSA Release Date (as defined in the JSA and generally summarized below), (b) the date on which the 2021 TIFIA Loan has been paid in full and (c) foreclosure by the TIFIA Lender under the Mortgage (as defined in the 2021 TIFIA Loan).

The obligations of the MTA under the JSA will be terminated and released on the date (the “MTA JSA Release Date”) on which each of the following conditions have been satisfied: (a) substantial completion of (1) the Train Hall Project and initiation by MTA Long Island Rail Road and Amtrak of transportation operations therein, and (2) the Retail and Commercial Space; (b) all material construction claims have been discharged or settled; (c) the PILOT payments have been calculated

based upon assessed value for at least three years (i.e., 2033); (d) certain designated defaults or events of default under the 2021 TIFIA Loan have not occurred and are continuing; and (e) either of the following release tests shall have been satisfied:

- Release Test A: (a) certain debt service coverage ratios have equaled or exceeded levels set forth in the JSA, taking into consideration assessment appeals; (b) occupancy levels have equaled or exceeded levels set forth in the JSA; and (c) the 2021 TIFIA Loan is rated no lower than “BBB-” or “Baa3” by one rating agency, all as more fully described in the JSA; or
- Release Test B: the 2021 TIFIA Loan is rated no lower than “A-” or “A3” by two rating agencies, all as more fully described in the JSA. On the date the JSA was executed and delivered, MTA deposited \$20 into an account, which MTA invests, to be used in accordance with the JSA to reimburse MTA in the event it is obligated under the JSA to make semiannual deficiency payments to the TIFIA Debt Service Reserve Account.

On June 12, 2017, the MTA entered into a Memorandum of Understanding with ESD and the New York State Division of the Budget (the “Division”). Under the Memorandum of Understanding, which was updated in November 2020 to reflect the 2021 TIFIA Loan, the Division agreed that in the event in any given year during the term of the JSA (i) the MTA is required to make a semi-annual deficiency payment to the TIFIA Debt Service Reserve Account, and (ii) the Division has determined that the MTA has incurred an expense that would otherwise have been incurred by the NYS (the “State Expense”), the Division will consider entering into a cost recovery agreement with the MTA pursuant to subdivision 4 of Section 2975 of the Public Authorities Law (the “PAL”) for such year that will provide that in lieu of paying the full assessment pursuant to subdivisions 2 and 3 of Section 2975 of the PAL in any such year, any such assessment shall be reduced by the State Expense.

16. CERTAIN RISK DISCLOSURES

Operating and Capital Program Funding Risks - The MTA Group receives revenues for providing transit and commuter service and other sources such as leasing and advertising. Such revenues are not sufficient to cover all operating expenses associated with such services. In order to maintain a balanced budget, the members of the MTA Group rely on operating surpluses from MTA Bridges and Tunnel, operating subsidies provided by NYS and certain local governmental entities in the MTA commuter district and service reimbursements, and from the State of Connecticut. Non-operating subsidies to the MTA Group for transit and commuter service for the year ended December 31, 2025 and 2024 totaled \$10.9 billion and \$9.7 billion respectively. The financial condition of NYS, Connecticut, and NYC and counties in the Metropolitan Commuter Transportation District (“MCTD”) could affect the ability or willingness of the States and local governments to continue to provide general operating subsidies, the City and local governments to continue to provide reimbursements and station maintenance payments, the City to provide subsidies for MTA Bus, MTA Staten Island Railway, and Paratransit, and the State to continue to make special appropriations. A loss of revenue from NYS, NYC, CDOT and local governments could adversely affect the MTA.

Additionally, MTA’s finances are influenced by federal public transportation provisions, funding levels and federal tax law. The receipt of capital grants by MTA from the Federal Transit Administration (“FTA”) is not assured and is subject to approval by the FTA, the Secretary of Transportation and Office of Management and Budget, as well as appropriation by the U.S. Congress, to the allocation and delivery procedures of the U.S. Department of Transportation (“USDOT”) and the FTA, and to compliance by MTA with conditions required by the grants. If federal funding for transit programs is reduced,

whether as a result of sequestration or for other reasons, MTA's receipt of FTA grant funding, as well as MTA's substantial recurring revenue from the FTA, could be delayed, not approved or cancelled. Federal policies on transportation, taxation, and other topics can shift dramatically from one administration to another. Such shifts could result in reductions to levels of federal funding received by MTA and its Related Entities. For the years ended December 31, 2025 and 2024, revenues from Federal grants and reimbursements were \$5.9 billion and \$4.8 billion respectively. A loss of revenue from the FTA and NYS could adversely affect the MTA Capital program.

Concentration of Workforce Covered by Collective Bargaining Agreement and Continuation of the Negotiation of Affordable Labor Contracts - The transportation services provided by the MTA Related Entities, as well as related maintenance and support services, are labor intensive. Consequently, a major portion of the Related Entities' expenses consists of the costs of salaries, wages and fringe benefits for employees and retirees, and achieving affordable wage settlements impacts MTA's financial position. MTA is committed to negotiating affordable collective bargaining agreements with its unions. Failure to reach agreements with labor unions, or failure to negotiate affordable labor contracts could have a significant adverse impact on the budgets of MTA and its Related Entities, and any potential labor disruption will decrease train services and disrupt the normal functioning of the railroad's operations.

17. POLLUTION REMEDIATION COST

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, an operating expense provision and corresponding liability measured at its current value using the expected cash flow method is recognized when an obligatory event occurs. Pollution remediation obligations are estimates and subject to changes resulting from price increase or reductions, technology, or changes in applicable laws or regulations. The MTA does not expect any recoveries of cost that would have a material effect on the recorded obligations.

The MTA recognized pollution remediation expenses of \$51 and \$52 for the years ended December 31, 2025 and 2024, respectively. A summary of the activity in pollution remediation liability at December 31, 2025 and 2024 were as follows:

	2025	2024
Balance at beginning of year	\$ 201	\$ 182
Current year expenses/changes in estimates	51	52
Current year payments	(54)	(33)
Balance at end of year	198	201
Less current portion	30	35
Long-term liability	<u>\$ 168</u>	<u>\$ 166</u>

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

18. NON-CURRENT LIABILITIES

Changes in the activity of non-current liabilities for the years ended December 31, 2025 and 2024 are presented below:

	December 31, 2023	Additions	Reductions	December 31, 2024	Additions	Reductions	December 31, 2025
Non-current liabilities:							
Contract retainage payable	\$ 449	\$ 51	\$ -	\$ 500	\$ 87	\$ -	\$ 587
Other long-term liabilities	359	-	(92)	267	24	-	291
Total non-current liabilities	<u>\$ 808</u>	<u>\$ 51</u>	<u>\$ (92)</u>	<u>\$ 767</u>	<u>\$ 111</u>	<u>\$ -</u>	<u>\$ 878</u>

19. FUEL HEDGE

MTA partially hedges its fuel cost exposure using financial hedges. All MTA fuel hedges provide for up to 24 monthly settlements. The table below summarizes the active ultra-low sulfur diesel (“ULSD”) hedges in whole dollars:

Counterparty	Cargill	Goldman Sachs	Cargill	Goldman Sachs	Cargill	Cargill	Cargill	Cargill
Trade Date	1/30/2024	2/28/2024	3/27/2024	4/29/2024	5/29/2024	6/27/2024	7/30/2024	8/28/2024
Effective Date	1/1/2025	2/1/2025	3/1/2025	4/1/2025	5/1/2025	6/1/2025	7/1/2025	8/1/2025
Termination Date	12/31/2025	1/31/2026	2/28/2026	3/31/2026	4/30/2026	5/31/2026	6/30/2026	7/31/2026
Price/Gal	\$2.4291	\$2.3965	\$2.4441	\$2.4632	\$2.4272	\$2.4759	\$2.3380	\$2.2900
Original Notional Quantity	2,636,709	2,636,722	2,168,753	2,329,828	2,535,018	2,535,006	2,535,001	2,535,006

Counterparty	Cargill	Goldman Sachs	Goldman Sachs	Goldman Sachs	Goldman Sachs	BOA_Merrill	Cargill	Cargill
Trade Date	9/26/2024	10/31/2024	11/26/2024	12/23/2024	1/28/2025	2/24/2025	3/27/2025	4/29/2025
Effective Date	9/1/2025	10/1/2025	11/1/2025	12/1/2025	1/1/2026	2/1/2026	3/1/2026	4/1/2026
Termination Date	8/31/2026	9/30/2026	10/31/2026	11/30/2026	12/31/2026	1/31/2027	2/28/2027	3/31/2027
Price/Gal	\$2.2105	\$2.2460	\$2.1952	\$2.1568	\$2.2255	\$2.2142	\$2.1770	\$2.0747
Original Notional Quantity	2,535,002	2,535,017	2,535,018	2,535,019	2,535,012	2,535,003	2,535,019	2,534,997

Counterparty	BOA_Merrill	BOA_Merrill	Cargill	Goldman Sachs	BOA_Merrill	Cargill	Cargill	Goldman Sachs
Trade Date	5/29/2025	6/25/2025	7/29/2025	8/28/2025	9/30/2025	10/29/2025	11/25/2025	12/30/2025
Effective Date	5/1/2026	6/1/2026	7/1/2026	8/1/2026	9/1/2026	10/1/2026	11/1/2026	12/1/2026
Termination Date	4/30/2027	5/31/2027	6/30/2027	7/31/2027	8/31/2027	9/30/2027	10/31/2027	11/30/2027
Price/Gal	\$2.0483	\$2.1496	\$2.2221	\$2.1690	\$2.1749	\$2.1909	\$2.1058	\$2.0798
Original Notional Quantity	2,535,018	2,535,006	2,535,001	2,535,006	2,535,002	2,773,442	2,563,808	2,563,829

The monthly settlements are based on the daily prices of the respective commodities whereby MTA will either receive a payment, or make a payment to the various counterparties, depending on the average monthly price of the commodities in relation to the contract prices. At a contract’s termination date, cash settlement will take place. As of December 31, 2025, the total outstanding notional value of the ULSD contracts was 47.3 million gallons with a negative fair value of \$6.3. The valuation of each trade was based on discounting future net cash flows to a single current amount (the income approach) using observable commodity futures prices (Level 2 inputs).

18. CONDENSED COMPONENT UNIT INFORMATION

The following tables present condensed financial information for MTA's component units (in millions):

	MTA	Metro - North Railroad	Long Island Railroad	New York City Transit Authority	Triborough Bridge and Tunnel Authority	Eliminations	Consolidated Total
December 31, 2025							
Current assets	\$ 15,957	\$ 555	\$ 399	\$ 730	\$ 6,315	\$ (4,195)	\$ 19,761
Capital assets	13,803	8,705	11,697	56,627	8,530	(1)	99,361
Other Assets	30,199	56	49	37	12	(26,199)	4,154
Intercompany receivables	(362)	168	209	4,564	11,533	(16,112)	-
Deferred outflows of resources	2,145	583	751	3,387	422	(63)	7,225
Total assets and deferred outflows of resources	\$ 61,742	\$ 10,067	\$ 13,105	\$ 65,345	\$ 26,812	\$ (46,570)	\$ 130,501
Current liabilities	\$ 3,624	\$ 333	\$ 341	\$ 2,223	\$ 2,497	\$ (275)	\$ 8,743
Non-current liabilities	26,968	2,494	3,548	22,756	28,638	(52)	84,352
Intercompany payables	16,867	120	43	-	517	(17,547)	-
Deferred inflows of resources	1,244	772	1,127	6,019	396	-	9,558
Total liabilities and deferred inflows of resources	\$ 48,703	\$ 3,719	\$ 5,059	\$ 30,998	\$ 32,048	\$ (17,874)	\$ 102,653
Net investment in capital assets	\$ (13,209)	\$ 8,482	\$ 11,622	\$ 56,064	\$ (2,243)	\$ (14,460)	\$ 46,256
Restricted	2,816	-	-	-	(5,488)	5,896	3,224
Unrestricted	23,432	(2,134)	(3,576)	(21,717)	2,495	(20,132)	(21,632)
Total net position	\$ 13,039	\$ 6,348	\$ 8,046	\$ 34,347	\$ (5,236)	\$ (28,696)	\$ 27,848
For the year ended December 31, 2025							
Fare revenue	\$ 189	\$ 664	\$ 696	\$ 3,659	\$ -	\$ (1)	\$ 5,207
Vehicle toll revenue	-	-	-	-	3,267	(10)	3,257
Rents, freight and other revenue	75	61	53	908	26	(43)	1,080
Total operating revenue	264	725	749	4,567	3,293	(54)	9,544
Total labor expenses	1,729	1,140	1,421	7,521	264	(1)	12,074
Total non-labor expenses	736	491	497	3,089	348	(52)	5,109
Depreciation and amortization	514	366	579	2,303	252	2	4,016
Total operating expenses	2,979	1,997	2,497	12,913	864	(51)	21,199
Operating (deficit) surplus	(2,715)	(1,272)	(1,748)	(8,346)	2,429	(3)	(11,655)
Subsidies and grants	1,326	237	-	617	4	(1,268)	916
Tax revenue	9,122	-	-	3,107	756	(3,038)	9,947
Interagency subsidy	1,528	660	1,016	616	(2,555)	(1,265)	-
Interest expense	(1,336)	-	(2)	-	(993)	366	(1,965)
Other	(504)	4	3	3,015	(108)	3,037	5,447
Total non-operating revenues (expenses)	10,136	901	1,017	7,355	(2,896)	(2,168)	14,345
Income (Loss) before appropriations	7,421	(371)	(731)	(991)	(467)	(2,171)	2,690
Appropriations, grants and other receipts externally restricted for capital projects	(2,970)	1,219	1,260	4,559	-	896	4,964
Change in net position	4,451	848	529	3,568	(467)	(1,275)	7,654
Net position, beginning of year	8,588	5,500	7,517	30,779	(4,769)	(27,421)	20,194
Net position, end of year	\$ 13,039	\$ 6,348	\$ 8,046	\$ 34,347	\$ (5,236)	\$ (28,696)	\$ 27,848
For the year ended December 31, 2025							
Net cash (used by) / provided by operating activities	\$ (2,002)	\$ (917)	\$ (958)	\$ (5,827)	\$ 2,577	\$ (402)	\$ (7,529)
Net cash provided by / (used by) non-capital financing activities	11,303	903	1,018	8,383	131	(9,810)	11,928
Net cash (used by) / provided by capital and related financing activities	(5,548)	7	(61)	(950)	96	6,998	542
Net cash (used by) / provided by investing activities	(3,709)	-	-	(1,656)	(2,980)	3,214	(5,131)
Cash at beginning of year	1,482	26	6	66	200	-	1,780
Cash at end of year	\$ 1,526	\$ 19	\$ 5	\$ 16	\$ 24	\$ -	\$ 1,590

		Metro- North Railroad	Long Island Railroad	New York City Transit Authority	Triborough Bridge and Tunnel Authority	Eliminations	Consolidated Total
December 31, 2024	MTA						
Current assets	\$ 11,538	\$ 580	\$ 569	\$ 998	\$ 3,123	\$ (1,873)	\$ 14,935
Capital assets	13,916	7,843	11,006	53,277	8,311	-	94,353
Other Assets	28,933	57	61	38	94	(26,581)	2,602
Intercompany receivables	34	261	234	4,005	11,398	(15,932)	-
Deferred outflows of resources	2,379	618	888	4,036	477	(55)	8,343
Total assets and deferred outflows of resources	\$ 56,800	\$ 9,359	\$ 12,758	\$ 62,354	\$ 23,403	\$ (44,441)	\$ 120,233
Current liabilities	\$ 3,644	\$ 398	\$ 316	\$ 2,335	\$ 1,843	\$ (476)	\$ 8,060
Non-current liabilities	27,647	2,572	3,702	23,437	25,661	(23)	82,996
Intercompany payables	16,072	141	56	-	251	(16,520)	-
Deferred inflows of resources	848	748	1,167	5,803	417	-	8,983
Total liabilities and deferred inflows of resources	\$ 48,211	\$ 3,859	\$ 5,241	\$ 31,575	\$ 28,172	\$ (17,019)	\$ 100,039
Net investment in capital assets	\$ (13,682)	\$ 7,601	\$ 10,921	\$ 52,792	\$ 2,206	\$ (15,991)	\$ 43,847
Restricted	2,670	-	-	-	1,902	(1,449)	3,123
Unrestricted	19,601	(2,101)	(3,404)	(22,013)	(8,877)	(9,982)	(26,776)
Total net position	\$ 8,589	\$ 5,500	\$ 7,517	\$ 30,779	\$ (4,769)	\$ (27,422)	\$ 20,194
For the year ended December 31, 2024							
Fare revenue	\$ 187	\$ 626	\$ 650	\$ 3,534	\$ -	\$ (1)	\$ 4,996
Vehicle toll revenue	-	-	-	-	2,572	(8)	2,564
Rents, freight and other revenue	205	36	41	823	26	(183)	948
Total operating revenue	392	662	691	4,357	2,598	(192)	8,508
Total labor expenses	1,632	1,160	1,348	7,549	248	-	11,937
Total non-labor expenses	957	465	495	3,034	284	(188)	5,047
Depreciation and amortization	512	357	574	2,269	239	-	3,951
Total operating expenses	3,101	1,982	2,417	12,852	771	(188)	20,935
Operating (deficit) surplus	(2,709)	(1,320)	(1,726)	(8,495)	1,827	(4)	(12,427)
Subsidies and grants	1,233	-	-	617	7	(1,033)	824
Tax revenue	7,746	-	-	2,923	660	(2,493)	8,836
Interagency subsidy	1,531	468	718	670	(2,809)	(578)	-
Interest expense	(1,305)	-	-	-	(501)	(144)	(1,950)
Other	(1,064)	262	2	2,201	18	2,251	3,670
Total non-operating revenues (expenses)	8,141	730	720	6,411	(2,625)	(1,997)	11,380
Loss before appropriations	5,432	(590)	(1,006)	(2,084)	(798)	(2,001)	(1,047)
Appropriations, grants and other receipts externally restricted for capital projects	(3,236)	847	816	3,742	-	2,199	4,368
Change in net position	2,196	257	(190)	1,658	(798)	198	3,321
Net position, beginning of the year	6,393	5,243	7,707	29,121	(3,971)	(27,620)	16,873
Net position, end of year	\$ 8,589	\$ 5,500	\$ 7,517	\$ 30,779	\$ (4,769)	\$ (27,422)	\$ 20,194
For the year ended December 31, 2024							
Net cash (used in) / provided by operating activities	\$ (259)	\$ (1,008)	\$ (1,158)	\$ (5,479)	\$ 1,998	\$ (1,389)	\$ (7,295)
Net cash provided by / (used in) non-capital financing activities	9,304	1,052	1,224	6,763	206	(9,996)	8,553
Net cash (used by) / provided by capital and related financing activities	(8,342)	(39)	(65)	(952)	(570)	8,678	(1,290)
Net cash (used by) / provided by investing activities	(751)	-	-	(289)	(1,443)	2,707	224
Cash at beginning of year	1,530	21	5	23	9	-	1,588
Cash at end of year	\$ 1,482	\$ 26	\$ 6	\$ 66	\$ 200	\$ -	\$ 1,780

21. SUBSEQUENT EVENTS

On January 15, 2026, MTA effected a mandatory tender of the Subseries 2005B-2a and 2005B-2b Bonds, which were consolidated and remarketed as \$172.7 million MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Subseries 2005B-2. The prior letters of credit from State Street Bank and Trust Company were replaced with a letter of credit from Bank of America, N.A, which is set to expire on January 12, 2029.

On January 29, 2026, MTA executed a 2,563,823 gallon ultra-low sulfur diesel fuel hedge at an all-in price of \$2.2063 (whole dollars) per gallon. The hedge covers the period from January 2027 through December 2027.

On February 5, 2026, MTA issued \$750 MTA Bridges and Tunnels Payroll Mobility Tax Bond Anticipation Notes, Subseries 2026A-1 & 2026A-2. Proceeds from the transaction will be used to finance approved transit and commuter projects included in the 2020-2024 Capital Program. The Subseries 2026A-1 Notes were issued as fixed-rate tax-exempt notes with a final maturity of February 1, 2028. The Subseries 2026A-2 Notes were issued as fixed-rate tax-exempt notes with a final maturity of February 1, 2029.

On February 26, 2026, MTA executed a 2,563,830 gallon ultra-low sulfur diesel fuel hedge at an all-in price of \$2.2929 (whole dollars) per gallon. The hedge covers the period from February 2027 through January 2028.

On March 5, 2026, MTA issued \$763.55 MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Refunding Bonds, Series 2026A, consisting of Payroll Mobility Tax Senior Lien Refunding Bonds, Subseries 2026A-1. The proceeds will be used to (i) refund certain outstanding Payroll Mobility Tax Senior Lien Bonds of MTA Bridges and Tunnels and Transportation Revenue Bonds of the MTA and (ii) pay certain financing, legal and miscellaneous expenses.

CRZ Tolling Program - Subsequent Developments - MTA and the MTA Bridges and Tunnels, have been joined by NYSDOT and NYCDOT, in the ongoing legal dispute with the U.S. Department of Transportation regarding the federal government's attempt to terminate approval for the CRZ Tolling Program. After federal officials declared the program ineligible under the Value Pricing Pilot Program ("VPPP"), the MTA filed suit and continued toll collection. Multiple letters from federal officials ordered tolls to cease and threatened funding and project-approval consequences. The court issued a temporary restraining order and later a preliminary injunction blocking federal enforcement actions. In March 2026, the court granted summary judgment largely in the MTA's favor, vacating the federal termination letters, restoring the prior agreement and approvals, and ruling that the USDOT Secretary may only terminate the VPPP Agreement under its explicit terms. On May 4, 2026, USDOT filed a notice to appeal the March 2026 court decision.

On March 26, 2026, MTA executed a 2,563,849 gallon ultra-low sulfur diesel fuel hedge at an all-in price of \$2.6770 (whole dollars) per gallon. The hedge covers the period from March 2027 through February 2028.

On April 1, 2026, MTA issued \$44.63 MTA Bridges and Tunnels Payroll Mobility Tax Bond, Series 2026A-2. Proceeds from the transaction were used to (i) refund Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002D-2a-2, (ii) pay certain financing, legal and miscellaneous expenses.

On April 28, 2026, MTA executed a 2,563,835 gallon ultra-low sulfur diesel fuel hedge at an all-in price of \$2.6963 (whole dollars) per gallon. The hedge covers the period from April 2027 through March 2028.

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REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans

Plan Measurement Date (December 31):	LIRR Additional Plan									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
(\$ in thousands)										
Total pension liability:										
Service cost	\$ 71	\$ 81	\$ 146	\$ 260	\$ 453	\$ 621	\$ 1,057	\$ 1,874	\$ 2,752	\$ 3,441
Interest	73,782	77,391	81,371	83,489	86,918	93,413	97,611	101,477	104,093	106,987
Effect of economic / demographic (gains) or losses	2,053	3,362	(1,347)	3,729	10,428	13,455	213	1,890	15,801	6,735
Effect of assumption changes or inputs	-	-	-	26,300	-	50,191	-	-	-	-
Benefit payments and withdrawals	(133,794)	(138,824)	(143,764)	(148,630)	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)
Net change in total pension liability	(57,888)	(57,990)	(63,594)	(34,852)	(54,247)	426	(60,684)	(54,476)	(35,947)	(39,908)
Total pension liability—beginning	1,200,887	1,258,877	1,322,471	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251	1,602,159
Total pension liability—ending (a)	1,143,000	1,200,887	1,258,877	1,322,471	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251
Plan fiduciary net position:										
Employer contributions	74,957	140,400	70,764	70,553	68,724	62,774	59,500	76,523	81,100	100,000
Nonemployer contributions	-	-	-	-	-	-	-	145,000	70,000	-
Member contributions	45	50	50	73	140	249	333	760	884	1,108
Net investment income	57,553	58,303	(51,214)	95,247	4,024	116,092	(31,098)	112,614	58,239	527
Benefit payments and withdrawals	(133,794)	(138,824)	(143,764)	(148,630)	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)
Administrative expenses	(915)	(546)	(761)	(610)	(612)	(718)	(1,180)	(1,070)	(611)	(1,218)
Net change in plan fiduciary net position	(2,155)	59,383	(124,925)	16,633	(79,770)	21,143	(132,010)	174,110	51,019	(56,654)
Plan fiduciary net position—beginning	711,781	652,398	777,323	760,690	840,460	819,317	951,327	777,217	726,198	782,852
Plan fiduciary net position—ending (b)	709,626	711,781	652,398	777,323	760,690	840,460	819,317	951,327	777,217	726,198
Employer's net pension liability—ending (a)-(b)	\$ 433,374	\$ 489,106	\$ 606,479	\$ 545,148	\$ 596,633	\$ 571,110	\$ 591,827	\$ 520,501	\$ 749,087	\$ 836,053
Plan fiduciary net position as a percentage of the total pension liability	62.08%	59.27%	51.82%	58.78%	56.04%	59.54%	58.06%	64.64%	50.92%	46.48%
Covered payroll	\$ 1,802	\$ 1,972	\$ 2,043	\$ 3,230	\$ 5,174	\$ 7,236	\$ 13,076	\$ 20,500	\$ 29,312	\$ 39,697
Employer's net pension liability as a percentage of covered payroll	24049.61%	24802.54%	29685.71%	16877.65%	11531.37%	7892.62%	4526.06%	2539.03%	2555.56%	2106.09%

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans

(continued)

Plan Measurement Date (December 31):	MaBSTOA Plan									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
(\$ in thousands)										
Total pension liability:										
Service cost	\$ 101,919	\$ 99,603	\$ 95,859	\$ 93,934	\$ 95,514	\$ 89,814	\$ 86,979	\$ 84,394	\$ 82,075	\$ 77,045
Interest	302,222	292,158	285,410	274,270	266,588	265,454	256,084	246,284	236,722	232,405
Effect of plan changes	12,932	2,586	1,760	-	-	-	-	-	-	-
Effect of economic / demographic (gains) or losses	67,495	30,977	(20,721)	(19,177)	(720)	9,011	5,412	11,826	13,784	(68,997)
Effect of assumption changes or inputs	-	-	-	72,032	-	168,752	-	6,347	-	-
Benefit payments and withdrawals	(279,205)	(266,622)	(257,973)	(245,427)	(237,930)	(221,221)	(213,827)	(209,122)	(187,823)	(179,928)
Net change in total pension liability	205,363	158,702	104,336	175,632	123,452	311,810	134,648	139,729	144,758	60,525
Total pension liability—beginning	4,685,055	4,526,353	4,422,018	4,246,386	4,122,934	3,811,124	3,676,476	3,536,747	3,391,989	3,331,464
Total pension liability—ending (a)	4,890,418	4,685,055	4,526,353	4,422,018	4,246,386	4,122,934	3,811,124	3,676,476	3,536,747	3,391,989
Plan fiduciary net position:										
Employer contributions	189,884	328,430	158,618	156,204	159,486	206,390	205,433	202,684	220,697	214,881
Member contributions	28,506	25,389	25,548	24,935	24,709	23,552	21,955	19,713	18,472	16,321
Net investment income	364,654	413,734	(273,627)	416,287	60,326	447,365	(87,952)	350,186	212,260	(24,163)
Benefit payments and withdrawals	(279,205)	(266,622)	(257,973)	(245,427)	(237,930)	(221,221)	(213,827)	(209,122)	(187,823)	(179,928)
Administrative expenses	(529)	(567)	(806)	(264)	(244)	(220)	(196)	(208)	(186)	(88)
Net change in plan fiduciary net position	303,310	500,364	(348,240)	351,735	6,347	455,866	(74,587)	363,253	263,420	27,023
Plan fiduciary net position—beginning	3,810,475	3,310,111	3,658,351	3,306,616	3,300,268	2,844,402	2,918,989	2,555,736	2,292,316	2,265,293
Plan fiduciary net position—ending (b)	4,113,785	3,810,475	3,310,111	3,658,351	3,306,616	3,300,268	2,844,402	2,918,989	2,555,736	2,292,316
Employer's net pension liability—ending (a)-(b)	\$ 776,633	\$ 874,580	\$ 1,216,242	\$ 763,667	\$ 939,770	\$ 822,666	\$ 966,722	\$ 757,487	\$ 981,011	\$ 1,099,673
Plan fiduciary net position as a percentage of the total pension liability	84.12%	81.33%	73.13%	82.73%	77.87%	80.05%	74.63%	79.40%	72.26%	67.58%
Covered payroll	\$ 870,820	\$ 820,468	\$ 775,512	\$ 768,868	\$ 802,100	\$ 786,600	\$ 776,200	\$ 749,666	\$ 716,527	\$ 686,674
Employer's net pension liability as a percentage of covered payroll	89.18%	106.60%	156.83%	99.32%	117.16%	104.59%	124.55%	101.04%	136.91%	160.14%

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans

(continued)

	MNR Cash Balance Plan									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan Measurement Date (December 31):										
Total pension liability:										
Interest	\$ 10	\$ 12	\$ 10	\$ 11	\$ 14	\$ 18	\$ 20	\$ 21	\$ 24	\$ 29
Effect of economic / demographic (gains) or losses	14	(19)	(6)	(11)	10	4	(11)	12	(15)	(10)
Effect of assumption changes or inputs	-	-	(16)	15	11	-	-	-	-	18
Benefit payments and withdrawals	(34)	(41)	(33)	(38)	(105)	(53)	(58)	(71)	(77)	(113)
Net change in total pension liability	(10)	(48)	(45)	(23)	(70)	(31)	(49)	(38)	(68)	(76)
Total pension liability—beginning	262	310	355	378	448	479	528	566	634	710
Total pension liability—ending (a)	252	262	310	355	378	448	479	528	566	634
Plan fiduciary net position:										
Employer contributions	22	13	4	-	9	-	5	-	23	18
Net investment income	8	2	(43)	(5)	32	40	1	20	16	6
Benefit payments and withdrawals	(34)	(41)	(33)	(38)	(105)	(53)	(58)	(71)	(77)	(113)
Administrative expenses	-	-	-	-	3	(3)	-	-	-	3
Net change in plan fiduciary net position	(4)	(26)	(72)	(43)	(61)	(16)	(52)	(51)	(38)	(86)
Plan fiduciary net position—beginning	253	279	351	394	455	471	523	574	612	698
Plan fiduciary net position—ending (b)	249	253	279	351	394	455	471	523	574	612
Employer's net pension liability—ending (a)-(b)	\$ 3	\$ 9	\$ 31	\$ 4	\$ (16)	\$ (7)	\$ 8	\$ 5	-\$8	\$ 22
Plan fiduciary net position as a percentage of the total pension liability	98.73%	96.48%	90.00%	98.87%	104.23%	101.45%	98.33%	99.05%	101.41%	96.53%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 277	\$ 278	\$ 268	\$ 471	\$ 846	\$ 1,474
Employer's net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	-5.78%	-2.52%	2.99%	1.06%	-0.95%	1.49%

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans

(continued)

Plan Measurement Date (December 31):	MTA Defined Benefit Plan									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
(\$ in thousands)										
Total pension liability:										
Service cost	\$ 242,996	\$ 230,704	\$ 220,423	\$ 213,675	\$ 213,494	\$ 173,095	\$ 162,273	\$ 148,051	\$ 138,215	\$ 124,354
Interest	541,037	515,016	485,878	455,230	427,672	387,193	358,118	335,679	308,009	288,820
Effect of economic / demographic (gains) or losses	85,003	23,934	95,172	20,656	92,019	35,935	75,744	(27,059)	86,809	121,556
Effect of assumption changes or inputs	-	5,490	-	113,662	-	690,958	-	10,731	-	(76,180)
Effect of plan changes	10,126	349	-	-	-	-	61,890	76,511	73,521	6,230
Benefit payments and withdrawals	(399,832)	(375,485)	(351,857)	(325,473)	(293,836)	(264,985)	(242,349)	(232,976)	(209,623)	(199,572)
Net change in total pension liability	479,330	400,008	449,616	477,750	439,349	1,022,196	415,676	310,937	396,931	265,208
Total pension liability—beginning	8,277,409	7,877,401	7,427,785	6,950,035	6,510,686	5,488,490	5,072,814	4,761,877	4,364,946	4,099,738
Total pension liability—ending (a)	8,756,739	8,277,409	7,877,401	7,427,785	6,950,035	6,510,686	5,488,490	5,072,814	4,761,877	4,364,946
Plan fiduciary net position:										
Employer contributions	355,279	831,320	400,648	396,144	394,986	344,714	338,967	321,861	280,768	221,694
Member contributions	43,752	38,304	34,471	33,832	32,006	31,504	29,902	31,027	29,392	34,519
Net investment income	633,816	695,942	(464,023)	639,374	99,045	651,919	(150,422)	516,153	247,708	(45,122)
Benefit payments and withdrawals	(399,832)	(375,485)	(351,857)	(325,473)	(293,836)	(264,985)	(242,349)	(232,976)	(209,623)	(199,572)
Administrative expenses	(4,801)	(4,660)	(4,334)	(3,513)	(3,660)	(3,408)	(3,152)	(4,502)	(3,051)	(1,962)
Net change in plan fiduciary net position	628,214	1,185,421	(385,095)	740,364	228,541	759,744	(27,054)	631,563	345,194	9,557
Plan fiduciary net position—beginning	6,553,455	5,368,034	5,753,129	5,012,765	4,784,224	4,024,480	4,051,534	3,419,971	3,074,777	3,065,220
Plan fiduciary net position—ending (b)	7,181,669	6,553,455	5,368,034	5,753,129	5,012,765	4,784,224	4,024,480	4,051,534	3,419,971	3,074,777
Employer's net pension liability—ending (a)-(b)	\$ 1,575,070	\$ 1,723,954	\$ 2,509,367	\$ 1,674,656	\$ 1,937,270	\$ 1,726,462	\$ 1,464,010	\$ 1,021,280	\$ 1,341,906	\$ 1,290,169
Plan fiduciary net position as a percentage of the total pension liability	82.01%	79.17%	68.14%	77.45%	72.13%	73.48%	73.33%	79.87%	71.82%	70.44%
Covered payroll	\$ 2,381,497	\$ 2,347,700	\$ 2,111,293	\$ 2,028,938	\$ 2,050,970	\$ 2,052,657	\$ 2,030,695	\$ 1,857,026	\$ 1,784,369	\$ 1,773,274
Employer's net pension liability as a percentage of covered payroll	66.14%	73.43%	118.85%	82.54%	94.46%	84.11%	72.09%	55.00%	75.20%	72.76%

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the MTA's Proportionate Share of the Net Pension Liabilities of Cost-Sharing Multiple-Employer Pension Plans

(\$ in thousands)

	NYCERS Plan									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan Measurement Date: June 30										
MTA's proportion of the net pension liability	22.750%	21.980%	22.075%	21.900%	22.218%	24.420%	24.493%	23.682%	24.096%	23.493%
MTA's proportionate share of the net pension liability	\$ 3,022,481	\$ 3,615,094	\$ 3,938,599	\$ 3,964,996	\$ 1,424,952	\$ 5,147,445	\$ 4,536,510	\$ 4,176,941	\$ 5,003,811	\$ 5,708,052
MTA's actual covered payroll*	\$ 3,643,489	\$ 3,470,339	\$ 3,411,116	\$ 3,479,187	\$ 3,571,746	\$ 3,514,665	\$ 3,385,743	\$ 3,216,837	\$ 3,154,673	\$ 3,064,007
MTA's proportionate share of the net pension liability as a percentage of the MTA's covered payroll	82.956%	104.171%	115.464%	113.963%	39.895%	146.456%	113.989%	129.846%	158.616%	186.294%
Plan fiduciary net position as a percentage of the total pension liability	87.659%	84.300%	82.200%	81.276%	77.000%	76.933%	78.836%	78.826%	74.805%	69.568%

	NYSLERS Plan									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan Measurement Date: March 31										
MTA's proportion of the net pension liability	0.480%	0.355%	0.299%	0.310%	0.314%	0.346%	0.345%	0.327%	0.311%	0.303%
MTA's proportionate share of the net pension liability	\$ 82,359	\$ 52,271	\$ 64,289	\$ (25,856)	\$ 313	\$ 91,524	\$ 24,472	\$ 10,553	\$ 29,239	\$ 48,557
MTA's actual covered payroll*	\$ 211,247	\$ 160,810	\$ 115,946	\$ 101,385	\$ 106,047	\$ 105,457	\$ 109,252	\$ 105,269	\$ 96,583	\$ 87,670
MTA's proportionate share of the net pension liability as a percentage of the MTA's covered payroll	38.987%	32.505%	55.447%	-25.503%	0.295%	86.788%	22.400%	10.025%	30.273%	55.386%
Plan fiduciary net position as a percentage of the total pension liability	93.080%	93.880%	90.780%	103.650%	99.950%	86.392%	96.267%	98.240%	94.703%	90.685%

Note: The data provided in this schedule is based on the measurement date used by NYCERS and NYSLERS for the net pension liability.

* MTA's actual covered payroll have been restated from 2021 to 2023 to represent the plan fiscal year.

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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the MTA's Contributions for All Pension Plans for the Year Ended December 31,

(\$ in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
LIRR Additional Plan										
Actuarially Determined Contribution	\$ 77,067	\$ 69,737	\$ 72,666	\$ 70,764	\$ 70,553	\$ 68,723	\$ 62,774	\$ 59,196	\$ 76,523	\$ 83,183
Actual Employer Contribution	1,389	74,957	140,400	70,764	70,553	68,724	62,774	59,500	221,523	151,100
Contribution Deficiency (Excess)	\$ 75,678	\$ (5,220)	\$ (67,734)	\$ -	\$ -	\$ (1)	\$ -	\$ (304)	\$ (145,000)	\$ (67,917)
Covered Payroll	\$ 1,344	\$ 1,802	\$ 1,972	\$ 2,043	\$ 3,230	\$ 5,174	\$ 7,236	\$ 13,076	\$ 20,500	\$ 29,312
Contributions as a % of Covered Payroll	103.35%	4159.66%	7119.08%	3463.99%	2184.33%	1328.26%	867.54%	455.02%	1080.62%	515.49%
MaBSTOA Plan										
Actuarially Determined Contribution	\$ 199,134	\$ 183,779	\$ 170,033	\$ 158,618	\$ 156,204	\$ 159,486	\$ 209,314	\$ 202,509	\$ 202,924	\$ 220,697
Actual Employer Contribution	18,277	189,884	328,430	158,618	156,204	159,486	206,390	205,434	202,684	220,697
Contribution Deficiency (Excess)	\$ 180,857	\$ (6,105)	\$ (158,397)	\$ -	\$ -	\$ -	\$ 2,924	\$ (2,925)	\$ 240	\$ -
Covered Payroll	\$ 880,382	\$ 870,820	\$ 820,468	\$ 775,512	\$ 768,868	\$ 802,100	\$ 786,600	\$ 776,200	\$ 749,666	\$ 716,527
Contributions as a % of Covered Payroll	2.08%	21.81%	40.03%	20.45%	20.32%	19.88%	26.24%	26.47%	27.04%	30.80%
Metro-North Cash Balance Plan										
Actuarially Determined Contribution	\$ 17	\$ 22	\$ 13	\$ 4	\$ -	\$ -	\$ 8	\$ 5	\$ -	\$ 23
Actual Employer Contribution	17	22	13	4	-	-	-	5	-	23
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277	\$ 278	\$ 268	\$ 471	\$ 846
Contributions as a % of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.87%	0.00%	2.68%
MTA Defined Benefit Plan										
Actuarially Determined Contribution	\$ 460,734	\$ 434,841	\$ 416,538	\$ 404,245	\$ 392,547	\$ 392,921	\$ 349,928	\$ 331,566	\$ 316,916	\$ 290,415
Actual Employer Contribution	92,450	355,279	829,720	404,245	396,144	393,961	343,862	339,800	321,861	280,767
Contribution Deficiency (Excess)	\$ 368,284	\$ 79,562	\$ (413,182)	\$ -	\$ (3,597)	\$ (1,040)	\$ 6,066	\$ (8,234)	\$ (4,945)	\$ 9,648
Covered Payroll	\$ 2,534,745	\$ 2,381,497	\$ 2,347,700	\$ 2,111,293	\$ 2,028,938	\$ 2,050,970	\$ 2,052,657	\$ 2,030,695	\$ 1,857,026	\$ 1,784,369
Contributions as a % of Covered Payroll	3.65%	14.92%	35.34%	19.15%	19.52%	19.21%	16.75%	16.73%	17.33%	15.73%

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the MTA's Contributions for All Pension Plans for the Year Ended December 31,

(continued)

(\$ in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NYCERS										
Actuarially Determined Contribution	\$ 899,500	\$ 785,121	\$ 763,929	\$ 797,299	\$ 842,269	\$ 882,690	\$ 952,616	\$ 807,097	\$ 800,863	\$ 797,845
Actual Employer Contribution	899,500	785,121	763,929	797,299	842,269	882,690	952,616	807,097	800,863	797,845
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,470,695	\$ 4,211,013	\$ 4,169,696	\$ 3,848,798	\$ 3,637,544	\$ 3,771,595	\$ 3,948,283	\$ 3,974,494	\$ 3,768,885	\$ 3,523,993
Contributions as a % of Covered Payroll	20.12%	18.64%	18.32%	20.72%	23.15%	23.40%	24.13%	20.31%	21.25%	22.64%
NYSLERS										
Actuarially Determined Contribution	\$ 31,480	\$ 22,194	\$ 14,125	\$ 16,284	\$ 16,284	\$ 14,533	\$ 14,851	\$ 14,501	\$ 13,969	\$ 12,980
Actual Employer Contribution	31,480	22,194	14,125	16,284	16,284	14,533	14,851	14,501	13,969	12,980
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 240,794	\$ 211,876	\$ 150,682	\$ 110,702	\$ 99,129	\$ 102,838	\$ 106,913	\$ 109,210	\$ 103,787	\$ 94,801
Contributions as a % of Covered Payroll	13.07%	10.47%	9.37%	14.71%	16.43%	14.13%	13.89%	13.28%	13.46%	13.69%

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	LIRR Additional Plan		
Valuation Dates:	January 1, 2024	January 1, 2023	January 1, 2022
Measurement Date:	December 31, 2024	December 31, 2023	December 31, 2022
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Period specified in current valuation report (closed 9-year period from January 1, 2024) with level dollar payments.	Period specified in current valuation report (closed 10-year period from January 1, 2023) with level dollar payments.	Period specified in current valuation report (closed 11-year period from January 1, 2022) with level dollar payments.
Asset Valuation Method:	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	3.00%	3.00%	3.00%
Actuarial assumptions:			
Discount Rate:	6.50%	6.50%	6.50%
Investment rate of return:	6.50%, net of investment expenses	6.50%, net of investment expenses	6.50%, net of investment expenses
Mortality:	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021
Pre-retirement:	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 97% for males and 100% for females.	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 97% for males and 100% for females.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 97% for males and 100% for females.	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 97% for males and 100% for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.25%; 3.25%	2.25%; 3.25%	2.25%; 3.25%
Cost-of-Living Adjustments:	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	LIRR Additional Plan (continued)		
Valuation Dates:	January 1, 2021	January 1, 2020	January 1, 2019
Measurement Date:	December 31, 2021	December 31, 2020	December 31, 2019
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Period specified in current valuation report (closed 12-year period from January 1, 2021) with level dollar payments.	Period specified in current valuation report (closed 13 year period beginning January 1, 2020) with level dollar payments.	Period specified in current valuation report (closed 14 year period beginning January 1, 2019) with level dollar payments.
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	3.00%	3.00%	3.00%
Actuarial assumptions:			
Discount Rate:	6.50%	6.50%	6.50%
Investment rate of return:	6.50%, net of investment expenses	6.50%, net of investment expenses.	6.50%, net of investment expenses.
Mortality:	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.25%; 3.25%	2.25%; 3.25%	2.25%; 3.25%
Cost-of-Living Adjustments:	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	LIRR Additional Plan (continued)			
Valuation Dates:	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Measurement Date:	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Period specified in current valuation report (closed 15 year period beginning January 1, 2018) with level dollar payments.	Period specified in current valuation report (closed 16 year period beginning January 1, 2017) with level dollar payments.	Period specified in current valuation report (closed 17 year period beginning January 1, 2016) with level dollar payments.	Period specified in current valuation report (closed 18 year period beginning January 1, 2015) with level dollar payments.
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	3.00%	3.00%	3.00%	3.00%
Actuarial assumptions:				
Discount Rate:	7.00%	7.00%	7.00%	7.00%
Investment rate of return:	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%
Cost-of-Living Adjustments:	N/A	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

MaBSTOA Plan			
Valuation Dates:	January 1, 2024	January 1, 2023	January 1, 2022
Measurement Date:	December 31, 2024	December 31, 2023	December 31, 2022
Actuarial cost method:	Frozen Initial Liability cost method	Frozen Initial Liability cost method	Frozen Initial Liability cost method
Amortization method:	For FIL bases, 15 years for Fresh Start base as of January 1, 2020 and subsequent changes in actuarial assumptions and plan provisions. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, 15 years for Fresh Start base as of January 1, 2020 and subsequent changes in actuarial assumptions and plan provisions. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, 15 years for Fresh Start base as of January 1, 2020, mortality change and recognition of Chapter 56 Laws of 2022. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.
Asset Valuation Method:	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.
Actuarial assumptions:			
Discount Rate:	6.50%	6.50%	6.50%
Investment rate of return:	6.50%, net of investment expenses	6.50%, net of investment expenses	6.50%, net of investment expenses
	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021
Mortality:			
	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 92% for males and 100% for females.	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 92% for males and 100% for females.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Pre-retirement:			
	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 92% for males and 100% for females.	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 92% for males and 100% for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Healthy Lives:			
Post-retirement Disabled Lives:	Pri-2012 Disabled Annuitant mortality table for males and females.	Pri-2012 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.
Inflation/Railroad Retirement Wage Base:	2.25%	2.25%	2.25%
Cost-of-Living Adjustments:	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MaBSTOA Plan (continued)		
Valuation Dates:	January 1, 2021	January 1, 2020	January 1, 2019
Measurement Date:	December 31, 2021	December 31, 2020	December 31, 2019
Actuarial cost method:	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)
Amortization method:	For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	Reflecting general wage, merit and promotion increases for operating employees and non-operating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating employees and non-operating members. Varies by years of employment.	Reflecting general wage, merit, and promotion increases of 3.5% for operating employees and 4.0% for non-operating employees per year. Large increases are assumed in the first 5 years of a member's career.
Actuarial assumptions:			
Discount Rate:	6.50%	6.50%	6.50%
Investment rate of return:	6.50%, net of investment expenses.	6.50%, net of investment expenses.	6.50%, net of investment expenses.
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.
Inflation/Railroad Retirement Wage Base:	2.25%	2.25%	2.25%
Cost-of-Living Adjustments:	1.35% per annum	1.35% per annum	1.35% per annum

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

MaBSTOA Plan (continued)				
Valuation Dates:	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Measurement Date:	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial cost method:	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)
Amortization method:	For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	Varies by years of employment and employment type.	Varies by years of employment and employment type.	Varies by years of employment and employment type.	Varies by years of employment and employment type.
Actuarial assumptions:				
Discount Rate:	7.00%	7.00%	7.00%	7.00%
Investment rate of return:	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females.	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females.
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.375% per annum	1.375% per annum	1.375% per annum	1.375% per annum

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MNR Cash Balance Plan		
Valuation Dates:	January 1, 2024	January 1, 2023	January 1, 2022
Measurement Date:	December 31, 2024	December 31, 2023	December 31, 2022
Actuarial cost method:	Unit Credit	Unit Credit	Unit Credit
Amortization method:	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.
Asset Valuation Method:	Actuarial value equals fair value.	Actuarial value equals fair value.	Actuarial value equals fair value.
Salary increases:	N/A	N/A	N/A
Actuarial assumptions:			
Discount Rate:	4.00%	4.00%	4.00%
Investment rate of return:	4.00%, net of investment expenses	4.00%, net of investment expenses	4.00%, net of investment expenses
Mortality:	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments, projected on a generational basis using Scale AA.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments, projected on a generational basis using Scale AA.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments, projected on a generational basis using Scale AA.
Post-retirement Healthy Lives:	97% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 100% of the rates from the RP-2000 Healthy Annuitant mortality table for females, noth projected on a generational basis using Scale AA.	97% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 100% of the rates from the RP-2000 Healthy Annuitant mortality table for females, noth projected on a generational basis using Scale AA.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females, noth projected on a generational basis using Scale AA.
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.37%	2.32%	2.40%
Cost-of-Living Adjustments:	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

MNR Cash Balance Plan (continued)			
Valuation Dates:	January 1, 2021	January 1, 2020	January 1, 2019
Measurement Date:	December 31, 2021	December 31, 2020	December 31, 2019
Actuarial cost method:	Unit Credit Cost	Unit Credit Cost	Unit Credit Cost
Amortization method:	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.
Asset Valuation Method:	Actuarial value equals fair value.	Actuarial value equals fair value.	Actuarial value equals fair value.
Salary increases:	N/A	N/A	N/A
Actuarial assumptions:			
Discount Rate:	3.00%	3.00%	3.50%
Investment rate of return:	3.00%, net of investment expenses.	3.00%, net of investment expenses.	3.50%, net of investment expenses.
Mortality:	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on an experience study for all MTA plans.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on an experience study for all MTA plans.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments, projected on a generational basis using Scale AA.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females, noth projected on a generational basis using Scale AA.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.25%	2.25%	2.25%
Cost-of-Living Adjustments:	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

MNR Cash Balance Plan (continued)				
Valuation Dates:	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Measurement Date:	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial cost method:	Unit Credit Cost	Unit Credit Cost	Unit Credit Cost	Unit Credit Cost
Amortization method:	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.
Asset Valuation Method:	Actuarial value equals fair value.	Actuarial value equals fair value.	Actuarial value equals fair value.	Actuarial value equals fair value.
Salary increases:	N/A	N/A	N/A	N/A
Actuarial assumptions:				
Discount Rate:	4.00%	4.00%	4.00%	4.00%
Investment rate of return:	4.00%, net of investment expenses.	4.00%, net of investment expenses.	4.00%, net of investment expenses.	4.00%, net of investment expenses.
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2017 experience study for all MTA plans.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2017 experience study for all MTA plans.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2012 experience study for all MTA plans.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2012 experience study for all MTA plans.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.30%	2.30%
Cost-of-Living Adjustments:	N/A	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

MTA Defined Benefit Plan			
Valuation Dates:	January 1, 2024	January 1, 2023	January 1, 2022
Measurement Date:	December 31, 2024	December 31, 2023	December 31, 2022
Actuarial cost method:	Frozen Initial Liability cost method	Frozen Initial Liability cost method	Frozen Initial Liability cost method
Amortization method:	For FIL bases, 15 years remaining for Fresh start base, including vacation pay adjustment base as of January 1, 2022; 15 years for other changes in actuarial assumptions and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service, of the projected population for each group and further weighted by total present value of benefits for each group.	For FIL bases, 15 years remaining for Fresh start base, including vacation pay adjustment base as of January 1, 2022; 15 years for other changes in actuarial assumptions and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service, of the projected population for each group and further weighted by total present value of benefits for each group.	For FIL bases, 16 years remaining for Fresh start base, including vacation pay adjustment base as of January 1, 2022, 15 years for the mortality change and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service, of the projected population for each group and further weighted by total present value of benefits for each group.
Asset Valuation Method:	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	Varies by years of employment, and employee group; 2.75% GWI increases for MTA Bus hourly employees.	Varies by years of employment, and employee group; 2.75% GWI increases for MTA Bus hourly employees.	Varies by years of employment, and employee group; 2.75% GWI increases for MTA Bus hourly employees.
Actuarial assumptions:			
Discount Rate:	6.50%	6.50%	6.50%
Investment rate of return:	6.50%, net of investment expenses	6.50%, net of investment expenses	6.50%, net of investment expenses
Mortality:	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021
Pre-retirement:	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 97% for rail males, 92% for MTA Bus males and 100% for females. For Police, the Mortality Rates for NYC Active Members of Transit and TBTA Ordinary and Accidental Death (no projection scale is applied to the Accidental Death table).	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 97% for rail males, 92% for MTA Bus males and 100% for females. For Police, the Mortality Rates for NYC Active Members of Transit and TBTA Ordinary and Accidental Death (no projection scale is applied to the Accidental Death table).	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 97% for rail males, 92% for MTA Bus males and 100% for females. For Police, the Mortality Rates for NYC Service Retirees for Housing Police and Transit Police.	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 97% for rail males, 92% for MTA Bus males and 100% for females. For Police, the Mortality Rates for NYC Service Retirees for Housing Police and Transit Police.	95% of the RP-2000 Healthy Annuitant mortality table for males with Blue Collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	PRI-2012 Disabled Annuitant mortality table for males and females. For Police, the Mortality Rates for NYC Disabled Retirees for Housing Police and Transit Police.	PRI-2012 Disabled Annuitant mortality table for males and females. For Police, the Mortality Rates for NYC Disabled Retirees for Housing Police and Transit Police.	RP-2014 Disabled Annuitant mortality table for males and females.
Inflation/Railroad Retirement Wage Base:	2.25%; 3.25%	2.25%; 3.25%	2.25%; 3.25%
Cost-of-Living Adjustments:	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

MTA Defined Benefit Plan (continued)			
Valuation Dates:	January 1, 2021	January 1, 2020	January 1, 2019
Measurement Date:	December 31, 2021	December 31, 2020	December 31, 2019
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	For FIL bases, 18 years for Fresh start base as of January 1, 2020 and period specified in current valuation report for specific assumption and plan change bases. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service, of the projected population for each group and further weighted by total present value of benefits for each group.	For Frozen Initial Liability ("FIL") bases, 18 years for Fresh start base as of Jan 1, 2020 and period specified in current valuation report for specific plan change bases. Future gains/ losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service, of the projected population for each group and further weighted by total present value of benefits for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	Varies by years of employment, and employee group; 2.75% general wage increases increases for TWU Local 100 MTA Bus hourly employees.	Varies by years of employment, and employee group. 2.75% general wage increases for TWU Local 100 MTA Bus hourly employees.	Varies by years of employment, and employee group. 2.75% general wage increases for TWU Local 100 MTA Bus hourly employees.
Actuarial assumptions:			
Discount Rate:	6.50%	6.50%	6.50%
Investment rate of return :	6.50%	6.50%	6.50%
Mortality:	Based on experience of all MTA sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the RP-2000 Healthy Annuitant mortality table for males with Blue Collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females	RP-2014 Disabled Annuitant mortality table for males and females
Inflation/Railroad Retirement Wage Base:	2.25%; 3.25%	2.25%; 3.25%	2.25%; 3.25%
Cost-of-Living Adjustments:	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

MTA Defined Benefit Plan (continued)				
Valuation Dates:	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Measurement Date:	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.
Actuarial assumptions:				
Discount Rate:	7.00%	7.00%	7.00%	7.00%
Investment rate of return:	7.00%	7.00%	7.00%	7.00%
Mortality:	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	RP-2014 Disabled Annuitant mortality table for males and females	RP-2014 Disabled Annuitant mortality table for males and females	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females. At age 85 and later for males and age 77 and later for females, the disability rates are set to the male and females healthy rates, respectively.	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females. At age 85 and later for males and age 77 and later for females, the disability rates are set to the male and females healthy rates, respectively.
Inflation/Railroad Retirement Wage Base:	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%
Cost-of-Living Adjustments:	55% of inflation assumption or 1.375%, if applicable.	55% of inflation assumption or 1.375%, if applicable.	55% of inflation assumption or 1.375%, if applicable.	55% of inflation assumption or 1.375%, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYCERS Plan		
Valuation Dates:	June 30, 2024	June 30, 2023	June 30, 2022
Measurement Date:	June 30, 2025	June 30, 2024	June 30, 2023
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	N/A	N/A	N/A
Asset Valuation Method:	The Plan Fiduciary Net Positions are based on the Market Values of Assets at the Measurement Dates with certain adjustments made to reflect the Actuary's understanding of the accruals within and the transfers between the QPP and the VSFs for NYCERS, POLICE, and FIRE.	The Plan Fiduciary Net Positions are based on the Market Values of Assets at the Measurement Dates with certain adjustments made to reflect the Actuary's understanding of the accruals within and the transfers between the QPP and the VSFs for NYCERS, POLICE, and FIRE.	The Plan Fiduciary Net Positions are based on the fair values of Assets at the Measurement Dates with certain adjustments made to reflect the Actuary's understanding of the accruals within and the transfers between the QPP and the VSFs for NYCERS, POLICE, and FIRE.
Salary increases:	3% per annum.	3% per annum.	3% per annum.
Actuarial assumptions:			
Discount Rate:	7.00%	7.00%	7.00%
Investment rate of return:	7.00%, net of investment expenses	7.00%, net of investment expenses	7.00%, net of investment expenses
Mortality:	Tables adopted by the Boards of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries.	Tables adopted by the Boards of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries.	Tables adopted by the Boards of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries to active ordinary death mortality rates and pre-commencement mortality rates for deferred vesteds.
Pre-retirement:	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYCERS Plan (continued)		
Valuation Dates:	June 30, 2021	June 30, 2020	June 30, 2019
Measurement Date:	June 30, 2022	June 30, 2021	June 30, 2020
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded.
Asset Valuation Method:	Modified six-year moving average of fair values with a fair value Restart as of June 30, 2011.	Modified six-year moving average of fair values with a fair value Restart as of June 30, 2011.	Modified six-year moving average of fair values with a fair value Restart as of June 30, 2011.
Salary increases:	3% per annum.	3% per annum.	3% per annum.
Actuarial assumptions:			
Discount Rate:	7.00%	7.00%	7.00%
Investment rate of return:	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was prepared by Bolton, Inc. dated June 2019 analyzed the four-year and ten-year periods ended June 30, 2017.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was prepared by Bolton, Inc. dated June 2019 analyzed the four-year and ten-year periods ended June 30, 2017.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was prepared by Bolton, Inc. dated June 2019 analyzed the four-year and ten-year periods ended June 30, 2017.
Pre-retirement:	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

NYCERS Plan (continued)				
Valuation Dates:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded.
Asset Valuation Method:	Modified six-year moving average of fair values with a fair value Restart as of June 30, 2011.	Modified six-year moving average of fair values with a fair value Restart as of June 30, 2011.	Modified six-year moving average of fair values with a fair value Restart as of June 30, 2011.	Modified six-year moving average of fair values with a fair value Restart as of June 30, 2011.
Salary increases:	3% per annum.	3% per annum.	3% per annum.	3% per annum.
Actuarial assumptions:				
Discount Rate:	7.00%	7.00%	7.00%	7.00%
Investment rate of return:	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013.
Pre-retirement:	N/A	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

NYSLERS Plan			
Valuation Dates:	April 1, 2024	April 1, 2023	April 1, 2022
Measurement Date:	March 31, 2025	March 31, 2024	March 31, 2023
Actuarial cost method:	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method
Amortization method:	N/A	N/A	N/A
Asset Valuation Method:	8-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	8-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	Market restart
Salary increases:	4.3% in ERS, 6.0% in PFRS	4.4% in ERS, 6.2% in PFRS	4.4% in ERS, 6.2% in PFRS
Actuarial assumptions:			
Discount Rate:	5.90%	5.90%	5.90%
Investment rate of return:	5.90%, net of investment expenses.	5.90%, net of investment expenses.	5.90%, net of investment expenses.
Mortality:	Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of actuaries's Scale MP-2021.	Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of actuaries's Scale MP-2021.	Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of actuaries's Scale MP-2021.
Pre-retirement:	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.90%	2.90%	2.70%
Cost-of-Living Adjustments:	1.5% per annum.	1.5% per annum.	1.4% per annum.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYSLERS Plan (continued)		
Valuation Dates:	April 1, 2021	April 1, 2020	April 1, 2019
Measurement Date:	March 31, 2022	March 31, 2021	March 31, 2020
Actuarial cost method:	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method
Amortization method:	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.
Asset Valuation Method:	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Salary increases:	4.4% in ERS, 6.2% in PFRS	4.40% in ERS; 6.20% in PFRS	4.20% in ERS; 5.00% in PFRS
Actuarial assumptions:			
Discount Rate:	5.90%	5.90%	6.80%
Investment rate of return:	6.80%, net of investment expenses.	5.90%, net of investment expenses.	6.80%, net of investment expenses.
Mortality:	Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2015 through March 31, 2020 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018.
Pre-retirement:	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.70%	2.70%	2.50%
Cost-of-Living Adjustments:	1.3% per annum.	1.4% per annum.	1.3% per annum.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

NYSLERS Plan (continued)				
Valuation Dates:	April 1, 2018	April 1, 2017	April 1, 2016	April 1, 2015
Measurement Date:	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Actuarial cost method:	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method
Amortization method:	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.
Asset Valuation Method:	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Salary increases:	3.80%	3.80%	3.80%	3.80%
Actuarial assumptions:				
Discount Rate:	7.00%	7.00%	7.00%	7.00%
Investment rate of return:	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.	Annuitant mortality rates are based on NYSLERS's 2010 experience study of the period April 1, 2005 through March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.	Annuitant mortality rates are based on NYSLERS's 2010 experience study of the period April 1, 2005 through March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.
Pre-retirement:	N/A	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.3% per annum.	1.3% per annum.	1.3% per annum.	1.3% per annum.

REQUIRED SUPPLEMENTARY INFORMATION**Notes to Schedule of MTA's Contributions for All Pension Plans**

(concluded)

Significant methods and assumptions used in calculating the actuarially determined contributions of an employer's proportionate share in Cost Sharing, Multiple-Employer pension plans, the NYCERS plan and the NYSLERS plan, are presented as notes to the schedule.

Factors that significantly affect trends in the amounts reported are changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions. Following is a summary of such factors:

Changes of Benefit Terms:

Refer to Note 4 Employee Benefits.

Changes of Assumptions:

There were no significant changes in the economic and demographic used in the June 30, 2024 valuation for the NYCERS plan.

There were no significant changes in the economic and demographic assumptions used in the April 1, 2024 valuation for the NYSLERS plan.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the MTA's Net OPEB Liability and Related Ratios and Notes to Schedule

(\$ in thousands)	2024	2023	2022	2021	2020	2019	2018	2017
Plan Measurement Date (December 31):								
Total OPEB liability:								
Service cost	\$ 1,016,084	\$ 991,091	\$ 1,240,342	\$ 1,250,950	\$ 1,097,051	\$ 928,573	\$ 1,002,930	\$ 884,548
Interest on total OPEB liability	722,115	855,614	530,983	535,642	610,160	840,532	734,968	731,405
Effect of plan changes	291,217	74,166	-	-	-	-	1,580	27,785
Effect of economic/demographic (gains) or losses	51,425	(3,036,310)	14,299	292,154	(43,890)	247,871	(19,401)	13,605
Effect of assumption changes or inputs	(1,732,215)	1,154,349	(3,449,438)	(738,829)	1,939,528	311,286	(1,800,135)	911,465
Benefit payments	(944,296)	(882,260)	(846,299)	(792,984)	(724,741)	(730,677)	(691,122)	(650,994)
Net change in total OPEB liability	(595,670)	(843,350)	(2,510,113)	546,933	2,878,108	1,597,585	(771,180)	1,917,814
Total OPEB liability—beginning	21,603,051	22,446,401	24,956,514	24,409,581	21,531,473	19,933,888	20,705,068	18,787,254
Total OPEB liability—ending (a)	21,007,381	21,603,051	22,446,401	24,956,514	24,409,581	21,531,473	19,933,888	20,705,068
Plan fiduciary net position:								
Employer contributions	944,296	2,201,541	846,299	792,984	387,371	730,677	691,122	650,994
Net investment income	58,822	43,031	11,828	-	(77,118)	63,647	(18,916)	47,370
Benefit payments	(944,296)	(882,260)	(846,299)	(792,984)	(724,741)	(730,677)	(691,122)	(650,994)
Administrative expenses	(145)	(143)	(176)	(46)	(209)	(200)	(56)	-
Net change in plan fiduciary net position	58,677	1,362,169	11,652	(46)	(414,697)	63,447	(18,972)	47,370
Plan fiduciary net position—beginning	1,373,905	11,736	84	130	414,827	351,380	370,352	322,982
Plan fiduciary net position—ending (b)	1,432,582	1,373,905	11,736	84	130	414,827	351,380	370,352
Net OPEB liability—ending (a)-(b)	\$ 19,574,799	\$ 20,229,146	\$ 22,434,665	\$ 24,956,430	\$ 24,409,451	\$ 21,116,646	\$ 19,582,508	\$ 20,334,716
Plan fiduciary net position as a percentage of the total OPEB liability	6.82%	6.36%	0.05%	0.00%	0.00%	1.93%	1.76%	1.79%
Covered payroll	\$ 7,677,009	\$ 7,490,519	\$ 6,848,347	\$ 6,537,709	\$ 6,716,423	\$ 6,901,690	\$ 6,903,700	\$ 5,394,332
Net OPEB liability as a percentage of covered payroll	254.98%	270.06%	327.59%	381.73%	363.43%	305.96%	283.65%	376.96%

Notes to Schedule:

Changes of benefit terms: In the July 1, 2023 actuarial valuation, there were no changes to the benefit terms.

Changes of assumptions: In the July 1, 2023 actuarial valuation, there were updates to various healthcare assumptions including the per capita claim costs assumption and healthcare trend assumptions.

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the MTA's Contributions to the OPEB Plan for the years ended December 31:

(\$ in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Actual Employer Contribution (1)	\$ 942,439	\$ 944,296	\$ 2,201,541	\$ 846,299	\$ 813,195	\$ 391,529	\$ 737,297	\$ 691,122	\$ 650,994
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered Payroll	\$ 8,127,961	\$ 7,677,009	\$ 7,490,519	\$ 6,848,347	\$ 6,537,709	\$ 6,716,423	\$ 6,901,690	\$ 6,903,700	\$ 5,394,200
Actual Contribution as a Percentage of Covered Payroll	11.60%	12.30%	29.39%	12.36%	12.44%	5.83%	10.68%	10.01%	12.07%

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of \$66,606 and \$62,445 for the years ended December 31, 2024 and 2023, respectively.

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

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions to the OPEB Plan:

Valuation date	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021
Measurement date	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Discount rate	4.08%, net of expenses	3.26%, net of expenses	3.72%, net of expenses	2.06%, net of expenses
Inflation	2.30%	2.31%	2.33%	2.30%
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.25%	4.25%	4.25%
Investment rate of return	4.25%	4.25%	3.72%	2.06%
Salary increases	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.
Valuation date	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Measurement date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Discount rate	2.12%, net of expenses	2.74%, net of expenses	4.10%, net of expenses	3.44%, net of expenses
Inflation	2.25%	2.25%	2.50%	2.50%
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.50%	4.50%	4.50%
Investment rate of return	2.12%	5.75%	6.50%	6.50%
Salary increases	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.

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

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION
Pension And Other Employee Benefit Trust Funds
Combining Statement of Fiduciary Net Position as of December 31, 2025

(\$ in thousands)

ASSETS:

	Pension Funds		Other Employee Benefit Trust Fund		Total
	Defined Benefit Pension Plan	LIRR Additional Plan	MaBSTOA Plan	Other Post- employment Benefits Plan	
Cash	\$ 11,216	\$ 839	\$ 6,188	\$ -	\$ 18,243
Receivables:					
Employee loans	-	-	31,065	-	31,065
Participant and union contributions	-	2	279	-	281
Investment securities sold	-	122	5,229	-	5,351
Accrued interest and dividends	10,808	808	5,530	22,552	39,698
Other receivables	9,244	514	-	-	9,758
Total receivables	20,052	1,446	42,103	22,552	86,153
Investments at fair value/NAV:					
Equity securities	3,484,898	260,595	2,057,346	-	5,802,839
Fixed income securities	2,285,244	170,887	1,169,460	1,494,659	5,120,250
Other alternative investments*	2,050,115	228,503	1,145,606	-	3,424,224
Total Investments at fair value/NAV	7,820,257	659,985	4,372,412	1,494,659	14,347,313
Total assets	\$ 7,851,525	\$ 662,270	\$ 4,420,703	\$ 1,517,211	\$ 14,451,709

LIABILITIES:

Accounts payable and accrued liabilities	\$ 7,198	\$ 354	\$ 2,415	\$ -	\$ 9,967
Payable for investment securities purchased	9,359	700	9,704	-	19,763
Accrued benefits payable	-	-	17	248	265
Accrued postretirement death benefits (PRDB) payable	-	-	6,051	-	6,051
Accrued 55/25 Additional Members Contribution (AMC) payable	-	-	167	-	167
Other liabilities	6,844	512	-	-	7,356
Total liabilities	23,401	1,566	18,354	248	43,569

NET POSITION:

Restricted for pensions	7,828,124	660,704	4,402,349	-	12,891,177
Restricted for postemployment benefits other than pensions	-	-	-	1,516,963	1,516,963
Total net position	7,828,124	660,704	4,402,349	1,516,963	14,408,140
Total liabilities and net position	\$ 7,851,525	\$ 662,270	\$ 4,420,703	\$ 1,517,211	\$ 14,451,709

*Other alternative investments include opportunistic, real assets, real estate, absolute return, private equity and short-term investment.

See Independent Auditor's Report and notes to the basic financial statements.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION
Pension And Other Employee Benefit Trust Funds
Combining Statement of Fiduciary Net Position as of December 31, 2024

(\$ in thousands)

	Pension Funds		Other Employee Benefit Trust Fund		Total
	Defined Benefit Pension Plan	LIRR Additional Plan	MaBSTOA Plan	Other Post-employment Benefits Plan	
ASSETS:					
Cash	\$ 344	\$ 31	\$ 3,579	\$ -	\$ 3,954
Receivables:					
Employee loans	-	-	30,500	-	30,500
Participant and union contributions	-	(4)	415	-	411
Investment securities sold	-	217	2,502	-	2,719
Accrued interest and dividends	10,800	960	5,361	12,262	29,383
Other receivables	4,232	66	-	-	4,298
Total receivables	15,032	1,239	38,778	12,262	67,311
Investments at fair value/NAV:					
Equity securities	3,405,531	302,598	1,941,601	-	5,649,730
Fixed income securities	1,880,732	167,112	1,028,649	1,420,535	4,497,028
Other alternative investments*	1,898,348	240,398	1,118,717	-	3,257,463
Total Investments at fair value/NAV	7,184,611	710,108	4,088,967	1,420,535	13,404,221
Total assets	\$ 7,199,987	\$ 711,378	\$ 4,131,324	\$ 1,432,797	\$ 13,475,486
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 6,435	\$ 696	\$ 2,144	\$ -	\$ 9,275
Payable for investment securities purchased	11,512	1,023	8,098	-	20,633
Accrued benefits payable	-	-	21	215	236
Accrued postretirement death benefits (PRDB) payable	-	-	5,728	-	5,728
Accrued 55/25 Additional Members Contribution (AMC) payable	-	-	1,098	-	1,098
Other liabilities	371	33	450	-	854
Total liabilities	18,318	1,752	17,539	215	37,824
NET POSITION:					
Restricted for pensions	7,181,669	709,626	4,113,785	-	12,005,080
Restricted for postemployment benefits other than pensions	-	-	-	1,432,582	1,432,582
Total net position	7,181,669	709,626	4,113,785	1,432,582	13,437,662
Total liabilities and net position	\$ 7,199,987	\$ 711,378	\$ 4,131,324	\$ 1,432,797	\$ 13,475,486

See Independent Auditor's Report and notes to the basic financial statements.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

Pension And Other Employee Benefit Trust Funds

Combining Statement of Changes in Fiduciary Net Position for the year ended December 31, 2025

(\$ in thousands)	Pension Funds		Other Employee Benefit Trust Fund		Total
	Defined Benefit Pension Plan	LIRR Additional Plan	MaBSTOA Plan	Other Post-employment Benefit Plan	
ADDITIONS:					
Contributions:					
Employer contributions	\$ 92,450	\$ 1,389	\$ 18,277	\$ 878,589	\$ 990,705
Implicit rate subsidy contribution	-	-	-	63,850	63,850
Participant rollovers	3,878	-	-	-	3,878
Member contributions	42,880	32	34,242	-	77,154
Total contributions	139,208	1,421	52,519	942,439	1,135,587
Investment income:					
Net appreciation / depreciation in fair value of investments	846,896	71,779	468,531	31,909	1,419,115
Dividend income	67,202	5,511	39,688	-	112,401
Interest income	63,778	5,169	35,606	53,530	158,083
Less:					
Investment expenses	34,735	3,297	13,430	886	52,348
Investment income, net	943,141	79,162	530,395	84,553	1,637,251
Total additions	1,082,349	80,583	582,914	1,026,992	2,772,838
DEDUCTIONS:					
Benefit payments and withdrawals	430,246	128,790	293,753	878,589	1,731,378
Implicit rate subsidy payments	-	-	-	63,850	63,850
Transfer to other plans	467	-	-	-	467
Administrative expenses	5,181	715	597	172	6,665
Total deductions	435,894	129,505	294,350	942,611	1,802,360
Net increase / (decrease) in fiduciary net position	646,455	(48,922)	288,564	84,381	970,478
NET POSITION:					
Restricted for Benefits:					
Beginning of year	7,181,669	709,626	4,113,785	1,432,582	13,437,662
End of year	\$ 7,828,124	\$ 660,704	\$ 4,402,349	\$ 1,516,963	\$ 14,408,140

See Independent Auditor's Review Report and notes to the basic interim financial statements.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION
Pension And Other Employee Benefit Trust Funds
Combining Statement of Changes in Fiduciary Net Position for the year ended December 31, 2024

	Pension Funds		Other Employee Benefit Trust Fund		Total
	Defined Benefit Pension Plan	LIRR Additional Plan	MaBSTOA Plan	Other Post-employment Benefit Plan	
(\$ in thousands)					
ADDITIONS:					
Contributions:					
Employer contributions	\$ 355,279	\$ 74,956	\$ 189,884	\$ 877,690	\$ 1,497,809
Implicit rate subsidy contribution	-	-	-	66,606	66,606
Participant rollovers	4,216	-	-	-	4,216
Member contributions	39,536	45	28,506	-	68,087
Total contributions	399,031	75,001	218,390	944,296	1,636,718
Investment income:					
Net appreciation / depreciation in fair value of investments	555,464	50,777	318,669	12,118	937,028
Dividend income	65,346	6,074	39,686	-	111,106
Interest income	57,241	5,230	32,818	47,541	142,830
Less:					
Investment expenses	44,234	4,528	26,520	837	76,119
Investment income, net	633,817	57,553	364,653	58,822	1,114,845
Total additions	1,032,848	132,554	583,043	1,003,118	2,751,563
DEDUCTIONS:					
Benefit payments and withdrawals	398,888	133,794	279,205	877,690	1,689,577
Implicit rate subsidy payments	-	-	-	66,606	66,606
Transfer to other plans	944	-	-	-	944
Administrative expenses	4,801	915	529	144	6,389
Total deductions	404,633	134,709	279,734	944,440	1,763,516
Net increase / (decrease) in fiduciary net position	628,215	(2,155)	303,309	58,678	988,047
NET POSITION:					
Restricted for Benefits:					
Beginning of year	6,553,454	711,781	3,810,476	1,373,904	12,449,615
End of year	\$ 7,181,669	\$ 709,626	\$ 4,113,785	\$ 1,432,582	\$ 13,437,662

See Independent Auditor's Review Report and notes to the basic interim financial statements.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

SCHEDULE OF CONSOLIDATED RECONCILIATION BETWEEN FINANCIAL PLAN AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

(\$ in millions)

Category	Financial Plan Actual	Statement GAAP Actual	Variance
REVENUE:			
Farebox revenue	\$ 5,528	\$ 5,207	\$ (321)
Vehicle toll revenue	2,770	3,257	487
Other operating revenue	1,200	1,080	(120)
Total revenue	9,498	9,544	46
OPERATING EXPENSES:			
Labor:			
Payroll	7,611	6,442	(1,169)
Overtime	1,181	1,152	(29)
Health and welfare	2,165	1,840	(325)
Pensions	1,843	1,200	(643)
Other fringe benefits	1,502	1,020	(482)
Postemployment benefits	989	1,121	132
Reimbursable overhead	-	(701)	(701)
Total labor expenses	15,289	12,074	(3,215)
Non-labor:			
Electric power	642	634	(8)
Fuel	212	206	(6)
Insurance	42	1	(41)
Claims	440	1,029	589
Paratransit service contracts	874	717	(157)
Maintenance and other	1,155	915	(240)
Professional service contract	1,095	608	(487)
Pollution remediation project costs	6	18	12
Materials and supplies	893	694	(199)
Other business expenses	319	287	(32)
Total non-labor expenses	5,678	5,109	(569)
Depreciation	3,927	4,016	88
Other expenses adjustment	224	-	(224)
Total operating expenses	25,118	21,199	(3,919)
NET OPERATING LOSS	\$ (15,620)	\$ (11,655)	\$ 3,965

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

SCHEDULE OF CONSOLIDATED SUBSIDY ACCRUAL RECONCILIATION BETWEEN FINANCIAL PLAN AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

(\$ in millions)

	Financial Plan Actual	Financial Statement GAAP Actual	Variance	
Accrued Subsidies				
Mass transportation operating assistance	\$ 1,954	\$ 3,151	\$ 1,197	{1}
Mass transit trust fund subsidies	1,768	587	(1,181)	{1}
Mortgage recording tax 1 and 2	475	440	(35)	{1}
MRT transfer	(15)	(14)	1	{1}
Urban tax	480	490	10	{1}
State and local operating assistance	376	406	30	{1}
Station maintenance	222	226	4	{1}
Connecticut Department of Transportation (CDOT)	261	238	(23)	{1}
Subsidy from New York City for MTA Bus and SIRTOA	798	583	(215)	{1}
Other NYS Subsidies	-	19	19	{1}
Build American Bonds Subsidy	-	56	56	{1}
Mobility tax	4,030	4,727	697	{1}
Assistance Fund (For hire vehicle)	-	454	454	{1}
Real Property Transfer Tax Surcharge (Mansion Tax)	-	213	213	{1}
Internet Marketplace Tax	-	339	339	{1}
NYS/NYC Subway Action Plan	348	-	(348)	{1}
Other non-operating income	1,129	4,395	3,266	{2}
Total accrued subsidies	11,825	16,310	4,485	
Net operating deficit before subsidies and debt service	(15,620)	(11,655)	3,965	
Debt Service	(2,914)	(1,965)	949	
Loss on disposal of subway cars	22	-	(22)	
Conversion to Cash basis: Depreciation	3,927	-	(3,927)	
Conversion to Cash basis: OPEB Obligation	588	-	(588)	
Conversion to Cash basis: GASB 68 pension adjustment	(107)	-	107	
Conversion to Cash basis: Pollution & Remediation	6	-	(6)	
Other Cash Flow adjustments	39	-	(39)	
Total net operating surplus/(deficit) before appropriations, grants and other receipts restricted for capital projects	<u>\$ (2,233)</u>	<u>\$ 2,690</u>	<u>\$ 4,923</u>	

{1} The Financial Plan records on a cash basis while the Financial Statement records on an accrual basis.

{2} The Financial Plan records do not include other non-operating income or changes in fair value.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

**SCHEDULE OF FINANCIAL PLAN TO FINANCIAL STATEMENTS RECONCILIATION
RECONCILING ITEMS**

FOR THE YEAR ENDED DECEMBER 31, 2025

(\$ in millions)

Financial Plan Actual Operating Loss at December 31, 2025	\$ (15,620)
The Financial Plan Actual Includes:	
1 Lower farebox and vehicle toll revenues	167
2 Higher other operating revenue	(120)
3 Higher labor expense	3,215
4 Higher non-labor expense	569
5 Other expense adjustments	136
Total operating reconciling items	<u>3,965</u>
Financial Statements Operating Loss at December 31, 2025	<u>(11,655)</u>
Financial Plan Deficit after Subsidies and Debt Service	(2,233)
The Financial Plan Actual Includes:	
1 Debt service bond principal payments	949
2 Adjustments for non-cash assets and liabilities:	
Depreciation	(3,927)
Unfunded OPEB expense	(588)
Unfunded GASB No. 68 pension adjustment	107
Other non-cash liability adjustment	(28)
3 Other cash flow adjustment	(39)
The Financial Statement includes:	
4 Higher subsidies and other non-operating revenues and expenses	4,485
5 Total operating reconciling items (from above)	3,965
Financial Statement Gain Before Capital Appropriations	<u>\$ 2,690</u>

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New York City Transit Authority

(Component Unit of the Metropolitan
Transportation Authority)

Financial Statements as of and for the
Years Ended December 31, 2025 and 2024,
Required Supplementary Information, and
Independent Auditor's Report

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

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-23
BUSINESS-TYPE ACTIVITIES CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024:	
Statements of Net Position	24-25
Statements of Revenues, Expenses and Changes in Net Position	26-27
Statements of Cash Flows	28-29
FIDUCIARY ACTIVITIES FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024:	
Statements of Fiduciary Net Position	30
Statements of Changes in Fiduciary Net Position	31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	32-81
REQUIRED SUPPLEMENTARY INFORMATION:	82
Schedule of Changes in the Authority's Net Pension Liability and Related Ratios for the MABSTOA Pension Plan	83
Schedule of the Authority's Proportionate Share of the Net Pension Liability in the NYCERS Pension Plan	84
Schedule of the Authority's Contributions to all Pension Plans	85
Notes to Schedule of the Authority's Contributions to All Pension Plans	86-87
Schedule of the Authority's Proportionate Share of the Net OPEB Liability in the MTA OPEB Plan	88
Schedule of the Authority's Contributions to the OPEB Plan and Notes to the Schedule of the Authority's Contribution to the OPEB Plan	89

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the New York City Transit Authority (the "Authority"), a public benefit corporation which is a component unit of the Metropolitan Transportation Authority ("MTA"), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority as of December 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MTA's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Authority's Net Pension Liability and Related Ratios for the MABSTOA Pension Plan, Schedule of the Authority's Proportionate Share of the Net Pension Liability in the NYCERS Pension Plan, Schedule of the Authority's Contributions to all Pension Plans, Notes to Schedule of the Authority's Contributions to All Pension Plans, Schedule of the Authority's Proportionate Share of the Net OPEB Liability in the MTA OPEB Plan, and Schedule of the Authority's Contributions to the OPEB Plan and Notes to the Schedule of the Authority's Contribution to the OPEB Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not

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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.

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NEW YORK CITY TRANSIT AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(\$ In Millions, except as noted)

FINANCIAL REPORTING ENTITY

The New York City Transit Authority ("NYCTA") and its component unit, Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA") (collectively, "the Authority") are public benefit corporations established pursuant to the New York State ("the State") Public Authorities Law, to operate public subway, bus and paratransit services within The City of New York ("The City"). The Authority is a component unit of the Metropolitan Transportation Authority ("MTA"), which is a component unit of the State, and whose mission is to continue, develop and improve public transportation and to develop and implement a unified public transportation policy in the New York Metropolitan area.

The Reporting entity includes:

- (1) NYCTA, a special purpose government, and its blended Component Unit MaBSTOA, together providing transportation services to New York City. The Authority engages in Business-Type Activities. The financial results of the Authority are reported as consolidated financial statements.
- (2) a Fiduciary Fund comprised of the MaBSTOA Pension Plan.

OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction:

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

Management's Discussion and Analysis:

The following is a narrative overview and analysis of the financial activities of the Authority as of and for the years ended December 31, 2025 and 2024. This management discussion and analysis ("MD&A") is intended to serve as an introduction to the Authority's consolidated financial statements. It provides an assessment of how the Authority's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the consolidated financial statements described below.

The Consolidated Financial Statements:

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

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

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

The Fiduciary Fund Financial Statements:

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

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

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

The Notes to the Consolidated Financial Statements:

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

Required Supplementation Information:

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

CONDENSED FINANCIAL INFORMATION

All amounts are in thousands, except as noted.

The following sections will discuss the significant changes in the Authority's financial position for the years ended December 31, 2025 and 2024. Additionally, an examination of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, summaries of the consolidated financial statements and the various exhibits presented conform to the Authority's consolidated financial statements, which are presented in accordance with generally accepted accounting principles in the United States of America.

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

Capital assets include but are not limited to: construction of buildings and the acquisition of subway cars, buses, track and structures, depots and yards, equipment, and right-of-use assets for leases on land, buildings, office spaces, storage spaces, equipment and vehicles. Intangible right-of-use assets for subscription-based information technology arrangement (“SBITAs”). The Authority will be recording the projects in progress asset and increase in net position upon recognition of MTA HQ’s capital invoice liability.

Other assets include, but are not limited to: cash, investments, State and Local mass transit tax and operating subsidies receivables. This also includes the receivable from leases of the Authority’s land, buildings, station concession, equipment, and right-of-way to third parties.

Deferred outflows of resources reflect: actuarial measurements related to pension and OPEB, and employer contributions subsequent to the measurement date.

Total assets, distinguishing between capital and other assets, and deferred outflows of resources:

(In thousands)	2025	2024	2023	Increase/(Decrease)	
				2025-2024	2024-2023
Capital assets	\$ 93,677,513	\$ 88,101,835	\$ 83,527,532	\$ 5,575,678	\$ 4,574,303
Accumulated depreciation and amortization	(37,050,905)	(34,824,481)	(32,675,252)	(2,226,424)	(2,149,229)
Capital assets, net of accumulated depreciation and amortization	56,626,608	53,277,354	50,852,280	3,349,254	2,425,074
Other assets	5,331,568	5,040,470	4,938,139	291,098	102,331
Total assets	61,958,176	58,317,824	55,790,419	3,640,352	2,527,405
Deferred outflows of resources	3,387,093	4,036,473	4,481,337	(649,380)	(444,864)
Total assets and deferred outflows of resources	<u>\$ 65,345,269</u>	<u>\$ 62,354,297</u>	<u>\$ 60,271,756</u>	<u>\$ 2,990,972</u>	<u>\$ 2,082,541</u>

The Authority’s capital assets totaled \$93,677,513 at December 31, 2025. Of the total, depots, yards, signals, and stations were 47.6%, subway cars and buses accounted for 15.8% and track and structures were 19.0%. The Authority’s capital assets totaled \$88,101,835 at December 31, 2024. Of the total, depots, yards, signals, and stations were 48.3%, subway cars and buses accounted for 15.8% and track and structures were 19.6%. These gross capital assets exclude significant infrastructure assets such as tunnels and elevated structures, which are assets owned by the City. More detailed information about the Authority’s capital assets is presented in Note 5 to the consolidated financial statements.

Significant changes in assets and deferred outflows of resources include:

December 31, 2025 versus 2024

Capital assets increased at December 31, 2025 by \$5,575,678 or 6.3%. This increase was primarily due to station rehabilitation work of \$1,449,533, signals work of \$352,244, depots and yards of \$212,916, track and structures of \$525,614, acquisition of new subways of \$985,339, acquisition of new buses of \$10,309, other new acquisition of \$150,551, new leased buildings and structures of \$30,654, and construction work of \$1,874,285 related to various projects not yet completed. Accumulated depreciation and amortization increased by \$2,226,424, or 6.4%, due to depreciation expense of \$2,277,031 and amortization expense of \$26,089, partially offset by normal asset retirements of \$76,696.

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Other assets increased by \$291,098, or 5.8% compared with the prior year. The increase is due to an increase in MTA investment pool of \$733,702 offset by the decrease in cash of \$49,579, decrease in billed and unbilled charges due from New York City of \$69,961, decrease in receivable from MTA HQ of \$31,702, decrease in prepaid expense of \$161,614 and decrease in due from MTA for purchase of capital assets of \$143,079.

Deferred outflows of resources decreased by \$649,380 or 16.1% compared to the prior year. This was due to a decrease of \$159,810 related to pensions, primarily due to actuarial gain on investments as reflected in net difference between projected versus actual plan investment earnings \$151,069 based upon the most recent actuarial valuation report, a decrease of \$489,570 related to OPEB, primarily due to the decrease in changes in assumptions of \$334,564, and a decrease in changes in contributions and proportionate share of contributions of \$122,039 based upon the most recent actuarial valuation report. Refer to Notes 6 and 7 to the Consolidated Financial Statements for more information regarding the Authority's pension and postemployment benefits other than pension, respectively.

December 31, 2024 versus 2023

Capital assets increased from December 31, 2023 to December 31, 2024 by \$4,574,303 or 5.5%. This increase was primarily due to station rehabilitation work of \$1,168,999, signals work of \$154,991, depots and yards of \$807,451, track and structures of \$889,241, acquisition of new subways of \$911,593, acquisition of new buses of \$84,059, other new acquisition of \$105,970, new lease buildings and structures of \$4,598, and construction work of \$563,430 related to various projects not yet completed. Accumulated depreciation and amortization increased by \$2,149,229, or 6.6%, due to depreciation expense of \$2,244,232 and amortization expense of \$24,716, partially offset by normal asset retirements of \$119,719.

Other assets increased by \$102,331, or 2.1% compared with the prior year. The increase is due to an increase in cash of \$42,965, billed and unbilled charges due from New York City for Paratransit of \$43,281 and Fair-Fare of \$23,747, accrued subsidies from New York City and New York State of \$61,793, an increase in receivable from MTA HQ of \$23,376, an increase in materials and supplies of \$24,893 and prepaid expense of \$15,037. These increases were partially offset by the decrease in due from MTA for purchase of capital assets of \$141,064.

Deferred outflows of resources decreased by \$444,864 or 9.9% compared to the prior year. This was due to a decrease of \$682,937 related to pensions, primarily due to actuarial gain on investments as reflected in net difference between projected versus actual plan investment earnings \$618,969, based upon the most recent actuarial valuation report. The decrease is partially offset by an increase of \$238,073 related to OPEB, primarily due to the increase in changes in assumptions of \$388,371, offset by a decrease in changes in contributions and proportionate share of contributions of \$122,038 based upon the most recent actuarial valuation report. Refer to Notes 6 and 7 to the Consolidated Financial Statements for more information regarding the Authority's pension and postemployment benefits other than pension, respectively.

Total Liabilities and Deferred Inflows of Resources, Distinguishing Between Current Liabilities, Non- Current Liabilities and Deferred Inflows of Resources

Current liabilities include: accounts payable, accrued expenses, current portions of long-term debt, pollution remediation liabilities, unredeemed fares, current portion of long-term liabilities, current portion of compensated absences, and other current liabilities.

Non-current liabilities include: long-term debt, claims for injuries to persons, post-employment benefits, long-term liabilities, long-term portion of compensated absences, and other non-current liabilities.

Deferred inflows of resources reflect deferred inflows related to leases, and actuarial measurements related to pension, OPEB, lease and public-private partnership arrangements.

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(In thousands)	2025	2024	2023	Increase/(Decrease)	
				2025-2024	2024-2023
Current liabilities	\$ 2,222,787	\$ 2,334,513	\$ 2,139,604	\$ (111,726)	\$ 194,909
Long-term liabilities	<u>22,755,905</u>	<u>23,437,470</u>	<u>25,365,641</u>	<u>(681,565)</u>	<u>(1,928,171)</u>
Total liabilities	24,978,692	25,771,983	27,505,245	(793,291)	(1,733,262)
Deferred inflows of resources	<u>6,019,507</u>	<u>5,803,603</u>	<u>3,646,124</u>	<u>215,904</u>	<u>2,157,479</u>
Total liabilities and deferred inflows of resources	<u>\$ 30,998,199</u>	<u>\$ 31,575,586</u>	<u>\$ 31,151,369</u>	<u>\$ (577,387)</u>	<u>\$ 424,217</u>

At the end of 2025, the Authority's liabilities consisted primarily of employee fringe benefit-related liabilities (for retirement, health and other benefits) of 57.4%, net pension liability of 14.7%, and injuries to persons (public liability and workers' compensation) of 21.6%. Included in the employee fringe benefit-related liabilities were \$13,246,265 of postemployment benefits other than pensions.

At the end of 2024, the Authority's liabilities consisted primarily of employee fringe benefit-related liabilities (for retirement, health and other benefits) of 57.5%, net pension liability of 16.9%, and injuries to persons (public liability and workers' compensation) of 19.2%. Included in the employee fringe benefit-related liabilities were \$13,799,159 of postemployment benefits other than pensions.

Significant changes in liabilities and deferred inflows of resources include:

December 31, 2025 versus 2024

Total liabilities decreased at December 31, 2025 by \$793,291 or 3.1%. Current liabilities decreased by \$111,726, or 4.8%, and long-term liabilities decreased by \$681,565 or 2.9%.

The net decrease in current liabilities of \$111,726 was mainly due to a decrease in salaries, wages and payroll taxes of \$154,059 due to a lower payroll accrual and decrease in unredeemed farecards of \$25,028 due to usage. This decrease is partially offset by a net increase in compensated absences of \$27,073, other payables of \$28,460, estimated liability arising from injuries to persons of \$7,913, and revenue advances of \$8,087.

The net decrease in long-term liabilities of \$681,565 was primarily due to a decrease of \$552,894 in net OPEB liability. In addition, there was a decrease of \$675,985 in net pension liability. The decrease in OPEB and pension were partially offset by an increase in the estimated liability arising from injuries to persons of \$450,499 primarily due to the increase in claims reserve for certain cases, an increase in compensated absences of \$43,101 and a recognition of availability payment arrangement liability under GASB 94 of \$59,706 (see Note 12 for additional information).

Deferred inflows of resources increased by \$215,904, or 3.7% compared with prior year. This was due to an increase of \$107,704 related to pension primarily due to actuarial gain on investments as reflected in net difference between projected versus actual plan investment earnings \$293,009, offset by a decrease in changes in proportion and differences between contribution and proportionate share of contribution of \$157,362 based upon the most recent actuarial valuation report. Additionally, there was an increase in OPEB of \$101,898 as a result of changes in assumptions of \$461,398, offset by decrease in differences between expected and actual experience of \$285,395, and a decrease in changes in proportion and differences between contribution and proportionate share of contribution of \$80,328, based upon the most current actuarial valuation report. Refer to Notes 6 and 7 for more information regarding the Authority's pensions and postemployment benefits other than pension, respectively.

December 31, 2024 versus 2023

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Total liabilities decreased from December 31, 2023 to December 31, 2024 by \$1,733,262 or 6.3%. Current liabilities increased by \$194,909, or 9.1%, and long-term liabilities decreased by \$1,928,171 or 7.6%.

The net increase in current liabilities of \$194,909 was mainly due to an increase in estimated liability arising from injuries to persons of \$198,251 due to an increase in the claims reserve balance per the current actuarial valuation. This increase is partially offset by a net decrease in other payables of \$6,580.

The net decrease in long-term liabilities of \$1,928,171 was primarily due to a decrease of \$1,830,345 in net OPEB liability, which was attributable to employer contribution \$1,499,720 and changes in proportionate share of OPEB liability which \$346,700. In addition, there was a decrease of \$667,415 in net pension liability. The decrease in OPEB and pension were partially offset by an increase in the estimated liability arising from injuries to persons of \$553,766 primarily due to the increase in claims reserve for selected cases, and an increase in compensated absences of \$16,457.

Deferred inflows of resources increased by \$2,157,479, or 59.2% compared with prior year primarily due to an increase in deferred inflows related to OPEB of \$2,241,212 as a result of change in differences between expected and actual experience of \$1,797,199, and changes in proportion and differences between contribution and proportionate share of contribution of \$1,048,863, offset by decrease in changes in assumptions of \$604,850 based upon the most current actuarial valuation report. Refer to Notes 6 and 7 to the consolidated financial statements for more information regarding the Authority's pensions and postemployment benefits other than pension, respectively.

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

(In thousands)	2025	2024	2023	Increase/(Decrease)	
				2025-2024	2024-2023
Net investment in capital assets	\$ 56,063,615	\$ 52,792,128	\$ 50,349,806	\$ 3,271,487	\$ 2,442,322
Unrestricted	(21,716,545)	(22,013,417)	(21,229,419)	296,872	(783,998)
Total net position	<u>\$ 34,347,070</u>	<u>\$ 30,778,711</u>	<u>\$ 29,120,387</u>	<u>\$ 3,568,359</u>	<u>\$ 1,658,324</u>

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

December 31, 2025 versus 2024

Total net position was \$34,347,070 at the end of 2025, a net increase of \$3,568,359, or 11.6% from the end of 2024. The net increase was primarily due to an operating loss of \$8,346,109 offset by net nonoperating income of \$7,355,154 and capital contributions from the MTA of \$4,559,314. Refer to Note 2 for additional information.

December 31, 2024 versus 2023

Total net position was \$30,778,711 at the end of 2024, a net increase of \$1,658,324, or 5.7% from the end of 2023. The net increase was primarily due to an operating loss of \$8,495,329 offset by net nonoperating income of \$6,411,670 and capital contributions from the MTA of \$3,741,983.

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

(In thousands)	2025	2024	2023	Increase/(Decrease)	
				2025-2024	2024-2023
Operating revenues	\$ 4,567,411	\$ 4,356,932	\$ 4,006,529	\$ 210,479	\$ 350,403
Operating expenses	(12,913,520)	(12,852,261)	(12,397,292)	(61,259)	(454,969)
Operating loss	(8,346,109)	(8,495,329)	(8,390,763)	149,220	(104,566)
Nonoperating revenues (expenses):					
Subsidies: New York State and The City of New York	3,714,579	3,531,005	5,000,803	183,574	(1,469,798)
Triborough Bridge and Tunnel Authority	625,329	679,095	604,535	(53,766)	74,560
Federal Transit Administration reimbursement	3,058,053	2,302,006	-	756,047	2,302,006
Other nonoperating revenues	30,131	34,727	28,986	(4,596)	5,741
Other nonoperating expenses	(72,938)	(135,139)	(137,280)	62,201	2,141
Loss on disposal - subway cars and track & structures	-	(24)	(301)	24	277
Total nonoperating revenues (expenses)	7,355,154	6,411,670	5,496,743	943,484	914,927
Income (loss) before capital contributions	(990,955)	(2,083,659)	(2,894,020)	1,092,704	810,361
Capital contributions	4,559,314	3,741,983	3,156,381	817,331	585,602
Change in net position	3,568,359	1,658,324	262,361	1,910,035	1,395,963
Net position — beginning of year	30,778,711	29,120,387	29,115,297	1,658,324	5,090
Restatement of beginning net position due to the adoption of GASB No. 101	-	-	(257,271)	-	257,271
Net position — end of year	\$ 34,347,070	\$ 30,778,711	\$ 29,120,387	\$ 3,568,359	\$ 1,658,324

Revenue from Fares/Ridership

(In thousands)	2025	2024	2023	Increase/(Decrease)	
				2025-2024	2024-2023
Subway revenue	\$ 2,958,986	\$ 2,820,175	\$ 2,645,967	\$ 138,811	\$ 174,208
Bus revenue	629,269	614,946	623,984	14,323	(9,038)
Expired fare media revenue	37,795	71,554	56,838	(33,759)	14,716
Paratransit revenue	32,904	26,950	22,175	5,954	4,775
Total revenue from fares	\$ 3,658,954	\$ 3,533,625	\$ 3,348,964	\$ 125,329	\$ 184,661
Total ridership (in thousands)	1,649,700	1,532,082	1,503,926	117,618	28,156
Non-student average fare	\$ 2.37	\$ 2.38	\$ 2.29	\$ (0.01)	\$ 0.09

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2025 versus 2024

Total revenue from fares was \$3,658,954 in 2025, an increase of \$125,329, or 3.5% was primarily due to increased subway ridership and measures taken to reduce fare evasion. Total ridership was 1,649,700, an increase of 117,618, or 7.7% from 2024.

2024 versus 2023

Total revenue from fares was \$3,533,625 in 2024, an increase of \$184,661, or 5.5% was primarily due to increased subway ridership and measures taken to reduce fare evasion. Total ridership was 1,532,082, an increase of 28,156, or 1.9% from 2023.

Operating Expenses, by Major Function

(In thousands)	2025	2024	2023	Increase/(Decrease)	
				2025-2024	2024-2023
Salaries and wages	\$ 4,709,082	\$ 4,540,253	\$ 4,528,765	\$ 168,829	\$ 11,488
Health and welfare	1,325,297	1,170,180	1,095,747	155,117	74,433
Pensions	634,419	870,319	880,765	(235,900)	(10,446)
Other fringe benefits	532,007	502,184	619,047	29,823	(116,863)
Reimbursed overhead expenses	(346,716)	(331,634)	(283,713)	(15,082)	(47,921)
Postemployment benefits other than pensions	666,546	797,610	1,086,509	(131,064)	(288,899)
Electric power	385,604	324,316	302,015	61,288	22,301
Fuel	121,925	121,912	131,496	13	(9,584)
Insurance	86,253	75,715	71,990	10,538	3,725
Public liability claims	645,536	800,163	243,770	(154,627)	556,393
Paratransit service contracts	717,214	616,823	517,151	100,391	99,672
Maintenance and other operating contracts	302,313	338,527	298,286	(36,214)	40,241
Professional service contracts	310,803	222,286	180,152	88,517	42,134
Pollution remediation projects	(3,616)	41,015	33,051	(44,631)	7,964
Materials and supplies	368,668	346,020	343,150	22,648	2,870
Depreciation and amortization	2,303,120	2,268,948	2,205,055	34,172	63,893
Other expenses	155,065	147,624	144,056	7,441	3,568
Total operating expenses	<u>\$ 12,913,520</u>	<u>\$ 12,852,261</u>	<u>\$ 12,397,292</u>	<u>\$ 61,259</u>	<u>\$ 454,969</u>

2025 versus 2024

Total operating expenses increased by \$61,259, or 0.5% compared to 2024 as follows:

- Salaries and wages increased by \$168,829, or 3.7% due to higher gross wages, including retroactive wage adjustments from contract settlements, and fewer vacancies.
- Health and welfare expenses increased by \$155,117, or 13.3%, primarily due to an increase in per capita claims activity.
- Pension expenses decreased by \$235,900, or 27.1%, primarily due to a decrease in the amortization of difference in projected and actual investment earnings of \$217,878.
- Other fringe benefit expenses increased by \$29,823, or 5.9%, primarily due to higher Workers' Compensation claims of \$38,887, increase in FICA reserve of \$11,734 due to payroll increases, partially offset by fringe benefit overhead reimbursement of \$19,980.
- Postemployment benefits other than pensions decreased by \$131,064, or 16.4%, primarily due to a decrease in the net amortization of deferred inflow and outflow of \$186,906, partially offset by an increase in the OPEB component expense of \$65,672.

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- Electric power expenses increased by \$61,288, or 18.9%, mainly due to higher energy costs.
- Insurance expenses increased by \$10,538, or 13.9%, primarily due to vehicle liability insurance increase of \$6,849 and property insurance increase of \$2,259.
- Public liability claims expenses decreased by \$154,627, or 19.3%, primarily due to the higher claims reserve in the prior year.
- Paratransit service contract expenses increased by \$100,391, or 16.3%, primarily due to higher trip volume and increasing trip costs.
- Maintenance and other operating contracts decreased by \$36,214, or 10.7%, is primarily due to reversal of \$17,809 of accruals for water billing credits received, Facility Maintenance of \$10,190, Refuse and Recycling of \$4,013 and Janitorial Services of \$3,988.
- Professional service contracts increased by \$88,517, or 39.8%, mainly due to IT maintenance of \$39,038, legal expenses of \$18,270, other professional service expenses of \$17,865, data communications expense \$6,596 and MTA Real Estate chargeback expenses of \$5,650.
- Pollution remediation project expenses decreased by \$44,631, or 108.8%, as no additional environmental reserves were needed for capital projects for the year.
- Materials and supplies increased by \$22,648, or 6.5%, primarily due to higher costs.
- Depreciation and amortization expenses increased by \$34,172, or 1.5%, due to depreciation and amortization of additional capital projects reaching substantial completion which includes right-of-way equipment, communication-based train control, and mainline track rehabilitation.

2024 versus 2023

Total operating expenses increased by \$454,969, or 3.7% compared to 2023 as follows:

- Salaries and wages increased by \$11,488, or 0.3% mainly due to the \$42,061 salary increases caused by higher vacancies and employee unavailability tour backfilled on overtime, which was partially offset by the implementation of GASB Statement No. 101, *Compensated Absences* which resulted in a decrease of \$30,573.
- Health and welfare expenses increased by \$74,433, or 6.8%, primarily due to an increase in per capita claims activity.
- Pension expenses decreased by \$10,446, or 1.2%, primarily due to the amortization of deferred outflow of resources of \$140,256, which was partially offset by an increase in amortization of deferred inflow of resources of \$63,106, a net increase in pension expense components of \$69,523, and tier 6 pension refund of \$3,808.
- Other fringe benefit expenses decreased by \$116,863, or 18.9%, primarily due to lower workers compensation claims of \$100,556 which is a result of reductions to indemnity cost estimates for 2007 and subsequent claims partially caused by a more favorable impact than expected of the duration cap imposed on permanent partial claims in New York's 2007 workers compensation legislation, an decrease of \$24,135 in fringe benefit overhead reimbursement due to an increase in capital project activity, which is partially offset by an increase in FICA reserve of \$13,459 due to payroll increases.
- Postemployment benefits other than pensions decreased by \$288,899, or 26.6%, which was primarily due to the net amortization of deferred inflow and outflow of \$166,334, amortization of proportionate share of \$164,090 partially offset by OPEB component expense of \$68,651.
- Electric power expenses increased by \$22,301, or 7.4%, mainly due to higher energy costs.
- Fuel expenses decreased by \$9,584, or 7.3%, mainly due to lower consumption.
- Public liability claims expenses increased by \$556,393, or 228.2%, which was primarily due to the increase in claims reserve for selected cases.
- Paratransit service contract expenses increased by \$99,672, or 19.3%, primarily due to higher trip volume and increasing trip costs.

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- Maintenance and other operating contracts increased by \$40,241, or 13.5%, mainly due to paratransit and bus fleet purchases of \$18 million, and an increased security services of \$24 million.
- Professional service contracts increased by \$42,134, or 23.4%, mainly due to IT maintenance of \$20,900; additional professional service expense of \$10,754 and increased MTA Real Estate charge back expenses of \$12,802, which is partially offset by a decrease in outside training expense of \$3,307.
- Pollution remediation project expenses increased by \$7,964, or 24.1%, due to the identification of additional areas of exposure requiring environmental remediation.
- Materials and supplies increased by \$2,870, or 0.8%, primarily due to rising costs.
- Depreciation and amortization expenses increased by \$63,893, or 2.9%, due to depreciation and amortization of additional capital projects reaching substantial completion which includes right-of-way equipment, communication-based train control, and mainline track rehabilitation.

Nonoperating Revenues and Expenses

The Authority receives a variety of tax-supported and operating assistance subsidies from New York State, the City of New York, and the Federal government. New York State and New York City subsidies are comprised of state mobility tax and corporate franchise, sales, energy, mortgage recording and real estate taxes and are impacted by the strength of the State and City economies and prevailing interest rates. The Federal government also reimburses the Authority for preventive maintenance expenses.

Tax supported and operating assistance subsidies from New York State and The City increased \$183,574, or 5.2% in 2025 and decreased \$1,469,798, or 29.4% in 2024. The increase in 2025 was primarily due to increase in Mass transportation operating assistance fund of \$103,778 and increase in Urban tax of \$103,045, partially offset by decrease in Petroleum business tax of \$20,080. The reduction in 2024 was primarily due to decrease in Payroll Mobility tax of \$1,562,974 caused by reallocation to other MTA agencies, and decrease in Petroleum business tax of \$42,419, partially offset by increase in Mass transportation operating assistance fund of \$112,404.

The Triborough Bridge & Tunnel Authority ("TBTA"), another affiliate of the MTA, distributes to the Authority each year, funds that vary based upon its operating surplus. The surplus distributed decreased by \$53,766, or 7.9% in 2025 over 2024, and increased by \$74,560, or 12.3% in 2024 over 2023. Pursuant to Public Authorities Law §553-j, created by the MTA Reform and Traffic Mobility Act enacted as part of the New York State budget for Fiscal Year 2019-2020, TBTA is required to establish the Congestion Relief Zone ("CRZ") Tolling Program, formerly referred to as the Central Business District Tolling ("CBDT"), capital lockbox fund consisting of all monies received by TBTA under the CRZ Tolling Program, as well as real estate transfer tax ("RETT") and portions of New York City and State sales tax revenue ("Internet Tax"). Proceeds from the CRZ, RETT and Internet Tax are dedicated to support the CRZ Tolling Program and the MTA's 2020-2024 Capital Program or any successor capital program.

The Authority received \$3,058,053 in 2025 and \$2,302,006 in 2024 from the Federal government for preventive maintenance expenses. This grant represents a reimbursement of the Authority's vehicle and facility maintenance expenses.

Capital contributions from the MTA of \$4,559,314 in 2025 and \$3,741,983 in 2024, represent capital program funding from several sources including bonds, Federal, State and City funding. Capital contributions increased by \$817,331, or 21.8%, compared to 2024 due to a timing of capital funding for various capital projects, including reduced debt services payments of \$239,875. Capital contributions increased by \$585,602, or 18.6%, compared to 2023 due to timing of capital funding for various capital

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projects, including reduced debt service payments of \$221,903. More detailed information about the Authority's contributed capital is presented in Note 2.

Changes in Net Position

The change in net position represents the net total of capital contributions, operating losses and nonoperating income. The net position increased by \$3,568,359 and \$1,658,324 in 2025 and 2024, respectively.

Budget Highlights

Total non-reimbursable operating revenues in 2025 of \$4,566,263 (excluding Federal Transit Administration reimbursement of \$3,058,053) were higher than budget by \$152,768, or 3.46%, primarily due to subway paid ridership, paratransit reimbursement and other operating revenue. Paratransit revenues were higher than the budget by \$69,198, or 13.7% due to favorable timing of billing, partially offset by higher trip volume. Subway paid ridership was higher than budget by \$61,616, or 2.1% mainly due to higher yield per passenger. Other operating revenue was higher than budget by \$53,980 due to primarily to Hurricane Ida recoveries.

The non-reimbursable operating expenses in 2025 of \$12,947,799 were lower than budget by \$25,775, or 0.2%, which was primarily due to labor-related expenses. Labor-related expenses of \$7,477,729 underran the budget (including favorable GASB 75 and favorable GASB 68 adjustments, respectively) by \$768,546. Health & welfare and OPEB expenses were lower than budget by \$116,431, or 5.62%. Favorable actuarial valuations of GASB 75 in addition to favorable rates, higher prescription drug contract rebates, and vacancy savings resulted in significant underruns. Pension expenses before GASB 68 were also unfavorable to budget by \$3,639, or 0.4% due to lower actuarial valuation. The favorability in labor-related expenses were offset by depreciation expense of \$2,280,269, GASB 101 compensated absences of \$43,417, GASB 87 lease adjustment of \$29,531, unfavorable claims of \$645,536, paratransit service contracts of \$717,214, electric power of \$385,604, maintenance and other operating contracts of \$331,614, professional service contracts of \$313,032 and materials and supplies of \$368,668.

Jobs vacancies also caused payroll underruns of \$222,539, or 5.3% offset by the essential worker payments. Reimbursable overhead underran the budget by \$51,087, or 17.3% reflecting higher (favorable) reimbursable project requirements. Partial offset occurred as overtime expenses were higher than budget by \$257,939, or 55.1%, reflecting higher than projected absenteeism and vacancy coverage needs, additional maintenance requirements, scheduled and unscheduled service, as well as weather related emergencies.

Non-labor expenses were favorable to the budget by \$593,755, or 23.5%. Fuel underran budget by \$9,913, or 7.5%, primarily due to consumption partially offset by price. This was offset by overruns in electric power, insurance, professional service contracts, paratransit service contracts, other business expenses, claims, materials and supplies, and maintenance and other operating contract expenses. Electric power overran budget by \$34,922, or 10.0%, due to price and consumption. Insurance was up \$1,783, or 2.1%, due to higher than projected vehicle and liability premium. Professional service contract expenses were unfavorable by \$29,065, or 10.2% primarily due to the timing of projects and charges. Paratransit service contracts were higher by \$101,935, or 16.6%, mainly due to higher than projected trip volume and support costs. Other business expenses were higher than budget by \$3,128, or 2.1% due to adjustments of overhead and fringe for security projects and capital engineering. Claims expense for public liability overran the budget by \$409,275, or 173.2%, reflecting the latest actuarial estimate. Materials and supplies expenses overran the budget by \$1,617 or 0.4%, due to the timing of signal and maintenance materials. Maintenance and other operating contract expenses overran the budget by \$21,943, or 7.1%, due to higher than projected maintenance costs to maintain aging fleet and facilities.

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OVERALL FINANCIAL POSITION, RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Results of Operations and Overall Financial Position

Total revenue from fares was \$3,658,954 in 2025, an increase of \$125,329 or 3.5% from 2024. Total ridership was 1,649,700, an increase of 117,618 or 7.7% from 2024. Total operating expenses, including depreciation and amortization, other postemployment benefits and pollution remediation project expenses, were \$12,913,520 in 2025, an increase of \$61,259 or 0.5%.

Going forward, the stability of the Authority's financial position is subject to certain risks, requiring the efficient management of costs, including the establishment of new cost reduction programs, in order to counteract any adverse impacts to revenue streams or cost increases.

Economic Conditions

Metropolitan New York is the most transit-intensive region in the United States, and a financially sound and reliable transportation system is critical to the region's economic well-being. New York City Transit ("NYCT") consists of urban subway and bus systems, including paratransit services. The MTA consists of urban subway and bus systems, suburban rail systems, and bridge and tunnel facilities, all of which are affected by a myriad of economic forces. To achieve maximum efficiency and success in its operations, the MTA must identify economic trends and continually implement strategies to adapt to changing economic conditions.

Preliminary MTA system-wide ridership for fourth quarter 2025 remained below the pre-pandemic level, with paid ridership down 160 million trips (-38.4%) below 2019 fourth quarter ridership. The fourth quarter of 2025 exceeded the paid ridership during the fourth quarter of 2024 by 8 million (2.0%). For the fourth quarter of 2025 compared with the fourth quarter of 2024, MTA New York City Transit subway paid ridership increased by 13 million trips (3.9%), MTA New York City Transit bus paid ridership decreased by 4 million trips (-5.1%).

The Central Business District Tolling Program ("CBDTP") was established by New York State legislation in 2019 to both manage traffic congestion in Manhattan and be implemented in a manner that achieves a minimum \$15 billion of funding for the projects identified in MTA's 2020-2024 Capital Program, and any additional revenues above that amount to be available for any successor program. Following the execution of an agreement under the Value Pricing Pilot Program by FHWA and the Project Sponsors, TBTA began collecting CBDTP tolls on January 5, 2025.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was higher in 2025 than in 2024 by 40.1 thousand jobs (0.8%). On a quarter-to-quarter basis, New York City employment lost 19.8 thousand jobs (0.4%), breaking the twenty-month consecutive quarterly increase trend. Third quarter 2025 results, compared to second quarter 2025, increased 32.6 thousand jobs (0.7%) and increased 78.6 thousand jobs (1.6%) compared with the third quarter 2024.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 1.4% in the fourth quarter of 2025 and 4.4% in third quarter 2025, according to the most recent estimate released by the Bureau of Economic Analysis. The increase in real GDP in the fourth quarter primarily reflecting increases in consumer spending and investment that were partly offset by decreases in government spending and exports. The increase in consumer spending reflected an increase in services that was partly offset by a decrease in goods. Within services, the leading contributors to the increase were health care and other services. The increase in investment primarily reflected increases in intellectual property products, private inventory investment, and equipment. The largest contributor to the decrease was a decrease in government spending reflected in a decrease in

DRAFT

federal government spending. Both nondefense and defense consumption expenditures for employee compensation declined.

Due to the federal government shutdown which lasted from October 1, 2025 to November 12, 2025, the Bureau of Labor Statistics was unable to collect information necessary to calculate the consumer price index data for October. To this end, the fourth quarter of 2025 presented herein reflects the average of November and December. The New York City metropolitan area's price inflation rate, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was above the national average in the fourth quarter of 2025, with the metropolitan area index increasing 3.2% while the national index increased 2.7% when compared with the fourth quarter of 2024. Regional prices for energy products increased 7.2% while national prices for energy products were 2.7%. In the metropolitan area, the CPI-U exclusive of energy products increased by 3.0%, while nationally, inflation exclusive of energy products increased 2.7%. The New York Harbor spot price for conventional gasoline decreased by 11.1% from an average price of \$2.10 per gallon to an average price of \$1.87 per gallon between the fourth quarters of 2024 and 2025.

In its announcement on December 10th 2025, the Federal Open Market Committee ("FOMC") set its target for the Federal Funds rate at the 3.50% to 3.75% range. This is the sixth decline in the target rate range since September 18, 2024, when the FOMC reduced the target from a 5.25% to 5.50% range to a 4.75% to 5% range. Previously, FOMC actions decreased the range to 4.75% to 5% on September 18, 2024, decreased the range to 4.5% to 4.75% range on November 7, 2024, decreased the range to 4.25% to 4.5% on December 18, 2024, decreased the range to 4.0% to 4.25% on September 17, 2025, and decreased the range to 3.75% to 4% on October 29, 2025. In assessing the appropriate stance of monetary policy, the FOMC will continue to monitor the implications of incoming information for the economic outlook. The FOMC judges that reserve balances have declined to ample levels and will initiate purchases of shorter-term Treasury securities as needed to maintain an ample supply of reserves on an ongoing basis. The FOMC's assessments will consider a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

MRT collections in the fourth quarter of 2025 were higher than the fourth quarter of 2024 by \$16.9 million (18.2%). Average monthly receipts in the fourth quarter of 2025 were \$28.1 million (-44.2%) lower than the monthly average for 2006, just prior to the steep decline in Mortgage Recording Tax revenues during the Great Recession. MTA's Urban Tax receipts during the fourth quarter of 2025—which are derived from commercial real estate transactions and mortgage recording activity within New York City and can vary significantly from quarter to quarter based on the timing of exceptionally high-priced transactions—were \$17.6 million (17.2%) higher than receipts during the fourth quarter of 2024. Average monthly receipts in the fourth quarter of 2025 were \$35.3 million (-48.0%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program

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

2010-2014 Capital Program—The 2010-2014 Capital Program was approved by the MTA Board in September 2009. The program totaling approximately \$25.6 billion was subsequently submitted to the NYS Capital Program Review Board ("CPRB") for their review and approval. The submitted Program was vetoed without prejudice by the Review Board in December 2009. Subsequently, the resubmitted 2010-2014 Program, totaling \$26.3 billion was approved by the MTA Board in April 2010. In June 2010, the CPRB

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approved the 2010-2014 Capital Program totaling \$23.8 billion, as submitted, of which the Authority's share was \$12.8 billion. The approved CPRB program fully funded only the first two years of the plan, with a commitment to come back to CPRB with a funding proposal for the last three years. On December 21, 2011, the MTA Board approved an amendment to the 2010-2014 Program that funds the last three years of the program through a combination of self-help (efficiency improvements and real estate initiatives), participation by our funding providers and innovative and pragmatic financing arrangements. The Authority's share of the \$24.3 billion revised program was \$11.6 billion. On March 27, 2012, the CPRB approved the amended 2010-2014 Capital Program as submitted for the Transit and Commuter systems totaling \$22.2 billion. On December 19, 2012, the MTA Board approved an amendment to the 2010-2014 Capital Programs to add projects for the repair and restoration of MTA agency assets damaged as a result of Tropical Storm Sandy, which struck the region on October 29, 2012. The revised programs provide for an additional \$4.8 billion in Sandy recovery-related capital expenditures, of which the Authority's share is \$3.4 billion. On January 23, 2013, the amended program for the Transit and Commuter systems totaling \$26.2 billion as submitted was deemed approved by the CPRB. On July 24, 2013, the MTA Board approved a further amendment to the 2010-2014 Capital Programs for the Transit, Commuter and Bridges and Tunnels systems to include specific revisions to planned projects and to include new resilience/mitigation initiatives, totaling \$5.8 billion in response to Tropical Storm Sandy. The Authority's share of the new initiative is \$5.1 billion. On August 26, 2013, the CPRB deemed approved those amended 2010-2014 Capital Programs for the Transit and Commuter systems as submitted. On July 28, 2014, the MTA Board approved an amendment to the 2010-2014 Capital Programs to reflect revised project estimates. However, the overall program remained unchanged at \$34.8 billion. On September 3, 2014, the amended program for the Transit and Commuter systems totaling \$31.8 billion as submitted was deemed approved by the CPRB. On May 24, 2017, the MTA Board approved a further amendment to reduce the overall 2010-2014 capital program by \$2.8 billion. The reduction reflects adjustments to the Sandy program to match funding and administrative scope transfers for projects in the Core program. On July 31, 2017, the amended program for the Transit and Commuter systems totaling \$29.2 billion as submitted was deemed approved by the CPRB. On September 25, 2019, the MTA Board approved an amendment to the overall 2010-2014 capital program totaling \$31.7 billion reflecting administrative budget adjustments and updated project cost and timing assumptions. The Authority's share of the amended program totaled \$11.4 billion. On February 21, 2020, the CPRB deemed approved the revised 2010-2014 Capital Programs for the Transit and Commuter systems, as submitted. On October 30, 2024, the MTA Board approved an amendment to reduce the 2010-2014 Capital Program by \$0.1 billion reflecting project closeout savings to the CPRB portion and the Bridges and Tunnels program envelopes. This amendment includes administrative funding transfers between approved capital programs and new funding to support existing initiatives. The amendment was submitted to the CPRB and deemed approved on December 9, 2024.

The combined funding sources for the last MTA Board approved 2010-2014 Capital Program are comprised of \$11.7 billion in MTA bonds, \$7.4 billion in federal funds, \$2.0 billion in Bridges and Tunnels dedicated funds, \$0.1 billion in MTA Bus Federal and City Match, \$0.8 billion in State Assistance, \$0.7 billion in City Capital Funds, and \$1.3 billion from other sources. The funding strategy for Tropical Storm Sandy repair and restoration assumes the receipt of \$6.7 billion in insurance and federal reimbursement proceeds (including interim borrowing by MTA to cover delays in the receipt of such proceeds), \$0.02 billion in Pay-as-you-go capital, supplemented, to the extent necessary, by external borrowing of up to \$1.0 billion in additional MTA and MTA Bridges and Tunnels bonds.

In December 31, 2025, \$11.3 billion has been encumbered to Authority projects from the 2010-2014 approved plan, of which approximately \$11.0 billion has been expended.

2015-2019 Capital Program—The 2015-2019 Capital Program totaling \$32.0 billion was approved by the MTA Board in September 2014. The program totaling approximately \$29.0 billion was subsequently submitted to the CPRB for their review and was vetoed without prejudice by the Review Board in October 2014. On October 28, 2015, the MTA Board approved a revised 2015-2019 capital

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program totaling \$26.1 billion. The revised 2015-2019 MTA Bridges and Tunnels Capital Program totaling \$2.9 billion was approved by the MTA Board in October 2015 and was not subject to CPRB approval. On April 20, 2016, the MTA Board approved a further revised 2015-2019 capital program totaling \$29.5 billion, of which \$26.6 billion was subsequently approved by the CPRB on May 23, 2016 (The MTA Bridges and Tunnels 2015-2019 Capital Program totaling \$2.9 billion is not subject to CPRB approval.). The Authority's share of the approved 2015-2019 capital program was \$15.8 billion. On February 23, 2017, the MTA Board approved an amendment to add three station investment projects to the NYCTA and LIRR portions of the Capital Program resulting in a net increase of \$0.1 billion transferred from prior capital programs. On May 24, 2017, the MTA Board approved further amendment, adding \$2.9 billion to the 2015-2019 Capital Program reflecting increasing support for new priority projects, new funding for Second Avenue Subway Phase 2, and administrative scope transfers. The amended Capital Program, as submitted, was deemed approved by the CPRB on July 31, 2017. On December 13, 2017, the MTA Board approved an amendment to the Capital Program, adding \$0.349 billion to incorporate the NYC Subway Action Plan. The Authority's share of the amended 2015-2019 capital program totaling \$32.8 billion is \$16.7 billion. On April 25, 2018, the MTA Board approved a full amendment to increase the 2015-2019 Capital Programs to \$33.3 billion reflecting updated project cost estimates, emerging new needs across the agencies, and reallocation of funds within the East Side Access and Regional Investment programs, among others. On June 1, 2018, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems totaling \$30.3 billion as submitted. The Authority's share of the amended capital program was \$16.7 billion. The revised 2015-2019 MTA Bridges and Tunnels Capital Program totaling \$2.9 billion as approved by the MTA Board in April 2018, was not subject to CPRB approval.

In the 2015-2019 Capital Program, NYC Transit continues normal replacement of key assets like rolling stock and mainline track/switches while also emphasizing overdue investments in signals and other infrastructure. Stations continue to be an important focus of investment given the importance of the station environment to NYC Transit's customers and their communities. Core infrastructure investments include: modernization of six interlockings; the purchase of 535 railcars to replace railcars reaching the end of their useful lives; 1,441 new buses, including 1,086 standard, 305 articulated and 50 express buses; replacement of approximately 51 miles of mainline track and 127 mainline switches; communications improvements and improvements to shops, yards, and depots; ADA accessibility improvements; completion of the new fare payment system; elimination of station defects; substantial access and circulation improvements at the Grand Central and Times Square stations. On September 25, 2019, the MTA Board approved a full amendment to the 2015-2019 Capital Programs totaling \$33.9 billion, reflecting updated project timing and cost estimates, new needs, and changing priorities. On February 21, 2020, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems, as submitted. The Authority's share of the amended capital program was \$16.7 billion. Reallocation between programs, subsequent to the amendment resulted in the overall plan totaling \$34 billion, of which the Authority's share is \$16.7 billion. On June 27, 2023, the MTA Board approved an amendment to change the Program's funding mix to allow the MTA to best meet the funding requirements of the Second Avenue Subway Phase 2 project. This amendment did not change the Program's budget at \$33.9 billion, as last approved by the Board in 2019. On October 30, 2024, the MTA Board approved an amendment to reduce the 2015-2019 Capital Program by \$0.3 billion reflecting project closeout savings and removal of unneeded reserves to the CPRB and Bridges and Tunnels program envelopes. This amendment includes administrative funding transfers between approved capital programs and new funding to support existing initiatives. The amendment was submitted to the CPRB and deemed approved on December 9, 2024.

The combined funding sources for the last MTA Board approved 2015-2019 Capital Program are comprised of \$11.2 billion in MTA Bonds and PAYGO, \$2.7 billion in MTA Bridges and Tunnels dedicated funds, \$9.1 billion in funding from the State of New York, \$6.8 billion in Federal Funds, \$2.7 billion from City Capital Funds, and \$1.2 billion from Other Sources.

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As of December 31, 2025, \$16.2 billion has been encumbered to Authority projects from the 2015-2019 approved plan, of which approximately \$14.6 billion has been expended.

2020-2024 Capital Program—The 2020-2024 Capital program totaling \$54.8 billion was approved by the MTA Board on September 25, 2019. The capital programs for the transit and commuter systems totaling \$51.5 billion was subsequently submitted to the CPRB on October 1, 2019 and approved on January 1, 2020. The Authority's share of the capital program was \$35.4 billion. On December 15, 2021, a Letter Amendment was submitted to the Board that increased the total funding for the 2020-2024 Capital Program to \$55.4 billion. The amendment addressed budget adjustments and additional funding to support Penn Station Access and other program projects. The amended Capital Program was deemed approved by the CPRB on December 23, 2021. The Authority's share of the amended capital program was \$35.1 billion. On July 27, 2022 the MTA Board approved an amendment to increase the 2020-2024 Capital Program by \$108 to reflect addition of new projects, additional support for existing projects and changes to existing project budgets. The capital programs were subsequently submitted to the CPRB on August 1, 2022 and approved on August 30, 2022. The Authority's share of the amended capital program was \$34.6 billion. On June 27, 2023, the MTA Board approved an amendment primarily to reflect \$0.7 billion in budget transfers from the core agencies to support Network Expansion's Penn Station Access project. The amendment to the capital programs was subsequently submitted to the CPRB, and deemed approved on July 31, 2023. The revised 2020-2024 MTA Bridges and Tunnels Capital Program totaling \$3.3 billion as last approved by the MTA Board on July 27, 2022, remain unchanged and is not subject to CPRB approval. The Authority's share of the 2023 amended capital program was \$34.0 billion. On October 30, 2024, the MTA Board approved an amendment to increase the 2020-2024 Capital Program by \$0.1 billion received from MTA's capital funding partners to support Penn reconstruction, Interborough Express project, and Second Avenue Subway West. This amendment was submitted to the CPRB and deemed approved on December 9, 2024. On October 29, 2025, the MTA Board approved an amendment to recognize additional federal funding for Penn Station Access, savings from the Congestion Pricing infrastructure project, and other practical changes that resulted in a net decrease to the program by \$0.131 billion. The amendment to the capital programs was submitted to the CPRB and deemed approved on December 2, 2025.

The combined funding sources for the MTA Board approved 2020-2024 MTA Capital Programs include \$15 billion in Central Business District tolling sources, \$10 billion in new revenue sources, \$6 billion in MTA bonds and PAYGO, \$14.75 billion in Federal funds, \$3.2 billion in State of New York funding, \$3 billion in City of New York funding, \$3.3 billion in MTA Bridges and Tunnels dedicated funds, and \$0.2 billion in from Other contributions.

As of December 31, 2025, \$23.1 billion has been encumbered to Authority projects from the 2020-2024 approved plan, of which approximately \$10.2 billion has been expended.

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

2025-2029 Capital Program – Capital programs totaling \$65.4 billion covering the years 2025-2029 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the "2025–2029 Commuter Capital Program"), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the "2025–2029 Transit Capital Program") were originally approved by the MTA Board on September 25, 2024. The capital programs were subsequently disapproved by the Capital Program Review Board ("CPRB") on December 24, 2024, because fund sources for the plan had not yet been fully identified. The capital program totaling \$3.0 billion for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the "2025–2029 MTA Bridges and Tunnels

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Capital Program”) was approved by the MTA Board on September 25, 2024 and was not subject to CPRB approval. On May 28, 2025, the MTA Board approved the resubmitted capital programs. This resubmission was subsequently approved by the CPRB on June 17, 2025.

The combined funding sources for the 2025–2029 MTA Capital Programs and the 2025-2029 MTA Bridges and Tunnels Capital Program, include \$31.5 billion in Payroll Mobility Tax new revenue source (MTA Capital Lockbox), \$9.7 billion in MTA bonds and PAYGO, \$14.0 billion in Federal funds, \$4.2 billion in State of New York funding, \$3.0 billion in City of New York funding, \$3.0 billion from additional MTA self-funding, and \$3.0 billion in MTA Bridges and Tunnels dedicated funds.

As of December 31, 2025, \$3.5 billion has been encumbered to Authority projects from the 2025-2029 approved plan, of which approximately \$0.2 billion has been expended.

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

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The 2026 MTA Final Proposed Budget - November Financial Plan

The 2025 MTA November Financial Plan (the “November Plan” or “Plan”), which includes the 2025 November Forecast, the 2026 Final Proposed Budget and a Financial Plan for the years 2026 to 2029, updates the 2025 July Financial Plan (the “July Plan”), which included the 2025 Mid-Year Forecast and the 2026 Preliminary Budget.

Risks to MTA’s Financial Future Risks to the November Plan include:

The November Plan remains balanced through 2026 with deficits of \$160 in 2027, \$243 in 2028, and \$306 in 2029. In comparison, the July Plan was balanced through 2026, with deficits of \$345 in 2027, \$354 in 2028, and \$428 in 2029. The February Plan was also balanced through 2026 and included deficits of \$378 in 2027 and \$419 in 2028.

Compared with the July Plan, the November Plan is \$419 favorable over the Plan period. Plan-to-plan changes reflect Agency updates - including savings from new Operating Efficiencies, New Needs, Farebox and Toll Revenue, and other Agency reestimates - as well as Subsidy receipts and Debt Service expense re-forecasts.

The July Plan included additional farebox and toll revenues from proposed fare and toll rate and policy changes for implementation in January 2026. With MTA Board approval in September 2025, the additional revenue projected from these actions, which were represented below-the line in the July Plan, have been incorporated into Agency financial plans. Overall, farebox and toll revenues, compared with the July Plan, are \$20 favorable over the Plan period.

Compared with the July Plan, Debt Service expense is \$161 favorable.

The net cost of Paratransit service, which reflects paratransit service contracts and other expenses, Paratransit fare revenue, Urban Tax receipts dedicated to Paratransit, and City Subsidy for Paratransit, is \$11 higher than in the July Plan, driven primarily by higher service expenses due to increased ridership. While the City’s contribution to Paratransit is currently legislated at 80 percent of expenses, there is a contribution cap of 50 percent plus \$165. As a result, the City’s contribution is less than 80 percent and is further reduced each year as expenses continue to increase.

Other Agency baseline operating expenses are \$319 higher than in the July Plan. Major expense changes include Workers’ Compensation, FELA and Pension, which are \$378 unfavorable due to higher actuarial re-estimates, and Electric Power and Fuel, which are \$95 unfavorable due to rate and price increases. Health & Welfare expenses are \$532 favorable stemming from 2025 vacancy savings and higher prescription drug credits.

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From 2009 through 2022, the MTA identified and captured about \$3.2 billion in annually recurring savings. In 2023, the MTA committed to achieving an additional \$500 in annually recurring cost savings through operating efficiencies, which was attained by the end of 2025 with initiatives I-1 ranging from insourcing functions like cleaning, using reliability data to tailor maintenance frequencies, and standardizing work practices to improve productivity.

Savings targets from new operating efficiencies are being introduced in this Plan. Achievable savings of \$75 in 2026, growing to \$150 in 2027 and \$200 in 2028, are expected to reach a full value of \$250 in annual recurring operating savings by 2029. While the 2023 operating efficiencies focused primarily on operations at MTA New York City Transit, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bridges and Tunnels, new operating efficiencies will also include MTA Headquarters as shared services have recently been centralized as part of the MTA consolidation efforts to standardize practices and seize economies of scale. Initiatives have been identified to capture \$75 in savings for 2026 and subsequent years.

Revenues from Taxes and State and Local Subsidies are unchanged from the July Plan.

Consistent with prior Plans, this Plan proposes, effective March 2027 and March 2029, biennial fare and toll rate changes to generate a 4 percent yield increase in farebox and toll revenues. These proposals are projected to generate \$39 above the forecast in the July Plan.

The Plan also reflects re-timing of the Penn Station Access project. Full completion of the project, which extends Metro-North's New Haven Line to reach Penn Station with four new accessible stations in the Bronx, has experienced delays due to coordination issues with Amtrak for work on its right-of-way. The full completion of the project, originally scheduled for 2027, is now expected to be delayed until 2030. MTA is planning to provide about 30 percent of the original scheduled service to three of the four new Bronx stations. This interim plan, which is predicated on cooperation by Amtrak, will result in shifts in operating budget spending, lowering net costs by \$58 over the Plan period.

MTA expects a further delay in the reimbursement of direct COVID-related expenses through the Federal Emergency Management Agency ("FEMA"). In the July Plan, reimbursements of \$300 in 2025 and \$300 in 2026 were anticipated, while the February Plan assumed the reimbursement would be received earlier: \$250 in 2025, \$140 in 2025, and \$210 in 2026. In this Plan, the reimbursement is expected over the 2026 to 2028 period, with receipt of \$200 each year.

Tolling through the Central Business District Tolling Program ("CBDTP") began in January 2025. CBDTP net revenue, dedicated to the 2020-2024 MTA Capital Program, is deposited into the Capital Lockbox Fund.

The November Plan presents a balanced budget through 2026, with deficits of \$160 in 2027, \$243 in 2028 and \$306 in 2029.

Dedicated tax receipts. Almost 45 percent of operating revenues that are necessary to cover operating budget expenses are derived from dedicated taxes, and an economic slowdown or recession could adversely impact MTA's ability to cover costs.

FEMA COVID reimbursement. The MTA expects reimbursement through the FEMA for direct COVID-related expenses incurred during the pandemic. These reimbursements have already slipped beyond the anticipated date of receipt, and should these reimbursements not materialize, the Plan will be put into deficit by \$200 in 2026, and deficits will be \$200 higher in both 2027 and 2028.

Gaming license fee non-operating revenue. In December 2025, three high-profile casino projects got their final approval from

New York State's gaming commission. The casino licenses provided fees of \$500 in December 2025 and \$1,000 in January of 2026, all of which were transferred to the MTA by the gaming commission. The Plan also assumes gaming tax revenues of \$600 in 2028 and \$200 in 2029.

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Approval and implementation of fare and toll yield increases. The Plan includes fare and toll rate increases proposed for March 2027 and March 2029. These increases are expected to generate \$1.22 billion over the Plan period.

Labor agreements. Major collective bargaining agreements expire over the course of the Plan period, and the Plan assumes annual 2% wage increases at the conclusion of existing agreements.

New York City paratransit reimbursements. The net cost of Paratransit service, which reflects paratransit service contracts and other expenses, Paratransit fare revenue, Urban Tax receipts dedicated to Paratransit, and New York City ("City") Subsidy for Paratransit, continues to increase. Under current State law, the City's responsibility for reimbursing paratransit expenses reduces from a cap of 50 percent plus \$165 to 50 percent in July 2027 through June 2030, when the State law requiring City contribution expires. Beginning in July 2030, City reimbursement would revert to City reimbursement being the lesser of one-third of net costs or twenty percent more than the prior year's reimbursement. The Plan assumes a continuation of an 80 percent contribution from the City, and without an extension of State law maintaining the 80 percent reimbursement, deficits will increase.

Tropical Storm Sandy Update

The total allocation of emergency relief funding from the Federal Transit Administration ("FTA") to MTA in connection with Superstorm Sandy to date is \$5.90 billion, including \$1.599 billion allocated on September 22, 2014, through a competitive resiliency program. A total of \$5.9 billion in FTA Emergency Relief Funding has been executed: seven repair/local priority resiliency grants totaling \$4.55 billion and seventeen competitive resiliency grants totaling \$1.26 billion. As of December 31, 2025, MTA has drawn down a total of \$4.55 billion in grant reimbursement for eligible operating and capital expenses. The balance of funds to be drawn down from all twenty-four grants is available to MTA for reimbursement of eligible expenses as requisitions are submitted by MTA and approved by FTA. Additional requisitions are in process. At MTA and Amtrak's request, in April 2018, FTA transferred \$13.5 million of MTA's emergency relief allocation to the Federal Railroad Administration ("FRA") to allow Amtrak to execute a portion of MTA Long Island Rail Road's Competitive Resilience scope.

Labor Update

MTA New York City Transit/Manhattan and Bronx Surface Transit Operating Authority – As of December 31, 2025, MTA New York City Transit and MaBSTOA employs approximately 48,076 people, 46,661 of whom are represented by 14 unions with 23 bargaining units.

In 2023, the MTA Board approved a 36-month labor agreement between the New York City Transit Authority, the Manhattan and Bronx Surface Transit Operating Authority, MTA Bus Company and approximately 37,000 hourly operating employees represented by the Transport Workers Union, Local 100. Spanning the 36-month period, from May 16, 2023 through May 15, 2026, the agreement provides general wage increases of 3.0% for 2023, 3.0% for 2024, and 3.5% for 2025 (9.8%, in total). It also provides an Essential Worker cash bonus of \$3,000 in the first contract year and a supplemental Essential Worker cash bonus of \$1,000 in the second year, along with the enhancement of certain other employee benefits. Among important savings measures, the agreement institutes TWU Enhanced Retiree Benefits coverage (Medicare Advantage Plan), by which all post-65 Medicare eligible retirees and their eligible dependents will be placed into an alternative health plan. The net economic value of the agreement has informed the MTA's financial assumptions for growth in labor costs for a majority of represented bargaining units, and it is expected that most of the MTA's represented employees will reach future settlements that are consistent with these expectations.

Since the ratification of the TWU Local 100 agreement, several other unions at New York City Transit and MaBSTOA have been approved by the MTA Board, including agreements with other bargaining units of TWU Local 100 (covering Career and Salary employees, Computer and Telecommunications titles, and Staff Analysts). In the third quarter of 2025, two new labor agreements were reached with bargaining units of the Amalgamated Transit Union ("ATU"). These agreements cover 1,805 Bus Operators, Maintainers and Cleaners represented by ATU-Local 1056; and 1,681 Bus Operators, Mechanics and

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Operators represented by ATU-Local 726. Like the agreement reached with the operating hourly members of TWU Local 100, these agreements are both 36 months long, expiring May 15, 2026. Both provide wage increases of 3.0% for 2023, 3.0% for 2024 and 3.5% for 2025, and both include an Essential Worker lump-sum bonus of \$3,000 and a Supplementary lump sum bonus of \$1,000. The agreements' other benefits and provisions are in line with those present in the TWU Local 100 agreement. To partly offset these costs, savings will be forthcoming through changes to the active and retiree prescription drug program, which will now include a formulary for Non-Specialty medications, as well as an advanced formulary for Specialty medications. These changes to the prescription drug program will achieve savings on a similar scale (relative to base labor costs) as the health and welfare savings generated under the TWU Local 100 Agreement without reducing the quality or scope of coverage.

In December, NYCTA and MaBSTOA reached a new labor agreement with approximately 330 members of the United Federation of Law Enforcement Officers ("UFLEO"). The agreement, which will run from April 1, 2025 through May 15, 2028 includes the same wage increases as the agreements described above: 3.0% in the first year, 3.0% in the second year, and 3.5% in the third year; and it includes the \$3,000 Essential Worker Bonus and a \$1,000 Supplemental Bonus. With its other cost and savings provisions, the agreement—like all others for this round of collective bargaining-- remains consistent with MTA financial expectations.

CONTACTING MTA CONTROLLER'S OFFICE

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

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

CONSOLIDATED STATEMENTS OF NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (In thousands)

	Business-Type Activities	
	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	\$ 16,565	\$ 66,144
MTA Investment pool (Note 4)	733,702	-
Receivables:		
Billed and unbilled charges due from New York City	24,244	94,205
Accrued subsidies	86,591	91,718
Due from MTA and constituent Authorities (Note 18)	3,008,344	3,040,046
Other	139,344	139,620
Less allowance for doubtful accounts	(7,457)	(6,835)
Net receivables	3,251,066	3,358,754
Materials and supplies—at average cost—net	395,526	375,070
Prepaid expenses and other current assets	76,549	238,163
Total current assets	4,473,408	4,038,131
NONCURRENT ASSETS:		
Due from MTA for the purchase of capital assets (Note 18)	821,651	964,730
Capital assets (Note 5):		
Construction work-in-progress	10,658,746	8,784,461
Other capital assets, net of accumulated depreciation and amortization	45,967,862	44,492,893
Lease receivables (Note 9)	35,505	36,511
Public-private partnerships receivable (Note 11)	378	-
Restricted deposits and other escrow funds	626	1,098
Total noncurrent assets	57,484,768	54,279,693
Total assets	61,958,176	58,317,824
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pensions (Note 6)	1,049,632	1,209,442
Related to OPEB (Note 7)	2,337,461	2,827,031
Total deferred outflows of resources	3,387,093	4,036,473
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 65,345,269	\$ 62,354,297

See notes to consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (In thousands)

	Business-Type Activities	
	2025	2024
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	\$ 197,438	\$ 196,768
Accrued expenses:		
Salaries, wages, and payroll taxes	129,533	283,592
Compensated absences (Note 13)	535,605	508,532
Retirement and death benefits	26,917	29,522
Estimated liability arising from injuries to persons (Note 14)	703,137	695,224
Pollution remediation projects (Note 17)	21,800	25,500
Other	430,017	401,557
Total accrued expenses	1,847,009	1,943,927
Unredeemed farecards	150,325	175,353
Revenue advances	8,087	-
Loans payable (Note 8)	6,136	6,037
Lease payable (Note 9)	13,310	11,638
Subscription-based IT arrangements payable (Note 10)	482	790
Total current liabilities	2,222,787	2,334,513
NONCURRENT LIABILITIES:		
Net pension liability (Note 6)	3,667,567	4,343,552
Net OPEB liability (Note 7)	13,246,265	13,799,159
Compensated absences (Note 13)	516,540	473,439
Estimated liability arising from injuries to persons (Note 14)	4,694,641	4,244,142
Loans payable (Note 8)	30,811	35,385
Lease payable (Note 9)	452,075	438,430
Subscription-based IT arrangements payable (Note 10)	473	265
Availability payment arrangement liability (Note 12)	59,706	-
Pollution remediation projects (Note 17)	87,201	102,000
Restricted deposits and other escrow funds	626	1,098
Total noncurrent liabilities	22,755,905	23,437,470
Total liabilities	24,978,692	25,771,983
DEFERRED INFLOWS OF RESOURCES:		
Related to pensions (Note 6)	337,380	229,676
Related to OPEB (Note 7)	5,636,090	5,534,192
Related to leases	41,227	39,735
Related to public-private partnership arrangements	4,810	-
Total deferred inflows of resources	6,019,507	5,803,603
NET POSITION:		
Net investment in capital assets	56,063,615	52,792,128
Unrestricted	(21,716,545)	(22,013,417)
Total net position	34,347,070	30,778,711
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 65,345,269	\$ 62,354,297
See notes to consolidated financial statements.		(Concluded)

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

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	Business-Type Activities	
	2025	2024
OPERATING REVENUES:		
Rapid transit	\$ 2,958,986	\$ 2,820,175
Surface transit	629,269	614,946
Expired fare media	37,795	71,554
Paratransit fares	32,904	26,950
School, elderly, and paratransit reimbursement	664,133	614,051
Advertising and other	244,324	209,256
Total operating revenues	4,567,411	4,356,932
OPERATING EXPENSES:		
Salaries and wages	4,709,082	4,540,253
Health and welfare	1,325,297	1,170,180
Pensions (Note 6)	634,419	870,319
Other fringe benefits	532,007	502,184
Reimbursed overhead expenses	(346,716)	(331,634)
Postemployment benefits other than pensions (Note 7)	666,546	797,610
Electric power	385,604	324,316
Fuel	121,925	121,912
Insurance	86,253	75,715
Public liability claims	645,536	800,163
Paratransit service contracts	717,214	616,823
Maintenance and other operating contracts	302,313	338,527
Professional service contracts	310,803	222,286
Pollution remediation projects (Note 17)	(3,616)	41,015
Materials and supplies	368,668	346,020
Depreciation and amortization (Note 2 and Note 5)	2,303,120	2,268,948
Other expenses	155,065	147,624
Total operating expenses	12,913,520	12,852,261
OPERATING LOSS	(8,346,109)	(8,495,329)

See notes to consolidated financial statements.

(Continued)

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

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	Business-Type Activities	
	2025	2024
NONOPERATING REVENUES (EXPENSES):		
Tax-supported subsidies:		
New York State (Note 2)	\$ 2,616,619	\$ 2,535,448
New York City	490,293	387,248
Operating assistance subsidies:		
New York State	158,672	158,672
New York City	158,672	158,672
Triborough Bridge and Tunnel Authority	625,329	679,095
Less amounts provided to Staten Island Rapid Transit Operating Authority	(9,677)	(9,035)
Other subsidies—assistance fund (Note 2)	<u>300,000</u>	<u>300,000</u>
Total subsidy revenues	4,339,908	4,210,100
Federal Transit Administration reimbursement	3,058,053	2,302,006
Other nonoperating revenues	30,131	34,727
Other nonoperating expenses	(72,938)	(135,139)
Loss on disposal of subway cars and track & structures	<u>-</u>	<u>(24)</u>
Total nonoperating income	<u>7,355,154</u>	<u>6,411,670</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	(990,955)	(2,083,659)
CAPITAL CONTRIBUTIONS (Note 2)	<u>4,559,314</u>	<u>3,741,983</u>
CHANGE IN NET POSITION	3,568,359	1,658,324
NET POSITION:		
Beginning of year	30,778,711	29,120,387
End of year	<u>\$ 34,347,070</u>	<u>\$ 30,778,711</u>

See notes to consolidated financial statements.

(Concluded)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	Business-Type Activities	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from passengers, tenants, advertisers, and others	\$ 4,602,516	\$ 4,177,581
Cash payments for payroll and related employee costs	(7,705,776)	(7,314,190)
Cash payments to suppliers for goods and services	(2,724,224)	(2,342,396)
Net cash used in operating activities	(5,827,484)	(5,479,005)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES—Subsidies received	8,383,763	6,762,948
Net cash provided by noncapital financing activities	8,383,763	6,762,948
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments	(6,122)	(6,000)
Interest paid	(31,705)	(99,475)
Receipts from leases	13,175	10,764
Payments of leases	(46,733)	(41,581)
Payments of subscription-based IT arrangements	(2,575)	(1,540)
Capital availability payment arrangement	(1,146)	-
Payments on MTA Transportation Bonds issued to fund capital assets	(763,234)	(1,005,047)
Subsidies designated for debt service payments	239,875	221,903
Capital project costs incurred for capital program	(1,590,858)	(1,212,437)
Reimbursement of capital project costs from MTA	1,239,344	1,180,889
Net cash used in capital and related financing activities	(949,979)	(952,524)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in MTA investment pool	(1,671,989)	(310,236)
Interest on investments	17,638	21,782
Purchase of equipment	(1,528)	-
Net cash used in investing activities	(1,655,879)	(288,454)
NET (DECREASE) INCREASE IN CASH	(49,579)	42,965
CASH—Beginning of year	66,144	23,179
CASH—End of year	\$ 16,565	\$ 66,144

DRAFT

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	Business-Type Activities	
	2025	2024
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (8,346,109)	\$ (8,495,329)
Adjustments to reconcile operating loss to net cash used in operating activities—depreciation and amortization	2,303,120	2,268,948
Pass-through payments related to rent (Note 9)	9,242	9,528
Changes in operating assets and liabilities:		
Decrease (increase) in operating receivables	71,585	(149,596)
Decrease (increase) in prepaid expenses and other current assets	161,614	(15,036)
Increase in materials and supplies	(17,845)	(24,893)
Decrease in deferred outflows of resources related to pensions	159,810	682,937
Decrease (increase) in deferred outflows of resources related to OPEB	489,570	(238,073)
Decrease in farecard liability	(25,028)	(20,634)
(Decrease) increase in accrued salaries, wages and payroll taxes	(154,059)	42,305
Increase (decrease) in accounts payable and other accrued liabilities	14,190	(11,886)
Increase in compensated absences	70,174	14,903
(Decrease) increase in accrued retirement and death benefits	(2,605)	1,666
Decrease in net pension liability	(675,985)	(667,415)
Decrease in net OPEB liability	(552,894)	(1,830,345)
Increase (decrease) in deferred inflows of resources related to pensions	107,704	(80,329)
Increase in deferred inflows of resources related to OPEB	101,898	2,241,212
Increase in estimated liability arising from injuries to persons	458,412	752,017
(Decrease) increase in liability for pollution remediation projects	(3,616)	41,015
Loss on retirement of fixed assets	3,338	-
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (5,827,484)</u>	<u>\$ (5,479,005)</u>
SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital assets	\$ 4,039,621	\$ 3,216,776
Capital asset related liabilities	526,045	451,124
Interest expense for leases, subscription-based IT arrangement and availability payment arrangement	37,514	31,246
Interest income from leases and public-private partnership arrangements	<u>2,057</u>	<u>1,397</u>
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ 4,605,237</u>	<u>\$ 3,700,543</u>

See notes to consolidated financial statements.

(Concluded)

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

STATEMENTS OF FIDUCIARY NET POSITION PENSION FUND AS OF DECEMBER 31, 2025 AND 2024 (In thousands)

	Fiduciary Activities*	
	2025	2024
ASSETS:		
Cash	\$ 6,188	\$ 3,579
Receivables:		
Employee loans	31,065	30,500
Tier 6 remediation—employee contributions due to Plan	415	415
Investment securities sold	5,229	2,502
Accrued interest and dividends	5,529	5,361
Other receivables	-	-
Total receivables	42,238	38,778
Investments at fair value/NAV:		
Equity securities	2,057,346	1,941,601
Fixed income securities	1,169,460	1,028,649
Other Alternative investments **	1,145,606	1,118,717
Total Investments at fair value/NAV	4,372,412	4,088,967
TOTAL ASSETS	4,420,838	4,131,324
LIABILITIES:		
Accounts payable and accrued liabilities	2,415	2,144
Payable for investment securities purchased	9,704	8,098
Accrued benefits payable	17	21
Accrued postretirement death benefits (PRDB) payable	6,051	5,728
Accrued 55/25 Additional Members Contribution (AMC) payable	167	1,098
Other liabilities	449	450
Total liabilities	18,803	17,539
NET POSITION—Restricted for pensions	4,402,035	4,113,785
TOTAL LIABILITIES AND NET POSITION	\$ 4,420,838	\$ 4,131,324

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

** Other Alternative investments include Opportunistic, Real assets, Real estate, Absolute return, Private equity and Short-term investment.

See notes to consolidated financial statements.

DRAFT

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

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION PENSION FUND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	Fiduciary Activities*	
	2025	2024
ADDITIONS:		
Contributions:		
Employer contributions	\$ 17,773	\$ 189,884
Member contributions	33,836	28,506
Total contributions	51,609	218,390
Investments income:		
Net appreciation (depreciation) in fair value of investments	468,530	318,669
Dividend income	39,688	39,686
Interest income	35,590	32,818
Less—investment expenses	13,430	26,520
Investment income (loss)—net	530,378	364,653
Total additions	581,987	583,043
DEDUCTIONS:		
Benefit payments and withdrawals	293,140	279,205
Administrative expenses	597	529
Total deductions	293,737	279,734
Net increase (decrease) in fiduciary net position	288,250	303,309
NET POSITION—Restricted for pensions:		
Beginning of year	4,113,785	3,810,476
End of year	\$ 4,402,035	\$ 4,113,785

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

See notes to consolidated financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (\$ in thousands, except as noted)

1. BASIS OF PRESENTATION

Reporting Entity—The accompanying consolidated financial statements include the accounts of the New York City Transit Authority (“Transit Authority”), and its component unit, the Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA”) (collectively, the Authority), which are public benefit corporations and component units of the Metropolitan Transportation Authority (“MTA”) created pursuant to the Public Authorities Law (the Act) of the State of New York (“the State”) to operate public subway and bus services within The City of New York (“The City”).

The operations of the Authority are classified as Business-Type activities in these consolidated financial statements. The Authority is operationally and legally independent of the MTA. The Authority enjoys certain rights typically associated with separate legal status including, in some cases, the ability to issue debt. However, the Authority is included in the MTA’s consolidated financial statements as a blended component unit because of the MTA’s financial accountability and the Authority is under the direction of the MTA Board (a reference to “MTA Board” means the board of MTA and/or the boards of the Authority and other MTA component units that apply in the specific context, all of which are comprised of the same persons). Under accounting principles generally accepted in the United States of America (“GAAP”), the MTA is required to include the Authority in its consolidated financial statements.

MaBSTOA is a component unit of the Transit Authority and, therefore, the financial results of MaBSTOA are combined with those of the Transit Authority in the consolidated financial statements. MaBSTOA is operationally and legally independent of the Authority. MaBSTOA enjoy certain rights typically associated with separate legal status. However, MaBSTOA is included in the Authority’s consolidated financial statements as a blended component unit because of the Authority’s financial accountability. The Manhattan and Bronx Surface Transit Operating Authority Pension Plan (“MaBSTOA Plan”) is categorized as a Pension Fund and is a fiduciary component unit of the Authority.

The Authority has material transactions with affiliated agencies included in the MTA financial reporting group. Such agencies include the MTA, Triborough Bridge and Tunnel Authority (“TBTA”), Metro North Commuter Railroad (“MNCR”), Long Island Rail Road (“LIRR”), MTA Bus Company (“MTA Bus”), Staten Island Rapid Transit Operating Authority (“SIRTOA”), and First Mutual Transportation Assurance Company (“FMTAC”). See Note 18 to the financial statements.

The Authority is a part of the financial reporting group of the MTA and is included in the consolidated financial statements of the MTA in accordance with GASB Statement No. 14, as amended by GASB Statement No. 61. The MTA is a component unit of the State and is included in the State of New York Comprehensive Annual Financial Report of the State Comptroller as a public benefit corporation.

In July 2003, the MTA Construction and Development Company (“MTA Construction and Development”), formerly called Capital Construction Company, was created by action of the MTA Board of Directors as a public benefit corporation subsidiary of the MTA under section 1266(s) of the Public Authorities Law. The mission of this subsidiary company is to provide oversight for the planning, design and construction of current and future major MTA system-wide expansion projects.

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In December of 2004, MTA Bus was created as a public benefit corporation subsidiary of the MTA specifically to operate certain city bus routes in areas previously served by private bus operators pursuant to franchises granted by The City. These routes are currently operated by MTA Bus and not by the Authority. All material transactions between MTA Bus and the Authority have been recorded as of December 31, 2025 and 2024.

In October 2021, the MTA Grand Central Madison Operating Company (“MTA GCMOC”) was created as a public benefit corporation subsidiary of the MTA under section 1266(s) of the Public Authorities Law. The mission of this subsidiary is to operate and maintain the infrastructure and structures supporting Long Island Rail Road’s access into Grand Central Terminal.

Staten Island Rapid Transit Operating Authority—The Staten Island Rapid Transit Operating Authority (“SIRTOA”) is a component unit of the MTA and provides transportation service on Staten Island. SIRTOA is managed by the Authority on behalf of The City. The Authority has no responsibility for the operating deficit of SIRTOA. The Authority collects, on SIRTOA’s behalf, its share of certain operating assistance subsidies determined by formula, and transfers such subsidies to SIRTOA. The amount of subsidy funds to which SIRTOA is entitled is recorded as a reduction of the subsidy revenues of the Authority.

Operations—Operations are conducted pursuant to leases with The City which expired on November 1, 1989, except that the terms of the leases continue so long as any financing agreement between the Authority and the MTA and any MTA Transportation Revenue Bonds remain outstanding. The City has the option to terminate the leases at any time. In the event of termination, The City is required to assume the assets and liabilities of the Authority and must pay or make provision for the payment of any debt incurred pursuant to financing agreements of the Authority.

Substantial operating losses (the difference between operating revenues and expenses) result from the essential services that the Authority provides; such operating losses will continue in the foreseeable future. To meet the funding requirements of these operating losses, the Authority receives subsidies from:

- a. The State, in the form of annual subsidies of special State and regional tax revenues, operating assistance, and reimbursement of certain expenses;
- b. The City, in the form of operating assistance, tax revenues, and reimbursement of certain expenses;
- c. An affiliated agency (TBTA), in the form of a portion of its operating surplus;

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

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

New Accounting Standards Adopted—The Authority adopted the following GASB Statement for the year period ended December 31, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement defines concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal actions of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending.

After evaluating the criteria of GASB 102, the Authority concluded that the adoption of this Statement required the disclosure of certain risk factors that will have a substantial impact on the financial position, results of operations or cash flows of the MTA.

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

GASB Statement No.	GASB Accounting Standard	Authority Required Year of Adoption
103	Financial Reporting Model Improvements	2026
104	Disclosure of Certain Capital Assets	2026
105	Subsequent Events	2027

Use of Management’s Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial

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statements. In addition, they affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

Net Position—The Authority follows the “business type” activity requirements of GASB 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments* which requires that resources be classified for accounting and reporting purposes into the following two net position categories:

- Net investment in capital assets: Capital assets including right-of-use assets, net of accumulated depreciation and amortization, and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Unrestricted: Net position that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by actions of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

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

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

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

Prepaid Expenses and Other Current Assets—The Authority made the following prepayments in 2025: \$35.4 million to the New York Health Insurance Plan (“NYSHIP”), and \$38.1 million in risk management related insurance coverage. The Authority made the following prepayments in 2024: \$32.6 million to the New York Health Insurance Plan (“NYSHIP”), \$31.5 million in risk management related insurance coverage, and \$174.1 million for the 2025 projected actuarially determined contributions of MaBSTOA Pension Plan.

Materials and Supplies—Materials and supplies are recorded at weighted average cost, net of a reserve for obsolescence at December 31, 2025 and 2024, of \$110.7 million and \$107.4 million, respectively.

Due from/to MTA for Purchase of Capital Assets—Due from/to MTA for purchase of capital assets consists of funds held by the MTA which are restricted for capital asset acquisitions by the Authority pursuant to the 2002 Transportation Revenue Bond Resolution. This capital program pool is comprised of non-bond proceed funds derived from safe harbor and sale/leaseback transactions, operating fund transfers, legal settlements, TBTA bond purchase rights and swap option agreements, and interest earnings on these pooled funds.

Capital Assets—Capital assets acquired prior to April 1982 were funded primarily by The City, with capital grants made available to the Authority. The City has title to a substantial portion of such assets and, accordingly, these assets are not recorded on the books of the Authority. Subsequent acquisitions, which are part of the capital program, are recorded at cost by the Authority. Funding sources for the acquisition of

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these capital assets include Federal, State, and City capital grants, grants from the Port Authority of New York and New Jersey, the proceeds from the issuance of Transportation Revenue Bonds, and various TBTA bonding and other sources. Capital assets are recorded at cost and are depreciated on a straight-line basis over 25 or 35 years for subway cars, 12 years for buses, and lives generally ranging from 10 years to 60 years for the other capital assets. GASB 87, *Leases*, are classified as right-of-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. GASB 96, *Subscription-Based Information Technology Arrangements*, are classified as intangible right-to-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementations costs, less any incentives received. Accumulated depreciation and amortization are reported as reductions of capital and right-of-use assets. Right-of-use assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term.

Contributed Capital—Capital assets contributed by the MTA and restricted funds due from the MTA for the purchase of capital assets are recorded as capital contributions on the Consolidated Statements of Revenues, Expenses, and Changes in Net Position. Contributed capital is recognized upon identification of capital costs to be funded by the MTA. Capital contributions for the years ended December 31, 2025 and 2024, consist of the following (in thousands):

	2025	2024
Capital assets contributed by MTA from:		
Federal grants	\$ 1,653,440	\$ 1,912,286
Other than federal grants	3,633,017	2,532,179
Petroleum business taxes received net of principal and interest payments on debt	239,875	221,903
Principal and interest payments on MTA Transportation bonds issued to fund capital assets	(512,601)	(771,765)
Decrease in funds due from MTA for purchase of capital assets	<u>(474,417)</u>	<u>(152,620)</u>
Total capital contributions	<u>\$ 4,539,314</u>	<u>\$ 3,741,983</u>

Leases—Per GASB Statement No. 87, *Leases*, certain lease agreements are classified as financings of the right-to-use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Lease receivables and liabilities are measured at the present value of payments expected to be made during the lease term, using an applicable discount rate stated or implicit in the lease and if not available, using incremental borrowing rate at the time of valuation. Lease assets and deferred inflows are amortized on a straight-line basis over the term of the lease.

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

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Public-Private and Public-Public Partnerships—Per GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, certain public-private and public-public partnership arrangements (“PPPs”) in which a government (“transferor”) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, are classified as financings of the right to use an underlying asset.

Availability Payment Arrangements—Per GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, certain agreements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset are classified as availability payment arrangements (“APAs”). Components of an APA related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract are considered as a financed purchase of the underlying nonfinancial asset. Payments for the operations or maintenance are recognized as outflows of resources as payments become due over the arrangement.

Compensated Absences—Per GASB Statement No. 101, *Compensated Absences*, the Authority has accrued the value (including certain salary-related payments) of vacation, sick, compensatory time and other leave benefits earned by employees to date for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means (if any).

Pollution Remediation Projects—Pollution remediation costs are being expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (see Note 17 to the financial statements). An operating expense provision and corresponding liability measured at current value using the expected cash flow method has been recognized for certain pollution remediation obligations, which previously may not have been required to be recognized, have been recognized earlier than in the past or are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations occur when any one of the following obligating events takes place: the Authority is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; the Authority is named by a regulator as a responsible or potentially responsible party to participate in remediation; the Authority voluntarily commences or legally obligates itself to commence remediation efforts; or the Authority is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

Estimated Liability Arising from Injuries to Persons— The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of its assets; injuries to persons, including employees; and natural disasters.

The Authority is self-insured up to certain per occurrence limits for liability claims arising from injuries to persons, excluding employees. For claims arising from incidents that occurred on or after November 1, 2001, but before November 1, 2006, the self-insured retention limit was \$7 million per occurrence. Claims arising on or after November 1, 2006, but before November 1, 2009 were subject to an \$8 million limit. Effective November 1, 2009, the retention limit was increased to \$9 million per occurrence and effective November 1, 2012, the retention limit was increased to \$10 million. Effective October 31, 2015, the self-insured retention limit was increased to \$11 million. Effective October 31, 2025, the self-insured retention limit was increased to \$20 million. Lower limits applied for claims arising prior to November 1, 2001. The Authority is self-insured for work-related injuries to employees. The annual cost associated with injuries to persons, other than employees, and damage to third-party property, is reflected in expenses as public liability claims in the accompanying consolidated statements of revenues, expenses and change in net position.

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

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Passenger Revenue—Sale of farecards is reported as deferred revenue and recognized as operating income when used. Expired fare media revenue is recognized on the date of the expiration on the farecard.

Fare and Service Reimbursement from the State and City—In 1995, The City ceased reimbursing the Authority for the full costs of the free/reduced fare program for students. Beginning in 1996, the State and The City each began paying \$45 million per annum to the Authority toward the cost of the program. In 2009, the State reduced its \$45 million reimbursement to \$6.3 million. Beginning in 2010, the State increased its annual commitment to \$25.3 million while The City's annual commitment remained at \$45 million. In 2024, The City entered an agreement to increase their annual commitment from \$45 million to \$50.5 million for its fiscal year while The State's annual commitment remained at \$25.3 million. These commitments have been met by both the State and The City in 2024 and 2025.

Prior to April 1995, The City was obligated to reimburse the Authority for the transit police force. As a result of the April 1995 merger of the transit police force into the New York City Police Department, The City no longer reimburses the Authority for the costs of policing the Transit System as this is being carried out by the New York City Police Department at The City's expense. The Authority continues to be responsible for certain capital costs and support services related to such police activities, a portion of which is reimbursed by The City. The Authority received approximately \$9.7 million and \$1.9 million in 2025 and 2024, respectively, for the reimbursement of certain transit police costs.

Subsidies—The Authority receives subsidies from various sources, including the State and The City, which are included in nonoperating revenues. In general, these subsidies are subject to annual appropriations by the governmental units and periodic approval of the continuation of the taxes supporting the subsidies.

The principal funding sources for the Authority are as follows:

Operating Assistance Appropriations and Grants—The Authority receives, subject to annual appropriations, State and City operating assistance funds. The funds received under the State transit operating assistance program are fully matched by contributions from The City. State and City operating assistance subsidies are recognized as non-operating revenue in the amount of the respective annual appropriation when such appropriation becomes effective.

Triborough Bridge and Tunnel Authority—The New York State Public Authorities law requires the TBTA to transfer its annual operating surplus, as defined, to MTA with allocation to the Authority. The initial \$24 million of the operating surplus is provided to the Authority and the balance is divided equally between the Authority and the MTA. However, the amounts transferred to the Authority and the MTA are net of a provision for debt service on TBTA bonds issued to finance the acquisition of facilities under their respective portions of the Capital Program. For the years ended December 31, 2025 and 2024, \$95.4 million and \$163.4 million, respectively, were paid from the operating surplus of the TBTA to satisfy the Authority's portion of debt service requirements.

In April 2019, the approved 2019-2020 New York State Budget enacted legislation that included new, dedicated revenue streams for the MTA. The additional sources of revenue include a Central Business District Tolling Program. The Central Business District Tolling Program will assess a toll for vehicles entering the Central Business District, defined as south of 60th Street in Manhattan, but will exclude vehicles traveling on the FDR Drive or the West Side Highway, which includes the Battery Park underpass and or any surface roadway portion of the Hugh L. Carey Tunnel that connects to West Street. The Federal Highway Administration has provided MTA guidance to proceed with an environmental assessment, which will allow for the congestion pricing program to proceed.

The enacted State Budget also included provisions for a new Real Estate Transfer Tax Surcharge ("RETT") on high-priced residential property sales in New York City and an Internet Marketplace Sales Tax ("Internet Tax"). The RETT went into effect on July 1, 2019 and increases the transfer tax on a sliding scale by a 0.25%

DRAFT

starting at \$2, with a combined top rate of 4.15%, on the sale of New York City residential properties valued at \$25 or above. The Internet Marketplace Sales Tax went into effect on June 1, 2019 and requires internet marketplace providers to collect and remit sales tax from out of state retailers on their sites that have gross receipts exceeding \$300,000 (dollars) and delivering more than one hundred sales into New York State in the previous four quarters. The sales tax will be collected at the normal rate of 4% plus local sales tax.

The proceeds from the CRZ Tolling Program, the Internet Marketplace Sales Tax and the Real Estate Transfer Tax Surcharge will be deposited into the MTA's Capital Lockbox Fund and may only be used to support financing of the 2020-2024 Capital Program or any successor Capital Program.

Mortgage Recording Taxes—Under New York State law, the MTA receives operating and capital assistance from the State Mortgage Recording Tax, which is collected by The City and the seven counties within the MTA transportation region, at the rate of three-tenths of 1% of the debt secured by certain real estate mortgages. Such legislation governs the use of the funds from this revenue source whereby the proceeds of this tax are first used by the MTA to meet the operating costs of the MTA headquarters, with the remaining funds allocated 55% to the Authority and 45% to the commuter railroads for their capital and operating needs. The Authority recognizes such sources of funds when designated by the MTA for the Authority's use. The portion of this subsidy attributable to the Authority is reported in "Tax-supported subsidies: New York State" in the accompanying Consolidated Statements of Revenues, Expenses, and Changes in Net Position.

In addition, the State designated for the MTA's use an additional mortgage recording tax (the Additional Mortgage Recording Tax) of one-quarter of 1% of mortgages secured by real estate improved or to be improved by structures containing one to six dwelling units in the MTA transportation region. The funds from this additional tax are available, after satisfying debt service requirements, to meet the capital and operating needs of the Authority and the commuter railroads to be disbursed at MTA's discretion.

No funds from the Additional Mortgage Recording Tax were disbursed to the Authority in 2025 and 2024.

The Authority receives operating assistance directly from The City through the Mortgage Recording Tax at the rate of 0.625% of the debt secured by certain real estate mortgages and through the Real Property Transfer Tax at the rate of 1% of certain properties' assessed value (collectively referred to as Urban Tax Subsidies). These Urban Tax Subsidies are reflected in Tax supported subsidies: New York City, in the accompanying Consolidated Statements of Revenues, Expenses, and Changes in Net Position. These funds are recognized as revenue, based upon the reported amount of taxes collected by The City from underlying transactions, within the Authority's fiscal year.

New York State Regional Mass Transit Taxes—The Authority receives, subject to annual appropriations, revenues from taxes enacted by the State legislature from various taxing sources.

In 1980, the State enacted a series of taxes, portions of which are deposited in the Metro Mass Transportation Operating Account ("MMTOA"), to fund the operating deficits of State mass transportation systems. MMTOA taxes currently include a business privilege tax imposed on petroleum business in the State, a one-quarter of 1% sales and use tax on certain personal property and services, a corporate franchise tax imposed on transportation and transmission companies, and a temporary franchise tax surcharge on certain corporations, banks, insurance, utility, and transportation companies attributable to business activity carried on in the State. MMTOA taxes are subject to annual appropriation, availability of sufficient tax collections, and determination of operating need by the State for the MTA. They are recognized as revenue in the amount of the annual appropriation when such appropriation becomes effective.

Under New York State law, subject to annual appropriation, the MTA receives operating and capital assistance through a portion of petroleum business tax receipts, certain motor fuel taxes, and certain motor vehicle fees, which are collected by the State. Such assistance is required by law to be allocated, after provision for debt service on any bonds secured by such taxes, 85% to the Authority and 15% to the

DRAFT

commuter railroads for their operating and capital needs. MTA Dedicated Tax Fund Bonds (DTF Bonds) are secured by certain petroleum business tax receipts. The Authority recognizes such sources of funds when designated by the MTA for the Authority's use. A portion of the petroleum business tax receipts collected by the MTA is used to satisfy the debt service requirements for the DTF Bonds and is recorded as capital contributions.

Metropolitan Commuter Transportation Mobility Tax—In June 2009, Chapter 25 of the Laws of 2009 added Article 23, which established the Metropolitan Commuter Transportation Mobility Tax ("MCTMT"). This tax is administered by the NYS Tax Department, and the proceeds from this tax are distributed to the MTA. This tax is imposed on certain employers and self-employed individuals engaging in business within the Metropolitan Commuter Transportation District ("MCTD"), which includes all counties in New York City, and the counties of Rockland, Nassau, Suffolk, Orange, Putnam, Dutchess, and Westchester. This tax requires certain employers that have payroll expenses within the MCTD to pay at a rate of 0.34% of an employer's payroll expenses for all covered employees for each calendar quarter. The effective date of this tax was March 1, 2009 for employers other than public schools districts; September 1, 2009 for public schools districts, and January 1, 2009 for individuals. Also in 2009, several amendments to the existing tax law provided the MTA supplemental revenues to be deposited into the MTA's Aid Trust Account. These amendments imposed a supplemental fee of one dollar for each six month period of validity of a learner's permit or a driver's license issued to a person residing in the MCTD, a supplemental fee of twenty-five dollars per year on the registration and renewals of registrants of motor vehicles who reside within the MCTD, imposed on taxicab owners a tax of fifty cents per ride on taxicab rides originating in New York City and terminating within the MCTD, and a supplemental tax of 5% of the cost of rentals of automobiles rented within the MCTD. The supplemental Aid Tax receipts are included in the Mobility Tax amounts for reporting purposes. MCTMT is recognized as revenue based upon reported amounts of taxes collected.

The composition of New York State tax-supported subsidies for 2025 and 2024, is as follows (in thousands):

	2025	2024
Petroleum business tax	\$ 262,872	\$ 282,952
Metro mass tax	2,163,949	2,060,171
Payroll mobility tax	<u>189,798</u>	<u>192,325</u>
	<u>\$ 2,616,619</u>	<u>\$ 2,535,448</u>

Paratransit—Pursuant to an agreement between The City and the MTA, the Authority, effective July 1, 1993, assumed operating responsibility for all paratransit service required by the Americans with Disability Act of 1990. Services are provided by private vendors under contract with the Authority. The City reimburses the Authority for the lesser of 80% of net paratransit operating expenses defined as labor, transportation, and administrative costs less fare revenues and 6% of gross urban tax proceeds as described above, or an amount that shall not exceed 50% of the net Paratransit expenses and \$165 million for three years: 2023, 2024 and 2025. Fare revenues and The City reimbursement aggregated approximately \$605.7 million in 2025 and \$557.0 million in 2024. Total paratransit expenses, including paratransit service contracts, were \$802.4 million and \$715.8 million in 2025 and 2024, respectively. Paratransit revenue is recognized according to the calculated net operating deficit subject to the limit prescribed in the reimbursement agreement.

Operating and Non-operating Expenses—Operating and non-operating expenses are recognized in the accounting period in which the liability is incurred. All expenses related to operating the Authority (e.g., salaries, compensated absences, insurance, depreciation, lease and SBITA amortization, etc.) are reported as operating expenses. All other expenses (e.g., interest on long-term debt, interest on leases and SBITAs, fuel hedge transactions, etc.) are reported as non-operating expenses.

DRAFT

Reimbursement of Expenditures—Engineering and labor costs incurred by the Authority for capital projects are reimbursed under the capital program by the MTA to the extent that they relate to approved expenditures applicable to capital projects primarily initiated after April 1, 1982. They were reimbursed by The City to the extent they related to amounts approved for prior projects. In 2025 and 2024, reimbursements were netted against gross operating expenses on the Consolidated Statements of Revenues, Expenses, and Changes in Net Position.

Assistance Fund—Congestion Relief Zone Surcharges—In April 2018, the approved 2018-2019 New York State Budget enacted legislation that provided additional sources of revenue, in the form of surcharges and fines, as defined by Article 29-C, Chapter 59 of the Tax Law, to address the financial needs of the MTA. Beginning on January 1, 2019, the legislation imposed the following:

- A surcharge of \$2.75 on for-hire transportation trips provided by motor vehicles carrying passengers for hire (or \$2.50 in the case of taxicabs that are subject to the \$0.50 cents tax on hailed trips that are part of the MTA Aid Trust Account Receipts), other than pool vehicles, ambulance and buses, on each trip that (1) originates and terminates south of and excluding 96th Street in the City of New York, in the Borough of Manhattan (the “Congestion Relief Zone”), (2) originates anywhere in NYS and terminates within the Congestion Relief Zone, (3) originates in the Congestion Relief Zone and terminates anywhere in NYS, or (4) originates anywhere in NYS, enters into the Congestion Relief Zone while in transit, and terminates anywhere in NYS.
- A surcharge of \$0.75 cents for each person who both enters and exits a pool vehicle in NYS and who is picked up in, dropped off in, or travels through the Congestion Relief Zone.

The Congestion Relief Zone Surcharges do not apply to transportation services administered by or on behalf of MTA, including paratransit services.

The April 2018 legislation also created the New York City Transportation Assistance Fund, held by MTA. The fund consists of the three sub-accounts, the Subway Action Plan Account, the Outer Borough Transportation Account and the General Transportation Account.

- **Subway Action Plan Account**—Funds in this account may be used exclusively for funding the operating and capital costs, and debt service associated with the Subway Action Plan.
- **Outer Borough Transportation Account**—Funds in this account may be used exclusively for funding (1) the operating and capital costs of, and debt service associated with, the MTA facilities, equipment and services in the counties of Bronx, Kings, Queens and Richmond, and any projects improving transportation connections from such counties to Manhattan, or (2) a toll reduction program for any crossing under the jurisdiction of MTA or MTA Bridges and Tunnels.
- **General Transportation Account**—Funds in this account may be used exclusively for funding the operating and capital costs of MTA. In each case, funds may be used for various operations and capital needs or for debt service and reserve requirements.

Employee Benefits—In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, the Authority recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the Authority’s proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the pension plans’ measurement dates. Changes in the net pension liability during the year are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the year incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes

DRAFT

in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the year in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

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

The Authority has recorded a liability for claims incurred but not reported (“IBNR”). The liability represents those estimated future payments that are attributable, under the plan’s provisions, to services rendered to participants prior to year-end. The estimated liability of claims includes benefits expected to be paid to retired or terminated employees or their beneficiaries and present employees or their beneficiaries, as applicable. The estimated liability for claims incurred but not reported or paid is \$215.4 million and \$175.3 million as of December 31, 2025 and 2024, respectively.

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

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

Liability Insurance—First Mutual Transportation Assurance Company (“FMTAC”), an insurance captive subsidiary of MTA, provides a liability insurance program (aka “ELF”) that insures certain claims in excess of the agencies self-insured retention. The maximum amount that the ELF is responsible for arising out of any one occurrence and in the aggregate is the total assets of the ELF program available for claims, but in no event greater than \$50 million for all agencies and an additional \$10 million for the Authority. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2025, the balance of the assets in this program was \$231.77 million.

DRAFT

MTA also maintains an All-Agency Excess Liability Insurance Policy (“ELP”), which is reinsured through FMTAC. The ELP affords the MTA Group coverage limits of \$342 million for a total limit of \$392 million (\$342 million excess of \$50 million).

On March 1, 2025, the “Access-A-Ride” automobile liability policy program was renewed. This program provides third-party auto liability insurance coverage to vendors under the Access-A-Ride contract, to perform services on behalf of MTA New York City Transit. This policy provides a \$3 million per occurrence to fund self-insured losses.

Property Insurance—Effective May 1, 2025, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2025, 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 \$400 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, London, European, and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of \$7.5 million per occurrence. In addition to the noted \$25 million per occurrence self-insured deductible, MTA self-insures above that deductible for \$129.577 million within the overall \$400 million per occurrence property program as follows: \$11.734 million (or 23.47%) of the primary \$50 million layer, plus \$11.734 million (or 23.47%) of the \$50 million excess \$50 million layer, plus \$6.109 million (or 12.22%) of the \$50 million excess \$100 million layer. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expenses and business interruption coverage.

Supplementing the \$400 million per occurrence noted above, FMTAC’s property insurance program has been expanded to include a further layer of \$100 million of fully collateralized storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 19, 2023 to April 30, 2026. The expanded protection is reinsured by MetroCat Re Ltd. 2023-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2023-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of “certified” losses, as covered by the Terrorism Risk Insurance Program Reauthorization Act (“TRIPRA”) of 2019. The remaining 20% of the Related Entities’ losses arising from an act of terrorism would be covered under the additional terrorism policy described below. No federal compensation will be paid unless the aggregate industry insured losses exceed a trigger of \$200 million. The United States government’s reinsurance is in place through December 31, 2027.

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any “certified” act of terrorism up to a maximum recovery of \$215 million for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the “certified” acts of terrorism insurance, but not to exceed \$40 million for any one occurrence, or (3) 100% of any “certified” terrorism loss which exceeds \$5 million and less than the \$200 million TRIPRA trigger up to a maximum recovery of \$200 million for any one occurrence and in the annual aggregate.

DRAFT

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of \$255 million for any one occurrence. Recovery under the terrorism policy is subject to a deductible of \$25 million for any one occurrence 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 for any one occurrence. The terrorism coverages expire at midnight on May 1, 2028.

In the event that TRIA is not extended or renewed on or before January 1, 2028, then effective January 1, 2028, coverage will be limited to \$255 million for any one occurrence.

During 2025 there were FMTAC excess loss claim reimbursements of \$31 million to the Authority. At December 31, 2025, the Authority had \$200 million in outstanding claims requiring FMTAC coverage from its Excess Loss Program.

3. CASH

The bank balances are insured up to \$250 thousand in the aggregate by the Federal Deposit Insurance Corporation ("FDIC") for each bank in which funds are deposited. Cash, including funds on hand and in transit, consists of the following at December 31, 2025 and 2024 (in thousands):

	2025		2024	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Insured and collateralized deposits	\$ 15,480	\$ 14,089	\$ 56,151	\$ 54,620
Less escrow and other restricted deposits	(2,128)	(2,128)	(2,689)	(2,687)
Commercially insured funds on-hand and in-transit	<u>3,213</u>	<u>-</u>	<u>12,682</u>	<u>-</u>
	<u>\$ 16,565</u>	<u>\$ 11,961</u>	<u>\$ 66,144</u>	<u>\$ 51,933</u>

Deposits in the Authority's bank accounts are collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero coupon bonds, pursuant to the New York State Public Authorities Law. The on-hand and in-transit funds consist primarily of passenger revenue funds collected, but not yet deposited.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover the value of its deposits. While the Authority does not have a formal deposit policy for custodial credit risk, New York State statutes govern the Authority's investment policies.

4. MTA INVESTMENT POOL

The MTA, on behalf of the Authority, invests funds which are not immediately required for the Authority's operations, in securities permitted by the State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero coupon bonds. All investments are held by the MTA's agent, in custody accounts, in the name of the MTA. The Authority records its position in the Pool based upon a net asset value derived on assets invested in the Pool plus all realized income and losses earned. The Authority's earnings from short-term investments approximated \$17.3 million and \$22.1 million for the years ended December 31, 2025 and 2024, respectively. The Authority also incurred interest expense of \$29.6 million and \$96.7 million for the years ended December 31, 2025, and 2024, respectively. The Authority had an investment pool balance of \$733.7 million in December 31, 2025. The increase of the current year balance was attributable to receipts of the Preventive Maintenance Grant.

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5. CAPITAL ASSETS

Capital assets and improvements include all land, buildings, equipment, and infrastructure of the Authority having a minimum useful life of two years and having a cost of more than \$25 thousand. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. GASB 87 leases are classified as right-to-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. GASB 96 Subscription-Based Information Technology Arrangements are classified as intangible right-to-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementations costs, less any incentives received. GASB 94 public-private and public-public partnerships that result in a newly purchased or constructed underlying nonfinancial asset being transferred to the agency are classified as capital assets and recognized at the cost of the underlying asset when the arrangement meets the definition of a service concession arrangement or when ownership transfers to the Authority. The stations' ADA accessibility improvements project under GASB 94 availability payment arrangements is classified as stations and measured at the present value of the initial measurement of the APA liability, plus any payments made during the APA term and any payments made to the operator at or before the commencement of the APA term and certain direct costs.

Accumulated depreciation and amortization are reported as reductions of fixed assets and right-to-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 or 35 years for subway cars, 12 years for buses, and lives generally ranging from 10 years to 60 years for the other capital assets. Right-of-use lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term. Capital and right-to-use assets consist of the following at January 1, 2024, December 31, 2024, and December 31, 2025 (in thousands):

DRAFT

The following is a summary of capital and right-of-use assets activity at January 1, 2024, December 31, 2024, and December 31, 2025:

(In thousands)	January 1, 2024	Additions/ Reclassifications	Deletions/ Reclassifications	December 31, 2024	Additions/ Reclassifications	Deletions/ Reclassifications	December 31, 2025
Capital assets not being depreciated—construction work-in-progress	\$ 8,221,031	\$ 4,525,849	\$ (3,962,419)	\$ 8,784,461	\$ 5,667,481	\$ (3,793,196)	\$ 10,658,746
Total capital assets not being depreciated	8,221,031	4,525,849	(3,962,419)	8,784,461	5,667,481	(3,793,196)	10,658,746
Capital assets being depreciated:							
Subway cars	9,732,469	911,593	(21,552)	10,622,510	985,339	(44,393)	11,563,456
Buses	3,275,361	84,059	(83,141)	3,276,279	10,309	(32,366)	3,254,222
Track and structures	16,374,643	889,241	-	17,263,884	525,614	-	17,789,498
Depots and yards	5,860,228	807,451	(14,296)	6,653,383	212,916	-	6,866,299
Stations	24,632,408	1,168,999	-	25,801,407	1,449,533	-	27,250,940
Signals	9,976,266	154,991	-	10,131,257	352,244	-	10,483,501
Service vehicles	561,357	357	-	561,714	61,625	-	623,339
Building	166,733	-	-	166,733	-	-	166,733
Other	4,347,241	105,970	(745)	4,452,466	150,551	-	4,603,017
Total capital asset being depreciated	74,926,706	4,122,661	(119,734)	78,929,633	3,748,131	(76,759)	82,601,005
Less accumulated depreciation:							
Subway cars	(5,414,285)	(220,477)	21,537	(5,613,225)	(243,730)	44,393	(5,812,562)
Buses	(1,917,680)	(218,079)	83,141	(2,052,618)	(159,090)	32,303	(2,179,405)
Track and structures	(7,012,317)	(429,273)	-	(7,441,590)	(445,699)	-	(7,887,289)
Depots and yards	(2,875,858)	(141,306)	14,296	(3,002,868)	(155,112)	-	(3,157,980)
Stations	(8,861,382)	(753,889)	-	(9,615,271)	(771,204)	-	(10,386,475)
Signals	(3,479,622)	(260,626)	-	(3,740,248)	(266,241)	-	(4,006,489)
Service vehicles	(279,338)	(18,554)	-	(297,892)	(21,600)	-	(319,492)
Building	(106,028)	(3,308)	-	(109,336)	(3,307)	-	(112,643)
Other	(2,658,005)	(198,720)	745	(2,855,980)	(211,048)	-	(3,067,028)
Total accumulated depreciation	(32,604,515)	(2,244,232)	119,719	(34,729,028)	(2,277,031)	76,696	(36,929,363)
Total capital assets being depreciated—net	42,322,191	1,878,429	(15)	44,200,605	1,471,100	(63)	45,671,642
Right-of-use assets being amortized:							
Leased buildings and structures	372,944	4,598	-	377,542	30,654	(2,829)	405,367
Leased equipment and vehicles	4,045	1,274	-	5,319	778	(677)	5,420
Leased other	526	336	-	862	-	-	862
Subscription-based IT arrangements	2,280	1,738	-	4,018	2,095	-	6,113
Total right-of-use assets being amortized	379,795	7,946	-	387,741	33,527	(3,506)	417,762
Less accumulated amortization: right-of-use assets							
Leased buildings and structures	(66,705)	(21,495)	-	(88,200)	(23,529)	-	(111,729)
Leased equipment and vehicles	(2,190)	(1,312)	-	(3,502)	(857)	-	(4,359)
Leased other	(452)	(203)	-	(655)	(200)	-	(855)
Subscription-based IT arrangements	(1,390)	(1,706)	-	(3,096)	(1,503)	-	(4,599)
Total accumulated amortization	(70,737)	(24,716)	-	(95,453)	(26,089)	-	(121,542)
Right-of-use assets being amortized—net	309,058	(16,770)	-	292,288	7,438	(3,506)	296,220
Total capital assets, including right-of-use asset—net	\$ 50,852,280	\$ 6,387,508	\$ (3,962,434)	\$ 53,277,354	\$ 7,146,019	\$ (3,796,765)	\$ 56,626,608

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

As of December 31, 2025, \$115.1 billion is unexpended from the overall MTA Capital program (2005-2024) and \$29.8 billion has been committed.

As of December 31, 2024, \$53.0 billion is unexpended from the overall MTA Capital program (2005-2024) and \$22.4 billion has been committed.

6. EMPLOYEE BENEFITS

Pensions—The Authority participates in two defined benefit pension plans for their employees, the Manhattan and Bronx Surface Transit Operating Authority Pension Plan (the “MaBSTOA Pension Plan”) and New York City Employees’ Retirement System (“NYCERS”). A brief description of each of the pension plans follows:

Plan Descriptions

MaBSTOA—The MaBSTOA Pension Plan is a cost-sharing multiple-employer defined benefit retirement plan administered by MTA Headquarters and funded by MTA New York City Transit covering employees of MaBSTOA and certain employees of MTA Headquarters. Prior to January 1, 2020, this was a single employer defined benefit retirement plan covering only MaBSTOA employees. Employees of MaBSTOA and MTA Headquarters are specifically excluded from participating in the NYCERS. The Plan provides retirement as well as death, accident and disability benefits in order to afford managerial and non-represented MaBSTOA employees the same pension rights as like title employees in the MTA New York City Transit. Effective January 1, 1999, membership in the MaBSTOA Pension Plan is not mandatory for managerial and represented employees.

The Board of Administration, established in 1963, determines the eligibility of employees and beneficiaries for retirement and death benefits. The MaBSTOA Pension Plan assigns authority to the MaBSTOA Board to modify, amend or restrict the MaBSTOA Pension Plan or to discontinue it altogether, subject, however, to the obligations under its collective bargaining agreements. The Board is composed of five members: two representatives from the Transport Workers Union, Local 100 (“TWU”) and three employer representatives. The MaBSTOA Pension Plan is a fiduciary component unit of the Authority and is reflected in the Pension Fund section of the Authority’s basic financial statements.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information regarding the employee benefit plan. The report may be obtained by writing to MaBSTOA Pension Plan, New York City Transit Authority, 2 Broadway, 10th Floor, New York, New York, 10004 or at www.mta.info.

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

NYCERS was established by an act of the Legislature of the State of New York under Chapter 427 of the Laws of 1920. NYCERS functions in accordance with the governing statutes contained in the New York State Retirement and Social Security Law (“RSSL”), and the Administrative Code of the City of New York (“ACNY”), which are the basis by which benefit terms and employer and member contribution requirements are established and amended. The head of the retirement system is the Board of Trustees. NYCERS is a fiduciary component unit of The City and is in the pension and Other Employee Benefit Trust Funds sections of The City’s Annual Comprehensive Financial Report (“ACFR”).

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

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

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

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

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

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

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

Benefits Provided

MaBSTOA—MaBSTOA Pension Plan provides retirement as well as death, accident, and disability benefits to plan members and beneficiaries. The benefits provided by the Plan are generally similar to the benefits provided to MTA New York City Transit participants in NYCERS. Benefits vest after either 5, 10, or 20 years of credited service, depending on the date of membership.

In 2008, NYCERS has determined that Tier 4 employees are and have been eligible for a post-retirement death benefit retroactive to 1986. In June 2012, the MTA Board approved an amendment to the MaBSTOA Pension Plan to provide for incorporation of this benefit.

Chapter 716 of the Laws of 2023 enacted in December 2023 modified the pre-retirement and postretirement ordinary death benefits applicable to Tier 2, 3, 4 and 6 members effective July 1, 2021. This affects the benefits payable after the death of a member who is over age 60. The law lowers the existing age-based reductions, resulting in an increased benefit for eligible beneficiaries.

Chapter 55 of the Laws of 2024, Part KK, extends until December 31, 2026 the exclusion of pensionable earnings above the annual base wages of Tier 6 members for purposes of calculating Basic Member Contributions.

Chapter 56 of the Laws of 2024, Part QQ, reduces the number of years used to calculate the Final Average Salary from five years to three years for certain Tier 6 members.

Tier 1—

Eligibility and Benefit Calculation—Tier 1 members must be at least age 50 with the completion of 20 years of service to be eligible to collect a service retirement benefit. Generally, the benefit is 1.50% for service before March 1, 1962, plus 2.0% for service from March 1, 1962 to June 30, 1970, plus 2.5% for service after June 30, 1970. The accumulated percentage, up to a maximum of 50%, is multiplied by the member's compensation, which is the greater of earned salary during the year prior to retirement. Once the accumulated reaches 50%, the percentage for each further year of service reverts back to 1.5%. The percentage in excess of 50% is multiplied by the final compensation, which is the highest average earnings over five consecutive years.

DRAFT

Ordinary Disability Benefits—Generally, ordinary disability benefits, are provided to eligible Tier 1 members after ten years of service with the benefit equal to the greater of the service retirement percentages or 25% multiplied by final compensation.

Accidental Disability Benefits—The accidental disability benefit to eligible Tier 1 members is equal to 75% of final compensation reduced by 100% of any worker's compensation payments.

Ordinary Death Benefits—Tier 1 members the amount of the death benefit is a lump sum equal to six months' pay for members with less than 10 years of service; a lump sum equal to 12 months of pay for members with more than 10 but less than 20 years of service, and a lump sum equal to two times 12 months of pay for members with more than 20 years of service.

Tier 2—

Eligibility and Benefit Calculation—Tier 2 members must be at least age 55 with the completion of 25 years of service to be eligible to collect a service retirement benefit. Generally, the benefit equals 50% of final 3-year average compensation, defined as the highest average earnings over three consecutive years, plus 1% of final 5-year average compensation, defined as the highest average earnings over five consecutive years, per year of credited service in excess of 20 years. For early retirement, members must be at least age 50 with the completion of at least 20 years of service. The benefit is determined in the same manner as the service retirement but not greater than 2.0% of final 3-year average compensation per year of service.

Ordinary Disability Benefits—Generally, ordinary disability benefits, are provided to eligible Tier 2 members after ten years of service with the benefit equal to the greater of the service retirement percentages or 25% multiplied by the final 5-year average compensation.

Accidental Disability Benefits—The accidental disability benefit to eligible Tier 2 members is equal to 75% of the final 5-year average compensation reduced by any worker's compensation payments.

Ordinary Death Benefits—Tier 2 members require the completion of 90 days of service to receive a lump sum equal to 3 times salary, raised to the next multiple of \$1,000.

Tiers 3 and 4—

Eligibility and Benefit Calculation—Tier 3 and 4 members in the Regular 62 and 5 Plan must be at least age 62, with the completion of at least 5 years of service to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 20 years of service, is equal to 2.0% of Final Average Salary ("FAS") for the first 30 years of service plus 1.5% of FAS for years of service in excess of 30. FAS is defined as the highest average earnings over three consecutive years, of which earnings in a year cannot exceed 110% of the average of the two preceding years. If the member completes less than 20 years of credited service, the benefit equals 1- 2/3% of FAS multiplied by years of service. For early retirement, members must be at least age 55 with the completion of at least 5 years of service. The benefit equals the service retirement benefit reduced by 6% for each of the first two years prior to age 62, and by 3% for years prior to age 60.

Tier 3 and 4 members in the Regular 55 and 25 Plan must be at least age 55 with the completion of at least 25 years of service, or be at least age 62 with the completion of at least 5 years of service, to be eligible to collect a service retirement benefit.

Generally, the benefit for members with at least 25 years of service, is equal to 2.0% of FAS for the first 30 years of service plus 1.5% of FAS for years of service in excess of 30. If the member completes less than 25 years of credited service, the benefit equals 1-2/3% of FAS multiplied by years of service.

Tier 4 members in the 57 & 5 Plan must be at least age 57 with the completion of at least 5 years of service to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 20 years of service, is equal to 2.0% of FAS for the first 30 years of service plus 1.5% of FAS for years of service in excess

DRAFT

of 30. If the member completes less than 20 years of credited service, the benefit equals 1-2/3% of FAS multiplied by years of service.

Ordinary and Accidental Disability Benefits—For eligible members of the Regular 62 and 5 Plan, 55 and 25 Plan and 57 and 5 Plan, ordinary and accidental disability benefits, are provided after 10 years of service for ordinary and no service required for accidental. The benefit equals the greater of 1-2/3% of FAS per year of service and 1/3 of FAS.

Ordinary Death Benefits—For eligible members of the Regular 62 and 5 Plan, 55 and 25 Plan, 57 and 5 Plan, the pre-retirement ordinary death benefit is equal to a lump sum of annual salary times the lesser of completed years of service and 3. After age 60, the benefit is reduced 3% per year, to a maximum reduction of 30%. Accumulated regular member contributions with interest and one-half of accumulated additional member contributions with interest are also payable. Upon retirement, the post-retirement benefit is reduced by 50% and reduced an additional 25% after completion of one year of retirement. After completion of two years of retirement, the benefit equals 10% of the pre-retirement benefit in force at age 60 or at the time of retirement if retirement was earlier than age 60, but not less than 10% of the pre-retirement benefit in force at the time of retirement.

Tier 6—

Eligibility and Benefit Calculation—Chapter 56 of the Laws of 2022 enacted in April 2022 reduced the Tier 6 vesting requirement from 10 years to 5 years of service. Tier 6 members in the 55 and 25 Special Plan must be at least age 55 with the completion of at least 25 years, or at least age 63 with the completion of at least 5 years of service, to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 25 years of service, is equal to 2.0% of FAS for the first 30 years of service plus 1.5% of FAS for years of service in excess of 30. If the member completes less than 20 years of credited service, the benefit equals 1- 2/3% of FAS multiplied by years of service. FAS is defined as the highest average pensionable earnings over five consecutive years.

Tier 6 members in the Basic 63 and 10 Plan to be referred as the 63/5 Plan going forward, must be at least age 63 with the completion of at least 5 years to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 20 years of service, is equal to 35% of FAS plus 2.0% of FAS for years of service in excess of 20. If the member completes less than 20 years of credited service, the benefit equals 1- 2/3% of FAS multiplied by years of service. FAS is defined as the highest average pensionable earnings over five consecutive years. For early retirement, members must be at least age 55 with the completion of at least 5 years of service. The benefit equals the service retirement benefit reduced by 6.5% for each year early retirement precedes age 63.

Ordinary and Accidental Disability Benefits—For eligible members of the 55 and 25 Special Plan and the Basic 63 and 5 Plan, ordinary and accidental disability benefits, are provided after 10 years of service for ordinary and no service required for accidental. The benefit equals the greater of 1-2/3% of FAS per year of service and 1/3 of FAS.

Ordinary Death Benefits—For eligible members of the 55 and 25 Special Plan and the Basic 63 and 5 Plan, the pre-retirement ordinary death benefit is equal to a lump sum of annual salary times the lesser of completed years of service and 3. After age 60, the benefit is reduced 3% per year, to a maximum reduction of 30%. Accumulated regular member contributions with interest are also payable. Upon retirement, the post-retirement benefit is reduced by 50% and reduced an additional 25% after completion of one year of retirement. After completion of two years of retirement, the benefit equals 10% of the pre-retirement benefit in force at age 60 or at the time of retirement if retirement was earlier than age 60, but not less than 10% of the pre-retirement benefit in force at the time of retirement.

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

DRAFT

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

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

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

Tier 4 participants upon satisfying applicable eligibility requirements may be mandated or elected, as applicable, into the Basic 62/5 Retirement Plan, the 57/5 Plan, and the 55/25 Plan. These plans provide annual benefits of 40% to 50% of final salary after 20 or 25 years of service, with additional benefits equal to a specified percentage per year of service (currently 1.5% to 2%) of final salary.

During March 2012, the Governor signed Chapter 18 of the Laws of 2012 that placed certain limitations on the Tier 3 and Tier 4 benefits available to participants who joined on and after April 1, 2012. In general, these changes, commonly referred to as Tier 6, increase the age requirement to 63 for most non-uniformed employees to retire and receive a full pension, require member contributions for all years of service for non-uniformed employees, institute progressive member contributions for non-uniformed employees, and lengthen the final average salary period from 3 to 5 years. Chapter 56 of the Laws of 2022 enacted in April 2022 reduced the Tier 6 vesting requirement from 10 years to 5 years of service.

Chapter 18 of the Laws of 2012 created Tier 6. These changes increase the retirement age to 63, require member contributions for all years of service, institute progressive member contributions, and lengthen the final average salary period from 3 to 5 years.

Chapter 716 of the Laws of 2023 enacted in December 2023 modified the pre-retirement and postretirement ordinary death benefits applicable to Tier 2, 3, 4 and 6 members effective July 1, 2021. This affects the benefits payable after the death of a member who is over age 60. The law lowers the existing age-based reductions, resulting in an increased benefit for eligible beneficiaries.

Chapter 55 of the Laws of 2024, Part KK, extends until December 31, 2026 the exclusion of pensionable earnings above the annual base wages of Tier 6 members for purposes of calculating Basic Member Contributions.

Chapter 56 of the Laws of 2024, Part QQ, reduces the number of years used to calculate the Final Average Salary from five years to three years for certain Tier 3 and Tier 6 members.

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

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

DRAFT

Membership—Membership in the MaBSTOA pension plan consisted of the following at January 1, 2024 and 2023, the date of the latest actuarial valuations:

	January 1, 2024	January 1, 2023
Active plan members	8,355	8,393
Retirees and beneficiaries receiving benefits	6,475	6,307
Vested formerly active members not yet receiving benefits	<u>1,324</u>	<u>1,230</u>
Total	<u>16,154</u>	<u>15,930</u>

Contributions and Funding Policy—

MaBSTOA Pension Plan—The contribution requirements of the MaBSTOA Plan members are established and may be amended only by the MaBSTOA Board, in accordance with Article 10.01 of the MaBSTOA Pension Plan. The Plan's funding policy is for periodic employer contributions is to provide for actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due. It is MaBSTOA's policy to fund, at a minimum, the current year's normal pension cost plus amortization of the unfunded actuarial accrued liability.

The MaBSTOA Pension Plan includes the following plans, including the 2000 amendments which are all under the same terms and conditions as NYCERS:

- Tier 1 – 50 and 20 Plan
- Tier 2 – 55 and 25 Plan
- Tier 4 – 62 and 5 Plan (with Tier III Supplement)
- Tier 4 – 55 and 25 Plan (operating employees only)
- Tier 4 – 55 and 25 Plan (administrative employees only)
- Tier 4 – 57 and 5 Plan
- Tier 6 – 55 and 25 Plan (operating employees only)
- Tier 6 – 63 and 5 Plan (administrative employees only)

For employees, the Plan has both contributory and noncontributory requirements depending on the date of entry into service. Employees entering qualifying service on or before July 26, 1976, are non-contributing (Tiers 1 and 2). Certain employees entering qualifying service on or after July 27, 1976, are required to contribute 3% of their salary (Tiers 3 and 4).

In March 2012, pursuant to Chapter 18 of the Laws of 2012, individuals joining NYCERS or the MaBSTOA Pension Plan on or after April 1, 2012 are subject to the provisions of Tier 6. The new law increased the employee contribution rates which varied depending on salary, ranging from 3% to 6% of gross wages. Contributions are made until retirement or separation from service.

Pursuant to Section 7.03 of the MaBSTOA Pension Plan, active plan members are permitted to borrow up to 75% of their contributions with interest. Their total contributions and interest remain intact and interest continues to accrue on the full balance. The participant's accumulated contribution account is used as collateral against the loan.

DRAFT

The Authority's contributions to the MaBSTOA Pension Plan amounted to \$190.5 million and \$174.2 million for the years ended December 31, 2025 and 2024, respectively. In January 2024, the Authority made a prepayment for the projected Actuarially Determined Contributions for 2025 amounting to \$174.1 million.

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

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

In general, Tier 1 and Tier 2 member contribution rates are dependent upon the employee's age at membership and retirement plan election. In general, Tier 3 and Tier 4 members make basic contributions of 3.0% of salary, regardless of age at membership. Effective October 1, 2000, in accordance with Chapter 126 of the Laws of 2000, these members, except for certain Transit Authority employees enrolled in the Transit 20-Year Plan, are not required to make basic contributions after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier. In addition, members who meet certain eligibility requirements will receive one month's additional service credit for each completed year of service up to a maximum of two additional years of service credit. Effective December 2000, certain Transit Authority Tier 3 and Tier 4 members make basic member contributions of 2.0% of salary, in accordance with Chapter 10 of the Laws of 2000. Certain Tier 2, Tier 3 and Tier 4 members who are participants in special retirement plans are required to make additional member contributions of 1.85%, in addition to their base membership contribution. Tier 6 members are mandated to contribute between 3.0% and 6.0% of salary, depending on salary level, until they separate from City service or until they retire. Chapter 56 of the Laws of 2024, Part QQ, reduces the number of years used to calculate the Final Average Salary from five years to three years for certain Tier 3 and Tier 6 members.

The Authority is required to contribute at an actuarially determined rate. The Authority's contributions to NYCERS for the years ended December 31, 2025 and 2024, were \$885.1 million and \$753.4 million, respectively.

Net Pension Liability—The Authority's net pension liabilities for NYCERS and MaBSTOA pension plans at December 31, 2025 and 2024 were measured as of June 30, 2025 and 2024 and December 31, 2025 and December 31, 2024, respectively. The total pension liability for each of the pension plans were determined as of the actuarial valuation dates of January 1, 2024 and 2023, for MaBSTOA Pension Plan and June 30, 2024 and 2023, for NYCERS, respectively, and updated to roll forward the total pension liability to the respective measurement dates. The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by NYCERS and MaBSTOA. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the Plan; and investments are reported at fair value.

DRAFT

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

Valuation Date	MaBSTOA		NYCERS	
	January 1, 2024	January 1, 2023	June 30, 2024	June 30, 2023
Investment rate of return	6.50% per annum, net of investment expenses	6.50% per annum, net of investment expenses	7.00% per annum, net of investment expenses	7.00% per annum, net of investment expenses
Salary Increases	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	In general, merit and promotion increases, plus assumed General Wage increases of 3.0% per year.	In general, merit and promotion increases, plus assumed General Wage increases of 3.0% per year.
Inflation	2.25%	2.25%	2.5%	2.5%
Cost-of living adjustments	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.	1.5% per annum for Auto COLA and 2.5 per annum for Escalation.	1.5% per annum for Auto COLA and 2.5 per annum for Escalation.
Mortality	Based on experience of all MTA-sponsored pension plan members from 1/1/15 to 12/31/20 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from 1/1/15 to 12/31/20 reflecting mortality improvement on a generational basis using Scale MP-2021	Tables adopted by the Boards of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries.	Tables adopted by the Boards of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries.
Pre-retirement	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 92% for males and 100% for females.	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 92% for males and 100% for females.	N/A	N/A
Post-retirement healthy lives	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 92% for males and 100% for females.	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 92% for males and 100% for females.	N/A	N/A
Post-retirement disabled lives	Pri-2012 Disabled Annuitant mortality table for males and females.	Pri-2012 Disabled Annuitant mortality table for males and females.	N/A	N/A

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

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The target asset allocations of each of the funds and the expected real rate of returns (“RROR”) for each of the asset class in the MaBSTOA plan and NYCERS were as of the measurement dates of December 31, 2024, and June 30, 2024, respectively, are summarized as follows:

Asset Class	MaBSTOA Plan	
	Target Asset Allocation	Long-Term Expected Real Rate of Return
US Core Fixed Income	15.50 %	2.36 %
US Treasury Bonds	2.00	1.85
US TIPS	2.00	1.93
US High Yield Bonds	3.50	4.04
Private Credit	8.00	6.48
US Large Cap Equity	23.00	5.33
US Small Cap Equity	4.50	6.82
Foreign Developed Equity	10.50	6.91
Emerging Markets Equity	3.00	9.29
Emerging Markets Small Cap Equity	1.00	9.62
Private Real Estate Property - Core	5.00	5.93
Private Equity	8.00	10.37
Infrastructure - Public	3.00	5.92
Commodities	3.00	3.38
Hedge Funds—MultiStrategy	8.00	4.13
	<u>100.00 %</u>	
Assumed inflation—mean		2.30
Assumed inflation—standard deviation		1.46
Portfolio nominal mean return		7.77
Portfolio standard deviation		12.25
Long term expected rate of return selected by MTA		6.50

DRAFT

Asset Class	NYCERS	
	Target Asset Allocation	Long-Term Expected Real Rate of Return
Public markets:		
U.S. public market equities	23.50 %	6.70 %
Developed public market equities	11.60	7.10
Emerging public market equities	4.90	8.30
Fixed income	31.00	3.00
Private markets (alternative investments):		
Private equity	10.00	11.20
Private real estate	8.00	7.00
Infrastructure	4.50	6.30
Opportunistic fixed income	6.50	8.30
	<u>100.00 %</u>	
Assumed inflation—mean		2.50
Long term expected rate of return		7.00

Discount Rate—The discount rate used to measure the total pension liability was 6.5% and 6.5% for the MaBSTOA plan as of December 31, 2024 and 2023, respectively, and 7.0% and 7.0% for NYCERS as of June 30, 2025 and 2024, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for each pension plan and that employer contributions will be made at the rates determined by each pension plan’s actuary. Based on those assumptions, each pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current and non-active members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DRAFT

Changes in Net Pension Liability—MaBSTOA—The net pension liability for the MaBSTOA plan at the measurement date of December 31, 2024 and 2023, were as follows (in thousands):

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2023	\$ 4,685,056	\$ 3,810,476	\$ 874,580
Changes for fiscal year 2024:			
Service cost	101,919	-	101,919
Interest on total pension liability	302,222	-	302,222
Effect of plan changes	12,932	-	12,932
Effect of economic/demographic (gains) or losses	67,495	-	67,495
Effect of assumptions changes or inputs			
Benefit payments and withdrawals	(279,205)	(279,205)	-
Administrative expense	-	(529)	529
Member contributions	-	28,506	(28,506)
Net investment income	-	364,654	(364,654)
Employer contributions	-	189,884	(189,884)
Balance as of December 31, 2024	<u>\$ 4,890,419</u>	<u>\$ 4,113,786</u>	<u>\$ 776,633</u>

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2022	\$ 4,526,353	\$ 3,310,111	\$ 1,216,242
Changes for fiscal year 2023:			
Service cost	99,603	-	99,603
Interest on total pension liability	292,158	-	292,158
Effect of plan changes	2,586	-	2,586
Effect of economic/demographic (gains) or losses	30,978	-	30,978
Effect of assumptions changes or inputs	-	-	-
Benefit payments and withdrawals	(266,622)	(266,622)	-
Administrative expense	-	(567)	567
Member contributions	-	25,390	(25,390)
Net investment income	-	413,734	(413,734)
Employer contributions	-	328,430	(328,430)
Balance as of December 31, 2023	<u>\$ 4,685,056</u>	<u>\$ 3,810,476</u>	<u>\$ 874,580</u>

The Authority's Proportion of Net Pension Liability—MaBSTOA— Starting from the measurement date of January 1, 2024, the pension costs are being allocated to MTA Headquarters ("MTA HQ") on it proportionate

DRAFT

share. In recent years, MaBSTOA employees who transferred to MTA HQ were able to retain their participation in the MaBSTOA Pension Plan. No allocation was reflected in years prior to 2023 as it was deemed de minimis. The following table presents the Authority's proportionate share of the net pension liability of MaBSTOA at the measurement date of December 31, 2024 and 2023 (in thousands):

	Dec 31, 2024	Dec 31, 2023
The Authority's proportion of the net pension liability	99.556 %	100.000 %
The Authority's proportionate share of the net pension liability	\$ 773,186	\$ 874,580

The Authority's proportion of the net pension liability in 2024 was based on the allocation of the actuarially determined contribution to each agencies.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate—The following presents the Authority's net pension liability calculated using the current discount rate for the MaBSTOA Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate used as of each measurement date (in thousands):

	December 31, 2024			December 31, 2023		
	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Net pension liability	\$ 1,322,124	\$ 773,186	\$ 308,370	\$ 1,403,484	\$ 874,580	\$ 426,535

The Authority's Proportion of Net Pension Liability—NYCERS—The following table presents the Authority's proportionate share of the net pension liability of NYCERS at the measurement date of June 30, 2025 and 2024 (in millions):

	June 30, 2025	June 30, 2024
The Authority's proportion of the net pension liability	21.788 %	21.091 %
The Authority's proportionate share of the net pension liability	\$ 2,894	\$ 3,469

The Authority's proportion of the net pension liability was based on the Authority's actual contributions made to NYCERS for the years ended June 30, 2025 and 2024, relative to the contributions of all employers in the plan.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate—The following table presents the Authority's proportionate share of the net pension liability calculated using the current discount rate for NYCERS, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate used as of each measurement date (in thousands):

	June 30, 2025			June 30, 2024		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
The Authority's proportionate share of the net pension liability	\$ 5,482,343	\$ 2,894,381	\$ 712,537	\$ 5,890,516	\$ 3,468,972	\$ 1,423,460

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Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—For the years ended December 31, 2025 and 2024, the Authority recognized pension expense, gross of capital project reimbursements and other pension adjustments of \$35,676 and \$36,308 for December 31, 2025 and 2024, respectively, related to each pension plan as follows (in thousands):

Pension Plans	December 31,	
	2025	2024
MaBSTOA	\$ 218,998	\$ 185,108
NYCERS	451,097	721,519
Total	<u>\$ 670,095</u>	<u>\$ 906,627</u>

For the years ended December 31, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources for each pension plan as follows (in thousands):

For the Year Ended December 31, 2025	MaBSTOA		NYCERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,127	\$ 17,981	\$ 451,330	\$ 5,706	\$ 529,457	\$ 23,687
Changes in actuarial assumptions	46,657	-	-	14,548	46,657	14,548
Net difference between projected and actual earnings on pension plan investments	-	42,447	-	250,562	-	293,009
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,824	8,480	4,312	8,480	6,136
Employer contributions to plan subsequent to the measurement date of net pension liability	18,277	-	446,761	-	465,038	-
Total	<u>\$ 143,061</u>	<u>\$ 62,252</u>	<u>\$ 906,571</u>	<u>\$ 275,128</u>	<u>\$ 1,049,632</u>	<u>\$ 337,380</u>

For the Year Ended December 31, 2024	MaBSTOA		NYCERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,781	\$ 24,509	\$ 488,987	\$ 10,834	\$ 517,768	\$ 35,343
Changes in actuarial assumptions	82,937	-	-	30,835	82,937	30,835
Net difference between projected and actual earnings on pension plan investments	105,830	-	45,239	-	151,069	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	19,933	163,498	19,933	163,498
Employer contributions to plan subsequent to the measurement date of net pension liability	15,755	-	421,980	-	437,735	-
Total	<u>\$ 233,303</u>	<u>\$ 24,509</u>	<u>\$ 976,139</u>	<u>\$ 205,167</u>	<u>\$ 1,209,442</u>	<u>\$ 229,676</u>

DRAFT

The annual differences between the projected and actual earnings on investments are amortized over a five-year closed period beginning the year in which the difference occurs.

The following table presents the recognition periods used by each pension plan to amortize the annual differences between expected and actual experience 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)		
	Differences between Expected and Actual Experience	Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	Changes in Actuarial Assumptions
MaBSTOA	6.10	N/A	6.40
NYCERS	5.56	5.56	5.56

For the years ended December 31, 2025 and 2024, \$465.0 million and \$437.7 million, respectively, were reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement dates. The amount of \$465.0 million will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2025 will be recognized as pension expense as follows (in thousands):

Year Ending December 31	MaBSTOA	NYCERS	Total
2026	\$ 41,664	\$ 394,269	\$ 435,933
2027	61,382	(96,686)	(35,304)
2028	(44,834)	(89,532)	(134,366)
2029	(8,399)	(46,703)	(55,102)
2030	11,653	23,334	34,987
Thereafter	1,066	-	1,066
Total	<u>\$ 62,532</u>	<u>\$ 184,682</u>	<u>\$ 247,214</u>

Deferred Compensation Plans—As permitted by Internal Revenue Code Section 457, the Authority has established a trust or custodial account to hold plan assets for the exclusive use of the participants and their beneficiaries. Plan assets and liabilities are not reflected on the Authority's consolidated statements of net position.

Certain Authority employees are participants in a second deferred compensation plan established in accordance with Internal Revenue Code Section 401(k). Participation in the plan is available to all nonunion and certain other employees. All amounts of compensation deferred under the plan, and all income attributable to such compensation, are solely the property of the participants; accordingly, this plan is not reflected in the accompanying consolidated statements of net position. The Authority is not required to contribute to the plan and did not contribute to the plan in 2025 and 2024.

7. OTHER POSTEMPLOYMENT BENEFITS

The Authority participates in a defined benefit other postemployment benefits (“OPEB”) plan for its employees, the Metropolitan Transportation Authority Retiree Welfare Benefits Plan (“OPEB Plan”). A description of the Plan follows:

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

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

The OPEB Plan Board of Managers, composed 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, 15th Floor, New York, New York, 10004 or at www.mta.info.

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

The Authority participates in the New York State Health Insurance Program (“NYSHIP”) and provides medical and prescription drug benefits, including Medicare Part B reimbursements, to many of its retirees. NYSHIP offers a Preferred Provider Organization (“PPO”) plan and several Health Maintenance Organization (“HMO”) plans. Represented and other New York City Transit employees who retired prior to January 1, 1996 or January 1, 2001, do not participate in NYSHIP. These benefits are provided either through a self-insured health plan, a fully insured health plan or an HMO.

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

OPEB Plan Eligibility—To qualify for benefits under the OPEB Plan, a former employee of the Authority must:

- (a) have retired;
- (b) be receiving a pension (except in the case of the 401(k) Plan and the VDC);
- (c) have at least 10 years of credited service as a member of NYCERS, the MaBSTOA Pension Plan, 401 (k) Plan or the VDC; and
- (d) have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members). A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

DRAFT

Surviving Spouse and Other Dependents—

- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of retired managers and certain non-represented retired employees.
- Represented retired employees must follow the guidelines of their collective bargaining agreements regarding continued health coverage for a surviving spouse or domestic partner and surviving dependents. The surviving spouse coverage continues until spouse is eligible for Medicare for represented employees, retiring on or after:
 - May 21, 2014 for Transport Workers Union (“TWU”) Local 100;
 - September 24, 2014 for Amalgamated Transit Union (“ATU”) Local 726;
 - October 29, 2014 for ATU Local 1056;
 - March 25, 2015 for Transportation Communication Union (“TCU”); and
 - December 16, 2015 for United Transportation Union (“UTU”) and American Train Dispatchers Association (“ATDA”).

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

Contributions—The Authority is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the “pay-as-you-go” (“PAYGO”) amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years ended December 31, 2025 and 2024, the Authority paid \$628.0 million and \$637.2 million of PAYGO to the OPEB Plan, respectively. The PAYGO amounts included an implicit rate subsidy adjustment of \$5.7 million and \$7.8 million for the years ended December 31, 2025 and 2024, respectively. There were no additional prior year implicit rate subsidy adjustments for the year ended December 31, 2025.

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 2023 and 2022 exceeded the current market value of the assets, a depletion date is assumed to occur immediately. Therefore, the discount rate is set equal to the municipal bond index. The MTA elected the Bond Buyer 20-Bond General Obligation Index. As a result, the discount rates as of December 31, 2024 and December 31, 2023, the measurement dates, are 4.08% and 3.26%, respectively.

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue on the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore are partially subsidized by the active employees. As shown in the following table, for the years ended December 31, 2024 and 2023, the employer made a cash payment for retiree healthcare of \$7.8 million and \$9.3 million, respectively, as part of the employer’s payment for active-employee healthcare benefits. For purposes of GASB Statement No. 75,

DRAFT

this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees' underlying age-adjusted, retiree benefit costs (in thousands).

Blended and Age-Adjusted Premium	2024	2023
	Retirees	Retirees
	(In Thousands)	
Total blended premiums	\$ 629,395	\$ 591,711
Employment payment for retiree healthcare	<u>7,755</u>	<u>9,297</u>
Net payments	<u>\$ 637,150</u>	<u>\$ 601,008</u>

Net OPEB Liability—The Authority's proportionate share of the Plan's net OPEB liability reported at December 31, 2025 and 2024 was measured as of the OPEB Plan's fiscal year-end of December 31, 2024 and 2023, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2023 and rolled forward to December 31, 2024 and 2023, respectively. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. The following table presents the Authority's proportionate share of the net OPEB liability and corresponding proportion percentage at the measurement date (in thousands):

	December 31,	
	2024	2023
The Authority's proportion of the net OPEB liability	67.474 %	68.121 %
The Authority's proportionate share of the net OPEB liability	\$ 13,246,265	\$ 13,799,159

OPEB Plan Fiduciary Net Position—The fiduciary net position has been determined on the same basis used by the OPEB plan. The OPEB plan uses the accrual basis of accounting under which contributions from the employer are recognized when paid. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value based on quoted market prices or net asset value.

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

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

DRAFT

The total OPEB liability was determined by actuarial valuations performed on July 1, 2023. Update procedures were used to roll forward the total OPEB liability to December 31, 2024 and 2023, the measurement dates, respectively. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

Valuation date	July 1, 2023	July 1, 2023
Measurement date	December 31, 2024	December 31, 2023
Discount rate	4.08%, net of expenses	3.26%, net of expenses
Inflation	2.30%	2.31%
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.25%
Salary increases	Varies by years of service and differs for members of the various Pension Plans	Varies by years of service and differs for members of the various Pension Plans
Investment rate of return	4.25%	4.25%

Salary Scale—Salary increases vary by years of service and differ for members of NYCERS and the MaBSTOA Plan. Rates are shown below for the measurement date December 31, 2024:

Years of Service	NYCERS		MaBSTOA	
	Rate of Increase	Years of Service	Operating Employee Rate	Non-operating Employee Rate
0	19.00 %	0	12.00 %	6.00 %
1	14.00	1	12.00	7.00
2	10.00	2	15.00	6.50
3	9.00	3	5.00	6.25
4	6.00	4	3.00	6.00
5	5.00	5–9	3.00	4.50
6–22	4.50	10	3.00	4.30
23+	4.00	11	3.00	4.10
		12	3.00	3.90
		13	3.00	3.80
		14	3.00	3.70
		15	3.00	3.60
		16	3.00	3.50
		17	3.00	3.40
		18	3.00	3.30
		19+	3.00	3.25

DRAFT

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

Healthcare Cost Trend Rates—Trend rates were developed separately for NYSHIP benefits and self-insured plans administered by New York City Transit (“Union Health Plans”). The following lists illustrative rates for the NYSHIP and self-insured trend assumptions and associated Medicare Part B reimbursements, as well as for dental and vision benefit for the measurement date December 31, 2024 (in percentages):

Year	NYSHIP Trend		Self-Insured Trend		Medicare	Dental/
	Pre-65 Trend	Post-65 Trend	Pre-65 Trend	Post-65 Trend	Part B Trend	Vision Trend
2023	9.50 %	22.90 %	6.60 %	19.80 %	5.90 %	4.00 %
2024	0.80	0.90	3.60	3.70	5.90	4.00
2025	6.30	6.60	5.40	5.00	1.00	4.00
2026	5.70	6.00	5.30	5.10	11.00	4.00
2027	5.20	5.40	5.10	5.10	4.80	4.00
2028	5.10	5.30	5.00	5.00	7.10	4.00
2029	4.90	5.10	4.80	4.90	5.80	4.00
2030	4.80	4.90	4.70	4.70	6.30	4.00
2031	4.60	4.70	4.60	4.60	7.00	4.00
2032	4.50	4.50	4.50	4.50	7.00	4.00
2033	4.30	4.30	4.30	4.30	5.90	4.00
2034 - 2039	4.10	4.10	4.10	4.10	5.90	4.00
2040 - 2048	4.10	4.10	4.10	4.10	4.40	4.00
2049	4.10	4.20	4.10	4.20	4.40	4.00
2050	4.10	4.20	4.10	4.20	3.90	4.00
2051 - 2064	4.20	4.20	4.20	4.20	3.90	4.00
2065 - 2066	4.10	4.10	4.10	4.10	3.90	4.00
2067 - 2068	4.00	4.00	4.00	4.00	3.90	4.00
2069	3.90	3.90	3.90	3.90	3.90	4.00
2070	3.90	3.90	3.90	3.90	3.80	3.90
2071	3.80	3.80	3.80	3.80	3.80	3.90
2072 - 2073	3.80	3.80	3.80	3.80	3.80	3.80
2074 - 2079	3.70	3.70	3.70	3.70	3.80	3.70
2080 - 2089	3.70	3.70	3.70	3.70	3.90	3.70
2090+	3.70	3.70	3.70	3.70	3.70	3.70

The trends for the Union Health Plans for post-65 retirees were developed separately for medical and Rx benefits by plan type using a weighted average of actual medical and prescription drug cost experience by plan and the Aetna Medicare Advantage and EGWP premium rates. These trends apply to the benefit plans

DRAFT

for applicable represented employees of NYCT Transit. For TWU Local 100 members of NYC Transit, the post-65 trends reflect the Medicare Advantage and EGWP Option 1 and Option 2 plan only.

The following table provides the healthcare trend assumptions for the Union Health Plans. The trends shown above for Medicare Part B reimbursements and dental and vision benefits also apply to members receiving the Union Health Plans for the measurement date December 31, 2024 (in percentages):

Year	Union Health Plans Medical Trend			Union Health Plans Rx Trend		
	Pre-65 Trend	Post-65 Trend	TWU MA Trend	Pre-65 Trend	Post-65 Trend	TWU MA Trend
2023	7.20 %	5.50 %	(14.40)%	5.80 %	6.70 %	6.40 %
2024	5.70	5.50	26.80	12.30	5.10	0.00
2025	5.50	5.30	13.40	9.00	7.70	7.30
2026	5.40	5.20	9.30	7.40	6.70	6.50
2027	5.20	5.10	5.10	5.70	5.70	5.60
2028	5.00	5.00	5.00	5.50	5.40	5.40
2029	4.90	4.80	4.90	5.30	5.20	5.20
2030	4.80	4.70	4.70	5.00	5.00	5.00
2031	4.60	4.60	4.60	4.80	4.80	4.80
2032	4.50	4.50	4.50	4.60	4.60	4.60
2033	4.40	4.30	4.30	4.40	4.40	4.40
2034	4.20	4.10	4.10	4.20	4.20	4.20
2035 - 2046	4.20	4.10	4.10	4.20	4.20	4.10
2047 - 2049	4.20	4.10	4.10	4.20	4.20	4.20
2050	4.20	4.10	4.20	4.20	4.20	4.20
2051 - 2064	4.20	4.20	4.20	4.20	4.20	4.20
2065	4.10	4.10	4.10	4.20	4.10	4.10
2066	4.10	4.10	4.10	4.10	4.10	4.10
2067	4.00	4.00	4.00	4.10	4.00	4.00
2068	4.00	4.00	4.00	4.00	4.00	4.00
2069	4.00	3.90	3.90	4.00	3.90	3.90
2070	3.90	3.90	3.90	3.90	3.90	3.90
2071	3.90	3.80	3.80	3.90	3.90	3.80
2072 - 2073	3.80	3.80	3.80	3.80	3.80	3.80
2074+	3.70	3.70	3.70	3.70	3.70	3.70

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date is based on the ultimate rates, which are 3.7% for NYSHIP costs, 3.7% for self-insured medical and pharmacy cost, and 3.7% for Medicare Part B cost.

Mortality—All mortality rates (except accidental death for active police members) are projected on a generational basis using the Society of Actuaries Mortality Improvement Scale MP-2021. As generational tables, they reflect mortality improvement both before and after the measurement date.

The post-retirement mortality assumption is based on an experience analysis covering the period from January 1, 2015 to December 31, 2020 for the MTA-sponsored pension plans. The mortality rates vary by employee type.

For the Authority, the mortality rates are based on the Pri.H-2012(BC) Mortality Table, headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 92%.

DRAFT

Expected Rate of Return on Investments—The best-estimate range for the long-term expected rate of return was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions as of December 31, 2024 are as follows:

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Cash	BAML 3-Mon Tbill	1.50 %	0.94 %
US Short (1-3 Yr) Govt/Credit Bonds	Bloomberg US Govt/Credit 1-3 Yr TR USD	98.50 %	1.98 %
Assumed inflation—mean			2.30 %
Assumed inflation—standard deviation			1.46 %
Portfolio nominal mean return			4.27 %
Portfolio standard deviation			2.68 %
Long term expected rate of return selected by MTA			4.25 %

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, 2024 and 2023 of 4.08% and 3.26%, respectively.

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

	December 31, 2024			December 31, 2023		
	1% Decrease (3.08)%	Discount Rate (4.08)%	1% Increase (5.08)%	1% Decrease (2.26)%	Discount Rate (3.26)%	1% Increase (4.26)%
	(In Thousands)			(In Thousands)		
Proportionate share of the net OPEB liability	<u>\$ 15,055,583</u>	<u>\$ 13,246,265</u>	<u>\$ 11,671,114</u>	<u>\$ 15,772,262</u>	<u>\$ 13,799,159</u>	<u>\$ 12,132,846</u>

DRAFT

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates—

The following presents the Authority's proportionate share of the net OPEB liability, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates used for the measurement:

	December 31, 2024			December 31, 2023		
	Healthcare Cost Current Trend Rate *			Healthcare Cost Current Trend Rate *		
	1% Decrease		1% Increase	1% Decrease		1% Increase
	(In Thousands)			(In Thousands)		
Proportionate share of the net OPEB liability	<u>\$ 11,251,179</u>	<u>\$ 13,246,265</u>	<u>\$ 15,654,411</u>	<u>\$ 11,791,935</u>	<u>\$ 13,799,159</u>	<u>\$ 16,276,447</u>

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

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—

For the years ended December 31, 2025 and 2024, the Authority recognized OPEB expense of \$0.7 billion and \$0.8 billion, respectively, which represents its proportionate share of the Plan's OPEB expense.

At December 31, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows (\$ in thousands):

	December 2025		December 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 172,825	\$ 1,535,439	\$ 192,760	\$ 1,820,834
Changes in assumptions	1,134,470	2,729,461	1,469,034	2,268,063
Net difference between projected and actual earnings on OPEB plan investments	-	6,223	3,854	-
Changes in proportion and differences between contributions and proportionate share of contributions	402,194	1,364,967	524,233	1,445,295
Employer contributions to the plan subsequent to the measurement of net OPEB liability	<u>627,972</u>	<u>-</u>	<u>637,150</u>	<u>-</u>
Total	<u>\$ 2,337,461</u>	<u>\$ 5,636,090</u>	<u>\$ 2,827,031</u>	<u>\$ 5,534,192</u>

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 7.8-year close period, beginning the year in which the deferred amount occurs.

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For the years ended December 31, 2025 and 2024, \$628.0 million and \$637.2 million, respectively, were reported as deferred outflows of resources related to OPEB resulting from both the Authority's contributions subsequent to the measurement date and an implicit rate subsidy adjustment. These amounts include both the Authority's contributions subsequent to the measurement date and an implicit rate subsidy adjustment that will be recognized as a reduction of the net OPEB liability in the years ended December 31, 2025 and December 31, 2024, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2025 will be recognized in OPEB expense as follows:

Years Ending December 31

2026	\$ (649,172)
2027	(583,288)
2028	(643,602)
2029	(787,993)
2030	(699,428)
Thereafter	<u>(563,118)</u>
Total	<u>\$ (3,926,601)</u>

8. LOANS PAYABLE

Loans Payable—The MTA and the New York Power Authority (“NYPA”) entered into an updated Energy Services Program Agreement (“ESP Agreement”). The ESP Agreement authorized the Authority, as an affiliate of the MTA, to enter into a Customer Installation Commitment (“CIC”) with NYPA for turn-key, energy efficiency projects, which would usually be long-term funded and constructed by NYPA. The repayment period for the NYPA loan can be up to 20 years, but can be repaid at any time without penalty.

The debt service requirements at December 31, 2025 are as follows (in thousands):

Year	Principal	Interest	Total
2026	\$ 6,136	\$ 1,784	\$ 7,920
2027	6,189	1,465	7,654
2028	6,317	1,142	7,459
2029	5,981	817	6,798
2030	4,473	533	5,006
2031–2035	7,829	555	8,384
2036–2040	<u>22</u>	<u>1</u>	<u>23</u>
Total	36,947	<u>\$ 6,297</u>	<u>\$ 43,244</u>
Less current portion	<u>6,136</u>		
Long-term loans payable	<u>\$ 30,811</u>		

The above interest amounts include both fixed and variable rate calculations. Interest on the variable-rate loan is paid at the Securities Industry and Financial Markets Association Municipal Swap Index (“SIFMA”) rate and is reset annually. The SIFMA rate as of December 31, 2025 was 2.36%.

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9. LEASES

The Authority entered into various lease agreements that convey control of the right to use other entities' nonfinancial assets. Lease receivable and lease liabilities are measured at the present value of payments expected to be made during the lease term, using NYCTA's incremental borrowing rate at the time of valuation ranging from 1.40% to 9.11% if an applicable stated or implicit rate is not available.

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

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

As Lessor—The Authority leases its land, building, station concession, equipment, and right-of-way to other entities. These leases have terms between 1 year to 22 years, with payments required monthly, quarterly, semi-annually, or annually. As of December 31, 2025, the remaining lease terms are between 1 year to 18 years. In addition, the Authority also receives payments for variable leases and operating expenses associated with spaces that are not included in the measurement of lease receivables.

The total amount of inflows of resources recognized for the year ended December 31, 2025 and 2024, is presented below (in thousands):

	2025	2024
Lease revenue	\$ 11,456	\$ 9,118
Interest revenue	1,997	1,397
Other variable revenue	2,798	1,694

A summary of activity in lease receivable for the years ended December 31, 2025 and 2024, is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 44,279	\$ 47,930
Additions/remeasurements	12,320	5,506
Receipts/interest	<u>(10,571)</u>	<u>(9,157)</u>
Balance—end of year	46,028	44,279
Less current portion*	<u>(10,523)</u>	<u>(7,768)</u>
Lease receivable noncurrent	<u>\$ 35,505</u>	<u>\$ 36,511</u>

* The current portion of lease receivable is reported in Other receivables, while the noncurrent portion is reported in lease receivables.

The Authority did not recognize any revenue associated with residual value guarantees and termination penalties for years ended December 31, 2025 and 2024, respectively.

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The principal and interest requirements to maturity for the lease receivable subsequent to December 31, 2025, are as follows (in thousands):

Years Ending December 31	Principal	Interest	Total
2026	\$ 10,523	\$ 1,450	\$ 11,973
2027	10,039	1,117	11,156
2028	7,589	819	8,408
2029	3,513	640	4,153
2030	2,437	516	2,953
2031–2035	8,216	1,547	9,763
2036–2040	2,697	487	3,184
2041–2045	<u>1,014</u>	<u>89</u>	<u>1,103</u>
Total	<u>\$ 46,028</u>	<u>\$ 6,665</u>	<u>\$ 52,693</u>

As Lessee—The Authority leases building, office space, storage space, equipment, vehicle, and cell tower space from other entities. These leases have terms between 1 year to 67 years, with payments required monthly, quarterly, or annually. As of December 31, 2025, the remaining lease terms are between 1 year to 63 years.

The amount of lease expenses recognized for variable payments not included in the measurement of lease liability were \$16,004 and \$11,882 for the years ended December 31, 2025 and 2024, respectively. The Authority recognized \$0 and \$0 expense attributable to residual value guarantees and termination penalties for each of the years ended December 31, 2025 and 2024, respectively.

A summary of activity in lease liability for the year ended December 31, 2025 and 2024, is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 450,068	\$ 454,349
Additions/remeasurements	27,926	6,208
Payments/interest	<u>(12,609)</u>	<u>(10,489)</u>
Balance—end of year	465,385	450,068
Less current portion	<u>(13,310)</u>	<u>(11,638)</u>
Lease liability noncurrent	<u>\$ 452,075</u>	<u>\$ 438,430</u>

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The principal and interest requirements to maturity for the lease liability subsequent to December 31, 2025, are as follows (in thousands):

Years Ending December 31	Principal	Interest	Total
2026	\$ 13,310	\$ 33,614	\$ 46,924
2027	6,915	33,279	40,194
2028	6,817	33,022	39,839
2029	10,903	32,587	43,490
2030	9,936	31,954	41,890
2031–2035	64,336	149,191	213,527
2036–2040	102,744	118,265	221,009
2041–2045	118,080	74,896	192,976
Thereafter	132,344	62,787	195,131
Total	<u>\$ 465,385</u>	<u>\$ 569,595</u>	<u>\$ 1,034,980</u>

Significant Lease Transactions—In 1990, the Authority acquired an office building located at 130 Livingston Street in Brooklyn, New York. The property is located on land owned by the New York City Economic Development Corporation (“NYC EDC”), as trustee for The City, with whom the Authority has entered into a 99-year ground lease. In 2011, the ground lease between the MTA and NYC EDC for Livingston Street was renegotiated with monthly lease payments increasing from approximately \$47 to \$111 per month. In January 2020, the base rent was increased to \$205 per month as a result of a revaluation of the land appraisal. Rent expense payments under the lease were approximately \$2.5 million and \$2.5 million in 2025 and 2024, respectively.

On July 29, 1998, the MTA, (solely on behalf of MTA Long Island Rail Road and MTA Metro-North Railroad, MTA New York City Transit, and MTA Bridges and Tunnels) entered into a lease and related agreements whereby each agency, as sublessee, will rent, an office building at Two Broadway in lower Manhattan. The triple-net-lease has an initial stated term of approximately 50 years, with the right to extend the lease for two successive 15-year periods at a rental of at least 95% of fair market rent. Remaining payments under the lease approximate \$907.0 million. Under the subleases, the lease is apportioned as follows: the Authority, 68.7%, MTA, 21%; and TBTA, 10.3%. However, the involved agencies have agreed to sub-sublease space from one another as necessary to satisfy actual occupancy needs. The agencies will be responsible for obligations under the lease based on such actual occupancy percentages. Actual occupancy percentages at December 31, 2025, for the Authority, TBTA and MTA (including MTA Bus, MTA Construction and Development, and MTA Business Service Center, Paratransit) were 46.23%, 5.94%, and 47.83%, respectively. The Authority’s sublease is for a year-to-year term, automatically extended, except upon the giving of a non-extension notice by the Authority.

MTA pays the lease payments on behalf of the Authority and subsequently makes monthly chargebacks in the form of rental payments treated as management fees. During 2025 and 2024, the total of the rental payments charged to the Authority was \$8.9 million and \$9.5 million, respectively, less than the lease payment made by MTA on behalf of the Authority.

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Authority entered into various subscription-based information technology arrangements (“SBITAs”) that convey control of the right to use another party’s information technology software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time. A right-to-use intangible subscription asset is set up with a corresponding subscription liability measured at the present value of payments during the subscription term, using NYCTA’s incremental borrowing rate at the time of valuation ranging from 2.46% to 5.01% if an applicable stated or implicit rate is not available.

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The subscription liability was reduced as payments were made, and an outflow of resources for interest on the liability was recognized. The subscription asset is amortized on a straight-line basis over the subscription term.

The Authority's subscription-based information technology arrangements include software licenses, cloud data storage, hosting applications, security platforms and others. These subscriptions have terms between 2 years to 7 years, with payments required monthly, quarterly, or annually. As of December 31, 2025, the remaining subscriptions terms are between 1 year to 3 years. The amount of subscription expense recognized for variable payments not included in the measurement of lease liability were \$345 and \$386 for the years ended December 31, 2025 and 2024, respectively. The Authority recognized \$0 and \$0 expense attributable to termination penalties and impairment for the years ended December 31, 2025 and 2024, respectively.

The summary of activity in SBITA liability for the years ended December 31, 2025 and 2024, is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 1,055	\$ 703
Additions/remasurements	2,095	1,738
Payments/interest	<u>(2,195)</u>	<u>(1,386)</u>
Balance—end of year	955	1,055
Less current portion	<u>(482)</u>	<u>(790)</u>
SBITA liability noncurrent	<u>\$ 473</u>	<u>\$ 265</u>

The principal and interest requirements to maturity for the lease liabilities subsequent to December 31, 2025, are as follows (in thousands):

Years Ending December 31	Principal	Interest	Total
2026	\$ 482	\$ 27	\$ 509
2027	418	9	427
2028	<u>55</u>	<u>1</u>	<u>56</u>
Total	<u>\$ 955</u>	<u>\$ 37</u>	<u>\$ 992</u>

11. PUBLIC- PRIVATE AND PUBLIC -PUBLIC PARTNERSHIP ARRANGEMENTS

The Authority entered into various public-private partnership ("PPP") agreements to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. PPP receivables are measured at the present value of payments expected to be made during the PPP term, using the Authority's incremental borrowing rate at the time of valuation 5.64% if an applicable stated or implicit rate is not available.

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

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The Authority PPP arrangements provide cellular connectivity and high-speed Wi-Fi to users across the system. These PPPs have terms of 30 years, with payments required monthly, quarterly, semi- annually, or annually. As of December 31, 2025, the remaining PPP terms are between 27 years. In addition, the Authority also receives payments for variable PPPs and operating expenses associated with the contracts that are not included in the measurement of PPP receivable.

The total amount of inflows of resources recognized for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
PPP revenue	\$ 64	\$ -
Interest revenue	60	-
Other variable revenue	-	-

A summary of activity in PPP receivable for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ -	\$ -
Additions/remeasurements	4,874	-
Receipts/interest	<u>(4,496)</u>	<u>-</u>
Balance—end of year	378	-
Less current portion	<u>-</u>	<u>-</u>
PPP receivable—noncurrent	<u>\$ 378</u>	<u>\$ -</u>

MTA NYCTA recognized \$0 and \$0 revenue associated with residual value guarantees and termination penalties for years ended December 31, 2025 and 2024.

The principal and interest requirements to maturity for the PPP receivable subsequent to December 31, 2025, are as follows (in thousands):

Year Ended December 31	Principal	Interest	Total
2026	\$ (2)	\$ 20	\$ 18
2027	(1)	20	19
2028	(1)	20	19
2029	0	20	20
2030	1	20	21
2031–2035	15	102	117
2036–2040	41	94	135
2041–2045	80	77	157
2046–2050	136	46	182
2051–2055	<u>109</u>	<u>6</u>	<u>115</u>
Total	<u>\$ 378</u>	<u>\$ 425</u>	<u>\$ 803</u>

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12. FINANCED PURCHASES

MTA Construction and Development, on behalf of the MTA, and the developer entered into an ADA (“Americans with Disabilities Act”) Project Agreement (the “Project Agreement”) for the design, construction, financing and maintenance of station accessibility improvements for MTA New York City Transit. The Project Agreement requires, among other things, the payment of periodic progress payments, capital availability payments, maintenance availability payments and completion payments. MTA issued a subordinated contract obligation (the “SCO”) in the aggregate contractual face amount of \$160,628,234.50 on May 4, 2023 which secures the capital availability payments owed under the Project Agreement. This availability payment arrangement (“APA”) is being reported as a financed purchase Under GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payments Arrangements*.

The APA liabilities are measured at the present value of payments expected to be made during the payment term, using the developer’s pre-tax Weighted Average Cost of Capital at the time of valuation. This APA has a term of approximately 26.5 years, with payments scheduled monthly as measures related to availability have been met. As of December 31, 2025, the remaining APA term is 25.75 years.

The amount of APA expenses recognized for variable payment not included in the measurement of APA liability were \$0 and \$0 for the years ended December 31, 2025 and 2024. The Authority recognized \$0 and \$0 expense attributable to residual value guarantees and termination penalties for years ended December 31, 2025 and 2024.

A summary of activity in the APA liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance - beginning of year	\$ -	\$ -
Additions/remeasurements	59,054	-
Payments/Interest	652	-
Balance - end of year	59,706	-
less current portion	-	-
APA liability noncurrent	<u>\$59,706</u>	<u>\$ -</u>

The principal and interest requirements to maturity for the APA liability subsequent to December 31, 2025, are as follows (in thousands):

Year Ended December 31, 2025	Principal	Interest	Total
2026	\$ (237)	\$ 4,487	\$ 4,250
2027	(249)	4,505	4,256
2028	(143)	4,520	4,377
2029	(193)	4,532	4,339
2030	(208)	4,547	4,339
2031 - 2035	5,694	22,055	27,749
2036 - 2040	10,877	18,766	29,643
2041 - 2045	15,788	13,843	29,631
Thereafter	28,377	6,896	35,273
Total	<u>\$ 59,706</u>	<u>\$ 84,151</u>	<u>\$ 143,857</u>

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13. COMPENSATED ABSENCES

MTA provides employee benefits for vacation, compensatory time, sick, and other leave days. Certain leave that has not been used are recorded as compensated absences liabilities if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Short-term liability is recorded based on average usage or applicable leave expiration, while long-term liability is recorded for leave that accumulates and is carried forward to a future reporting period during which it may be used for time off or otherwise paid or settled at separation of service, or according to timing as provided for in the policy or collective bargaining agreement.

A summary of activity indicated as net increase or decrease in compensated absences liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 981,971	\$ 967,068
Net adjustment	<u>70,174</u>	<u>14,903</u>
Balance—end of year	1,052,145	981,971
Less current portion	<u>(535,605)</u>	<u>(508,532)</u>
Compensated absences liability noncurrent	<u>\$ 516,540</u>	<u>\$ 473,439</u>

14. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

A summary of activity in estimated liability arising from injuries to persons, including employees, and damage to third-party property, for the years ended December 31, 2025 and 2024, is as follows (in thousands):

	2025	2024
Balance at beginning of year	\$ 4,939,366	\$ 4,187,349
Activity during the year:		
Current year claims and changes in estimates	1,003,475	1,134,968
Claims paid	<u>(545,063)</u>	<u>(382,951)</u>
Balance at end of year	5,397,778	4,939,366
Less current portion	<u>(703,137)</u>	<u>(695,224)</u>
Long-term liability	<u>\$ 4,694,641</u>	<u>\$ 4,244,142</u>

See Note 2 for additional information on the Authority's liability and property disclosures.

15. CONTINGENCIES

The Authority is involved in various litigation and claims involving personal liability claims and certain other matters. The ultimate outcome of these claims and suits cannot be predicted at this time. Nevertheless, management does not believe that the ultimate outcome of these matters will have a material effect on the consolidated financial position of the Authority.

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

16. CERTAIN RISK DISCLOSURES

Operating and Capital Program Funding Risks - The Authority performs a public service of providing essential passenger transportation within New York City. Substantial deficits result from providing these services and The Authority expects that such deficits will continue in the foreseeable future. Funding for the Authority's operations and capital needs is provided by New York City and MTA, which obtains the required funds from state subsidies, federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to the Authority on a discretionary basis. The continuance of the Authority operations has been, and will continue to be, dependent upon the receipt of adequate funds from MTA and New York City to subsidize operating deficits.

Concentration of Workforce Covered by Collective Bargaining Agreement and Continuation of the Negotiation of Affordable Labor Contracts - The transportation services provided by the Authority Related Entities, as well as related maintenance and support services, are labor intensive. A substantial portion of (agency name) employees are represented by labor unions. Consequently, a major portion of the Related Entities' the Authority expenses consists of the costs of salaries, wages and fringe benefits for employees and retirees, and achieving affordable wage settlements impacts the Authority's financial position. The Authority is committed to negotiating affordable collective bargaining agreements with its unions. Failure to reach agreements with labor unions, or failure to negotiate affordable labor contracts could have a significant adverse impact on the budgets of the Authority.

17. POLLUTION REMEDIATION PROJECTS

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, in 2025 and 2024, the Authority recognized \$29 million and \$41 million, respectively, in pollution remediation expenses. The expense provision was measured at its current value utilizing the prescribed expected cash flow method (see Note 2 to the financial statements). Pollution remediation obligations are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. The Authority does not expect any recoveries of cost that would have a material effect on the recorded obligations.

A summary of the activity in pollution remediation liability at December 31, 2025 and 2024, were as follows (in thousands):

	2025	2024
Balance at beginning of year	\$ 127,500	\$ 111,786
Activity during the year:		
Changes in estimates	28,832	41,015
Payments	<u>(47,331)</u>	<u>(25,301)</u>
Balance at end of year	109,001	127,500
Less current portion	<u>(21,800)</u>	<u>(25,500)</u>
Long-term liability	<u>\$ 87,201</u>	<u>\$ 102,000</u>

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

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18. RELATED PARTY TRANSACTIONS

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

The Authority has intercompany transactions with MTA, MNCR, LIRR, MTA Bus, TBTA, and SIRTOA related to farecard settlements, service agreements, shared operating contracts, inter-agency loan transactions, and other operating receivables and payables.

The resulting receivables and payables from the above transactions are recorded in Due from / Payable to MTA and constituent authorities, Due from / to MTA for the purchase of capital assets and MTA loan, included in the accompanying Consolidated Statements of Net Position.

Related party transactions consist of the following at December 31, 2025 and 2024 (in thousands):

	2025		2024	
	Receivable	(Payable)	Receivable	(Payable)
MTA	\$ 9,931,987	\$ (7,068,105)	\$ 11,014,398	\$ (8,095,909)
Constituent authorities	<u>181,462</u>	<u>(37,000)</u>	<u>163,250</u>	<u>(41,693)</u>
Total MTA and constituent authorities	<u>\$ 10,113,449</u>	<u>\$ (7,105,105)</u>	<u>\$ 11,177,648</u>	<u>\$ (8,137,602)</u>

Shown as a separate line item on the Consolidated Statements of Net Position under due from MTA for purchase of capital assets is a balance of \$821,651 and \$964,730 as of December 31, 2025 and 2024, respectively.

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19. FUEL HEDGE

MTA partially hedges its fuel cost exposure using financial hedges. All MTA fuel hedges provide for up to 24 monthly settlements. The table below summarizes the active ultra-low sulfur diesel (“ULSD”) hedges in whole dollars:

Counterparty	Cargill	Goldman Sachs	Cargill	Goldman Sachs	Cargill	Cargill
Trade Date	1/30/2024	2/28/2024	3/27/2024	4/29/2024	5/29/2024	6/27/2024
Effective Date	1/1/2025	2/1/2025	3/1/2025	4/1/2025	5/1/2025	6/1/2026
Termination Date	12/31/2025	1/31/2026	2/28/2026	3/31/2026	4/30/2026	5/31/2026
Price/Gal	\$2.43	\$2.40	\$2.44	\$2.46	\$2.43	\$2.48
Notional Qnty (Gal)	2,636,709	2,636,722	2,168,753	2,329,828	2,535,018	2,535,006

Counterparty	Cargill	Cargill	Cargill	Goldman Sachs	Goldman Sachs	Goldman Sachs
Trade Date	7/30/2024	8/28/2024	9/26/2024	10/31/2024	11/26/2024	12/23/2024
Effective Date	7/1/2025	8/1/2025	9/1/2025	10/1/2025	11/1/2025	12/1/2025
Termination Date	6/30/2026	7/31/2026	8/31/2026	9/30/2026	10/31/2026	11/30/2026
Price/Gal	\$2.34	\$2.29	\$2.21	\$2.25	\$2.20	\$2.16
Notional Qnty (Gal)	2,535,001	2,535,006	2,535,002	2,535,017	2,535,018	2,535,019

Counterparty	Goldman Sachs	BOA_ Merrill	Cargill	Cargill	BOA_ Merrill	BOA_ Merrill
Trade Date	1/28/2025	2/24/2025	3/27/2025	4/29/2025	5/29/2025	6/25/2025
Effective Date	1/1/2026	2/1/2026	3/1/2026	4/1/2026	5/1/2026	6/1/2026
Termination Date	12/31/2026	1/31/2027	2/28/2027	3/31/2027	4/30/2027	5/31/2027
Price/Gal	\$2.23	\$2.21	\$2.18	\$2.07	\$2.05	\$2.15
Notional Qnty (Gal)	2,535,012	2,535,003	2,535,019	2,534,997	2,535,018	2,535,006

Counterparty	Cargill	Goldman Sachs	BOA_ Merrill	Cargill	Cargill	Goldman Sachs
Trade Date	7/29/2025	8/28/2025	9/30/2025	10/29/2025	11/25/2025	12/30/2025
Effective Date	7/1/2026	8/1/2026	9/1/2026	10/1/2026	11/1/2026	12/1/2026
Termination Date	6/30/2027	7/31/2027	8/31/2027	9/30/2027	10/31/2027	11/30/2027
Price/Gal	\$2.22	\$2.17	\$2.17	\$2.19	\$2.11	\$2.08
Notional Qnty (Gal)	2,535,001	2,535,006	2,535,002	2,773,442	2,563,808	2,563,829

The monthly settlements are based on the daily prices of the respective commodities whereby MTA will either receive a payment, or make a payment to the various counterparties, depending on the average monthly price of the commodities in relation to the contract prices. At a contract’s termination date, cash settlement will take place. As of December 31, 2025, the total outstanding notional value of the ULSD contracts was 47.3 million gallons with a negative fair market value of \$6.3 million. The valuation of each trade was based on discounting future net cash flows to a single current amount (the income approach) using observable commodity futures prices (Level 2 inputs).

The Authority recognized a fuel hedge loss of \$3.5 million and \$3.9 million in 2025 and 2024, respectively.

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20. CONDENSED COMPONENT UNIT INFORMATION

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

December 31	2025	2024
Current assets	\$ 163,229	\$ 188,029
Capital assets	501,225	584,794
Deferred outflows of resources	<u>143,061</u>	<u>233,303</u>
Total assets and deferred outflows of resources	<u>807,515</u>	<u>1,006,126</u>
Current liabilities	313,101	375,384
Non-current liabilities	1,988,494	2,031,893
Deferred inflows of resources	<u>62,252</u>	<u>24,509</u>
Total liabilities and deferred inflows of resources	<u>2,363,847</u>	<u>2,431,786</u>
Net investment in capital assets	491,209	573,765
Unrestricted	<u>(2,047,541)</u>	<u>(1,999,425)</u>
Total net position	<u><u>\$ (1,556,332)</u></u>	<u><u>\$ (1,425,660)</u></u>
For the Year Ended December 31		
Fare revenue	\$ 275,654	\$ 256,053
Advertising and other revenue	<u>13,882</u>	<u>14,270</u>
Total operating revenue	<u>289,536</u>	<u>270,323</u>
Total labor expenses	1,404,504	1,229,530
Total non-labor expenses	143,992	296,434
Depreciation	<u>61,049</u>	<u>93,248</u>
Total operating expenses	<u>1,609,545</u>	<u>1,619,212</u>
Operating deficit	<u>(1,320,009)</u>	<u>(1,348,889)</u>
Loss before capital contributions	(1,320,009)	(1,348,889)
Capital contributions	<u>1,189,337</u>	<u>1,214,507</u>
Change in net position	(130,672)	(134,382)
Net position, beginning of the year	<u>(1,425,660)</u>	<u>(1,291,278)</u>
Net position, end of year	<u><u>\$ (1,556,332)</u></u>	<u><u>\$ (1,425,660)</u></u>
For the Year Ended December 31		
Net cash used in operating activities	\$ (1,217,152)	\$ (1,189,808)
Net cash provided by non-capital financing activities	1,212,233	1,198,423
Net cash used in capital and related financing activities	(1,900)	(1,763)
Net cash provided by (used in) investing activities	<u>654</u>	<u>(618)</u>
Net Increase in cash	(6,165)	6,234
Cash at beginning of year	<u>7,049</u>	<u>815</u>
Cash at end of year	<u><u>\$ 884</u></u>	<u><u>\$ 7,049</u></u>

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21. SUBSEQUENT EVENTS

As of May xx, 2026, there were no materially significant subsequent events.

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY:										
Service cost	\$ 102	\$ 100	\$ 96	\$ 94	\$ 95	\$ 90	\$ 87	\$ 84	\$ 82	\$ 77
Interest	302	292	285	274	267	265	256	246	237	233
Differences between expected and actual experience	67	31	(21)	(19)	(1)	9	6	12	14	(69)
Change of plan	13	3	2	-	-	-	-	-	-	-
Change of assumptions	-	-	-	72	-	169	-	6	-	-
Benefit payments and withdrawals	(279)	(267)	(258)	(245)	(238)	(221)	(214)	(209)	(188)	(180)
Net change in total pension liability	205	159	104	176	123	312	135	139	145	61
TOTAL PENSION LIABILITY—Beginning	4,685	4,526	4,422	4,246	4,123	3,811	3,676	3,537	3,392	3,331
Total pension liability—ending(a)	4,890	4,685	4,526	4,422	4,246	4,123	3,811	3,676	3,537	3,392
FIDUCIARY NET POSITION:										
Employer contributions	190	328	159	156	159	206	205	202	221	215
Member contributions	29	25	26	25	25	24	22	20	19	16
Net investment income	365	414	(274)	416	60	447	(88)	350	212	(24)
Benefit payments and withdrawals	(279)	(266)	(258)	(245)	(238)	(221)	(214)	(209)	(188)	(180)
Administrative expenses	(1)	(1)	(1)	-	-	-	-	-	-	-
Net change in plan fiduciary net position	304	500	(348)	352	6	456	(75)	363	264	27
PLAN FIDUCIARY NET POSITION—Beginning	3,810	3,310	3,658	3,306	3,300	2,844	2,919	2,556	2,292	2,265
Plan fiduciary net position—ending(b)	4,114	3,810	3,310	3,658	3,306	3,300	2,844	2,919	2,556	2,292
The Authority's proportion of the net pension liability	99.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY—Ending(a)-(b)	\$ 773	\$ 875	\$ 1,216	\$ 763	\$ 940	\$ 823	\$ 967	\$ 757	\$ 981	\$ 1,100
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	84.1 %	81.3 %	73.1 %	82.7 %	77.9 %	80.0 %	74.6 %	79.4 %	72.3 %	67.6 %
COVERED-EMPLOYEE PAYROLL	862	821	776	769	802	787	776	750	717	687
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	89.7 %	106.6 %	156.7 %	99.2 %	117.1 %	104.6 %	124.6 %	100.9 %	136.8 %	160.1 %

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NEW YORK CITY TRANSIT AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IN THE NYCERS PENSION PLAN AT JUNE 30 (In millions)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
The Authority's proportion of the net pension liability	21.788 %	21.091 %	21.268 %	20.975 %	21.285 %	23.207 %	23.271 %	22.527 %	22.788 %	22.227 %
The Authority's proportionate share of the net pension liability	\$ 2,894	\$ 3,469	\$ 3,795	\$ 3,798	\$ 1,365	\$ 4,892	\$ 4,310	\$ 3,973	\$ 4,732	\$ 5,400
The Authority's actual covered-employee payroll	3,530	3,355	3,290	3,358	3,449	3,388	3,256	3,090	3,024	2,930
The Authority's proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	81.983 %	103.398 %	115.350 %	113.103 %	39.577 %	144.392 %	132.371 %	128.576 %	156.481 %	184.300 %
Plan fiduciary net position as a percentage of the total pension liability	87.659 %	84.252 %	82.217 %	81.276 %	93.144 %	76.933 %	78.836 %	78.826 %	74.805 %	69.568 %

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NEW YORK CITY TRANSIT AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO ALL PENSION PLANS

FOR THE YEARS ENDED DECEMBER 31

(In millions)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
MaBSTOA										
Actuarially determined contribution	\$ 196.0	\$ 183.0	\$ 170.0	\$ 158.6	\$ 156.2	\$ 159.5	\$ 209.3	\$ 202.5	\$ 202.9	\$ 220.7
Actual employer contribution	17.8	189.9	328.4	158.6	156.2	159.5	206.4	205.4	202.7	220.7
Contribution deficiency (excess)	\$ 178.2	\$ (6.9)	\$ (158.4)	\$ -	\$ -	\$ -	\$ 2.9	\$ (2.9)	\$ 0.2	\$ -
Covered payroll	861.4	861.6	820.5	775.5	768.9	802.1	786.6	776.2	749.7	716.5
Contributions as a % of covered payroll	2.1 %	22.0 %	40.0 %	20.5 %	20.3 %	19.9 %	26.2 %	26.5 %	27.0 %	30.8 %
NYCERS										
Actuarially determined contribution	\$ 861	\$ 753.4	\$ 735.2	\$ 765.3	\$ 807.7	\$ 841.9	\$ 904.1	\$ 768.4	\$ 759.6	\$ 753.2
Actual employer contribution	861	753.4	735.2	765.3	807.7	841.9	904.1	768.4	759.6	753.2
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	4,336	4,058.2	4,022.1	3,725.8	3,518.0	3,644.7	3,784.2	3,841.0	3,624.4	3,386.1
Contributions as a % of covered payroll	19.9 %	18.6 %	18.3 %	20.5 %	23.0 %	23.1 %	23.9 %	20.0 %	21.0 %	22.2 %

* MaBSTOA's actuarially determined contribution and covered payroll have been restated in 2024 for the Authority's proportionate share based on the allocation of the actuarially determined contribution between the Authority and MTA HQ.

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

REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO ALL PENSION PLANS

The following actuarial methods and assumptions were used in the January 1, 2024 and 2023 funding valuation for the MaBSTOA pension plan as follows:

	MaBSTOA	
Valuation Date	January 1, 2024	January 1, 2023
Measurement Date	December 31, 2024	December 31, 2023
Actuarial cost method	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)
Amortization method	For FIL bases, 15 years for Fresh start base as of 1/1/2020. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, 15 years for Fresh start base as of 1/1/2020. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.
Asset Valuation Method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Actuarial assumptions:		
Discount Rate	6.5%	6.5%
Investment rate of return	6.5%, net of investment expenses	6.5%, net of investment expenses
Mortality	Based on experience of all MTA-sponsored pension plan members from January 1, 2015-December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.	Based on experience of all MTA-sponsored pension plan members from January 1, 2015-December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.
Inflation	2.25 % per annum	2.25% per annum
Salary increases	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.
Overtime	Except for managerial employees, rates of overtime for operating employees vary by years of service and are applied to base salary ranging from 16% to 30%, and 3.0% of base salary for nonoperating employees regardless of the years of service. For Tier 6 members, all overtime was assumed to be less than the overtime cap.	Except for managerial employees, rates of overtime for operating employees vary by years of service and are applied to base salary ranging from 16% to 30%, and 3.0% of base salary for nonoperating employees regardless of the years of service. For Tier 6 members, all overtime was assumed to be less than the overtime cap.
Cost-of-Living Adjustments	60% of inflation assumption or 1.35%, if applicable	60% of inflation assumption or 1.35%, if applicable
Rate of normal retirement	Rates vary by age, years of service at retirement and Tier/Plan.	Rates vary by age, years of service at retirement and Tier/Plan.

(1) Under this actuarial method, the initial liability has been established by the Entry Age Actuarial Cost Method for determining changes in the Unfunded Actuarial Accrued Liability ("UAAL") due to plan provision and assumption changes.

(Continued)

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NEW YORK CITY TRANSIT AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO ALL PENSION PLANS

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

Changes of Benefit Terms

There were no changes of benefit terms in the June 30, 2024 funding valuation.

Changes of Assumptions

There were no changes of benefit assumptions in the June 30, 2024 funding valuation.

(Concluded)

NEW YORK CITY TRANSIT AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY IN THE MTA OPEB PLAN AT DECEMBER 31 (In millions)

Plan Measurement Date (December 31)	2024	2023	2022	2021	2020	2019	2018	2017
The Authority's proportion of the net OPEB liability	67.47 %	68.12 %	69.67 %	70.80 %	67.50 %	68.70 %	67.83 %	67.88 %
The Authority's proportionate share of the net OPEB liability	\$ 13,246	\$ 13,799	\$ 15,630	\$ 17,675	\$ 16,490	\$ 14,507	\$ 13,281	\$ 13,784
The Authority's covered payroll	4,929	4,843	4,501	3,645	4,447	4,571	4,617	3,619
The Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	268.74 %	284.93 %	347.23 %	484.91 %	370.80 %	317.37 %	287.65 %	380.80 %
Plan fiduciary net position as a percentage of the total OPEB liability	6.82 %	6.36 %	0.05 %	- %	- %	1.93 %	1.76 %	1.79 %

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

NEW YORK CITY TRANSIT AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
ACTUARIALLY DETERMINED CONTRIBUTION	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ACTUAL EMPLOYER CONTRIBUTION ⁽¹⁾	\$ 628.0	\$ 637.2	\$ 601.0	\$ 589.6	\$ 576.8	\$ 236.7	\$ 505.6	\$ 468.8	\$ 441.9
CONTRIBUTION DEFICIENCY (EXCESS)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
COVERED PAYROLL	5,197.9	4,929.0	4,842.6	4,501.3	3,644.7	4,446.8	4,570.8	4,617.2	3,618.6
ACTUAL CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	12.08 %	12.93 %	12.41 %	13.10 %	15.40 %	11.01 %	11.06 %	10.15 %	12.21 %

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of \$5.7, \$7.8, \$9.3, \$10.8, \$9.6, \$12.8, \$21.3, \$19.9 and \$19.6 for the years ended December 31, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017, respectively.

Notes to Schedule of the Authority's Contribution to the OPEB Plan:

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2023	July 1, 2023
Measurement date	December 31, 2024	December 31, 2023
Discount rate	4.08 %	3.26 %
Inflation	2.30 %	2.31 %
Actuarial cost method	Entry Age Normal	Entry Age Normal
Investment rate of return	4.25 %	4.25 %

Changes of benefit terms: In the July 1, 2023 actuarial valuation, there were no changes to the benefit terms.

Changes of assumptions: In the July 1, 2023 actuarial valuation, there were changes in healthcare related assumptions, demographic and economic assumptions.

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

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Metropolitan Transportation Authority (“MTA”) Long Island Rail Road

(Component Unit of the MTA)

Financial Statements as of and for the
Years Ended December 31, 2025 and 2024,
Required Supplementary Information, and
Independent Auditor’s Report

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

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4-16
BUSINESS-TYPE ACTIVITIES FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024:	
Statements of Net Position	17-18
Statements of Revenues, Expenses and Changes in Net Position	19
Statements of Cash Flows	20
FIDUCIARY ACTIVITIES FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024:	
Statements of Fiduciary Net Position	21
Statements of Changes in Fiduciary Net Position	22
Notes to the Financial Statements	23-61
REQUIRED SUPPLEMENTAL INFORMATION:	62
Schedule of Changes in the MTA Long Island Rail Road's Net Pension Liability and Related Ratios for the Long Island Rail Road Company Plan for Additional Pensions	63
Schedule of the MTA Long Island Rail Road's Proportionate Share of the Net Pension Liability in the MTA Defined Benefit Pension Plan	64
Schedule of MTA Long Island Rail Road's Contributions to all Pension Plans	65
Notes to Schedule of MTA Long Island Rail Road's Contributions to all Pension Plans	66
Schedule of the MTA Long Island Rail Road's Proportionate Share of the Net Other Post-Employment Benefit ("OPEB") Liability in the MTA OPEB Plan	67
Schedule of the MTA Long Island Rail Road's Contributions to the MTA OPEB Plan and Notes to the Schedule of the MTA Long Island Rail Road's Contributions to the MTA OPEB Plan	68

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the MTA Long Island Rail Road, a component unit of the Metropolitan Transportation Authority (the "MTA"), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the MTA Long Island Rail Road's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the MTA Long Island Rail Road as of December 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

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

As discussed in Note 2 to the financial statements, effective January 1, 2023 the MTA adopted Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*, using the retrospective approach. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MTA Long Island Rail Road's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the MTA Long Island Rail Road's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the MTA Long Island Rail Road's Net Pension Liability and Related Ratios for the Long Island Rail Road Company Plan for Additional Pensions, Schedule of the MTA Long Island Rail Road's Proportionate Share of the Net Pension Liability in the MTA Defined Benefit Pension Plan, Schedule and Notes of the MTA Long Island Rail Road's Contributions to all Pension Plans, Schedule of the MTA Long Island Rail Road's Proportionate Share of the Net Other Post-Employment Benefit "OPEB" Liability in the MTA OPEB Plan, and Schedule and Notes of the MTA Long Island Rail Road's Contributions to the MTA OPEB Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with

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auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

_____, 2026

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MTA LONG ISLAND RAIL ROAD

(Component Unit of the Metropolitan Transportation Authority)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

YEARS ENDED DECEMBER 31, 2025 AND 2024

(Dollars in thousands, except as noted)

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction

The following is a narrative overview and analysis of the financial activities of MTA Long Island Rail Road ("MTA LIRR", "LIRR"), a component unit of the Metropolitan Transportation Authority ("MTA"), for the years ended December 31, 2025 and 2024. This discussion and analysis is intended to serve as an introduction to MTA LIRR's financial statements, which have the following components: (1) Management's Discussion and Analysis ("MD&A"), (2) Business-Type Activity Financial Statements, (3) Fiduciary Fund Financial Statements, (4) Notes to Financial Statements, and (5) Required Supplemental Information.

Management's Discussion and Analysis

The MD&A provides an assessment of how MTA LIRR's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected MTA LIRR's overall financial position. It may contain opinions, assumptions or conclusions by MTA LIRR's management that should not be considered a replacement for and must be read in conjunction with the LIRR's statements of net position as of December 31, 2025 and 2024, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the LIRR's financial statements.

The Financial Statements

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

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

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

The Fiduciary Fund Financial Statements

The Fiduciary fund is used to account for resources held in a trustee capacity for the benefit of parties outside of a government entity. The Fiduciary fund is disclosed in the MTA LIRR's financial statements as part of the supplementary information. The fiduciary fund is reported as a Pension Trust Fund.

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

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

The Notes to the Financial Statements

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

Required Supplemental Information

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

FINANCIAL REPORTING ENTITY

In 1966, the MTA acquired the capital assets of MTA LIRR from the former Pennsylvania Railroad Company. In February 1980, MTA LIRR became a component unit of the MTA, pursuant to New York State Public Authorities Law, whose mission is to continue, develop, and improve public transportation and to develop and implement a unified public transportation policy in the New York Metropolitan area. MTA LIRR is a part of the related financial reporting group of the MTA. The MTA is a component unit of the State of New York.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in MTA LIRR's financial position for the years ended December 31, 2025 and 2024. Additionally, an examination of major economic factors that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are in conformity with MTA LIRR's financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America. All amounts are in thousands.

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

Current assets include, but are not limited to: cash, restricted and unrestricted investments, State and regional mass transit taxes receivables, and receivables from New York State. This also includes the receivable from leases of MTA's land, building, station concession, equipment, and right-of-way to third parties.

Noncurrent assets include, but are not limited to: bridges, structures, tunnels, construction of buildings and the acquisition of buses, equipment, passenger cars, locomotives, and right-to-use assets for leases on buildings, office spaces, storage spaces, equipment, vehicles and intangible right-to-use assets for subscription-based information technology arrangements (SBITAs).

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

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(Dollars in thousands)

	2025	2024	2023	2025-2024	2024-2023
Total current assets	\$ 607,777	\$ 804,013	\$ 1,278,472	\$ (196,236)	\$ (474,459)
Total noncurrent assets	11,745,795	11,066,534	10,809,740	679,261	256,794
Total deferred outflows of resources	<u>751,168</u>	<u>887,675</u>	<u>1,142,442</u>	<u>(136,507)</u>	<u>(254,767)</u>
Total assets and deferred outflows of resources	<u>\$ 13,104,740</u>	<u>\$ 12,758,222</u>	<u>\$ 13,230,654</u>	<u>\$ 346,518</u>	<u>\$ (472,432)</u>

Significant Changes in Assets and Deferred Outflows of Resources—

December 31, 2025 versus 2024

Current assets decreased in 2025 by \$196,236 or 24.41% compared to prior year primarily due to a pension prepayment in 2024 of \$229,152, a decrease in materials & supplies inventories of \$11,505 offset by an increase of \$39,687 in company financed investments.

In 2025, noncurrent assets increased \$679,261 or 6.14% compared to 2024. Noncurrent assets are comprised of net capital assets and other non-current receivables. Capital assets increased by \$690,860 offset by the decrease of other non-current receivables of \$11,600.

The major components of the increase in net capital assets are related to assets placed into beneficial service, changes to construction work-in-progress and changes in accumulated depreciation.

Significant additions to capital assets resulted from the following:

- Major additions to capital assets totaled \$644,112. The increase is primarily due to the Track program totaling \$105,472, ADA Accessibility projects at various stations for \$96,271, Third Track for \$82,044, Jamaica Capacity Improvements - Phase one for \$54,595, Third Rail for \$43,990, Rehabilitation of Employee Facilities at Bethpage for \$27,975, Equipment purchase for \$22,171, Signal Normal replacement for \$21,398, installation of wireless communication services and Dark Fiber Network at Atlantic Terminal, Atlantic Avenue Tunnel and Jamaica Station for \$18,349, replacement of the Signal Power Motor Generator at Hall Interlocking & Babylon for \$16,112, Webster Avenue Bridge Replacement for \$15,346, Amtrak Territory Investments for \$12,875 and various capital projects for \$127,514.
- In addition, there was an increase of \$1,277,275 for new projects in progress, which was offset by the decrease in construction work-in-progress mainly due to the capitalization of projects totaling \$652,651, asset retirements of \$9,022, SBITA impairment of \$1,865, and increases in accumulated depreciation and amortization of \$570,738.

Deferred outflows of resources decreased by \$136,507 or 15.38% due to the following: deferred outflows for pensions decreased by \$104,065 primarily due to net difference between projected and actual earnings and changes in assumptions per the actuarial report. Additionally, deferred outflows for postemployment benefits other than pensions (“OPEB”) decreased by \$59,452 primarily due to changes in assumptions. Refer to Note 6 and Note 7 of the financial statements for further information, respectively.

December 31, 2024 versus 2023

Current assets decreased in 2024 by \$474,459 or 37.11% compared to prior year primarily due to a settlement of the outstanding balance of subsidy receivables from MTA for the American Rescue Plan Act grant (ARPA) of \$503,814, offset by an increase of \$31,489 in capital projects funded by MTA.

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In 2024, noncurrent assets increased \$256,794 or 2.38% compared to 2023. Noncurrent assets are comprised of net capital assets and other non-current receivables. Capital assets increased by \$265,356 offset by the decrease of other non-current receivables of \$8,562.

The major components of the increase in net capital assets are related to assets placed into beneficial service, changes to construction work-in-progress and changes in accumulated depreciation.

Significant additions to capital assets resulted from the following:

- Major additions to capital assets totaled \$697,951. The increase is primarily due to the additional M-9 cars put into service for \$186,560, additional costs for the Positive Train Control project for \$66,737, Track programs for \$77,885, ADA at various stations for \$57,642, Long Island City Yard Restoration project for \$46,489, West Side Yard for \$42,857, 3rd Track for \$30,204, Mets Willets Station for \$18,733, extending Great Neck Pocket Track for \$11,604, Penn Station 33rd Corridor Phase 2 Construction for \$11,002 and various capital projects for \$148,238.
- In addition, there was an increase of \$854,241 for new projects in progress, which was offset by the decrease in construction work-in-progress mainly due to the capitalization of projects totaling \$709,802, retirements of \$11,409, SBITA impairment of \$6,313, and increases in accumulated depreciation and amortization of \$559,312.

Deferred outflows of resources decreased by \$256,604 or 22.46% due to the following: deferred outflows for pensions decreased by \$417,845 per the actuarial report, offset by an increase in deferred outflows for postemployment benefits other than pensions by \$161,242. Refer to Note 6 and Note 7 of the financial statements for further information, respectively.

Total Liabilities, Distinguishing Between Current Liabilities, Noncurrent Liabilities and Deferred Inflows of Resources

Current liabilities include: accounts payable, accrued expenses, current portions of long-term debt, pollution remediation liabilities, unredeemed fares and tolls, current portion of long-term lease liabilities, current portion of compensated absences and other current liabilities.

Non-current liabilities include: long-term debt, claims for injuries to persons, post-employment benefits, long-term lease liabilities, long-term portion of compensated absences and other non-current liabilities.

Deferred inflows of resources reflect unamortized gains on debt refunding, deferred inflows related to leases, pension, and OPEB.

(Dollars in thousands)

	As of December 31,			Increase/(Decrease)	
	2025	2024	2023	2025-2024	2024-2023
Current liabilities	\$ 383,766	\$ 372,041	\$ 383,759	\$ 11,725	\$ (11,718)
Noncurrent liabilities	<u>3,547,921</u>	<u>3,702,242</u>	<u>4,219,882</u>	<u>(154,321)</u>	<u>(517,640)</u>
Total liabilities	3,931,687	4,074,283	4,603,641	(142,596)	(529,358)
Deferred inflows of resources	<u>1,127,213</u>	<u>1,167,379</u>	<u>920,015</u>	<u>(40,166)</u>	<u>247,364</u>
Total liabilities and deferred inflows of resources	<u>\$ 5,058,900</u>	<u>\$ 5,241,662</u>	<u>\$ 5,523,656</u>	<u>\$ (182,762)</u>	<u>\$ (281,994)</u>

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Significant Changes in Liabilities and Deferred Inflows of Resources—

December 31, 2025 versus 2024

In 2025, total liabilities and deferred inflows of resources decreased by \$182,762 or 3.49% compared to 2024.

- Current liabilities increased by \$11,725 or 3.15% primarily due to the following: a increase due to timing in payments made to vendors of \$12,610, an increase in accrued expenses payable of \$12,239, and an increase in unearned revenue of \$571, offset by an decrease in due to MTA and affiliated agencies of \$12,901.
- Noncurrent liabilities decreased by \$154,321 or 4.17% primarily due to the decrease in net pension liability of \$123,871, a decrease in OPEB liability of \$57,108, and a decrease in lease liabilities of \$3,947, offset by an increase in environmental remediation of \$9,974 and compensated absences of \$20,727.
- Deferred inflows of resources decreased by \$40,166 or 3.44% primarily due to a decrease of \$55,897 in OPEB as a result of amortization of proportionate share and difference in employer contributions offset by changes in assumptions, and a decrease of \$11,120 in deferred Inflows from leases offset by an increase in the difference between projected and actual experience for pension expense of \$26,565 and an increase in public-private and public-public partnership arrangements (“PPP”) under GASB 94 of \$285.

December 31, 2024 versus 2023

In 2024, total liabilities and deferred inflows of resources decreased by \$281,994 or 5.11% compared to 2023.

- Current liabilities decreased by \$11,718 or 3.05% primarily due to the following: a decrease due to timing in payments made to vendors of \$19,508, a decrease in accrued expenses payable of \$13,665, a decrease in materials received but not invoiced of \$9,575, and a decrease in current portion of estimate liability from injuries of \$2,363 offset by an increase in payroll related liability of \$15,400, an increase in due to MTA and affiliated agencies of \$13,001, and an increase in vouchers payable of \$5,071.
- Noncurrent liabilities decreased by \$517,640 or 12.27% primarily due to the decrease in net pension liability of \$409,714 and postemployment benefits (“OPEB”) other than pensions of \$138,550, offset by an increase in subscription-based IT arrangements of \$16,540 and compensated absences of \$14,916.
- Deferred inflows of resources increased by \$247,364 or 26.89% primarily due to an increase of \$257,461 in the proportionate share and difference in employer contributions as a result of MTA’s allocation of OPEB prepayment in 2023. The increase was offset by a decrease of \$8,858 in deferred Inflows from leases.

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

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

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(Dollars in thousands)

	As of December 31,			Increase/(Decrease)	
	2025	2024	2023	2025-2024	2024-2023
Net investment in capital assets	\$ 11,621,829	\$ 10,920,909	\$ 10,621,428	\$ 700,920	\$ 299,481
Unrestricted	(3,575,989)	(3,404,349)	(2,914,430)	(171,640)	(489,919)
Total net position	<u>\$ 8,045,840</u>	<u>\$ 7,516,560</u>	<u>\$ 7,706,998</u>	<u>\$ 529,280</u>	<u>\$ (190,438)</u>

December 31, 2025 versus 2024

Total net position increased by \$529,280 in 2025. The increase was comprised of operating and capital contributions from the MTA of \$2,277,430 offset by an operating loss of \$1,775,958.

December 31, 2024 versus 2023

Total net position decreased by \$190,438 in 2024. The decrease was comprised of operating and capital contributions from the MTA of \$1,535,752 offset by an operating loss of \$1,726,190.

Condensed Statements of Revenues, Expenses and Changes in Net Position

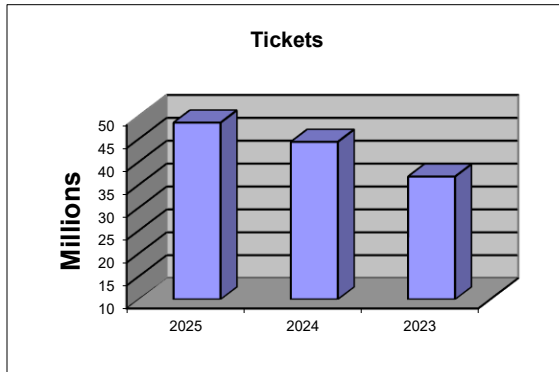
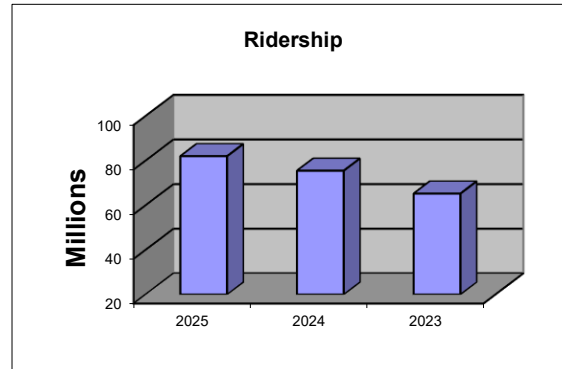
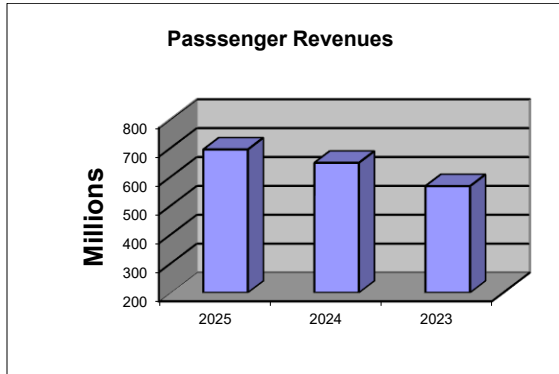
(Dollars in thousands)

	December 31,		
	2025	2024	2023
Operating revenues	\$ 749,198	\$ 691,358	\$ 604,220
Operating expenses	<u>(2,497,348)</u>	<u>(2,417,548)</u>	<u>(2,450,436)</u>
Operating loss	<u>(1,748,150)</u>	<u>(1,726,190)</u>	<u>(1,846,216)</u>
Nonoperating revenue and capital contributions:			
Operating subsidies from MTA	1,015,947	718,267	1,265,427
Capital contributions	1,259,973	816,327	740,703
Other non operating revenues (expenses)	1,510	1,158	(1,350)
FTA Reimbursement	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenue and capital contributions	<u>2,277,430</u>	<u>1,535,752</u>	<u>2,004,780</u>
Change in net position	529,280	(190,438)	158,564
Net position—beginning of year	7,516,560	7,706,998	7,566,583
Restatement of beginning net position due to the adoption of GASB No. 101	<u>-</u>	<u>-</u>	<u>(18,149)</u>
Net position—end of year	<u>\$ 8,045,840</u>	<u>\$ 7,516,560</u>	<u>\$ 7,706,998</u>

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Revenues and Expenses by Major Source

Operating Revenues



The Long Island Rail Road concluded 2025 with strong ridership growth, continuing the upward trend of recent years. Total ridership in 2025 increased by 8.60%, reaching 82.0 million customers, compared to 75.5 million in 2024. This represents 90.00% of 2019's ridership. Non-Commutation ridership rose by 7.90%, totaling 51.0 million customers—a gain of 3.7 million—which surpassed 2019's pre-pandemic ridership by 26.00%. Commutation ridership increased by 9.60%, reaching 30.9 million customers, a gain of 2.7 million. However, when compared to 2019, commutation ridership year-to-date (YTD) decreased by 38.90%, representing just 61.10% of 2019's ridership. The strong growth in Non-Commutation ridership indicates higher demand for off-peak travel, while Commutation ridership showed steady growth as more people returned to the office, either part-time or full-time.

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Operating Expenses by Categories

(Dollars in thousands)

	2025	2024	2023	Increase/Decrease	
				2025-2024	2024-2023
Salaries and wages	\$ 895,486	\$ 838,298	\$ 824,789	\$ 57,188	\$ 13,509
Health and welfare	142,922	139,966	124,796	2,956	15,170
Pension	202,515	177,970	246,551	24,545	(68,581)
Other fringe benefits	154,605	130,688	135,602	23,917	(4,914)
Other postemployment benefits (OPEB)	25,127	61,214	80,240	(36,087)	(19,026)
Electric power	119,365	103,522	103,352	15,843	170
Fuel	26,283	26,542	29,873	(259)	(3,331)
Insurance	32,129	28,113	24,950	4,016	3,163
Claims	7,775	18,780	12,554	(11,005)	6,226
Maintenance and other operating contracts	89,626	92,296	83,387	(2,670)	8,909
Environmental remediation	12,499	7,512	12,793	4,987	(5,281)
Professional service contracts	42,060	61,546	44,874	(19,486)	16,672
Materials and supplies	143,444	133,828	132,454	9,616	1,374
Depreciation and amortization	579,762	574,311	564,594	5,451	9,717
Other expenses	<u>23,750</u>	<u>22,962</u>	<u>29,627</u>	<u>788</u>	<u>(6,665)</u>
Total operating expenses	<u>\$ 2,497,348</u>	<u>\$ 2,417,548</u>	<u>\$ 2,450,436</u>	<u>\$ 79,800</u>	<u>\$ (32,888)</u>

Significant Changes to Operating Expenses in 2025

Total 2025 operating increased decreased by \$79,800 or 3.20% over 2024 as follows:

- Pension costs increased by \$24,545 or 13.79% primarily due to increase in actuarially determined contribution and amortization of net actuarial loss.
- OPEB decreased by \$36,087 or 58.95% primarily due to actuarial gain on investments in OPEB as reflected in the net difference between projected and actual earnings.
- Electric power increased by \$15,843 or 15.30% primarily due to an increase in NYPA train power expense as a result of higher rates.
- Insurance increased by \$4,016 or 14.29% primarily due to higher liability insurance.
- Claims decreased by \$11,005 or 58.60% primarily due to decreases in the latest actuarial estimate.
- Environmental remediation increased by \$4,987 or 66.39% primarily due to higher overall increase in environmental reserves for new projects and increases in environmental reserves for existing projects.
- Professional service contracts decreased by \$19,486 or 31.66% primarily due lower write-offs of project expenses that are not capital eligible.

Significant Changes to Operating Expenses in 2024

Total 2024 operating expenses decreased by \$32,888 or 1.34% over 2023 as follows:

- Health and welfare increased by \$15,170 or 12.16% due to increases in medical insurance rates and increases in headcount.

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- Pension costs decreased by \$68,581 or 27.82% primarily due to actuarial gain on investments in pension as reflected in the net difference between projected and actual earnings.
- OPEB decreased by \$19,026 or 23.71% primarily due to actuarial gain on investments in pension as reflected in the net difference between projected and actual earnings.
- Fuel decreased by \$3,331 or 11.15% primarily due to lower rates.
- Insurance increased by \$3,163 or 12.67% primarily due to higher liability insurance.
- Claims increased by \$6,226 or 49.59% primarily due to increases in the latest actuarial estimate.
- Maintenance and other operating contracts increased by \$8,909 or 10.68% primarily due to non-revenue vehicle repairs.
- Environmental remediation decreased by \$5,281 or 41.28% primarily due to lower overall increase in environmental reserves for new projects and decreases in environmental reserves for existing projects.
- Professional service contracts increased by \$16,672 or 37.15% primarily due to higher legal fees, write-off of project expenses that are not capital eligible, and expenses from mobile ticketing application support.
- Other expenses decreased by \$6,665 or 22.49% primarily due to lower office supplies, travel meetings & conventions, and employee tuition expenses.

Significant Changes to Nonoperating Revenue and Capital Contributions in 2025

In 2025, total nonoperating revenue and capital contribution increased by \$741,678 or 48.29%. Other nonoperating revenues (expenses) increased by \$352 or 24.00% compared to 2024 primarily due to an increase in interest expense from real estate leases. MTA operating subsidies are driven by the excess of operating expenses over fare and other revenues. Operating subsidies are provided by MTA to LIRR as part of an MTA approved financial plan. Operating subsidies from the MTA increased by \$297,680 or 41.44% compared to 2024.

In 2025, nonoperating capital project subsidies from MTA increased by \$443,646 or 54.35%. Nonoperating capital projects subsidies are provided as part of the MTA approved five-year Capital Program. The five-year Capital Program for 2025-2029 is in year one and was approved in June 2025. The Capital Program supports three key imperatives: completion of the restoration of the system which began in 1982; preservation of the investments made through timely replacement of assets; and expansion of the MTA transportation network to better serve the economy of the New York City region. The amount of these subsidies is based on scheduled project activity occurring during the current five-year capital program lifecycle.

Significant Changes to Nonoperating Revenue and Capital Contributions in 2024

In 2024, total nonoperating revenue and capital contribution decreased by \$469,028 or 23.40%. Other nonoperating revenues (expenses) increased by \$2,508 or 185.83% compared to 2023 primarily due to an increase in interest expense from company financed investment transactions with MTA. MTA operating subsidies are driven by the excess of operating expenses over fare and other revenues. Operating subsidies are provided by MTA to LIRR as part of an MTA approved financial plan. Operating subsidies from the MTA decreased by \$547,159 or 43.24% compared to 2023.

In 2024, nonoperating capital project subsidies from MTA increased by \$75,624 or 10.21%. Nonoperating capital projects subsidies are provided as part of the MTA approved five-year Capital Program. The five-year Capital Program is in year five of the 2020-2024 and was approved in January 2020. The Capital Program supports three key imperatives: completion of the restoration of the system which began in 1982; preservation of the investments is made through timely replacement of assets; and expansion of the MTA transportation network to

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better serve the economy of the New York City region. The amount of these subsidies is based on scheduled project activity occurring during the current five-year capital program lifecycle.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Economic Conditions—Metropolitan New York is the most transit-intensive region in the United States, and a financially sound and reliable transportation system is critical to the region's economic well-being. The MTA consists of urban subway and bus systems, suburban rail systems, and bridge and tunnel facilities, all of which are affected by a myriad of economic forces. To achieve maximum efficiency and success in its operations, the MTA must identify economic trends and continually implement strategies to adapt to changing economic conditions.

Preliminary MTA system-wide ridership for fourth quarter 2025 remained below the pre-pandemic level, with paid ridership down 160 million trips (-39.40%) below 2019 fourth quarter ridership. Year-over-year improvements continued, with 2025 exceeding 2024 paid ridership levels by 8 million trips (2.00%) during the fourth quarter. For the fourth quarter compared with the fourth quarter of 2024, MTA Long Island Rail Road paid ridership increased by 2 million trips (11.10%).

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was higher in 2025 than in 2024 by 40.1 thousand jobs (0.80%). On a quarter-to-quarter basis, New York City employment lost 19.8 thousand jobs (0.40%), breaking the twenty-month consecutive quarterly increase trend. Third quarter 2025 results, compared to second quarter 2025, increased 32.6 thousand jobs (0.70%) and increased 78.6 thousand jobs (1.60%) compared with the third quarter 2024.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 1.40% in the fourth quarter of 2025, according to the most recent estimate released by the Bureau of Economic Analysis; in the third quarter of 2025, the revised RGDP increased 4.40%. The increase in real GDP in the fourth quarter primarily reflecting increases in consumer spending and investment that were partly offset by decreases in government spending and exports. The increase in consumer spending reflected an increase in services that was partly offset by a decrease in goods. Within services, the leading contributors to the increase were health care and other services. The increase in investment primarily reflected increases in intellectual property products, private inventory investment, and equipment. The largest contributor to the decrease was a decrease in government spending reflected in a decrease in federal government spending. Both nondefense and defense consumption expenditures for employee compensation declined.

Due to the federal government shutdown which lasted from October 1, 2025 to November 12, 2025, the Bureau of Labor Statistics was unable to collect information necessary to calculate the consumer price index data for October. To this end, the fourth quarter of 2025 presented herein reflects the average of November and December. The New York City metropolitan area's price inflation rate, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was above the national average in the fourth quarter of 2025, with the metropolitan area index increasing 3.20% while the national index increased 2.70% when compared with the fourth quarter of 2024. Regional prices for energy products increased 7.20% while national prices for energy products were 2.70%. In the metropolitan area, the CPI-U exclusive of energy products increased by 3.00%, while nationally, inflation exclusive of energy products increased 2.70%. The New York Harbor spot price for conventional gasoline decreased by 11.10% from an average price of \$2.10 per gallon to an average price of \$1.87 per gallon between the fourth quarters of 2024 and 2025.

In its announcement on December 10th 2025, the Federal Open Market Committee ("FOMC") set its target for the Federal Funds rate at the 3.50% to 3.75% range. This is the sixth decline in the target rate range since September 18, 2024, when the FOMC reduced the target from a 5.25% to 5.50% range to a 4.75% to 5% range. Previously, FOMC actions decreased the range to 4.75% to 5.00% on September 18, 2024, decreased the range to 4.50% to 4.75% range on November 7, 2024, decreased the range to 4.25% to 4.50% on December 18, 2024, decreased the range to 4.00% to 4.25% on September 17, 2025, and decreased the range to 3.75% to 4.00% on October 29, 2025. In assessing the appropriate stance of monetary policy, the FOMC will continue to monitor the implications

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of incoming information for the economic outlook. The FOMC judges that reserve balances have declined to ample levels and will initiate purchases of shorter-term Treasury securities as needed to maintain an ample supply of reserves on an ongoing basis. The FOMC's assessments will consider a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

MRT collections in the fourth quarter of 2025 were higher than the fourth quarter of 2024 by \$16.9 million (18.20%). Average monthly receipts in the fourth quarter of 2025 were \$28.1 million (-44.20%) lower than the monthly average for 2006, just prior to the steep decline in Mortgage Recording Tax revenues during the Great Recession. MTA's Urban Tax receipts during the fourth quarter of 2025—which are derived from commercial real estate transactions and mortgage recording activity within New York City and can vary significantly from quarter to quarter based on the timing of exceptionally high-priced transactions—were \$17.6 million (17.20%) higher than receipts during the fourth quarter of 2024. Average monthly receipts in the fourth quarter of 2025 were \$35.3 million (-48.00%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

Results of Operations— One of the most reliable predictors of customer satisfaction is the ability of the LIRR to deliver passengers to their intended destinations on time. For 2025, the LIRR's on-time performance ("OTP") was 96.17%, which was above the goal of 94.00%, an increase of 0.50% percentage points from 2024, and the highest OTP outside of COVID year 2021. The year 2025 brought decreases in all major categories of delay.

The M9 fleet, with a Mean Distance Between Failures ("MDBF") of 582,581 miles, was one of the strongest contributors to the Long Island Rail Road's fleet reliability achievements. In addition, LIRR's Reliability-Centered Maintenance ("RCM") program and rigorous maintenance strategies helped sustain outstanding reliability performance. The M9 MDBF increased by 34.00% year-over-year.

The Maintenance of Equipment Department's strategic maintenance efforts also continued to sustain the reliability of the C3 fleet, which is now more than 26 years old. The C3 fleet achieved an MDBF of 82,916 miles, representing a 4.17% year-over-year increase.

At the end of 2025, the multiple-unit (MU) electric fleet available for revenue service (Owned) consisted of 828 M7 cars, 202 M9 cars, and 99 M3 cars. The diesel fleet consisted of 134 C3 coach cars and 45 diesel locomotives.

The new M9 railcars entered passenger service on September 11, 2019. These cars incorporate and improve upon the most successful and popular features of the MTA's two recent electric car fleets: the LIRR's M7 electric cars and the M8 cars serving Metro-North's New Haven Line. By the end of 2024, all 202 M9 cars had been placed into revenue service.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program

Station renovations completed at Mastic-Shirley included a new sheltered 2,000 square foot plaza area, new LED lighting, illuminated bollards, digital information screens, new bike rack, upgraded security and communications systems, along with refurbished and repainted railings. The project also undertook concrete repairs to the platform and the ADA ramp, replaced the tactile warning strips on the platform, installed new station signage, new benches, granite seating and a granite planter.

The 128-year-old Webster Avenue roadway bridge, located over the LIRR's Port Washington Branch in Manhasset, was completely replaced. The project included new retaining walls, catch basins and other drainage improvements for added resiliency, along with a new roadway and sidewalks. The new structure is a 77 foot, 3 span bridge which carries two lanes of traffic. The replacement bridge reflects a widened roadway along with greater clearance underneath the bridge.

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During 2025, three LIRR stations were made ADA accessible. This included St. Albans, Locust Manor and Laurelton, all located in Queens. As of December 2025, a total of 117 out of 126 LIRR stations are ADA accessible. In addition, replacement of one elevator and one escalator at Valley Stream was completed along with the replacement of one elevator at Auburndale station. Scope elements covered under this project included new elevators and elevator machine rooms, LED lighting, upgrades to communications, power and security systems, new signage, new/upgraded pedestrian tunnels and abutment walls, Help Points, and other associated infrastructure improvements.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

On January 4, 2026, fare changes took effect following approval by the MTA Board. The following changes were implemented:

- Monthly and Weekly ticket rates increased by 4.5%, with the Monthly not exceeding \$500.
- Off-peak tickets are discounted by 26% compared to peak tickets.
- CityTicket Off Peak increased to \$5.25, CityTicket Peak increased to \$7.25 (same for Far Rockaway).
- Discontinued Round-Trip and Ten-Trip tickets.
- Introduced Weekday and Weekend Day Passes (including CityTicket/Far Rockaway Day Passes). Introduced 10+1 loyalty program on Mobile.
- Introduced an \$8 On-Board surcharge for late activation.
- Increased On-Board purchase penalty to \$8.
- Shorten validity period for non-commutation tickets to valid for the day of purchase only.
- Eliminated refunds for non-commutation tickets.
- Suspended agency-based special event programs.
- Reduced fare tickets allowed on AM Peak trains.

Labor Negotiation Update

At the end of the fourth quarter of 2025, MTA Long Island Rail Road has approximately 7,458 employees. Approximately 6,749 of these employees are represented by 10 different unions in 18 bargaining units.

On June 15, 2023, all labor agreements at LIRR became amendable and, shortly afterwards, the railroad commenced negotiations towards successor agreements. In December 2023, the MTA Board approved a 38-month labor agreement with MTA Long Island Rail Road's largest labor union, the Sheet Metal and Rail Transportation Union (SMART-TD), which represents 2,970 employees in the Transportation Division. Several other virtually identical agreements have since been reached with other unions at MTA Long Island Rail Road^[1], and, through the end of 2025, approximately 50% of the railroad's represented population is covered by these currently effective agreements.

All agreements reached so far for the 2023-2026 period contain the same provisions. Running from June 16, 2023 through August 15, 2026 (38 months), they provide wage increases of 3.00%, 3.00% and 3.50%, effective each June 16. The final increase (3.50%) is 0.25% higher than Financial Plan expectations, but the additional cost, compared with the Financial Plan, is partly offset by a 2-month extension of the contract period. The other important contract provisions are an increase in new hire employee health care contributions from 2% to 3% of straight-time wages; and the conversion of the existing dental and vision plan to a new plan with the same coverage provided to LIRR managers.

The other five unsettled unions at the Long Island Rail Road (LIRR) did not accept the above-referenced proposal and continued collective bargaining pursuant to the Railway Labor Act (RLA).^[2] Each of the unions filed for mediation under the authority of the National Mediation Board (NMB) in January and February 2024. While in

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mediation, the parties were required to maintain the *status quo* and all terms and conditions of the collective bargaining agreements have remained in effect.

Mediation sessions were conducted by the NMB mediators in the third quarter of 2024, and again in the third quarter in 2025. The unsettled unions maintained a proposal that includes an additional year of contract term, with an added 6.50% gross wage increase in 2026, beyond the net going out costs in the agreements reached with other LIRR unions and the Financial Plan. The LIRR has proposed terms to each union that include valuable work rule changes and productivity measures, while ensuring that the net going-out costs of the proposals remain consistent with the other agreements reached at the LIRR and the Financial Plan.

In August of 2025, the NMB released the LIRR and unsettled unions from mediation, finding that continued mediation efforts by the NMB were unlikely to result in voluntary agreements. Although the LIRR accepted the NMB's offer to submit the dispute to arbitration, the unions did not accept the option to arbitrate.

After the passage of a thirty day "cooling off" period, as prescribed in the RLA, on September 15, 2025, the unions requested the establishment of a Presidential Emergency Board to hear the positions of the parties. The LIRR and the unions presented the dispute to the PEB, and a hearing was conducted from October 5-8, 2025. In accordance with the procedural requirements of the RLA, the PEB issued a written report and recommendation for settlement on October 17, 2025. The PEB recommendations included the LIRR's proposal for pattern terms that align with the Financial Plan but also included an additional year of contract duration and a gross wage increase of 4.5% in 2026. The MTA has rejected the recommendations of the PEB report.

Following issuance of the PEB report, the RLA requires an additional "*cooling off*" period of ninety (90) days in which the parties may resume negotiations in an effort to reach voluntary agreements. That period has now elapsed without an agreement having been reached, and on January 13, 2026, the five-union coalition formally requested the establishment of a second PEB, as is also provided for in the RLA. On January 16, 2026, a second PEB was established by Executive Order 14349, and the parties are required to submit their final and best offers for the settlement of the disputes within thirty (30) days of that date. No later than thirty (30) days after the submission of final offers, the PEB will then issue new non-binding recommendations based on its determination of which party's offer is the most reasonable. Again, the second PEB report is non-binding, but is intended to encourage a settlement to prevent a strike. Subsequently, the RLA provides for an additional sixty (60) day period during which the parties shall make no change to the conditions under which the dispute has arisen, unless by mutual agreement. With this timeline, should no labor settlement be reached by approximately the middle of May at the latest, the unions would be legally permitted to strike unless Congress intervenes by requiring the employees to return to work and/or by imposing a settlement or establishing additional procedural requirements. However, the MTA and LIRR remain committed to negotiating productivity and work rule changes with the unions that advance the agency's mission to deliver safe and efficient service and ensure that financial obligations are met.

The 2025 MTA November Plan

The 2025 MTA November Financial Plan (the "November Plan" or "Plan"), which includes the 2025 November Forecast, the 2026 Final Proposed Budget and a Financial Plan for the years 2026 to 2029, updates the 2025 July Financial Plan (the "July Plan"), which included the 2025 Mid-Year Forecast and the 2026 Preliminary Budget.

Risks to MTA's Financial Future

The November Plan remains balanced through 2026 with deficits of \$160 in 2027, \$243 in 2028, and \$306 in 2029. In comparison, the July Plan was balanced through 2026, with deficits of \$345 in 2027, \$354 in 2028, and \$428 in 2029. The February Plan was also balanced through 2026 and included deficits of \$378 in 2027 and \$419 in 2028.

Compared with the July Plan, the November Plan is \$419 favorable over the Plan period. Plan-to-plan changes reflect Agency updates - including savings from new Operating Efficiencies, New Needs, Farebox and Toll Revenue, and other Agency reestimates - as well as Subsidy receipts and Debt Service expense re-forecasts.

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The July Plan included additional farebox and toll revenues from proposed fare and toll rate and policy changes for implementation in January 2026. With MTA Board approval in September 2025, the additional revenue projected from these actions, which were represented below-the line in the July Plan, have been incorporated into Agency financial plans. Overall, farebox and toll revenues, compared with the July Plan, are \$20 favorable over the Plan period.

Compared with the July Plan, Debt Service expense is \$161 favorable.

The net cost of Paratransit service, which reflects paratransit service contracts and other expenses, Paratransit fare revenue, Urban Tax receipts dedicated to Paratransit, and City Subsidy for Paratransit, is \$11 higher than in the July Plan, driven primarily by higher service expenses due to increased ridership. While the City's contribution to Paratransit is currently legislated at 80 percent of expenses, there is a contribution cap of 50 percent plus \$165. As a result, the City's contribution is less than 80 percent and is further reduced each year as expenses continue to increase.

Other Agency baseline operating expenses are \$319 higher than in the July Plan. Major expense changes include Workers' Compensation, FELA and Pension, which are \$378 unfavorable due to higher actuarial re-estimates, and Electric Power and Fuel, which are \$95 unfavorable due to rate and price increases. Health & Welfare expenses are \$532 favorable stemming from 2025 vacancy savings and higher prescription drug credits.

From 2009 through 2022, the MTA identified and captured about \$3.2 billion in annually recurring savings. In 2023, the MTA committed to achieving an additional \$500 in annually recurring cost savings through operating efficiencies, which was attained by the end of 2025 with initiatives I-1 ranging from insourcing functions like cleaning, using reliability data to tailor maintenance frequencies, and standardizing work practices to improve productivity.

Savings targets from new operating efficiencies are being introduced in this Plan. Achievable savings of \$75 in 2026, growing to \$150 in 2027 and \$200 in 2028, are expected to reach a full value of \$250 in annual recurring operating savings by 2029. While the 2023 operating efficiencies focused primarily on operations at MTA New York City Transit, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bridges and Tunnels, new operating efficiencies will also include MTA Headquarters as shared services have recently been centralized as part of the MTA consolidation efforts to standardize practices and seize economies of scale. Initiatives have been identified to capture \$75 in savings for 2026 and subsequent years.

Revenues from Taxes and State and Local Subsidies are unchanged from the July Plan.

Consistent with prior Plans, this Plan proposes, effective March 2027 and March 2029, biennial fare and toll rate changes to generate a 4 percent yield increase in farebox and toll revenues. These proposals are projected to generate \$39 above the forecast in the July Plan.

The Plan also reflects re-timing of the Penn Station Access project. Full completion of the project, which extends Metro-North's New Haven Line to reach Penn Station with four new accessible stations in the Bronx, has experienced delays due to coordination issues with Amtrak for work on its right-of-way. The full completion of the project, originally scheduled for 2027, is now expected to be delayed until 2030. MTA is planning to provide about 30 percent of the original scheduled service to three of the four new Bronx stations. This interim plan, which is predicated on cooperation by Amtrak, will result in shifts in operating budget spending, lowering net costs by \$58 over the Plan period.

MTA expects a further delay in the reimbursement of direct COVID-related expenses through the Federal Emergency Management Agency ("FEMA"). In the July Plan, reimbursements of \$300 in 2025 and \$300 in 2026 were anticipated, while the February Plan assumed the reimbursement would be received earlier: \$250 in 2025, \$140 in 2025, and \$210 in 2026. In this Plan, the reimbursement is expected over the 2026 to 2028 period, with receipt of \$200 each year.

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Tolling through the Congestion Relief Zone (“CRZ”) Tolling Program, formerly referred to as Central Business District Tolling Program (“CBDTP”), began in January 2025. CRZ net revenue, dedicated to the 2020-2024 MTA Capital Program, is deposited into the Capital Lockbox Fund.

The November Plan presents a balanced budget through 2026, with deficits of \$160 in 2027, \$243 in 2028 and \$306 in 2029.

Dedicated tax receipts. Almost 45 percent of operating revenues that are necessary to cover operating budget expenses are derived from dedicated taxes, and an economic slowdown or recession could adversely impact MTA’s ability to cover costs.

FEMA COVID reimbursement. The MTA expects reimbursement through the FEMA for direct COVID-related expenses incurred during the pandemic. These reimbursements have already slipped beyond the anticipated date of receipt, and should these reimbursements not materialize, the Plan will be put into deficit by \$200 in 2026, and deficits will be \$200 higher in both 2027 and 2028.

Gaming license fee non-operating revenue. In December 2025, three high-profile casino projects got their final approval from New York State’s gaming commission. The casino licenses provided fees of \$500 in December 2025 and \$1,000 in January of 2026, all of which were transferred to the MTA by the gaming commission. The Plan also assumes gaming tax revenues of \$600 in 2028 and \$200 in 2029.

Approval and implementation of fare and toll yield increases. The Plan includes fare and toll rate increases proposed for March 2027 and March 2029. These increases are expected to generate \$1.22 billion over the Plan period.

Labor agreements. Major collective bargaining agreements expire over the course of the Plan period, and the Plan assumes annual 2% wage increases at the conclusion of existing agreements.

New York City paratransit reimbursements. The net cost of Paratransit service, which reflects paratransit service contracts and other expenses, Paratransit fare revenue, Urban Tax receipts dedicated to Paratransit, and New York City (“City”) Subsidy for Paratransit, continues to increase. Under current State law, the City’s responsibility for reimbursing paratransit expenses reduces from a cap of 50 percent plus \$165 to 50 percent in July 2027 through June 2030, when the State law requiring City contribution expires. Beginning in July 2030, City reimbursement would revert to City reimbursement being the lesser of one-third of net costs or twenty percent more than the prior year’s reimbursement. The Plan assumes a continuation of an 80 percent contribution from the City, and without an extension of State law maintaining the 80 percent reimbursement, deficits will increase.

More detailed information on the November Plan can be found in the MTA 2026 Final Proposed Budget - November Financial Plan 2026-2029 at www.MTA.info.

Contacting MTA Controller’s Office

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

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

STATEMENTS OF NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (Dollars in thousands)

	Business-Type Activities	
	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	\$ 4,795	\$ 6,463
Fare cards	-	7,776
Invested Funds at MTA Investment Pool	<u>98,267</u>	<u>58,580</u>
Receivables:		
Passenger	2,543	2,485
Due from MTA and affiliated agencies (Note 18)	208,743	176,113
Due from NYSDOT	1,690	8,949
Rents	9,884	5,103
Other	36,576	56,689
Less: allowance for doubtful accounts	<u>(7,679)</u>	<u>(7,247)</u>
Receivables—net	251,757	242,092
Materials and supplies—net of allowance of \$86,658 and \$79,395 in 2025 and 2024, respectively	188,360	199,865
Prepaid expenses and other current assets	<u>64,598</u>	<u>289,237</u>
Total current assets	<u>607,777</u>	<u>804,013</u>
NONCURRENT ASSETS:		
Capital assets (Notes 2 and 5):		
Land and construction work-in-progress	1,919,694	1,295,070
Other capital assets—net of accumulated depreciation	9,776,867	9,710,631
Other noncurrent receivables (Notes 9 and 11)	<u>49,234</u>	<u>60,833</u>
Total noncurrent assets	<u>11,745,795</u>	<u>11,066,534</u>
Total assets	<u>12,353,572</u>	<u>11,870,547</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows for pension (Note 6)	241,623	345,688
Deferred outflows for postemployment benefits other than pensions (Note 7)	<u>509,545</u>	<u>541,987</u>
Total deferred outflows of resources	<u>751,168</u>	<u>887,675</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,104,740</u>	<u>\$ 12,758,222</u>

(Continued)

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

STATEMENTS OF NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (Dollars in thousands)

	Business-Type Activities	
	2025	2024
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	\$ 88,700	\$ 86,871
Due to MTA and affiliated agencies (Note 18)	42,737	55,638
Accrued expenses and other liabilities:		
Salary, wages and payroll taxes	101,645	81,810
Current portion-compensated absences (Note 12)	98,180	95,861
Retirement and death benefits	1,390	1,011
Current portion-estimated liability arising from injuries to persons (Note 13)	32,743	30,083
Current portion-loan payable (Note 8)	2,423	2,415
Current portion lease payable (Note 9)	4,519	5,878
Current portion-subscription-based IT Arrangements (Note 10)	1,821	2,903
Environmental remediation (Note 16)	395	929
Total accrued expenses	243,116	220,890
Unearned revenues	9,213	8,642
Total current liabilities	383,766	372,041
NONCURRENT LIABILITIES:		
Estimated liability arising from injuries to persons (Note 13)	167,130	163,452
Net pension liability (Note 6)	1,013,655	1,137,526
Net OPEB liability (Note 7)	2,114,483	2,171,591
Environmental remediation (Note 16)	61,586	51,611
Loan payable (Note 8)	10,459	12,881
Lease payable (Note 9)	35,435	39,382
Subscription-based IT arrangements payable (Note 10)	20,076	21,333
Compensated absences (Note 12)	121,978	101,251
Other long-term liabilities (Note 17)	3,119	3,215
Total noncurrent liabilities	3,547,921	3,702,242
Total liabilities	3,931,687	4,074,283
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows from pension (Note 6)	27,950	1,384
Deferred inflows from post employment benefits other than pensions (Note 7)	1,043,223	1,099,120
Deferred inflows from leases	55,755	66,875
Deferred inflows from PPP	285	-
Total deferred inflows of resources	1,127,213	1,167,379
NET POSITION:		
Net investment in capital assets	11,621,829	10,920,909
Unrestricted deficit	(3,575,989)	(3,404,349)
Total net position	8,045,840	7,516,560
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 13,104,740	\$ 12,758,222

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (Dollars in thousands)

	Business-Type Activities	
	2025	2024
OPERATING REVENUES:		
Passenger fares	\$ 695,808	\$ 649,735
Rents and utilities	25,590	21,568
Advertising	18,276	11,231
Other	9,524	8,824
Total operating revenues	749,198	691,358
OPERATING EXPENSES:		
Salaries and wages	895,486	838,298
Retirement and other employee benefits	500,042	448,624
Postemployment benefits other than pensions	25,127	61,214
Electric power	119,365	103,522
Fuel	26,283	26,542
Insurance	32,129	28,113
Claims	7,775	18,780
Maintenance and other operating contracts	89,626	92,296
Environmental remediation	12,499	7,512
Professional service contracts	42,060	61,546
Material and supplies	143,444	133,828
Depreciation and amortization	579,762	574,311
Other	23,750	22,962
Total operating expenses	2,497,348	2,417,548
OPERATING LOSS	(1,748,150)	(1,726,190)
NONOPERATING REVENUES:		
Operating subsidies from MTA	1,015,947	718,267
Other non operating revenues (expenses)—net	1,510	1,158
Total nonoperating revenues—(net)	1,017,457	719,425
LOSS BEFORE CAPITAL CONTRIBUTIONS	(730,693)	(1,006,765)
CAPITAL CONTRIBUTIONS—MTA contributions for capital projects	1,259,973	816,327
CHANGE IN NET POSITION	529,280	(190,438)
NET POSITION—Beginning of year	7,516,560	7,706,998
NET POSITION—End of year	\$ 8,045,840	\$ 7,516,560

See notes to financial statements.

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STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (Dollars in thousands)

	Business-Type Activities	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts	\$ 695,222	\$ 650,995
Rents, advertising, and other receipts	40,097	30,270
Payroll and related fringe payments	(859,117)	(893,690)
Other operating expenses	(834,739)	(945,723)
Net cash used in operating activities	(958,537)	(1,158,148)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating subsidies from MTA	1,015,947	718,267
Other nonoperating revenue (expense)	2,107	1,872
FTA reimbursement	-	503,814
Cash provided by noncapital financing activities	1,018,054	1,223,953
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Receipts from Leases	10,956	12,559
Receipts from PPP	14	-
Payments of Leases and subscription-based IT arrangements	(15,552)	(21,660)
Capital contributions from MTA	345,081	334,284
Capital expenditures incurred for capital program	(401,684)	(389,827)
Net cash provided by (used in) in capital financing activities	(61,185)	(64,644)
NET DECREASE IN CASH	(1,668)	1,161
CASH—Beginning of year	6,463	5,302
CASH—End of year	4,795	6,463
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	(1,748,150)	(1,726,190)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	579,762	574,311
Net increase in accounts payable, accrued expenses, other liabilities, unearned revenues	(30,702)	(5,567)
Net increase in receivables	(3,368)	16,298
Net increase in materials and supplies, prepaid expenses and other current assets, other assets	243,921	(17,000)
NET CASH USED IN OPERATING ACTIVITIES	(958,537)	(1,158,148)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital assets	(1,259,973)	(816,327)
Capital assets related liabilities	(148,379)	(152,805)
Interest expenses for leases and subscription-based IT arrangements	2,698	3,280
Interest income from leases	(1,738)	(2,039)
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (1,407,392)	\$ (967,891)

See notes to financial statements.

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THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

STATEMENTS OF FIDUCIARY NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (Dollars in thousands)

	Pension Trust Fund	
	2025	2024
ASSETS:		
Cash	\$ 839	\$ 30
Investments at fair value/NAV		
Equity securities	260,595	302,598
Fixed income securities	170,887	167,112
Other alternative investments	228,502	240,398
Total investments at fair value/NAV	659,984	710,108
Receivables:		
Participant and union contributions	2	(4)
Other receivable	514	67
Securities sold	122	217
Accrued interest and dividends	808	960
Total receivables	1,446	1,240
Total assets	662,269	711,378
LIABILITIES:		
Due to broker for securities purchased	700	1,023
Forward currency and margin contracts	512	33
Due to broker for investment fees	229	407
Due from broker for administrative expenses	125	289
Total liabilities	1,566	1,752
PLAN NET POSITION RESTRICTED FOR PENSIONS	\$ 660,703	\$ 709,626

See notes to financial statements.

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THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (Dollars in thousands)

	Pension Trust Fund	
	2025	2024
ADDITIONS:		
Investment income:		
Net realized and unrealized gains (losses)	\$ 71,780	\$ 50,777
Interest income	5,511	6,074
Dividend income	<u>5,169</u>	<u>5,229</u>
Total investment income	82,460	62,080
Less investment expenses	<u>(3,297)</u>	<u>(4,528)</u>
Total net investment income	79,163	57,552
Contributions (Note 5):		
Employer	1,389	74,957
Participant and union	<u>32</u>	<u>45</u>
Total contributions	<u>1,421</u>	<u>75,002</u>
Total additions	<u>80,584</u>	<u>132,554</u>
DEDUCTIONS:		
Benefits paid to participants	(128,790)	(133,794)
Administrative expenses	<u>(716)</u>	<u>(915)</u>
Total deductions	<u>(129,506)</u>	<u>(134,709)</u>
NET INCREASE (DECREASE) IN PLAN NET POSITION	(48,922)	(2,155)
PLAN NET POSITION RESTRICTED FOR PENSIONS:		
Beginning of year	<u>709,626</u>	<u>711,781</u>
End of year	<u>\$ 660,704</u>	<u>\$ 709,626</u>

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (Dollars in thousands, except as noted)

1. BASIS OF PRESENTATION

Reporting Entity—In 1966, the Metropolitan Transportation Authority (“MTA”) acquired the capital assets of MTA Long Island Rail Road (“LIRR”) from the former Pennsylvania Railroad Company. In February 1980, MTA LIRR became a component unit of the MTA pursuant to New York State Public Authorities Law. MTA LIRR is a part of the related financial reporting group of the MTA and is a component unit of the MTA. The MTA is a component unit of the State of New York.

MTA LIRR performs a public service of providing essential passenger transportation between New York City and Long Island. Substantial deficits result from providing these services and MTA LIRR expects that such deficits will continue in the foreseeable future. Funding for MTA LIRR’s operations and capital needs is provided by MTA, which obtains the required funds from state and federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to MTA LIRR on a discretionary basis. The continuance of MTA LIRR’s operations has been, and will continue to be, dependent upon the receipt of adequate funds from MTA to subsidize operating deficits.

The operations of MTA LIRR are classified as Business-Type activities in these financial statements. MTA LIRR is operationally and legally independent of the MTA. MTA LIRR enjoys certain rights typically associated with separate legal status. However, MTA LIRR is included in the MTA’s consolidated financial statements as a blended component unit because of the MTA’s financial accountability and MTA LIRR is under the direction of the MTA Board (a reference to “MTA Board” means the board of MTA and/or the boards of the MTA LIRR and other MTA component units that apply in the specific context, all of which are comprised of the same persons). Under accounting principles generally accepted in the United States of America (“GAAP”), the MTA is required to include MTA LIRR in its financial statements.

MTA LIRR is not liable for real estate or personal property taxes on its properties or sales taxes on substantially all its purchases.

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

As part of the 2019 adoption of Governmental Accounting Standards Board (“GASB”) 84, *Fiduciary Activities*, the MTA and the stand-alone agencies are required to show the balance sheet and income statement of pension or other postemployment plans that meet the criteria of a fiduciary fund. The LIRR Company Plan for Additional Pensions (“Additional Plan”) is categorized as a Pension Trust Fund and is a fiduciary component unit of MTA LIRR.

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

DRAFT

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The MTA LIRR applies Governmental Accounting Standards Board (“GASB”) Codification of Governmental Accounting and Financial Reporting Standards (“GASB Codification”) Section P80, Proprietary Accounting and Financial Reporting.

New Accounting Standards— The MTA LIRR adopted the following GASB Statements for the year ended December 31, 2025:

GASB Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement defines concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal actions of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending.

After evaluating the criteria of GASB 102, the MTA LIRR concluded that the adoption of this Statement required the disclosure of certain risk factors that will have a substantial impact on the financial position, results of operations or cash flows of the MTA.

Accounting Standards Issued but Not Yet Adopted

GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of the MTA LIRR upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	MTA Required Year of Adoption
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

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

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

At December 31, 2025 and 2024, MTA LIRR had intercompany investment pool balances of \$98,267 and \$58,580, respectively, reported in the Statements of Net Position.

DRAFT

Materials and Supplies—Materials and supplies, except for rebuilt items, are valued at the lower of average cost or market, net of obsolescence reserve. Rebuilt items are recorded at 50% of their average purchase price.

Fare Cards—MTA LIRR sells joint prevalued MetroCard (“fare cards”) on consignment on behalf of an affiliated agency. Such fare cards are recorded at cost and reimbursed to the affiliated agency upon sale. The sale of the joint prevalued MetroCard ended in May 2025.

Capital Assets—Properties and equipment are carried at cost and are depreciated on a straight-line basis over their estimated useful lives. Expenses for maintenance and repairs are charged to operations as incurred. Capital assets and improvements include all land, construction work-in-progress, buildings and structures, equipment, infrastructure—road and leasehold improvements of MTA LIRR having a minimum useful life of 2 years and a cost of more than \$25. Capital assets also include the Pennsylvania Station Leasehold. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. GASB Statement No. 87, *Leases*, are classified as right-to-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, are classified as intangible right-to-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementation costs, less any incentives received.

Accumulated depreciation and amortization are reported as reductions of capital and right-to-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives; 7 to 50 years for buildings and structures; 25 to 35 years for passenger cars, locomotives and work train equipment; 3 to 20 years for other equipment; and 6 to 43 years for infrastructure—road. Right-to-use lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset, whichever is less. The Pennsylvania Station leasehold improvement is amortized over 30 years. Right-to-use SBITA assets are amortized over the subscription term.

MTA LIRR reviews long-lived assets for impairment when events or circumstances indicate that the carrying amount may not be recoverable and records the appropriate loss when assets are disposed of or are determined to be impaired.

Leases—Per GASB Statement No. 87, *Leases*, certain lease agreements are classified as financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Lease receivables and liabilities are measured at the present value of payments expected to be made during the lease term, using an applicable discount rate stated or implicit in the lease and if not available, using incremental borrowing rate at the time of valuation. Lease assets and deferred inflows are amortized on a straight-line basis over the term of the lease.

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

DRAFT

Public-Private and Public-Public Partnerships—Per GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, certain public-private and public-public partnership arrangements (PPPs) in which a government (transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, are classified as financings of the right to use an underlying asset. MTA LIRR as the transferor, recognizes a PPP receivable and a deferred inflow of resources. PPP receivables are measured at the present value of payments expected to be received during the agreement term, using an applicable discount rate stated or implicit in the PPP arrangement. Deferred inflows are amortized on a straight-line basis over the term of the PPP. If the underlying nonfinancial asset is a newly purchased or constructed asset and is considered a service concession arrangement (SCA), the transferor is required to recognize a capital asset. If the underlying nonfinancial asset is a newly purchased or constructed asset and is not considered a SCA, the transferor is required to recognize a receivable for the underlying asset until ownership transfers. A deferred inflow of resources is also recognized for the newly purchased or constructed asset and amortized on a straight-line basis over the term of the PPP.

Pollution Remediation Projects—In accordance with, GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (see Note 14), pollution remediation costs have been charged in accordance with the provisions of. An operating expense provision and corresponding liability measured at its current value using the expected cash flow method have been recognized for certain pollution remediation obligations that previously may not have been required to be recognized, have been recognized earlier than in the past or are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations occur when any one of the following obligating events takes place: an imminent threat to public health due to pollution exists; the MTA LIRR is in violation of a pollution prevention-related permit or license; the MTA LIRR is named by a regulator as a responsible or potentially responsible party to participate in remediation; the MTA LIRR is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities; or the MTA LIRR voluntarily commences or legally obligates itself to commence remediation efforts.

Operating Revenues—Passenger fare revenues from the sale of tickets are recognized as income as they are sold; unearned revenue is recorded for tickets sold in advance of the period for which the ticket is valid. Revenues from rents, advertising and other related income are recorded when earned.

Nonoperating Revenues—Nonoperating subsidies are provided to MTA LIRR by MTA as part of an MTA approved financial plan. Nonoperating capital projects subsidies are provided as part of the MTA approved 5-Year Capital Program based on scheduled project activity occurring during the current 5-year capital program lifecycle.

Nonexchange Transactions with MTA—In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, funds contributed by MTA for the MTA LIRR's capital project expenditures are reported as nonoperating revenue when such expenditures are accrued. MTA contributions for capital projects are included as nonoperating capital projects subsidy in the accompanying statements of revenues, expenses and changes in net position.

The cost of certain services provided by MTA for the benefit of the MTA LIRR is accrued as incurred. MTA does not charge the MTA LIRR (or other related groups) for the cost of police services relating to the other lines.

Operating and Nonoperating Expenses—Operating and nonoperating expenses are recognized in the accounting period in which the liability is incurred. All expenses related to operating the MTA LIRR (e.g., salaries, compensated absences, insurance, depreciation, lease amortization and SBITA amortization, etc.) are reported as operating expenses. All other expenses (e.g. interest on long-term debt, interest on leases and SBITAs, subsidies paid to counties, etc.) are reported as non-operating expenses.

DRAFT

Compensated Absences—Per GASB 101, MTA LIRR has accrued the value (including certain salary-related payments) of vacation, sick, compensatory time and other leave benefits earned by employees to date for leave that has been used but not yet paid in cash or settled through noncash means (if any). Unexpired benefits that are more than likely to be used or settled at separation of service are recognized in the financial statements according to timing of estimated payment.

Liability Insurance—First Mutual Transportation Assurance Company (“FMTAC”), an insurance captive subsidiary of MTA, provides a liability insurance program (aka “ELF”) that insures certain claims in excess of the agencies self-insured retention. The maximum amount that the ELF is responsible for arising out of any one occurrence and in the aggregate is the total assets of the ELF program available for claims, but in no event greater than \$50 million for all agencies and an additional \$10 million for NYCT. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2025, the balance of the assets in this program was \$231.77 million.

MTA also maintains an All Agency Excess Liability Insurance Policy (ELP), which is reinsured through FMTAC. The ELP affords the MTA Group coverage limits of \$342 million for a total limit of \$392 million (\$342 million excess of \$50 million).

On March 1, 2025, the “nonrevenue fleet” automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for MTA Long Island Rail Road, MTA Staten Island Railway, MTA Police, MTA Metro-North Railroad, MTA Inspector General, MTA Construction & Development Company, and MTA Headquarters. The program limit is \$11 million per occurrence on a combined single limit with a \$1 million self-insured retention for each accident. A primary limit of \$1 million was procured through the commercial marketplace. Excess limits of \$9 million were procured through FMTAC.

On December 15, 2025, FMTAC renewed the primary coverage on the Station Liability and Force Account liability policies \$11 million per occurrence loss for MTA LIRR.

Property Insurance – Effective May 1, 2025, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2025, 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 \$400 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, London, European, and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of \$7.5 million per occurrence. In addition to the noted \$25 million per occurrence self-insured deductible, MTA self-insures above that deductible for \$29.577 million within the overall \$400 million per occurrence property program as follows: \$11.734 million (or 23.47%) of the primary \$50 million layer, plus \$11.734 million (or 23.47%) of the \$50 million excess \$50 million layer, plus \$6.109 million (or 12.22%) of the \$50 million excess \$100 million layer. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the \$400 million per occurrence noted above, FMTAC’s property insurance program has been expanded to include a further layer of \$100 million of fully collateralized storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 19, 2023 to April 30, 2026. The expanded protection is reinsured by MetroCat Re Ltd. 2023-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2023-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and

DRAFT

available for storm surge losses resulting from a storm that causes water levels that reach the specified index values.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of “certified” losses, as covered by the Terrorism Risk Insurance Program Reauthorization Act (“TRIPRA”) of 2019. The remaining 20% of the Related Entities’ losses arising from an act of terrorism would be covered under the additional terrorism policy described below. No federal compensation will be paid unless the aggregate industry insured losses exceed a trigger of \$200 million. The United States government’s reinsurance is in place through December 31, 2027.

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any “certified” act of terrorism up to a maximum recovery of \$215 million for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the “certified” acts of terrorism insurance, but not to exceed \$40 million for any one occurrence, or (3) 100% of any “certified” terrorism loss which exceeds \$5 million and less than the \$200 million TRIPRA trigger up to a maximum recovery of \$200 million for any one occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of \$255 million for any one occurrence. Recovery under the terrorism policy is subject to a deductible of \$25 million for any one occurrence 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 for any one occurrence. The terrorism coverages expire at midnight on May 1, 2028.

In the event that TRIA is not extended or renewed on or before January 1, 2028, then effective January 1, 2028, coverage will be limited to \$255 million for any one occurrence.

All Agency Protective Liability—FMTAC All-Agency Protective Liability Program. Under the All-Agency Protective Liability Program (“AAPL”), FMTAC directly insures the Related Entities against claims arising out of work performed by independent contractors on capital projects. The policy provides coverage of \$2 million per occurrence.

FMTAC All-Agency Protective Excess Liability Program. FMTAC directly insures the Related Entities to provide excess coverage on top of the AAPL. The policy provides coverage of \$9 million in excess of \$2 million per occurrence, with an \$18 million annual aggregate. Any excess is covered by the ELF program.

Self-Insurance and Risk Retention—The MTA LIRR is self-insured for liabilities arising from injuries to passengers, employees and others with the exception of injuries to non-employees and off-duty employees arising from occurrences at NYS stations (“Station Liability”), and employees and non-employees, arising from reimbursable project work (“Force Account”). The MTA LIRR accrues the estimated total cost for the self-insured liability arising out of these claims. For incidents occurring on or before October 31, 2012, claims arising from Station Liability and Force Account are fully insured up to \$9 million per occurrence. That amount was increased to \$10 million per occurrence for incidents occurring on or after November 1, 2012 and increased to \$11 million on October 31, 2015.

Deferred Compensation Plan—The MTA and its affiliated agencies’ employees are participants in a deferred compensation plan established in 1985 in accordance with Internal Revenue Code Section 457. MTA LIRR established a trust or custodial account with a third party financial institution to hold plan assets for the exclusive use of the participants and their beneficiaries. Accordingly, at December 31, 2025 and 2024, plan assets and liabilities are not reflected in the accompanying Statements of Net Position.

DRAFT

Retirement Benefits—MTA LIRR’s pension plans are governmental plans and, accordingly, are not subject to funding and other requirements of the Employee Retirement Income Security Act of 1974.

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

Other Postemployment Benefits—The MTA LIRR has adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, Omnibus for the OPEB Plan.

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

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

3. CASH

The Bank balances are insured up to \$250 in the aggregate by the Federal Deposit Insurance Corporation (“FDIC”) for each bank in which funds are deposited.

The Bank balances in 2025 and 2024 that were not insured were maintained in major financial institutions considered by management to be secure. As of December 31, 2025 and 2024, cash consists of:

	2025		2024	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured (FDIC) or collateralized deposits	\$ 3,471	\$ 3,078	\$ 5,080	\$ 4,612
Uninsured and noncollateralized fund on-hand and in-transit	<u>1,324</u>	<u> </u>	<u>1,383</u>	<u>-</u>
Total cash	<u>\$ 4,795</u>	<u>\$ 3,078</u>	<u>\$ 6,463</u>	<u>\$ 4,612</u>

DRAFT

Cash carrying amounts also include deposits in transit and cash on hand offset by any outstanding checks.

MTA LIRR or its agent in MTA LIRR's name holds all collateralized deposits. These accounts contain revenue pledged by MTA LIRR as collateral for certain MTA Transportation Revenue Bonds, as further described in Note 4 below.

The MTA, on behalf of the Authority, invests funds, which are not immediately required for MTA LIRR's operations in securities permitted by the New York State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes and U.S. Treasury zero-coupon bonds. As such, there were no investments subject to credit or interest rate risk.

4. TRANSPORTATION REVENUE BONDS

MTA LIRR's capital programs are partially funded from the proceeds of bonds, including the MTA's Transportation Revenue Bonds. The Transportation Revenue Bonds are special obligations of MTA, payable from, and secured by a pledge of:

- the gross operating revenues of MTA LIRR, Metro-North Commuter Railroad, and the New York City Transit Authority and its component, Manhattan and Bronx Surface Transit Operating Authority until monthly deposits of principal and interest are satisfied under the Transportation Revenue Bond Resolution,
- Triborough Bridge and Tunnel Authority's operating surplus,
- general operating subsidies from the State and local governments,
- special tax-supported operating subsidies, and
- Station maintenance and service reimbursements.

5. CAPITAL ASSETS—NET

Capital assets and improvements include all land, buildings, equipment, and infrastructure of MTA LIRR having a minimum useful life of two years and having a cost of more than \$25. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. In 1988, MTA LIRR and MTA entered into a 99-year lease agreement with Amtrak for the Pennsylvania Station. This agreement, with an option to renew, is for rights to the lower concourse level and certain platforms. GASB 87 leases are classified as right-to-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. GASB 96 subscription-based information technology arrangements are classified as intangible right-to-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementations costs, less any incentives received. GASB 94 public-private partnerships that result in a newly purchased or constructed underlying nonfinancial asset being transferred to the agency are classified as capital assets and recognized at the cost of the underlying asset when the arrangement meets the definition of a service concession arrangement or when ownership transfers to MTA LIRR.

Accumulated depreciation and amortization are reported as reductions of fixed assets and right-to-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Right-to-use lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term.

DRAFT

The following is a summary of capital assets activity at January 1, 2024, December 31, 2024, and December 31, 2025 (in thousands):

	As of January 1, 2024	Additions	Deletions	As of December 31, 2024	Additions	Deletions	As of December 31, 2025
Capital assets, not being depreciated:							
Land	\$ 48,112	\$ -	\$ -	\$ 48,112	\$ -	\$ -	\$ 48,112
Construction work-in-progress	<u>1,102,519</u>	<u>854,241</u>	<u>709,802</u>	<u>1,246,958</u>	<u>1,277,275</u>	<u>652,651</u>	<u>1,871,582</u>
Total capital assets, not being depreciated	<u>1,150,631</u>	<u>854,241</u>	<u>709,802</u>	<u>1,295,070</u>	<u>1,277,275</u>	<u>652,651</u>	<u>1,919,694</u>
Capital assets, being depreciated:							
Leasehold improvements	1,061,690	24,887	-	1,086,577	28,506	-	1,115,083
Pennsylvania station leasehold	44,600	-	-	44,600	-	-	44,600
Buildings and structure	6,722,591	189,969	94	6,912,466	257,886	-	7,170,352
Equipment:							
Passenger cars & Locos	3,034,377	197,360	1,085	3,230,652	10,418	-	3,241,070
Equipment & other	935,766	26,714	6,687	955,793	70,617	3,167	1,023,243
Infrastructure—road	<u>5,673,270</u>	<u>224,392</u>	<u>3,543</u>	<u>5,894,119</u>	<u>276,685</u>	<u>5,855</u>	<u>6,164,949</u>
Total capital assets, being depreciated	<u>17,472,294</u>	<u>663,322</u>	<u>11,409</u>	<u>18,124,207</u>	<u>644,112</u>	<u>9,022</u>	<u>18,759,297</u>
Less accumulated depreciation/amortization:							
Leasehold improvements	112,393	50,063	-	162,456	51,619	-	214,075
Pennsylvania station leasehold	44,600	-	-	44,600	-	-	44,600
Buildings and structure	2,031,112	183,453	63	2,214,502	189,391	-	2,403,893
Equipment:							
Passenger cars & Locos	2,090,215	98,552	1,085	2,187,682	95,716	-	2,283,398
Equipment & other	628,270	37,495	6,648	659,117	39,043	3,144	695,016
Infrastructure—road	<u>3,024,400</u>	<u>193,495</u>	<u>3,543</u>	<u>3,214,352</u>	<u>195,256</u>	<u>5,855</u>	<u>3,403,753</u>
Total accumulated depreciation/amortization	<u>7,930,990</u>	<u>563,058</u>	<u>11,339</u>	<u>8,482,709</u>	<u>571,025</u>	<u>8,999</u>	<u>9,044,735</u>
Total capital assets, being depreciated/amortized—net	<u>9,541,304</u>	<u>100,264</u>	<u>70</u>	<u>9,641,498</u>	<u>73,087</u>	<u>23</u>	<u>9,714,562</u>
Capital assets—net	<u>10,691,935</u>	<u>954,505</u>	<u>709,872</u>	<u>10,936,568</u>	<u>1,350,362</u>	<u>652,674</u>	<u>11,634,256</u>
Right of use assets being amortized:							
Leased buildings and structures	43,123	5,786	-	48,909	1,529	-	50,438
Leased equipment and vehicles	31,161	1,949	-	33,110	1,439	-	34,549
Leased other	3,233	-	-	3,233	-	1,865	1,368
Subscription-based IT arrangements	<u>7,636</u>	<u>26,894</u>	<u>6,313</u>	<u>28,217</u>	<u>782</u>	<u>-</u>	<u>28,999</u>
Total Right of use assets being amortized	<u>85,153</u>	<u>34,629</u>	<u>6,313</u>	<u>113,469</u>	<u>3,750</u>	<u>1,865</u>	<u>115,354</u>
Less accumulated amortization:							
Leased buildings and structures	8,686	3,828	-	12,514	2,889	-	15,403
Leased equipment and vehicles	23,628	5,025	-	28,653	3,172	-	31,825
Leased other	1,034	193	-	1,227	142	-	1,369
Subscription-based IT arrangements	<u>3,395</u>	<u>2,137</u>	<u>3,590</u>	<u>1,942</u>	<u>2,510</u>	<u>-</u>	<u>4,452</u>
Total accumulated amortization	<u>36,743</u>	<u>11,183</u>	<u>3,590</u>	<u>44,336</u>	<u>8,713</u>	<u>-</u>	<u>53,049</u>
Right of use assets being amortized—net	<u>48,410</u>	<u>23,446</u>	<u>2,723</u>	<u>69,133</u>	<u>(4,963)</u>	<u>1,865</u>	<u>62,305</u>
Total capital assets, including Right of use asset—net of depreciation and amortization	<u>\$ 10,740,345</u>	<u>\$ 977,951</u>	<u>\$ 712,595</u>	<u>\$ 11,005,701</u>	<u>\$ 1,345,399</u>	<u>\$ 654,539</u>	<u>\$ 11,696,561</u>

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As of December 31, 2025, \$115,116,885 is unexpended from the MTA's Capital Program (2005–2029) and \$29,775,598 has been committed.

As of December 31, 2024, \$53,048,513 is unexpended from the MTA's Capital Program (2005–2024) and \$22,387,340 has been committed.

6. EMPLOYEE BENEFITS

MTA LIRR sponsors and participates in two defined benefit pension plans for their employees, the Long Island Rail Road Company Plan for Additional Pensions (the “Additional Plan”) and the Metropolitan Transportation Authority Defined Benefit Plan (the “MTA Defined Benefit Plan”). A brief description of each of the pension plans follows:

Plan Descriptions

1. *LIRR Additional Plan*—

The LIRR Additional Plan is a single-employer defined benefit pension plan that provides retirement, disability and survivor benefits to members and beneficiaries. The LIRR Additional Plan covers MTA Long Island Rail Road employees hired effective July 1, 1971 and prior to January 1, 1988. The LIRR Additional Plan's activities, including establishing and amending contributions and benefits are administered by the Board of Managers of Pensions. The LIRR Additional Plan is a governmental plan and accordingly, is not subject to the funding and other requirements of the Employee Retirement Income Security Act of 1974 (“ERISA”). The LIRR Additional Plan is a closed plan.

The Board of Managers of Pensions is composed of the Chairman of the MTA, MTA Chief Financial Officer, MTA Director of Labor Relations and the agency head of each participating Employer or the designee of a member of the Board of Managers. The LIRR Additional Plan may be amended by action of the MTA Board. The LIRR Additional Plan is a fiduciary component unit of the MTA and is reflected in the Pension and Other Employee Benefit Trust Funds section of the MTA's basic financial statements.

The pension plan has a separately issued financial statement that is publicly available and contains required descriptions and supplemental information regarding the employee benefit plan. The financial statements may be obtained at www.mta.info or by writing to the MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor New York, NY 10004 or at www.mta.info.

2. *MTA Defined Benefit Plan*—

The MTA Defined Benefit Pension Plan is a cost sharing, multiple-employer defined benefit pension plan. The MTA Defined Benefit Pension Plan covers certain MTA Long Island Railroad non-represented employees hired after January 1, 1988, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 24, 1983, MTA Police, MTA Long Island Railroad represented employees hired after December 31, 1987, certain MTA Metro-North Railroad represented employees, MTA Staten Island Railway represented and non-represented employees and certain employees of the MTA Bus Company (“MTA Bus”). The MTA, MTA Long Island Railroad, MTA Metro-North Railroad, MTA Staten Island Railway and MTA Bus contribute to the MTA Defined Benefit Pension Plan, which offers distinct retirement, disability retirement, and death benefit programs for their covered employees and beneficiaries.

The MTA Defined Benefit Pension Plan is administered by the Board of Managers of Pensions. The MTA Defined Benefit Pension Plan, including benefits and contributions, may be amended by action of the MTA Board. The MTA Defined Benefit Pension Plan is a fiduciary component unit of the MTA and is reflected in the Pension and Other Employee Benefit Trust Funds section of the MTA's basic financial statements.

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The pension plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor New York, NY 10004 or at www.mta.info.

Benefits Provided

1. LIRR Additional Plan—

Pension Benefits—An eligible Long Island Rail Road employee who retires under the LIRR Additional Plan, either: (a) after completing at least 20 years of credited service, or (b) after both attaining age 65 while in service and completing at least five years of credited service, or in the case of those who were active employees on January 1, 1988, after completing at least 10 years of credited service, is entitled to an annual retirement benefit, payable monthly for life. Payments commence to an employee referred to in: (a) only after attaining age 50, or (b) only after attaining age 65.

Benefit and contribution provisions, which are based on the point in time at which participants last entered qualifying service and their length of credited service, are established by, and may only be amended by the MTA Long Island Rail Road, subject to the obligations of the MTA Long Island Rail Road under its collective bargaining agreements.

The LIRR Additional Plan has both contributory and non-contributory requirements, with retirement ages varying from 50 to 65 depending upon a participant's length of credited service. Pension benefits payable to age 65, where eligible, are calculated as 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earnings for each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65, regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including any supplemental annuity) value at age 65 under the Federal Railroad Retirement Act.

Participants who entered qualifying service before July 1, 1978 are not required to contribute. Participants who entered qualifying service on or after July 1, 1978, are required to contribute 3% of their wages. The MTA Long Island Railroad contributes additional amounts based on actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due.

Death Benefits—Survivorship benefits are paid to the participant's spouse when a survivorship option is elected or when an active participant has not divested his or her spouse of benefits. The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than five thousand dollars is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

Retirement benefits establishment and changes for representative employees are collectively bargained and must be ratified by the respective union and the MTA Board. For non-represented employees, amendments must be approved by the MTA Board.

2. MTA Defined Benefit Pension Plan

Pension Benefits—Retirement benefits are paid from the Plan to post - 1987 MTA Long Island Rail Road employees as service retirement allowances or early retirement allowances. A participant is eligible for a service retirement allowance upon termination if the participant satisfied both age and service requirements. A participant is eligible for an early retirement allowance if the participant has attained age 55 and completed at least 10 years of credited service. Terminated participants with 5 or more years of credited service are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on the first day of the month following the participant's 62nd birthday.

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Certain represented employees of the MTA Long Island Rail Road continue to make contributions to the Plan for 10 or 15 years, depending on Date of Hire and Collective Bargaining Agreement. Certain represented employees of the MTA Long Island Rail Road are eligible for an early retirement allowance if the participant has attained age 60 or 62 and completed at least 5 years of credited service, or has attained age 55 and completed at least 30 years of credited service for unreduced benefit. The early retirement allowance is reduced one-quarter of 1% per month for each full month that retirement predates age 60 for certain represented employees of the MTA Long Island Rail Road, and one-half of 1% per month for each full month that retirement predates age 62 until age 60, for certain represented employees of the MTA LIRR.

Effective in 2007, members and certain former members who become (or became) employed by another MTA agency which does not participate in the Plan continue to accrue service credit based on such other employment. Upon retirement, the member's vested retirement benefit from the Plan will be calculated on the final average salary of the subsequent MTA agency, if higher. Moreover, the Plan benefit will be reduced by the benefit, if any, payable by the other plan based on such MTA agency employment. Such member's disability and ordinary death benefit will be determined in the same way.

Pre-1988 MTA Long Island Rail Road participants are eligible for a service retirement allowance upon termination if the participants has either: (a) attained age sixty-five and completed at least five years of credited service, or if an employee on January 1, 1988 completed at least 10 years of credited service, or (b) attained age fifty and has completed at least 20 years of credited service. Terminated participants who were not employees on January 1, 1988 with five or more years of credited service are eligible for a deferred vested benefit. Pension benefits payable to age 65, where eligible, are calculated as 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earning of each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65 regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including supplemental annuity) value at age 65 under the Federal Railroad Retirement Act. The reduction of pension benefits for amounts payable under the Federal Railroad Retirement Act is 50%.

Death and Disability Benefits—In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after 10 years of credited service for covered MTA Long Island Rail Road management and represented employees.

The disability retirement allowance for MTA Long Island Rail Road management and represented employees is calculated based on the participant's credited service and final average salary ("FAS") but not less than $\frac{1}{3}$ of FAS.

Survivorship benefits for pre-1988 MTA Long Island Rail Road participants are paid to the spouse when a survivorship option is elected or when an active participant has not divested their spouse of benefits. The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than \$5,000 (whole dollars) is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

Death benefits are paid to the participant's beneficiary in the event of the death of a post-1987 MTA Long Island Rail Road employee after completion of one year of credited service. The death benefit payable is calculated based on a multiple of a participant's salary based on years of credited service up to three years and is reduced beginning at age 61. There is also a post-retirement death benefit which, in the 1st year of retirement, is equal to 50% of the pre-retirement death benefit amount, whichever is greater, 25% the 2nd year and 10% of the death benefit payable at age 60 for the 3rd and later years.

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Moreover, an accidental death benefit is payable for the death of a participant who is a covered post-1987 MTA Long Island Rail Road employee and dies as the result of an on-the-job accidental injury. This death benefit is paid as a pension equal to 50% of the participant's salary and is payable to the spouse for life, or, if none, to children until age eighteen (or twenty-three, if a student), or if none, to a dependent parent.

Retirement benefits establishment and changes for represented employees are collectively bargained and must be ratified by the respective union and the MTA Board. For non-represented employees, retirement benefits establishment and changes are presented to the MTA Board and must be accepted and approved by the MTA Board.

Membership

Membership in the LIRR Additional Pension Plan ("LIRR Additional Pension Plan" or "Additional Plan") consisted of the following at January 1, 2025 and January 1, 2024, the date of the latest actuarial valuation:

	January 1, 2025	January 1, 2024
Active plan members	11	12
Retirees and beneficiaries receiving benefits	4,633	4,772
Vested formerly active members not yet receiving benefits	<u>13</u>	<u>13</u>
Total	<u>4,657</u>	<u>4,797</u>

Contributions and Funding Policy

1. Long Island Rail Road Company Plan for Additional Pensions Plan

Employer contributions are actuarially determined on an annual basis and are recognized when due. The Additional Plan is a defined benefit plan administered by the Board of Pension Managers and is a governmental plan and accordingly, is not subject to the funding and other requirements of ERISA.

Upon termination of employment before retirement, vested participants who have been required to contribute must choose to: (1) receive a refund of their own contributions, including accumulated interest at rates established by the MTA Defined Benefit Pension Board of Managers, or (2) leave their contributions in the Additional Plan until they retire and become entitled to the pension benefits. Non-vested participants who have been required to contribute will receive a refund of their own contributions, including accumulated interest at rates established by the MTA Defined Benefit Pension Board of Managers.

Funding for the Additional Plan is provided by MTA, which obtains the required funds from New York State, federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to the LIRR Additional Company Plan for Additional Pensions on a discretionary basis. The continuance of the MTA's funding for the Additional Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

In 2024, MTA prepaid 2025 ADCs for MTA-Sponsored Plans. The MTA LIRR's proportionate share of prepayment for the LIRR Additional Plan was \$72,954 of which \$72,954 was amortized in 2025. There is no prepaid balance at the end of 2025.

Contributions as a percent of covered payroll was 103.34% for the year ended December 31, 2025. The actual contributions for the year ended December 31, 2025 was \$1,389.

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Contributions as a percent of covered payroll was 4,159.78% for the year ended December 31, 2024. The actual contributions for the year ended December 31, 2024 was \$74,957.

2. **MTA Defined Benefit Plan**

MTA LIRR's contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the Plan are recognized in the period in which the contributions are due. The following summarizes the types of employee contributions made to the Plan.

Effective January 1, 1994, covered MTA LIRR non-represented employees are required to contribute to the Plan to the extent that their Railroad Retirement Tier II employee contribution is less than the pre-tax cost of the 3% employee contributions. Effective October 1, 2000, employee contributions, if any, were eliminated after ten years of contributing to the Plan. MTA LIRR employees may purchase prior service from January 1, 1988 through December 31, 1993 by paying the contributions that would have been required of that employee for the years in question, calculated as described in the first sentence, had the Plan been in effect for those years.

Covered MTA LIRR represented employees who first became eligible to be Plan participants prior to January 30, 2008 contribute 3% of salary. MTA LIRR represented employees who became participants after January 30, 2008 contribute 4% of salary. MTA LIRR represented employees are required to make the employee contributions for ten years, or fifteen years if hired after certain dates in 2014 as per collective bargaining agreements.

In 2024, MTA prepaid 2025 ADCs for MTA-Sponsored Plans. The MTA LIRR's proportionate share of prepayments for the MTA Defined Benefit Plan was \$156,198 of which \$156,198 was amortized in 2025. There was no prepaid balance at the end of 2025.

Contributions as a percent of covered payroll was 0.71% for the year ended December 31, 2025. The actual contributions for the year ended December 31, 2025 was \$7,479.

Contributions as a percent of covered payroll was 15.32% for the year ended December 31, 2024. The actual contributions for the year ended December 31, 2024 was \$156,198.

Net Pension Liability—MTA LIRR's net pension liabilities for each of the pension plans reported at December 31, 2025 were measured as of December 31, 2024. The total pension liability for each of the pension plans was determined by an actuarial valuation as of the valuation date of January 1, 2024, that was updated to roll forward the total pension liability to the respective year-end.

Actuarial valuations are performed annually as of January 1. Information about the fiduciary net position of each qualified pension plan's fiduciary net position has been determined on the same basis as reported by each respective qualified pension plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan, and investments are reported at fair value.

Actuarial Assumptions—The total pension liability in the January 1, 2024, actuarial valuations was determined using the following actuarial assumptions, which were based on the 2024 actuarial experience study, for each of the pension plans as follows:

	<u>Additional Plan</u>	<u>MTA Defined Benefit Plan</u>
Interest Rate	Net rate of 6.5%, per annum—net of investment expenses.	Net rate of 6.5%, per annum—net of investment expenses.

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	<u>Additional Plan</u>	<u>MTA Defined Benefit Plan</u>
Inflation	2.25% per annum.	2.25% per annum.
Railroad retirement wage base	3.25% per year.	3.25% per year.
Mortality	Based on experience of all MTA members reflecting Mortality improvement on a generational basis using MP-2021. For Pre-Retirement, Pri-2012 Employee Mortality table with blue collar adjustments multiplied by 97% for males and 100% for females. Postretirement Healthy Lives: Pri-2012 Employee Mortality table with blue collar adjustments multiplied by 97% for males and 100% for females.	Based on experience of all MTA members reflecting Mortality improvement on a generational basis using MP-2021. For Pre-Retirement, Pri-2012 Employee Mortality table with blue collar adjustments multiplied by 97% for males and 100% for females. Postretirement Healthy Lives: Pri-2012 Employee Mortality table with blue collar adjustments multiplied by 97% for males and 100% for females. For Postretirement Disabled Lives: Pri-2012 Disabled Annuitant table for Males and females.
Separations other than for normal retirement	Tables based on recent experience.	Tables based on recent experience.
Rates of normal retirement	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.
Salary increases	3.0% per year	3.0% per year
Overtime	Earnings in each year are increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.	Earnings in each year are increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.

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Additional Plan

MTA Defined Benefit Plan

Cost of living adjustments	Not applicable.	60% of inflation or 1.35% per annum.
Provision for expenses	Estimated administrative charges added to the normal cost. Administrative expenses are based on the prior two year's reported administrative expenses.	Estimated administrative charges added to the normal cost. Administrative expenses are based on the prior two year's reported administrative expenses.

Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments was 6.5% for both the Additional Plan and the MTA Defined Benefit Plan for the January 1, 2024 valuation consistent with prior year. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

The target allocation and best estimates of arithmetic real rates of return ("RROR") for each major asset class included in each of the pension funds are as follows:

Asset Class	Additional Plan		MTA Defined Benefit Plan	
	Target Allocation*	Real Rate of Return	Target Allocation*	Real Rate of Return
US Core Fixed Income	15.50 %	2.36 %	15.50 %	2.36 %
US Treasury Bonds	2.00	1.85	2.00	1.85
US Inflation-Indexed Bonds	2.00	1.93	2.00	1.93
US High Yield Bonds	3.50	4.04	3.50	4.04
US Large Caps	23.00	5.33	23.00	5.33
US Small Caps	4.50	6.82	4.50	6.82
Foreign Developed Equity	10.50	6.91	10.50	6.91
Emerging Market Equity	3.00	9.29	3.00	9.29
Private Credit	8.00	6.84	8.00	6.48
Private Real Estate Property	5.00	5.93	5.00	5.93
Private Equity	8.00	10.37	8.00	10.37
Commodities	3.00	3.38	3.00	3.38
Hedge Funds-Multi Strategy	8.00	4.13	8.00	4.13
Emerging Market Small Cap Equity	1.00	9.62	1.00	9.62
Infrastructure- Public	3.00	5.92	3.00	5.92
Assumed Inflation—Mean		2.30		2.30
Assumed Inflation—Standard Deviation		1.46		1.46
Portfolio Nominal Mean Return		7.77		7.77
Portfolio Standard Deviation		12.25		12.25
Long-Term Expected Rate of Return selected by MTA		6.50		6.50

* Based on February 2025 Investment Policy

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Discount Rate

As of December 31, 2024, the discount rate used to measure the total pension liability of both the Additional Plan and the MTA Defined Benefit Plan was 6.5%.

The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in accordance with the Employer funding policy as projected by the Plan's actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability—Additional Plan

Changes in MTA LIRR's net pension liability for the Additional Plan for the year ended December 31, 2025, based on the December 31, 2024 measurement date, are as follows:

	Additional Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance—December 31, 2023	\$ 1,200,887	\$ 711,781	\$ 489,106
Changes for the year:			
Service cost	71	-	71
Interest on total pension liability	73,783	-	73,783
Effect of economic/demographics gains or losses	2,053	-	2,053
Benefit payments	(133,794)	(133,794)	
Administrative expense	-	(915)	915
Member contributions	-	44	(44)
Employer contributions	-	74,957	(74,957)
Net investment income	-	57,553	(57,553)
Balance—December 31, 2024	<u>\$ 1,143,000</u>	<u>\$ 709,626</u>	<u>\$ 433,374</u>

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Changes in MTA LIRR's net pension liability for the Additional Plan for the year ended December 31, 2024, based on the December 31, 2023 measurement date, are as follows:

	Additional Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance—December 31, 2022	\$ 1,258,877	\$ 652,398	\$ 606,479
Changes for the year:			
Service cost	81	-	81
Interest on total pension liability	77,391	-	77,391
Effect of economic/demographics gains or losses	3,362	-	3,362
Benefit payments	(138,824)	(138,824)	-
Administrative expense	-	(546)	546
Member contributions	-	50	(50)
Employer contributions	-	140,400	(140,400)
Net investment income	-	58,303	(58,303)
Balance—December 31, 2023	<u>\$ 1,200,887</u>	<u>\$ 711,781</u>	<u>\$ 489,106</u>

The following presents the MTA LIRR's net pension liability calculated at the measurement dates using the current discount rate of 6.5% for the Additional Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50)%	Current Discount Rate (6.50)%	1% Increase (7.50)%
2024			
Net pension liability	<u>\$ 518,085</u>	<u>\$ 433,374</u>	<u>\$ 359,091</u>

The following presents the MTA LIRR's net pension liability calculated at the measurement dates using the current discount rate of 6.5% for the Additional Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50)%	Current Discount Rate (6.50)%	1% Increase (7.50)%
2023			
Net pension liability	<u>\$ 579,748</u>	<u>\$ 489,106</u>	<u>\$ 409,805</u>

MTA LIRR's Proportion of Net Pension Liability—MTA Defined Benefit Plan

The following table presents MTA LIRR's proportionate share of the net pension liability of the MTA Defined Benefit Plan at the measurement date December 31, 2024, and the proportion percentage of the net pension liability of the MTA Defined Benefit Plan allocated to MTA LIRR:

MTA Long Island Railroad's proportion of the net pension liability	37.08 %
MTA Long Island Railroad's proportionate share of the net pension liability	\$580,281

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The following table presents MTA LIRR's proportionate share of the net pension liability of the MTA Defined Benefit Plan at the measurement date December 31, 2023, and the proportion percentage of the net pension liability of the MTA Defined Benefit Plan allocated to MTA LIRR:

MTA Long Island Railroad's proportion of the net pension liability	37.62 %
MTA Long Island Railroad's proportionate share of the net pension liability	\$ 648,420

MTA LIRR's proportion of the respective Plan's net pension liability was based on actual required contributions of the participating employer for the calendar year.

The following table presents MTA LIRR's proportionate share of the net pension liability calculated at the measurement date using the discount rate of 6.50% for the MTA Defined Benefit Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50)%	Current Discount Rate (6.50)%	1% Increase (7.50)%
2024			
MTA Long Island Railroad's proportionate share of the net pension liability	<u>\$ 987,773</u>	<u>\$ 584,036</u>	<u>\$ 245,000</u>

The following table presents MTA LIRR's proportionate share of the net pension liability calculated at the measurement date using the discount rate of 6.50% for the MTA Defined Benefit Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50)%	Current Discount Rate (6.50)%	1% Increase (7.50)%
2023			
MTA Long Island Railroad's proportionate share of the net pension liability	<u>\$ 1,037,728</u>	<u>\$ 648,552</u>	<u>\$ 321,662</u>

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

For the years ended December 31, 2025 and 2024, MTA LIRR recognized pension expense related to each pension plan as follows:

Pension Plans	2025	2024
Additional Plan	\$ 46,690	\$ 39,628
MTA Defined Benefit Plan	<u>198,089</u>	<u>189,083</u>
Total	<u>\$ 244,779</u>	<u>\$ 228,711</u>

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At December 31, 2025, MTA LIRR reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

	Additional Plan		MTA Defined Benefit Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 83,112	\$ (124)	\$ 83,112	\$ (124)
Changes in assumptions	-	-	100,887	-	100,887	-
Net difference between projected and actual earnings on pension plan investments	12,808	-	-	(27,825)	12,808	(27,825)
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	35,948	-	35,948	-
Employer contribution to plan subsequent to the measurement date of net pension liability	<u>1,389</u>	<u>-</u>	<u>7,479</u>	<u>-</u>	<u>8,868</u>	<u>-</u>
Total	<u>\$ 14,197</u>	<u>\$ -</u>	<u>\$ 227,426</u>	<u>\$ (27,949)</u>	<u>\$ 241,623</u>	<u>\$ (27,949)</u>

At December 31, 2024, MTA LIRR reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

	Additional Plan		MTA Defined Benefit Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 72,068	\$ (1,384)	\$ 72,068	\$ (1,384)
Changes in assumptions	-	-	138,481	-	138,481	-
Net difference between projected and actual earnings on pension plan investments	40,273	-	66,325	-	106,598	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	26,538	-	26,538	-
Employer contribution to plan subsequent to the measurement date of net pension liability	<u>2,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,003</u>	<u>-</u>
Total	<u>\$ 42,276</u>	<u>\$ -</u>	<u>\$ 303,412</u>	<u>\$ (1,384)</u>	<u>\$ 345,688</u>	<u>\$ (1,384)</u>

The annual differences between the projected and actual earnings on investments are amortized over a five-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over a 1-year closed period for the Additional Plan and 8.4 years period for the MTA Defined Benefit Plan, beginning in the year in which the deferred amount occurs.

The amount of \$8,868 reported as deferred outflows of resources related to pensions resulting from the MTA LIRR's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred

DRAFT

outflows (inflows) of resources related to pensions at December 31, 2025 will be recognized as pension expense as follows:

December 31	Plan	Benefit Plan	Total
2026	\$ 5,257	\$ 61,871	✓ \$ 67,128
2027	14,970	59,842	✓ 74,812
2028	(4,882)	45,714	✓ 40,832
2029	(2,537)	22,325	✓ 19,788
2030	-	13,604	✓ 13,604
Thereafter	-	16,591	16,591
Total	<u>\$ 12,808</u>	<u>\$ 219,947</u>	<u>\$ 232,755</u>

Deferred Compensation Program—Consists of two defined contribution plans that provide benefits based solely on the amount contributed to each participant’s account(s), plus or minus any income, expenses and gains/losses. The Deferred Compensation Program is comprised of the Deferred Compensation Plan for Employees of the MTA, its Subsidiaries and Affiliates (“457 Plan”) and the Thrift Plan For Employees of the MTA, its Subsidiaries and Affiliates (“401(k) Plan”). Certain MTA Related Groups employees are eligible to participate in both deferred compensation plans. Both Plans are designed to have participant charges, including investment and other fees, pay for the administrative cost of running the Deferred Compensation Program.

In 1984, the MTA established the 457 Plan to provide benefits competitive with private industry. Only managerial employees were permitted to participate in the Plan and investment options were limited to five funds: a Guaranteed Interest Fund, a Common Stock Fund, a Money Market Fund, a Managed Fund, and a Stock Index Fund. Pursuant Internal Revenue Code (“Code”) Section 457, the MTA has established a trust or custodial account to hold plan assets for the exclusive benefit of the participants and their beneficiaries. Participation in the 457 Plan is now available to non- represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 457 Plan, and all income attributable to such compensation, less expenses and fees, are in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 457 Plan is not reflected on the MTA’s consolidated statements of net position.

In 1985, the MTA Board adopted the 401(k) Plan, a tax-qualified plan under section 401(k) of the Code. The 401(k) Plan remained dormant until 1988 when an IRS ruling “grandfathered” the plan under the Tax Reform Act of 1986. Participation in the 401(k) Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 401(k) Plan, and all income attributable to such compensation, less expenses and fees, are in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 401(k) Plan is not reflected in the accompanying consolidated statements of net position. The 401(k) Plan received a favorable determination letter from the Internal Revenue Service dated October 27, 2016.

As the Deferred Compensation Program’s asset base and contribution flow increased, participants’ investment options were expanded by the Deferred Compensation Committee with the advice of its Financial Advisor to provide greater diversification and flexibility. In 1988, after receiving an IRS determination letter for the 401(k) Plan, the MTA offered its managers the choice of either participating in the 457 Plan or the 401(k) Plan. By 1993, the MTA offered eight investment funds: a Guaranteed Interest Account Fund, a Money Market Fund, a Common Stock Fund, a Managed Fund, a Stock Index Fund, a Government Income Fund, an International Fund and a Growth Fund.

DRAFT

In 1998, the Deferred Compensation Committee approved the unbundling of the Plans. In 2008, the Plans' investment choices were restructured to set up a four tier strategy:

1. **Tier 1**—The MTA Target-Year Lifecycle Funds, which are comprised of a mix of several funds, most of which are available as separate investments in the Deferred Compensation Program. The particular mix of investments for each Fund is determined by the “target” date, which is the date the money is intended to be needed for retirement income.
2. **Tier 2**—The MTA Index Funds offer a tier of index funds, which invest in the securities of companies that are included in a selected index, such as the Standard & Poor’s 500 (large cap) Index or Russell Mid Cap Index.
3. **Tier 3**—The MTA Actively Managed Portfolios, which are comprised of actively managed portfolios that are directed by one or a team of professional managers who buy and sell a variety of holdings in an effort to outperform a selected index. These institutional strategies provide participants with a diversified array of distinct asset classes, with a single fund option in each class to simplify the decision-making process.
4. **Tier 4**—Self-Directed Mutual Fund Option is designed for the more experienced investors. Offers access to an expanded universe of mutual funds from hundreds of well-known mutual fund families. Participants may invest only a portion of their account balances in this tier.

In 2011, the Deferred Compensation Program began offering Roth contributions. Employees can elect after-tax Roth contributions and before-tax contributions in both the 401(k) Plan and the 457 Plan. The total combination of Roth after-tax contributions and regular before-tax contributions cannot exceed the IRS maximum of \$23,000 in 2024 and \$23,500 in 2025. For those over age 50, the maximums are \$30,500 for 2024 and \$31,000 for 2025.

Additional Deposits (Incoming Rollover or Transfers)—Participants in the Deferred Compensation Program are eligible to roll over both their before-tax and after-tax assets from other eligible retirement plans into the 401(k) and 457 Plans. Under certain conditions, both Plans accept rollovers from all eligible retirement plans (as defined by the Code), including 401(a), 457, 401(k), 403(b), and rollover IRAs.

The following is a summary of activity for the 401k and 457 deferred compensation programs (\$ in thousands):

	2025	2024
Contributions:		
Employee contributions—net of loans	\$ 86,805	\$ 83,825
Participant rollovers	<u>5,043</u>	<u>5,425</u>
Total contributions	<u><u>\$ 91,848</u></u>	<u><u>\$ 89,250</u></u>

7. OTHER POSTEMPLOYMENT BENEFITS

The MTA LIRR participates in a defined benefit other postemployment benefits (“OPEB”) plan for its employees, the Metropolitan Transportation Authority Retiree Welfare Benefits Plan (“OPEB Plan”). A description of the Plan follows:

(1) Plan Description

The MTA Retiree Welfare Benefits Plan (“OPEB Plan”) and the related Trust Fund (“Trust”) was established on January 1, 2009 for the exclusive benefit of MTA and related agencies retired employees

DRAFT

and their eligible spouses and dependents, to fund some of the OPEB provided in accordance with the MTA LIRR's various collective bargaining agreements. Postemployment benefits are part of an exchange of salaries and benefits for employee services rendered. Amounts contributed to the OPEB Plan are held in an irrevocable trust and may not be used for any other purpose than to fund the costs of health and welfare benefits of its eligible participants.

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

The OPEB Plan Board of Managers, composed 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 Metropolitan Transportation Authority, Deputy Chief, Controller's Office, 2 Broadway, New York, New York, 10004 or at www.mta.info.

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

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

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

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

- (a) have retired;
- (b) be receiving a pension;
- (c) have at least 10 years of credited service as a member of the MTA Defined Benefit Plan and the Additional Plan; and
- (d) have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members). A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

Surviving Spouse and Other Dependents—

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

DRAFT

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

Contributions—The MTA LIRR is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the “pay-as-you-go” (“PAYGO”) amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years ended December 31, 2025 and 2024, the MTA LIRR paid \$105,689 and \$103,544 of PAYGO to the OPEB Plan, respectively. The PAYGO amounts include an implicit rate subsidy adjustment of \$27,009 and \$25,837 for the years ended December 31, 2025 and 2024, respectively. There were no additional implicit rate subsidy adjustments for the years ended December 31, 2025 and 2024.

The discount rate estimates investment earnings for assets earmarked to cover retiree health benefits. Under GASB Statement No. 75, the discount rate depends on the nature of underlying assets for funded plans. Since the amount of benefits paid in 2021 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, 2024 and December 31, 2023, the measurement dates, are 4.08% and 3.26%, respectively.

DRAFT

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue in the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore are partially subsidized by the active employees. As shown in the following table, for the years ended December 31, 2024 and 2023, the employer made a cash payment for retiree healthcare of \$25,837 and \$23,680 as part of the employer's payment for active-employee healthcare benefits, respectively. For purposes of GASB Statement No. 75, this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees' underlying age-adjusted, retiree benefit costs.

Blended and Age-Adjusted Premium (in thousands)	2024 Retirees	2023 Retirees
Total blended premiums	\$ 77,707	\$ 71,379
Employment payment for retiree healthcare	<u>25,837</u>	<u>23,680</u>
Net payments	<u>\$ 103,544</u>	<u>\$ 95,059</u>

(2) Net OPEB Liability

At December 31, 2025, the MTA LIRR reported a net OPEB liability of \$2,114,483 for its proportionate share of the OPEB Plan's net OPEB liability. The net OPEB liability was measured as of the OPEB Plan's fiscal year-end of December 31, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2023 and rolled forward to December 31, 2025. The MTA LIRR's proportion of the net OPEB liability was based on a projection of the MTA LIRR's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2025, the MTA LIRR's proportion was 10.97% percent.

At December 31, 2024, the MTA LIRR reported a net OPEB liability of \$2,171,591 for its proportionate share of the OPEB Plan's net OPEB liability. The net OPEB liability was measured as of the OPEB Plan's fiscal year-end of December 31, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2021 and rolled forward to December 31, 2024. The MTA LIRR's proportion of the net OPEB liability was based on a projection of the MTA LIRR's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2024, the MTA LIRR's proportion was 10.77% percent.

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

(3) Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan, which refers to the plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees. The

DRAFT

projections include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members at that time. The MTA LIRR may not be obligated to provide the same types or levels of benefits to retirees in the future.

The total OPEB liability was determined by an actuarial valuation performed on July 1, 2023. Update procedures were used to roll forward the total OPEB liability to December 31, 2024, the measurement date. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

Valuation date	July 1, 2023
Measurement date	December 31, 2024
Discount rate	4.08%, net of expenses
Inflation	2.30 %
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.25 %
Investment rate of return	4.25 %

The total OPEB liability was determined by an actuarial valuation performed on July 1, 2023. Update procedures were used to roll forward the total OPEB liability to December 31, 2023, the measurement date. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

Valuation date	July 1, 2023
Measurement date	December 31, 2023
Discount rate	3.26%, net of expenses
Inflation	2.31 %
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.25 %
Investment rate of return	4.25 %

Salary Scale

Members hired prior to January 1, 1988—Salaries are assumed to increase 3.00% per year.

DRAFT

Managers hired on or after January 1, 1988—Salaries are assumed to increase by years of service. Rates are shown below.

Years of Service	Rate of Increase
0–1	8.00 %
2	7.00
3	6.50
4	5.50
5	5.00
6	4.90
7	4.80
8	4.70
9	4.60
10	4.50
11	4.25
12	4.00
13	3.75
14	3.50
15+	3.25

Represented Employees hired on or after January 1, 1988—Salaries are assumed to increase by years of service. Rates are shown below:

Years of Service	Rate of Increase
0–1	12.50 %
2	11.50
3–4	10.00
5	6.00
6	4.25
7	4.00
8	3.75
9	3.50
10+	3.25

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

DRAFT

Healthcare Cost Trend Rates—The following lists illustrative rates for the (all amounts are in percentages).

Fiscal Year	NYSHIP	
	<65	>=65
2024	0.80 %	0.90 %
2025	6.30	6.60
2026	5.70	6.00
2027	5.20	5.40
2028	5.10	5.30
2029	4.90	5.10
2030	4.80	4.90
2031	4.60	4.70
2040	4.10	4.10
2050	4.10	4.20
2060	4.20	4.20
2070	3.90	3.90
2080	3.70	3.70
2090	3.70	3.70

For purposes of applying the Entry Age Normal Cost method, the healthcare trend prior to the valuation date is based on the ultimate rates as described in the table above.

Mortality—All mortality rates (except accidental death for active police members) are projected on a generational basis using the Society of Actuaries Mortality Improvement Scale MP-2021. As generational tables, they reflect mortality improvement both before and after the measurement date. The post-retirement mortality assumption is based on an experience analysis covering the period from January 1, 2015 to December 31, 2020 for the MTA-sponsored pension plans. The mortality rates vary by employee type. For Rail Members, including LIRR, Pri.H-2012(BC) Mortality Table, headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 97%.

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

Asset Class	Target Allocation	Long-Term Expected		
		2024 Rate of Return	2023 Rate of Return	2022 Real Rate of Return
US Short (1-3 Yr) Govt/credit Bonds	98.50 %	1.98 %	4.39 %	1.31 %
US Cash	1.50 %	0.94	3.07	(0.26)
Total	100 %			
Long term expected rate of return selected by MTA		4.25 %	4.25 %	3.72 %

DRAFT

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, 2024 of 4.08% and December 31, 2023 of 3.26%.

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

	1% Decrease 3.08 %	Discount Rate 4.08 %	1% Increase 5.08 %
December 31, 2024 Measurement Date		(in thousands)	
Proportionate share of the net OPEB liability	<u>\$ 2,447,754</u>	<u>\$ 2,114,483</u>	<u>\$ 1,897,503</u>
	1% Decrease 2.26 %	Discount Rate 3.26 %	1% Increase 4.26 %
December 31, 2023 Measurement Date		(in thousands)	
Proportionate share of the net OPEB liability	<u>\$ 2,493,610</u>	<u>\$ 2,171,591</u>	<u>\$ 1,918,215</u>

DRAFT

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

	1% Decrease	Cost Current Trend Rate* (in thousands)	1% Increase
December 31, 2024 Measurement Date			
Proportionate share of the net OPEB liability	<u>\$ 1,829,230</u>	<u>\$ 2,114,483</u>	<u>\$ 2,545,112</u>
December 31, 2023 Measurement Date			
Proportionate share of the net OPEB liability	<u>\$ 1,864,317</u>	<u>\$ 2,171,591</u>	<u>\$ 2,573,322</u>
December 31, 2022 Measurement Date			
Proportionate share of the net OPEB liability	\$ 2,071,795	\$ 2,310,141	\$ 2,849,910

* 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, 2025, the MTA LIRR recognized OPEB expense of \$132,223, 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 7.8-year close period, beginning the year in which the deferred amount occurs.

DRAFT

At December 31, 2025, 2024 and 2023, the MTA LIRR reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows (\$ in thousands):

	December 31, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,086	\$ (249,526)
Changes in assumptions	184,364	(443,568)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,011)
Changes in proportion and differences between contributions and proportionate share of contributions	191,405	(349,118)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	<u>105,689</u>	<u>-</u>
	<u><u>\$ 509,544</u></u>	<u><u>\$ (1,043,223)</u></u>
	December 31, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,488	\$ (287,993)
Changes in assumptions	232,351	(358,730)
Net difference between projected and actual earnings on OPEB plan investments	609	-
Changes in proportion and differences between contributions and proportionate share of contributions	174,995	(452,397)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	<u>103,544</u>	<u>-</u>
	<u><u>\$ 541,987</u></u>	<u><u>\$ (1,099,120)</u></u>
	December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,630	\$ (3,494)
Changes in assumptions	159,729	(424,635)
Net difference between projected and actual earnings on OPEB plan investments	1,950	-
Changes in proportion and differences between contributions and proportionate share of contributions	87,378	(413,530)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	<u>95,059</u>	<u>-</u>
	<u><u>\$ 380,746</u></u>	<u><u>\$ (841,659)</u></u>

DRAFT

For the year ended December 31, 2025, \$509,544 was reported as deferred outflows of resources related to OPEB. This amount includes both MTA LIRR's contributions after the measurement date and an implicit rate subsidy adjustment that will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2025 will be recognized in OPEB expense as follows:

**Year Ending
December 31**

2026	\$ (115,277)
2027	(120,201)
2028	(71,793)
2029	(40,457)
2030	(13,430)
Thereafter	-
	<u><u>\$ (361,158)</u></u>

8. LOANS PAYABLE

In December 2005, the MTA and the New York Power Authority ("NYPA") entered into an updated Energy Services Program Agreement ("ESP Agreement"). The ESP Agreement authorized MTA affiliates and subsidiaries to enter into a Customer Installation Commitment ("CIC") with NYPA for turnkey, energy efficiency projects, which would usually be long-term funded and constructed by NYPA. The repayment period for the NYPA loan can be up to 20 years but can be repaid at any time with no penalty.

The debt service requirements as of December 31, 2025 are as follows:

Year	Loans Payable		
	Principal	Interest	Total
2026	\$ 2,423	\$ 513	\$ 2,936
2027	2,508	428	2,936
2028	2,247	341	2,588
2029	562	288	850
2030	592	258	850
2031-2035	3,263	797	4,060
2036-2040	<u>1,287</u>	<u>76</u>	<u>1,363</u>
Total	<u><u>\$ 12,882</u></u>	<u><u>\$ 2,701</u></u>	<u><u>\$ 15,583</u></u>

The above interest amounts include both fixed and variable rate calculations. Interest on the variable-rate loan is paid at the Securities Industry and Financial Markets Association Municipal Swap Index ("SIFMA") rate and is reset annually. The SIFMA rate at December 31, 2025 was 2.36%.

9. LEASES

MTA LIRR entered into various lease agreements that convey control of the right to use other entities' nonfinancial assets. Lease receivables and lease liabilities are measured at the present value of payments expected to be made during the lease term, using MTA LIRR's incremental borrowing rate at the time of valuation ranging from 0.97% to 5.87% if an applicable stated or implicit rate is not available.

DRAFT

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

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

As Lessor

MTA LIRR leases its land, building, station concession, equipment, and right-of-way to other entities. These leases have terms between 1 year to 74 years, with payments required monthly, quarterly, semi-annually, or annually. As of December 31, 2025, the remaining lease terms are between 1 year to 69 years. In addition, MTA LIRR also receives payments for variable leases and operating expenses associated with spaces that are not included in the measurement of lease receivable.

The total amount of inflows of resources recognized for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Lease revenue	\$ 9,174	\$ 10,814
Interest revenue	1,737	2,039
Other variable revenue	10,326	6,754

A summary of activity in lease receivable for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 70,849	\$ 79,414
Additions/remeasurements	(1,985)	2,209
Receipts/interest	<u>(9,180)</u>	<u>(10,774)</u>
Balance—end of year	59,684	70,849
Less current portion*	<u>(10,643)</u>	<u>(10,016)</u>
Lease receivable—noncurrent	<u>\$ 49,041</u>	<u>\$ 60,833</u>

* The current portion of lease receivable is reported in Other receivables, while the noncurrent portion is reported in other non-current receivables.

MTA LIRR recognized \$1 and \$0 revenue associated with residual value guarantees and termination penalties for years ended December 31, 2025 and 2024.

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The principal and interest requirements to maturity for the lease receivable subsequent to December 31, 2025, are as follows (in thousands):

December 31	Principal	Interest	Total
2026	\$ 10,643	\$ 1,650	\$ 12,293
2027	10,280	1,387	11,667
2028	10,054	1,145	11,199
2029	2,037	1,051	3,088
2030	771	999	1,770
2031 - 2035	2,328	4,601	6,929
2036 - 2040	910	4,345	5,255
2041 - 2045	897	4,176	5,073
2046 - 2050	1,001	4,002	5,003
2051 - 2055	1,208	3,795	5,003
2056 - 2060	1,457	3,546	5,003
2061 - 2065	1,490	3,269	4,759
2066 - 2070	1,781	2,963	4,744
2071 - 2075	2,149	2,595	4,744
2076 - 2080	2,592	2,152	4,744
2081 - 2085	3,128	1,616	4,744
2086 - 2090	3,773	970	4,743
2091 - 2095	<u>3,185</u>	<u>225</u>	<u>3,410</u>
Total	<u>\$ 59,684</u>	<u>\$ 44,487</u>	<u>\$ 104,171</u>

As Lessee

MTA LIRR leases building, office space, storage space, equipment, vehicles, and cell tower space from other entities. These leases have terms between 1 year to 74 years, with payments required monthly, quarterly, or annually. As of December 31, 2025, the remaining lease terms are between 1 year to 69 years.

The amount of lease expenses recognized for variable payment not included in the measurement of lease liability were \$372 and \$874 for the years ended December 31, 2025 and 2024. MTA LIRR recognized \$0 and \$0 expense attributable to residual value guarantees and termination penalties for years ended December 31, 2025 and 2024.

A summary of activity in lease liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 45,260	\$ 47,342
Additions/remasurements	1,103	7,735
Payments/interest	<u>(6,409)</u>	<u>(9,817)</u>
Balance—end of year	39,954	45,260
Less current portion	<u>(4,519)</u>	<u>(5,878)</u>
Lease liability—noncurrent	<u>\$ 35,435</u>	<u>\$ 39,382</u>

The current portion of lease liability is reported in Other Accrued expenses.

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The principal and interest requirements to maturity for the lease liability subsequent to December 31, 2025, are as follows (in thousands):

December 31	Principal	Interest	Total
2026	\$ 4,519	\$ 1,602	\$ 6,121
2027	3,311	1,437	4,748
2028	2,838	1,307	4,145
2029	2,773	1,186	3,959
2030	2,784	1,064	
2031 - 2035	15,263	3,464	18,727
2036 - 2040	2,505	1,184	3,689
2041 - 2045	181	1,116	1,297
2046 - 2050	231	1,077	1,308
2051 - 2055	292	1,028	1,320
2056 - 2060	366	967	1,333
2061 - 2065	457	890	1,347
2066 - 2070	568	794	1,362
2071 - 2075	702	675	1,377
2076 - 2080	866	528	1,394
2081 - 2085	1,065	348	1,413
2086 - 2090	861	148	1,009
2091 - 2095	372	31	403
Total	<u>\$ 39,954</u>	<u>\$ 18,846</u>	<u>\$ 54,952</u>

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

MTA LIRR entered into various subscription-based information technology arrangements (SBITAs) that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time. A right-to-use intangible subscription asset is set up with a corresponding subscription liability measured at the present value of payments during the subscription term, using MTA LIRR's incremental borrowing rate at the time of valuation ranging from 2.46% to 5.25% if an applicable stated or implicit rate is not available.

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

MTA LIRR's subscription-based information technology arrangements include software licenses, cloud data storage, hosting applications, security platforms and others. These subscriptions have terms between 1 year to 12 years, with payments required monthly, quarterly, or annually. As of December 31, 2025, the remaining subscription terms are between 1 year to 10 years. The amount of subscription expense recognized for variable payments not included in the measurement of lease liability were \$2,952 and \$3,887 for the years ended December 31, 2025 and 2024, respectively. MTA LIRR recognized \$0 and \$1,980 expense attributable to termination penalties and impairment for the years ended December 31, 2025 and 2024, respectively.

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A summary of activity in SBITA liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 24,236	\$ 5,848
Additions/remeasurements	782	22,190
Payments/interest	<u>(3,121)</u>	<u>(3,802)</u>
Balance—end of year	21,897	24,236
Less current portion	<u>(1,821)</u>	<u>(2,903)</u>
SBITA Liability—noncurrent	<u>\$ 20,076</u>	<u>\$ 21,333</u>

The principal and interest requirements to maturity for the lease liability subsequent to December 31, 2025, are as follows (in thousands):

Year Ended December 31	Principal	Interest	Total
2026	\$ 1,821	\$ 1,090	\$ 2,911
2027	1,904	999	\$ 2,903
2028	1,862	902	\$ 2,764
2029	1,958	804	\$ 2,762
2030	2,051	699	\$ 2,750
2031 - 2035	12,029	1,717	\$ 13,746
2036 - 2040	<u>272</u>	<u>6</u>	<u>\$ 278</u>
Total	<u>\$ 21,897</u>	<u>\$ 6,217</u>	<u>\$ 28,114</u>

11. PUBLIC – PRIVATE AND PUBLIC-PUBLIC PARTNERSHIP ARRANGEMENTS

MTA LIRR entered into various public-private partnership (“PPP”) agreements that provide public services by conveying control of the right to operate or use a nonfinancial assets, such as infrastructure or other capital assets, for a period of time in an exchange or exchange-like transactions. PPP’s receivables are measured at the present value of payments expected to be made during the PPP term, using MTA LIRR’s incremental borrowing rate at the time of valuation ranging from 4.15% to 4.15% if an applicable stated or implicit rate is not available.

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

As Transferor

The MTA LIRR PPP arrangements provides cellular connectivity and high-speed Wi-Fi to users across the system. These PPPs have terms between 1 year to 3 years, with payments required annually. As of December 31, 2025, the remaining PPP terms are between 1 year to 3 years. In addition, MTA LIRR also receives payments for variable PPPs and operating expenses associated with contracts that are not included in the measurement of PPP receivable.

The total amount of inflows of resources recognized for the quarter ended December 31, 2025 and year ended December 31, 2024 is presented below (in thousands):

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	2025	2024
Lease revenue	\$ 14	\$ -
Interest revenue	1	-
Other variable revenue	400	-

A summary of activity in lease receivable for the years ended December 31, 2025 and December 31, 2024 is presented below (in thousands):

	December 31 2025	December 31 2024
Balance—beginning of year	\$ -	\$ -
Additions/remeasurements	299	-
Receipts/interest	<u>(13)</u>	<u>-</u>
Balance—end of year	286	-
Less current portion	<u>(94)</u>	<u>-</u>
Lease receivable—noncurrent	<u>\$ 192</u>	<u>\$ -</u>

MTA LIRR recognized \$0 and \$0 revenue associated with residual value guarantees and termination penalties for years ended December 31, 2025 and December 31, 2024.

The principal and interest requirements to maturity for the PPP receivable subsequent to December 31, 2025, are as follows (in thousands):

Year Ended December 31	Principal	Interest	Total
2026	\$ 94	\$ 8	\$ 102
2027	100	4	104
2028	<u>93</u>	<u>0</u>	<u>93</u>
Total	<u>\$ 287</u>	<u>\$ 12</u>	<u>\$ 299</u>

12. COMPENSATED ABSENCES

MTA provides employee benefits for vacations, compensatory time, sick, and other leave days. Certain leave that has not been used are recorded as compensated absences liabilities if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for the time off or otherwise paid in cash or settled through noncash means.

Short-term liability is recorded based on average usage or applicable leave expiration, while long-term liability is recorded for leave that accumulates and is carried forward to a future reporting period during which it may be used for time off or otherwise paid or settled at separation of service, or according to timing as provided for in the policy or collective bargaining agreement.

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A summary of activity indicated as net increase or decrease in compensated absences liability for the years ended December 31, 2025 and December 31, 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 197,112	\$ 191,465
Net adjustment	<u>23,046</u>	<u>5,647</u>
Balance—end of year	220,158	197,112
Less current portion	<u>(98,180)</u>	<u>(95,861)</u>
Compensated absences liability—noncurrent	<u>\$ 121,978</u>	<u>\$ 101,251</u>

13. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

A summary of activity in estimated liability arising from injuries to persons, including employees, and damage to third-party property as of December 31, 2025 and 2024, is presented below:

	2025	2024
Balance—beginning of year	\$ 193,535	\$ 190,886
Activity during the year:		
Current year claims and changes in estimates	41,703	46,889
Claims paid	<u>(35,365)</u>	<u>(44,240)</u>
Balance—end of year	199,873	193,535
Less current portion	<u>(32,743)</u>	<u>(30,083)</u>
Long-term liability	<u>\$ 167,130</u>	<u>\$ 163,452</u>

See Note 2 for additional information on MTA LIRR's liability and property disclosures.

14. COMMITMENTS AND CONTINGENCIES

Management has reviewed with counsel all other actions and proceedings pending against or involving MTA LIRR, including personal injury claims. Although the ultimate outcome of such actions and proceedings cannot be predicted with certainty at this time, management believes that losses, if any, in excess of amounts accrued resulting from those actions will not have a significant impact on MTA LIRR's financial position, cash flows or results of operations.

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

15. CERTAIN RISK DISCLOSURES

Operating and Capital Program Funding Risks - MTA LIRR performs a public service of providing essential passenger transportation between New York City and Long Island. Substantial deficits result from providing these services and MTA LIRR expects that such deficits will continue in the foreseeable future. Funding for

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MTA LIRR's operations and capital needs is provided by MTA, which obtains the required funds from state subsidies, federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to MTA LIRR on a discretionary basis. The continuance of MTA LIRR's operations has been, and will continue to be, dependent upon the receipt of adequate funds from MTA to subsidize operating deficits.

Concentration of Workforce Covered by Collective Bargaining Agreement and Continuation of the Negotiation of Affordable Labor Contracts - The transportation services provided by the MTA LIRR, as well as related maintenance and support services, are labor intensive. A substantial portion of MTA LIRR employees are represented by labor unions. Consequently, a major portion of the MTA LIRR's expenses consists of the costs of salaries, wages and fringe benefits for employees and retirees, and achieving affordable wage settlements impacts MTA LIRR's financial position. MTA LIRR is committed to negotiating affordable collective bargaining agreements with its unions. Failure to reach agreements with labor unions, or failure to negotiate affordable labor contracts could have a significant adverse impact on the budgets of MTA and its MTA LIRR, and any potential labor disruption will decrease train services and disrupt the normal functioning of the railroad's operations.

16. ENVIRONMENTAL REMEDIATION

MTA LIRR has implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The statement establishes standards for determining when expected pollution remediation outlays should be accrued as a liability or, if appropriate, capitalized. An operating expense and corresponding liability, measured at its current value using the expected cash flow method, have been recognized for certain pollution remediation obligations that are no longer able to be capitalized as a component of a capital project.

Pollution remediation obligations, which are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations, occur when any one of the following obligating events takes place:

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

MTA LIRR does not anticipate any changes in the near future that would have a material impact on the recorded obligations due to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. In addition, MTA LIRR does not expect any recoveries of cost that would have a material effect on the recorded obligations.

In accordance with GASB Statement No. 49, pollution remediation expenses were recorded on the Statement of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively. The expense provision was measured at its current value utilizing the prescribed expected cash flow method.

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As of December 31, the pollution remediation liability totaled \$61,981 for 2025 and \$52,540 for 2024, primarily consisting of future remediation activities associated with lead and asbestos abatement.

A summary of activity in estimated liability arising from environmental remediation as of December 31, 2025 and 2024 is presented below:

	2025	2024
Balance—beginning of year	\$ 52,540	\$ 49,068
Activity during the year:		
Current year remediation and changes in estimates	12,490	7,512
Remediation paid	<u>(3,049)</u>	<u>(4,040)</u>
Balance—end of year	61,981	52,540
Less current portion	<u>(395)</u>	<u>(929)</u>
Long-term liability	<u>\$ 61,586</u>	<u>\$ 51,611</u>

17. OTHER LONG-TERM LIABILITIES

A summary of activity in estimated liability arising from other liabilities as of December 31, 2025 and 2024 is presented below:

	2025	2024
Balance—beginning of year	\$ 3,215	\$ 4,522
Activity during the year:		
Current year changes in sick leave estimate*		-
Sick leave payout*		-
Other long term liabilities	<u>(96)</u>	<u>(1,307)</u>
Balance—end of year	<u>\$ 3,119</u>	<u>\$ 3,215</u>

18. RELATED PARTY TRANSACTIONS

MTA LIRR and other affiliated MTA agencies receive support from MTA in the form of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, some of which are charged back. MTA LIRR's subsidies from MTA for use in operations are recorded as credits to operations when received. Funds for MTA LIRR's capital project expenditures are also provided by MTA. Funds contributed by MTA for MTA LIRR's capital project expenditures are classified as nonoperating.

Due from/to MTA and affiliated agencies as of December 31, 2025 and 2024, consists of:

	2025		2024	
	Receivable	(Payable)	Receivable	(Payable)
MTA	\$ 205,102	\$ (23,549)	\$ 172,712	\$ (29,961)
Affiliated agencies	<u>3,641</u>	<u>(19,188)</u>	<u>3,401</u>	<u>(25,677)</u>
Total MTA and affiliated agencies	<u>\$ 208,743</u>	<u>\$ (42,737)</u>	<u>\$ 176,113</u>	<u>\$ (55,638)</u>

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19. SUBSEQUENT EVENT

As of May XX, 2026, there were no materially significant subsequent events.

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REQUIRED SUPPLEMENTAL INFORMATION

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE MTA LIRR'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE
LIRR ADDITIONAL PLAN AT DECEMBER 31
(In thousands, except percentages)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY:										
Service cost	\$ 71	\$ 81	\$ 146	\$ 260	\$ 453	\$ 621	\$ 1,057	\$ 1,874	\$ 2,752	\$ 3,441
Interest	73,783	77,391	81,371	83,489	86,918	93,413	97,612	101,477	104,093	106,987
Differences between expected and actual experience	2,053	3,362	(1,347)	30,029	10,428	63,646	213	1,890	15,801	6,735
Benefit payments and withdrawals	(133,794)	(138,824)	(143,764)	(148,630)	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)
Net change in total pension liability	(57,887)	(57,990)	(63,594)	(34,852)	(54,247)	426	(60,684)	(54,476)	(35,947)	(39,908)
TOTAL PENSION LIABILITY—Beginning	1,200,887	1,258,877	1,322,471	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251	1,602,159
TOTAL PENSION LIABILITY—Ending(a)	1,143,000	1,200,887	1,258,877	1,322,471	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251
FIDUCIARY NET POSITION:										
Employer contributions	74,957	140,400	70,763	70,553	68,724	62,774	59,500	76,523	81,100	100,000
Non-Employer contributions	-	-	-	-	-	-	-	145,000	70,000	-
Member contributions	45	51	51	73	140	249	333	760	884	1,108
Net investment income (loss)	57,552	58,303	(51,214)	95,247	4,024	116,092	(31,098)	112,614	58,239	527
Benefit payments and withdrawals	(133,794)	(138,824)	(143,764)	(148,630)	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)
Administrative expenses	(915)	(546)	(761)	(610)	(612)	(718)	(1,180)	(1,070)	(611)	(1,218)
Net change in plan fiduciary net position	(2,155)	59,384	(124,925)	16,633	(79,771)	21,143	(132,010)	174,110	51,019	(56,654)
PLAN FIDUCIARY NET POSITION—Beginning	711,781	652,397	777,323	760,690	840,460	819,317	951,327	777,217	726,198	782,852
PLAN FIDUCIARY NET POSITION—Ending(b)	709,626	711,781	652,398	777,323	760,690	840,460	819,317	951,327	777,217	726,198
EMPLOYER'S NET PENSION LIABILITY—Ending(a) -(b)	\$ 433,374	\$ 489,106	\$ 606,479	\$ 545,148	\$ 596,633	\$ 571,110	\$ 591,827	\$ 520,501	\$ 749,087	\$ 836,053
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	37.92%	59.30%	51.82%	58.78%	56.04%	59.54%	58.06%	64.64%	50.92%	46.48%
COVERED—EMPLOYEE PAYROLL	\$ 1,802	\$ 1,972	\$ 2,043	\$ 1,995	\$ 3,509	\$ 5,210	\$ 13,169	\$ 20,500	\$ 29,312	\$ 39,697
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	24.05 %	24.803 %	29.685.71 %	27.325.71 %	17.001.65 %	10.976.23 %	4.494.20 %	2.539.07 %	2.555.56 %	2.106.09 %

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE MTA LIRR'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IN THE MTA
DEFINED BENEFIT PENSION PLAN AT DECEMBER 31
(In thousands, except percentages)

	2024	2023	2022	2021	2020	2019	2018	2017
MTA LONG ISLAND RAIL ROAD'S PROPORTION OF THE NET PENSION LIABILITY	<u>37.08 %</u>	<u>37.62 %</u>	<u>37.49 %</u>	<u>37.590 %</u>	<u>37.270 %</u>	<u>34.790 %</u>	<u>33.176 %</u>	<u>35.402 %</u>
MTA LONG ISLAND RAIL ROAD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	<u>\$ 580,281</u>	<u>\$ 648,420</u>	<u>\$ 940,762</u>	<u>\$ 629,503</u>	<u>\$ 722,023</u>	<u>\$ 602,256</u>	<u>\$ 485,694</u>	<u>\$ 361,550</u>
MTA LONG ISLAND RAIL ROAD'S ACTUAL COVERED-EMPLOYEE PAYROLL	<u>\$ 1,019,670</u>	<u>\$ 1,019,898</u>	<u>\$ 894,798</u>	<u>\$ 885,711</u>	<u>\$ 872,612</u>	<u>\$ 880,114</u>	<u>\$ 885,247</u>	<u>\$ 794,719</u>
MTA LONG ISLAND RAIL ROAD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF THE AUTHORITY'S COVERED-EMPLOYEE PAYROLL	<u>56.91 %</u>	<u>63.57 %</u>	<u>105.13 %</u>	<u>71.070 %</u>	<u>82.743 %</u>	<u>68.429 %</u>	<u>54.865 %</u>	<u>45.494 %</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>82.01 %</u>	<u>78.93 %</u>	<u>72.27 %</u>	<u>77.450 %</u>	<u>72.126 %</u>	<u>73.483 %</u>	<u>73.326 %</u>	<u>79.868 %</u>

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MTA LIRR'S CONTRIBUTIONS TO ALL PENSION PLANS
FOR THE YEARS ENDED DECEMBER 31
(In thousands, except percentages)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
ADDITIONAL PLAN:									
Actuarially determined contribution	\$ 77,067	\$ 69,737	\$ 72,665	\$ 70,764	\$ 70,553	\$ 68,723	\$ 62,774	\$ 59,196	\$ 76,523
Actual employer contribution	<u>1,389</u>	<u>74,957</u>	<u>140,400</u>	<u>70,764</u>	<u>70,553</u>	<u>68,724</u>	<u>62,774</u>	<u>59,500</u>	<u>76,523</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ 75,678</u>	<u>\$ (5,220)</u>	<u>\$ (67,735)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (304)</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 1,344</u>	<u>\$ 1,802</u>	<u>\$ 1,972</u>	<u>\$ 2,043</u>	<u>\$ 3,230</u>	<u>\$ 5,174</u>	<u>\$ 7,236</u>	<u>\$ 13,169</u>	<u>\$ 20,500</u>
CONTRIBUTIONS AS A % OF COVERED PAYROLL	<u>103.35 %</u>	<u>4,159.66 %</u>	<u>7,118.93 %</u>	<u>3,463.99 %</u>	<u>2,184.33 %</u>	<u>1,328.25 %</u>	<u>867.47 %</u>	<u>451.83 %</u>	<u>373.29 %</u>
MTA DEFINED BENEFIT PENSION PLAN:									
Actuarially determined contribution	\$ 171,715	\$ 152,092	\$ 156,701	\$ 151,551	\$ 148,242	\$ 146,427	\$ 121,740	\$ 114,854	\$ 109,304
Actual employer contribution	<u>7,479</u>	<u>156,198</u>	<u>310,630</u>	<u>151,551</u>	<u>148,242</u>	<u>146,427</u>	<u>121,740</u>	<u>114,854</u>	<u>111,459</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ 164,236</u>	<u>\$ (4,106)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,155)</u>
COVERED PAYROLL	<u>\$ 1,056,982</u>	<u>\$ 1,019,670</u>	<u>\$ 1,019,981</u>	<u>\$ 894,798</u>	<u>\$ 885,711</u>	<u>\$ 872,612</u>	<u>\$ 880,114</u>	<u>\$ 885,247</u>	<u>\$ 794,719</u>
CONTRIBUTIONS AS A % OF COVERED PAYROLL	<u>0.71 %</u>	<u>15.32 %</u>	<u>15.36 %</u>	<u>16.94 %</u>	<u>16.74 %</u>	<u>16.78 %</u>	<u>13.83 %</u>	<u>12.97 %</u>	<u>14.02 %</u>

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

**REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF LIRR'S CONTRIBUTIONS TO ALL PENSION PLANS**

The following actuarial methods and assumptions were used in the funding valuation for the LIRR Company Plan for Additional Pensions:

VALUATION DATES	January 1, 2024	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
MEASUREMENT DATE	December 31, 2024	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
ACTUARIAL COST METHOD	Frozen Initial Liability Cost Method	Frozen Initial Liability Cost Method	Frozen Initial Liability Cost Method	Frozen Initial Liability Cost Method	Frozen Initial Liability Cost Method	Frozen Initial Liability Cost Method	Frozen Initial Liability Cost Method
AMORTIZATION METHOD	For FICA, 15 years remaining for Fresh start base, including vacation pay adjustments base of January 1, 2022	For FICA, 15 years remaining for Fresh start base, including vacation pay adjustments base of January 1, 2022	For FICA, 15 years remaining for Fresh start base, including vacation pay adjustments base of January 1, 2021	For FICA, 15 years remaining for Fresh start base, including vacation pay adjustments base of January 1, 2020	For FICA, 15 years remaining for Fresh start base, including vacation pay adjustments base of January 1, 2019	For FICA, 15 years remaining for Fresh start base, including vacation pay adjustments base of January 1, 2018	For FICA, 15 years remaining for Fresh start base, including vacation pay adjustments base of January 1, 2017
ASSET VALUATION METHOD	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
ACTUARIAL ASSUMPTIONS:							
Discount rate	6.5 %	6.5 %	6.5 %	6.5 %	7.0 %	7.0 %	7.0 %
Investment rate of return	6.5% per annum, compounded annually, net of investment expenses.	6.5% per annum, compounded annually, net of investment expenses.	6.5% per annum, compounded annually, net of investment expenses.	6.5% per annum, compounded annually, net of investment expenses.	7.0% per annum, compounded annually, net of investment expenses.	7.0% per annum, compounded annually, net of investment expenses.	7.0% per annum, compounded annually, net of investment expenses.
MORTALITY	Based on experience of all MTA members reflecting mortality improvement on a generational basis using MP-2021.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using MP-2021.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using MP-2021.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using MP-2021.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA.
INFLATION/RAILROAD RETIREMENT WAGE BASE	2.25%; 3.25%	2.25%; 3.25%	2.25%; 3.25%	2.25%; 3.25%	2.25%; 3.25%	2.50%; 3.50%	2.50%; 3.50%
SALARY INCREASES	Varies by years of employment	Varies by years of employment	Varies by years of employment	Varies by years of employment	Varies by years of employment	Varies by years of employment	Varies by years of employment
COST-OF-LIVING ADJUSTMENTS	60% of inflation adjustment of 1.3%	60% of inflation adjustment of 1.3%	60% of inflation adjustment of 1.3%	60% of inflation adjustment of 1.3%	60% of inflation adjustment of 1.3%	60% of inflation adjustment of 1.3%	60% of inflation adjustment of 1.3%

Notes to Schedule of MTA LIRR's Contributions to the MTA Defined Benefit Plan:

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

Changes of Benefit Terms—There were no changes of benefit terms in the January 1, 2024 funding valuation.

Changes of Assumptions—The expected investment return assumption remained 6.5%.

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE MTA LIRR'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
IN THE MTA OPEB PLAN FOR THE YEARS ENDING DECEMBER 31:
(In thousands)**

Plan Measurement Date (December 31)	2024	2023	2022	2021	2020	2019	2018	2017
MTA LONG ISLAND RAIL ROAD'S PROPORTION OF THE NET OPEB LIABILITY	11.21 %	11.31 %	10.77 %	10.30 %	11.78 %	11.48 %	12.52 %	12.19 %
MTA LONG ISLAND RAIL ROAD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	\$ 2,114,483	\$ 2,171,591	\$ 2,310,140	\$ 2,513,054	\$ 2,875,214	\$ 2,424,927	\$ 2,451,276	\$ 2,602,499
	<u>1,058,326</u>	<u>1,021,472</u>	<u>1,021,953</u>	<u>896,841</u>	<u>901,217</u>	<u>888,502</u>	<u>911,672</u>	<u>645,382</u>
MTA LONG ISLAND RAIL ROAD'S COVERED PAYROLL								
	<u>199.80 %</u>	<u>212.59 %</u>	<u>226.05 %</u>	<u>280.21 %</u>	<u>319.04 %</u>	<u>272.92 %</u>	<u>268.88 %</u>	<u>403.25 %</u>
MTA LONG ISLAND RAIL ROAD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL								
	<u>6.82 %</u>	<u>6.36 %</u>	<u>0.05 %</u>	<u>- %</u>	<u>- %</u>	<u>1.93 %</u>	<u>1.79 %</u>	<u>1.79 %</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY								

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE MTA LIRR'S CONTRIBUTIONS TO THE MTA OPEB PLAN AND NOTES TO THE
SCHEDULE OF THE MTA LIRR'S CONTRIBUTIONS TO THE MTA OPEB PLAN
FOR THE YEARS ENDED DECEMBER 31
(In thousands)⁽²⁾

	2025	2024	2023	2022	2021	2020	2019	2018	2017
ACTUARIALLY DETERMINED CONTRIBUTION									
ACTUAL EMPLOYER CONTRIBUTION ⁽¹⁾	\$ 105,689	\$ 103,544	\$ 95,059	\$ 87,145	\$ 84,539	\$ 55,970	\$ 84,422	\$ 86,519	\$ 83,430
CONTRIBUTION DEFICIENCY (EXCESS)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
COVERED PAYROLL	\$ 1,058,326	\$ 1,021,472	\$ 1,021,953	\$ 896,841	\$ 901,217	\$ 888,502	\$ 898,755	\$ 911,672	\$ 645,382
ACTUAL CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	9.99 %	10.14 %	9.30 %	9.72 %	9.38 %	6.30 %	9.39 %	9.49 %	12.93 %

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of \$27,009, \$25,837, \$23,680, \$19,990, \$12,719, and \$22,765, for the year ended December 31, 2024, 2023, 2022, 2021, 2020, and 2019, respectively.

(2) Notes to Schedule of the MTA LIRR's Contribution to the OPEB Plan:

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2023
Measurement date	December 31, 2024
Discount rate	4.08%, net of expenses
Inflation	2.30 %
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.25 %
Investment rate of return	4.25 %

Changes of Benefit Terms: In the July 1, 2023 actuarial valuation, there were no changes to the benefit terms.

Changes of Assumptions: In the July 1, 2023 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.

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Metro-North Commuter Railroad Company

(Component Unit of the Metropolitan Transportation
Authority “MTA”)

Financial Statements as of and for the Years Ended
December 31, 2025 and 2024, Required Supplementary
Information, and Independent Auditor’s Report

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METRO-NORTH COMMUTER RAILROAD COMPANY (Component Unit of the MTA)

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1–3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4–17
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024:	
Statements of Net Position	18–19
Statements of Revenues, Expenses and Changes in Net Position	20
Statements of Cash Flows	21
Notes to Financial Statements	22–58
REQUIRED SUPPLEMENTARY INFORMATION:	59
Schedule of Changes in the MTA Metro-North Commuter Railroad Company's Net Pension Liability and Related Ratios for the Metro-North Cash Balance Plan	60
Schedule of the MTA Metro-North Commuter Railroad Company's Proportionate Share of the Net Pension Liability in the MTA Defined Benefit Pension Plan	61
Schedule of MTA Metro-North Commuter Railroad Company's Contributions to all Pension Plans	62
Notes to Schedule of MTA Metro-North Commuter Railroad Company's Contributions to all Pension Plans	63
Schedule of the MTA Metro-North Commuter Railroad Company's Proportionate Share of the Net Other Postemployment Benefits ("OPEB") Liability in the MTA OPEB Plan	64
Schedule and Notes to the Schedule of the MTA Metro-North Commuter Railroad Company's Contributions to the MTA OPEB Plan	65

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Metropolitan Transportation Authority

Opinion

We have audited the financial statements of the Metro-North Commuter Railroad Company (the "MTA Metro-North Railroad"), a component unit of the Metropolitan Transportation Authority ("MTA") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the MTA Metro-North Railroad's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the MTA Metro-North Railroad as of December 31, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

As discussed in Note 1 to the financial statements, the MTA Metro-North Railroad is a component unit of the MTA. The MTA is a component unit of the State of New York. MTA Metro-North Railroad requires significant subsidies from and has material transactions with MTA. MTA Metro-North Railroad also relies on subsidies from the Connecticut Department of Transportation to support the Connecticut operations of the New Haven Line. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, effective January 1, 2023 the MTA adopted Governmental Accounting Standards Board ("GASB") Statement No. 101, Compensated Absences, using the retrospective approach. Our opinion are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MTA Metro-North Railroad's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the MTA Metro-North Railroad's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the MTA Metro-North Commuter Railroad Company's Net Pension Liability and Related Ratios for the Metro-North Cash Balance Plan, the Schedule of the MTA Metro-North Commuter Railroad Company's Proportionate Share of the Net Pension Liability in the MTA Defined Benefit Pension Plan, the Schedule and Notes to the Schedule of MTA Metro-North Commuter Railroad Company's Contributions to all Pension Plans, the Schedule of MTA Metro-North Commuter Railroad Company's Proportionate Share of Net Other Postemployment Benefit ("OPEB") Liability in the MTA OPEB Plan, and the Schedule and Notes to the Schedule of MTA Metro-North Commuter Railroad Company's Contribution to the MTA OPEB Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

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consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

_____, 2026

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METRO-NORTH COMMUTER RAILROAD COMPANY **(Component Unit of the MTA)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) **YEARS ENDED DECEMBER 31, 2025 AND 2024** **(Dollars in thousands, except as noted)**

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction

The following is a narrative overview and analysis of the financial activities of the Metro-North Commuter Railroad Company (the "MTA Metro-North Railroad", "MNR", or the "Company"), a component unit of the Metropolitan Transportation Authority ("MTA"), as of and for the years ended December 31, 2025 and 2024. It is intended to serve as an introduction to the MTA Metro-North Railroad's financial statements which have the following components: (1) Management's Discussion and Analysis (MD&A), (2) Financial Statements, (3) Notes to the Financial Statements and (4) Required Supplementary Information.

Management's Discussion and Analysis

The management's discussion and analysis provides an assessment of how the MTA Metro-North Railroad's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Company's overall financial position. It may contain opinions, assumptions or conclusions by the Company's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements.

The Financial Statements

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

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

The Statements of Cash Flows provide information about the MTA Metro-North Railroad's cash receipts, cash payments and net changes in cash resulting from operations; noncapital financing and capital related financing activities.

The Notes to the Financial Statements

The notes provide information that is essential to understanding the financial statements, such as the MTA Metro—North Railroad's basis of presentation and significant accounting policies.

The notes also have the details of cash, capital assets, employee benefits, lease transactions and future commitments and contingencies of the MTA Metro-North Railroad, including any other events or developing situations that could materially affect the MTA Metro-North Railroad's financial position.

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Required Supplementary Information

The Required Supplementary Information provides information concerning MTA Metro-North Commuter Railroad Company's progress in funding its obligation to provide pension and other postemployment benefits to its employees. It also includes the Schedule of Changes in the MTA Metro-North Commuter Railroad Company's Net Pension Liability and Related Ratios for the Metro-North Commuter Railroad Company Cash Balance Plan, the Schedule of the MTA Metro-North Commuter Railroad Company's Proportionate Share of the Net Pension Liability in the MTA Defined Benefit Pension Plan, the Schedule of MTA Metro-North Commuter Railroad Company's Contributions to All Pension Plans, the Notes to Schedule of MTA Metro-North Commuter Railroad Company's Contributions to all Pension Plans, the Schedule of MTA Metro-North Commuter Railroad Company's Proportionate Share of the Net Other Postemployment Benefit Liability in the MTA Other Postemployment Benefit Plan, and the Schedule and Notes of MTA Metro-North Commuter Railroad Company's Contributions to Other Postemployment Benefit Plan and Notes to Schedule of Contributions to the Other Postemployment Benefit Plan.

FINANCIAL REPORTING ENTITY

The MTA Metro-North Railroad is a component unit of the MTA, established in September 1982 pursuant to the New York State Public Authorities Law and is a part of the related financial reporting group of the MTA. The MTA is a component unit of the State of New York.

The MTA Metro-North Railroad plays a vital role in the transportation network for the region. Commuter service is provided every day of the year, although frequency of service varies by route, day of week and time of day. Passenger transportation is provided between New York City and the suburban communities in Westchester, Dutchess, Putnam, Orange, and Rockland counties in New York State, and New Haven and Fairfield counties in Connecticut. The Company has direct operating responsibility for the entire New Haven commuter railroad line under a Service Agreement among MTA, MTA Metro-North Railroad and the Connecticut Department of Transportation ("CDOT"). Under the terms of the Service Agreement, CDOT pays 65% of the net operating deficit of the New Haven main line operating deficit.

The MTA Metro-North Railroad also has a service agreement with New Jersey Transit ("NJT"). The agreement allows NJT to provide passenger service on the Port Jervis and Pascack Valley Lines in the State of New York (referred to as "West of Hudson"). The MTA Metro-North Railroad compensates NJT for that service, for their operating deficit, capital needs and under certain prescribed circumstances for fare hold down amounts.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in the MTA Metro-North Railroad's financial position for the years ended December 31, 2025 and 2024. Additionally, an examination of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are in conformity with the MTA Metro-North Railroad's financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America.

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

Current assets include, but are not limited to cash, receivables due from MTA and affiliates, other receivables, farecards (MetroCard subway tickets) on consignment, materials, and supplies net of the reserve for obsolescence and prepaid expenses. This also include the receivable from leases of MTA Metro North's land, buildings, station concession, equipment and right-of-way to third parties.

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Noncurrent assets include, but are not limited to structures, construction of buildings, the acquisition of equipment, passenger cars, and locomotives and right-to-use assets for leases on buildings, office space, storage space, equipment and vehicles. Intangible right-to-use assets for subscription-based information technology arrangements (SBITAs).

Deferred outflows of resources for pensions reflect changes in pension valuation and employer contributions subsequent to the measurement date.

Deferred outflows of resources for OPEB reflect changes in the valuation of OPEB and employer contributions subsequent to the measurement date (\$ in thousands).

	As of December 31,			Increase/(Decrease)	
	2025	2024	2023	2025-2024	2024-2023
Current assets	\$ 722,742	\$ 840,755	\$ 955,464	\$(118,013)	\$(114,709)
Noncurrent assets	8,760,882	7,899,920	7,391,405	860,962	508,515
Deferred outflow of resources for pension	189,248	244,655	533,067	(55,407)	(288,412)
Deferred outflows of resources for OPEB	<u>394,267</u>	<u>373,010</u>	<u>331,112</u>	<u>21,257</u>	<u>41,898</u>
Total asset and deferred outflows of resources	<u>\$ 10,067,139</u>	<u>\$9,358,340</u>	<u>\$9,211,048</u>	<u>\$ 708,799</u>	<u>\$ 147,292</u>

Significant changes in Assets and Deferred Outflows of resources include:

December 31, 2025 versus 2024

- Current assets decreased in 2025 by \$118,013 or 14.04%, primarily driven by a pension prepayment in 2024 of \$142,680, along with decreases of \$5,039 in Metro-Cards on Consignment and \$55,450 in accrued receivable from MTA Capital and individuals & companies offset by an increase of \$29,180 in inventory, \$49,926 in Due from FMTAC, and \$4,662 invested funds at MTA for company financed investments.
- Noncurrent assets increased in 2025 by \$860,962 or 10.90%. Increase of \$706,871 in construction work-in-progress included \$766,587 related to various projects, offset by a decrease of \$59,716 in capital asset accrual. Major additions to capital assets in 2025 were \$23,214 for locomotive purchase, \$20,089 for Harmon Shop improvements, \$42,313 for facility investments with Grand Central Madison Operating Company ("GCMOC"), \$35,803 for upper Harlem and Hudson stations, \$19,696 for Turnout-Mainline, \$48,113 for South Street & Fulton, \$76,411 for Cyclical Track Program under Capital Program year 2024-2025, \$105,433 for Communication & Signal Infrastructure and \$143,024 for other various projects, programs and studies. These increases were offset by increases in depreciation and amortization of \$359,214.
- Deferred outflows of resources for Pensions decreased by \$55,407 or 22.65% due to a decrease in net difference between projected and actual plan investment earnings of \$58,577 and a decrease in changes in actuarial assumptions of \$30,865, offset by an increase in changes in proportion and differences in employer contributions of \$16,100, an increase in differences between expected and actual experience of \$11,673, and an increase in difference of contributions made after measurement date of 6,262.
- Deferred outflows of resources for OPEB increased by \$21,257 or 5.70% primarily due to an increase in changes in proportion and differences in employer contributions of \$53,548, offset by a decrease in changes in actuarial assumptions of \$30,220, a decrease in differences between expected and actual experience of \$1,119, a decrease in difference of contributions made after measurement date of \$520, and a decrease in net difference between projected and actual plan investment earnings of \$433.

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December 31, 2024 versus 2023

- Current assets decreased in 2024 by \$114,709 or 12.01% primarily due to receipt of proceeds from MTA for American Rescue Plan Act (ARPA) additional assistance allocation of \$308,869 offset by an increase of \$146,502 for accrued receivable from MTA Capital and Individuals & Companies, \$28,952 in inventory, \$10,427 in prepaid insurance and \$9,402 invested funds at MTA for Company financed investments.
- Noncurrent assets increased in 2024 by \$508,515 or 6.88%. Increase construction work-in-progress of \$40,158 included \$27,835 increase in Capital Accrual and \$12,323 increase in various projects. Major additions to capital assets in 2024 were \$434,661 Harmon Shop Replacement, \$84,076 Harmon to Poughkeepsie Signals, \$66,967 Cyclical Track Programs, \$41,874 Mainline Turnouts, \$22,392 Harlem and Hudson Power Improv, \$22,939 Stations and Roadway Equipment purchases, \$21,218 Harlem Line Stations Improvement, \$20,581 SBITA Assets additions, \$20,362 Bridges Rehabilitation and \$79,102 of other various projects, programs, and studies. These increases were offset by increases in accumulated depreciation and amortization of \$345,815.
- Deferred outflows of resources for Pensions decreased by \$288,412 or 54.10% due to a decrease in difference of contributions made after measurement date of \$138,263; a decrease in difference between projected versus actual plan investment earnings of \$108,548; a decrease in the actuarial assumption of \$31,406 and decrease in difference between expected and actual experience of \$9,945.
- Deferred outflows of resources for OPEB increased by \$41,898 or 12.65% primarily due to an increase in actuarial assumption changes or inputs of \$47,529 offset by a decrease in the proportion of share due to the differences in employer contributions of \$7,532.

Total Liabilities and Deferred Inflows of Resources, Distinguishing Between Current Liabilities, Non-Current Liabilities and Deferred Inflows of Resources

Current liabilities include: accrued payroll and related fringe benefits, the short-term portion of claims liabilities, amounts due to MTA and affiliates, accounts payable, current portion of long-term lease liabilities, current portion of compensated absences and other current liabilities.

Noncurrent liabilities include: net pension and net OPEB liabilities, long-term portion of claims liabilities, environmental, long-term lease liabilities, long term portion of compensated absences and loans payable.

Deferred inflows of resources reflect the deferred inflows related to leases, and actuarial measurements related to pension and OPEB (\$ in thousands).

	As of December 31,			Increase/(Decrease)	
	2025	2024	2023	2025-2024	2024-2023
Current liabilities	\$ 453,121	\$ 537,841	\$ 566,112	\$ (84,720)	\$ (28,271)
Noncurrent liabilities	2,493,831	2,572,315	2,852,094	(78,484)	(279,779)
Deferred inflow of resources	<u>771,993</u>	<u>747,891</u>	<u>549,884</u>	<u>24,102</u>	<u>198,007</u>
Total liabilities and deferred inflows of resources	<u>\$ 3,718,945</u>	<u>\$ 3,858,047</u>	<u>\$ 3,968,090</u>	<u>\$ (139,102)</u>	<u>\$ (110,043)</u>

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Significant changes in liabilities include:

December 31, 2025 versus 2024

- Current liabilities decreased in 2025 by \$84,720, or 15.75%. This decrease was primarily due to amounts owed to the MTA and affiliated agencies of \$20,761, amount owed to CDOT of \$14,934, a decrease in leases and subscription-based information technology arrangement of \$1,792, and a decrease of \$53,997 in retroactive wage accrual due to settlement of some outstanding labor agreements. These decreases were offset by increase in salaries payable of \$1,020, an increase in compensated absences of \$3,723, and an increase in timing of payment to vendors of \$2,792.
- Non-current liabilities decreased in 2025 by \$78,484, or 3.05%. This decrease was primarily attributable to a decrease of \$46,767 in net pension liability, and a decrease in leases and subscription-based information technology arrangement of \$15,417 and decrease of \$20,306 in personal injury liability. These decreases were offset by an increase of \$3,624 in net OPEB liability.
- Deferred inflows of resources increased by \$24,102 or 3.22% primarily due to an increase in the difference between projected and actual experience for pension expense of \$25,214.

December 31, 2024 versus 2023

- Current liabilities decreased in 2024 by \$28,271, or 4.99%. This decrease was primarily due to amounts owed to the MTA and affiliated agencies of \$28,655, environmental remediation liability of \$18,700, and timing in payments to vendors of \$16,968. These decreases were offset by an increase in salaries payable and retroactive wage accrual for represented employees of \$31,420; an increase in compensated absences of \$3,190; and an increase in leases and subscription-based information technology arrangements of \$3,079.
- Non-current liabilities decreased in 2024 by \$279,779, or 9.81%. This decrease was primarily attributable to a decrease of \$268,329 in net pension liability and a decrease of \$156,708 in net OPEB liability. These decreases were partially offset by an increase of \$147,106 in personal injury liability.
- Deferred inflows of resources increased by \$198,007 or 36.01% primarily due to an increase of \$201,154 in the proportionate share and difference in employer contributions as a result of MTA's allocation of OPEB prepayment in 2023, offset by a decrease of \$8,123 in leases.

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

In 2025, the total net position increase of \$847,901 or 15.42% is primarily due to increased payments made by MTA for operating and capital subsidies.

In 2024, the total net position increase of \$257,335 or 4.91% is primarily due to increased payments made by MTA for operating and capital subsidies. In addition, this includes a restatement of \$6,631 as a result of the implementation of GASB No. 101 *Compensated Absences*.

(\$ in thousands)

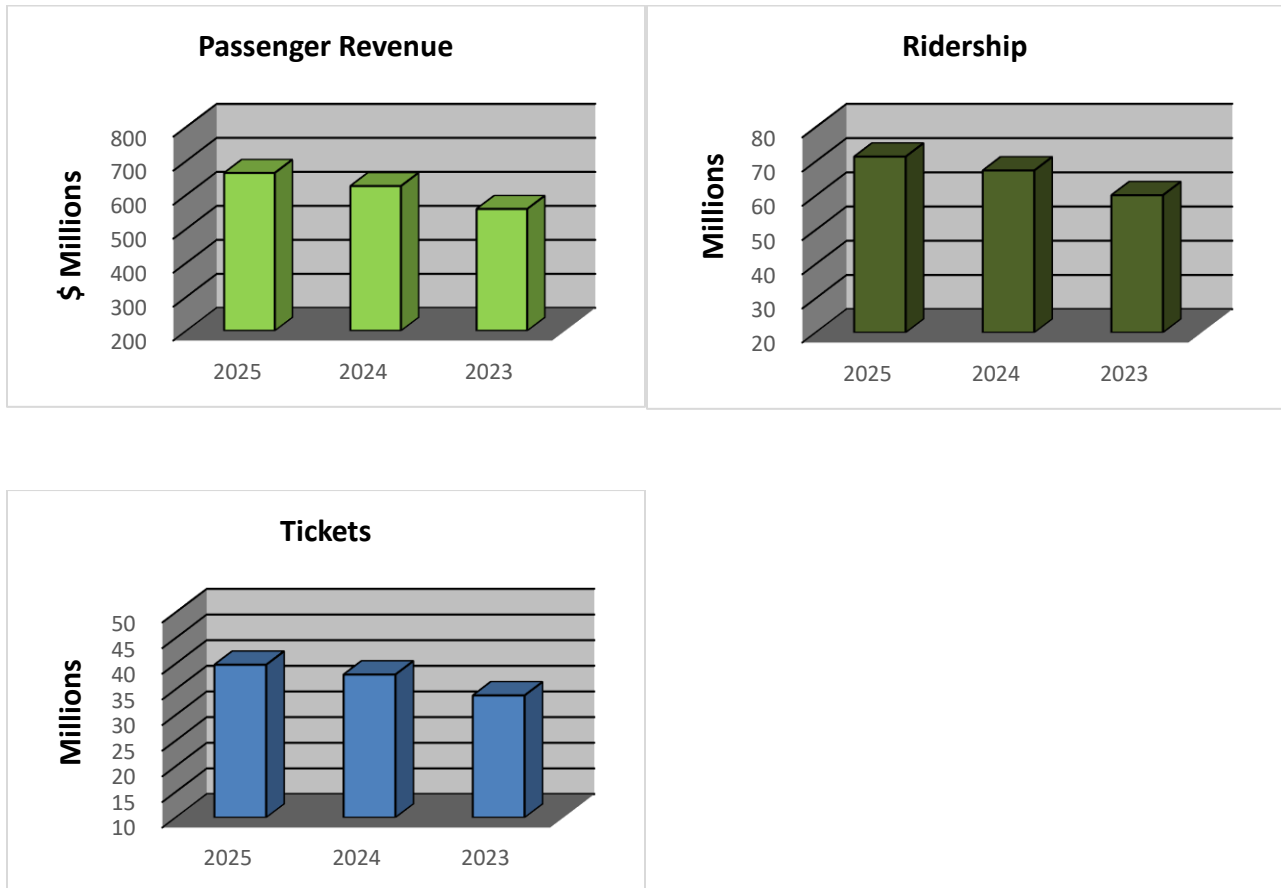
	As of December 31,			Increase/(Decrease)	
	2025	2024	2023	2025-2024	2024-2023
Net investment in capital assets	\$ 8,482,189	\$ 7,600,917	\$ 7,083,944	\$ 881,272	\$ 516,973
Unrestricted	(2,133,995)	(2,100,624)	(1,840,986)	(33,371)	(259,638)
Total net position	<u>\$ 6,348,194</u>	<u>\$ 5,500,293</u>	<u>\$ 5,242,958</u>	<u>\$ 847,901</u>	<u>\$ 257,335</u>

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

	Years Ended December 31,			Favorable/(Unfavorable)	
	2025	2024	2023	2025-2024	2024-2023
Operating revenues	\$ 725,645	\$ 662,180	\$ 605,789	\$ 63,465	\$ 56,391
Operating expenses	<u>(1,997,291)</u>	<u>(1,982,499)</u>	<u>(1,958,905)</u>	<u>(14,792)</u>	<u>(23,594)</u>
Operating loss	(1,271,646)	(1,320,319)	(1,353,116)	48,673	32,797
Total nonoperating revenues and capital contributions	<u>2,119,547</u>	<u>1,577,654</u>	<u>1,631,383</u>	<u>541,893</u>	<u>(574,108)</u>
Change in net position	847,901	257,335	278,267	590,566	(20,932)
Net position—beginning of year	<u>5,500,293</u>	<u>5,242,958</u>	<u>4,961,267</u>	<u>257,335</u>	<u>281,691</u>
Restatement of beginning net position due to adoption of GASB No. 101	<u>-</u>	<u>-</u>	<u>3,424.00</u>	<u>-</u>	<u>(3,424)</u>
Net position—end of year	<u>\$ 6,348,194</u>	<u>\$ 5,500,293</u>	<u>\$ 5,242,958</u>	<u>\$ 847,901</u>	<u>\$ 257,335</u>

Operating Revenues by Major Source



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The MTA Metro-North finished 2025 with ridership growth, rebounding from previous declining trends caused by the COVID-19 pandemic. Total ridership for 2025 was 71.4 million customers, marking a 6.0% increase over 2024's 67.4 million riders. Compared to 2019, total ridership decreased by 17.5%. Commutation ridership for 2025 increased by 10.4%, with 27.8 million passengers compared to 2024. Non-commutation ridership grew by 3.4%, reaching 43.6 million passengers compared to 42.2 million in 2024. Non-commutation ridership increased for both East and West of Hudson, growing by 10.3% and 14.8%, respectively, compared to 2024. The rise in ridership is primarily due to people returning to work, travel, and leisure activities.

MTA Metro-North (East of Hudson) passenger revenue increased in 2025 by \$38,302 or 6.2%. MTA Metro- North (West of Hudson) passenger revenue increased in 2025 by \$249 or 2.4%.

MTA Metro-North (East of Hudson) ridership increased in 2025 by 4.0 million or 6.0% in 2025 compared to 2024. MTA Metro-North (West of Hudson) ridership increased in 2025 by 42.2 thousand or 3.9% compared to 2024.

MTA Metro-North (East of Hudson) passenger revenue increased in 2024 by \$67,190 or 12.3%. MTA Metro- North (West of Hudson) passenger revenue increased in 2024 by \$128 or 1.3%.

MTA Metro-North (East of Hudson) ridership increased in 2024 by 7.2 million or 12.1% in 2024 compared to 2023. MTA Metro-North (West of Hudson) ridership increased in 2024 by 70.8 thousand or 7.0% compared to 2023.

Expenses by Category

December 31, 2025 versus 2024

Salaries and wages increased by \$6,792 or 0.92% in 2025 over 2024, consistent with prior year level and without significant underlying drivers.

Retirement and Other Employee Benefits decreased by \$10,554 or 3.08% in 2025 over 2024. The decrease is primarily due to lower health and welfare costs of \$3,206, a decrease in employee claim cost of \$4,526, and a decrease in equipment rental of \$920.

Postemployment Benefits other than Pensions decreased by \$16,726 or 21.38%. The decrease is due to actuarial gain on investments in OPEB as reflected in the net difference between projected and actual earnings.

Electric Power costs increased by \$20,532 or 25.18%, primarily driven by higher rates across both traction and non-traction categories and higher consumption within the traction category.

Fuel costs increased by \$272 or 1.16% as compared to 2024, primarily driven by higher consumption level during the year.

Maintenance and Other Operating Contracts increased by \$1,261 or 1.06%. This increase is due to higher real estate management services of \$1,859, increase in utilities usage of \$2,490, and increase in weed control and clearing costs of \$926. These increases were offset by lower MTA police services expenses of \$3,632 and non-vehicle maintenance and repair services expenses of \$309.

Professional service contracts decreased by \$6,132 or 12.48%. This decrease is primarily due to the adjusted lower allocation of MTA Information Technology and MTA Finance Operations shared service costs for the New Haven Line of \$8,980 and a decrease of \$1,491 in legal expenses. These decreases were offset by an increase in professional services contract expenses of \$3,742.

Environmental Remediation increased by \$118 or 4.73% and is mainly attributable to timing of projects requiring remediation.

DRAFT

Materials and supplies increased by \$10,059 or 8.55% primarily due to an increase in electrical supplies and parts expenses, and increase in power compensation and catenary expenses due to emergency transformer repairs, offset by gain on the disposal of M2, M4, and M6 train materials.

December 31, 2024 versus 2023

Salaries and wages increased by \$42,893 or 6.16% in 2024 over 2023, primarily due to an increase in overtime, accruals for employee retroactive wages as well as lower reimbursable recoveries due to scheduling and timing changes in capital project expenditures.

Retirement and Other Employee Benefits decreased by \$10,483 or 2.97% in 2024 over 2023. The decrease is primarily due to lower pension costs of \$33,252. primarily due to higher health and welfare costs of \$16,738 and higher railroad retirement taxes of \$6,565.

Postemployment Benefits other than Pensions decreased by \$25,516 or 24.59%. This decrease is primarily due to a decrease in the expected and actual experience, difference from employer contributions from prior year and changes in actuarial assumptions.

Electric Power costs decreased by \$4,039 or 4.72% as compared to 2023 primarily due to lower rates.

Fuel costs decreased by \$3,896 or 14.22% as compared to 2023 primarily due to lower rates.

Maintenance and Other Operating Contracts increased by \$6,673 or 5.93%. This increase was due to higher police costs of \$3,593; increase in security and telephone services of \$3,155; and increase of revenue and non-revenue vehicle repairs of \$3,284. These increases were offset by lower maintenance and repairs of \$3,466.

Professional service contracts increased by \$6,315 or 14.75%. This increase is primarily due to the adjusted higher allocation of MTA Information Technology and MTA Finance Operations shared service costs for the New Haven Line of \$7,539; \$1,868 in legal expenses and other outside services of \$2,260. These increases were offset by lower SBITA expenses of \$5,215 and engineering services of \$657.

Environmental Remediation decreased by \$2,139 or 46.14% and is mainly attributable to timing of projects requiring remediation.

Materials and supplies increased by \$2,623 or 2.28% primarily due to an increase in propulsion, truck and suspension materials and increase in reserve for obsolescence.

Nonoperating Revenues and Capital Contributions by Major Source

December 31, 2025 versus 2024

MTA Contributions for Capital Projects—MTA capital contributions increased in 2025 by \$371,061 or 43.79%. The increase in 2025 is primarily due to timing of capital contributions.

MTA Operating Subsidies—MTA operating subsidies are driven by the excess of operating expenses over fare and other revenues. Operating subsidies are provided by MTA to MNR as part of an MTA approved financial plan. Operating subsidies from the MTA increased by \$192,317 or 41.12% compared to 2024. Labor related expenses increased by \$6,792 and non-labor expenses increased by \$8,000. These were offset by an increase in fare revenue collection of \$63,465.

CDOT Subsidies Relating to the New Haven Line—CDOT subsidies decreased in 2025 by approximately \$24,041 or 9.2% due to a decrease in operating deficit subsidy of \$23,970 and a decrease in administrative asset subsidy of \$71. The decrease in operating deficit subsidy is primarily driven by an increase in revenue, resulting in a \$15,364 decrease in 2025 CDOT billings, as well as a credit of \$9,611 from finalization of 2024 billings. These

DRAFT

decreases are partially offset by audit settlements related to prior years of \$1,032. The amount CDOT is required to contribute is derived from an agreed upon formula based on the New Haven Line deficit.

December 31, 2024 versus 2023

MTA Contributions for Capital Projects—MTA capital contributions increased in 2024 by \$132,016 or 18.45%. The increase in 2024 is primarily due to timing of capital contributions.

MTA Operating Subsidies—MTA operating subsidies are driven by the excess of operating expenses over fare and other revenues. Operating subsidies are provided by MTA to MNR as part of an MTA approved financial plan. Operating subsidies from the MTA decreased by \$158,284 or 25.29% compared to 2023 primarily due to MTA offsetting the subsidies to MNR by the receivable amount that was due to MNR for ARPA, CRSSA and CARES funds.

CDOT Subsidies Relating to the New Haven Line—CDOT subsidies decreased in 2024 by approximately \$4,252 or 1.61% primarily due to a decrease in operating deficit subsidy of approximately \$5,283, and an increase in administrative asset subsidy of \$1,031. The decrease in operating deficit subsidy is attributable to audit settlements related to prior years of approximately \$1,420; an adjustment to the calculations of the 2022/2023 CDOT Final Deficit Billings of \$6,293; offset by an increase in annual CDOT billings of approximately \$2,430 or 1%. The amount CDOT is required to contribute is derived from an agreed upon formula based on the New Haven Line deficit.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Economic Conditions

Metropolitan New York is the most transit-intensive region in the United States, and a financially sound and reliable transportation system is critical to the region's economic well-being. The MTA consists of urban subway and bus systems, suburban rail systems, bridge and tunnel facilities, all of which are affected by a myriad of economic forces. To achieve maximum efficiency and success in its operations, the MTA must identify economic trends and continually implement strategies to adapt to changing economic conditions.

Preliminary MTA system-wide ridership for fourth quarter 2025 remained below the pre-pandemic level, with paid ridership down 160 million trips (-38.4%) below 2019 fourth quarter ridership.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was higher in 2025 than in 2024 by 40.1 thousand jobs (0.8%). On a quarter-to-quarter basis, New York City employment lost 19.8 thousand jobs (0.4%), breaking the twenty-month consecutive quarterly increase trend. Third quarter 2025 results, compared to second quarter 2025, increased 32.6 thousand jobs (0.7%) and increased 78.6 thousand jobs (1.6%) compared with the third quarter 2024.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 1.4% in the fourth quarter of 2025 and 4.4% in third quarter 2025, according to the most recent estimate released by the Bureau of Economic Analysis. The increase in real GDP in the fourth quarter primarily reflecting increases in consumer spending and investment that were partly offset by decreases in government spending and exports. The increase in consumer spending reflected an increase in services that was partly offset by a decrease in goods. Within services, the leading contributors to the increase were health care and other services. The increase in investment primarily reflected increases in intellectual property products, private inventory investment, and equipment. The largest contributor to the decrease was a decrease in government spending reflected in a decrease in federal government spending. Both nondefense and defense consumption expenditures for employee compensation declined.

Due to the federal government shutdown which lasted from October 1, 2025 to November 12, 2025, the Bureau of Labor Statistics was unable to collect information necessary to calculate the consumer price index data for October. To this end, the fourth quarter of 2025 presented herein reflects the average of November and

DRAFT

December. The New York City metropolitan area's price inflation rate, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was above the national average in the fourth quarter of 2025, with the metropolitan area index increasing 3.2% while the national index increased 2.7% when compared with the fourth quarter of 2024. Regional prices for energy products increased 7.2% while national prices for energy products were 2.7%. In the metropolitan area, the CPI-U exclusive of energy products increased by 3.0%, while nationally, inflation exclusive of energy products increased 2.7%. The New York Harbor spot price for conventional gasoline decreased by 11.1% from an average price of \$2.10 per gallon to an average price of \$1.87 per gallon between the fourth quarters of 2024 and 2025.

In its announcement on December 10th 2025, the Federal Open Market Committee ("FOMC") set its target for the Federal Funds rate at the 3.50% to 3.75% range. This is the sixth decline in the target rate range since September 18, 2024, when the FOMC reduced the target from a 5.25% to 5.50% range to a 4.75% to 5% range. Previously, FOMC actions decreased the range to 4.75% to 5% on September 18, 2024, decreased the range to 4.5% to 4.75% range on November 7, 2024, decreased the range to 4.25% to 4.5% on December 18, 2024, decreased the range to 4.0% to 4.25% on September 17, 2025, and decreased the range to 3.75% to 4% on October 29, 2025. In assessing the appropriate stance of monetary policy, the FOMC will continue to monitor the implications of incoming information for the economic outlook. The FOMC judges that reserve balances have declined to ample levels and will initiate purchases of shorter-term Treasury securities as needed to maintain an ample supply of reserves on an ongoing basis. The FOMC's assessments will consider a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

MRT collections in the fourth quarter of 2025 were higher than the fourth quarter of 2024 by \$16.9 million (18.2%). Average monthly receipts in the fourth quarter of 2025 were \$28.1 million (-44.2%) lower than the monthly average for 2006, just prior to the steep decline in Mortgage Recording Tax revenues during the Great Recession. MTA's Urban Tax receipts during the fourth quarter of 2025—which are derived from commercial real estate transactions and mortgage recording activity within New York City and can vary significantly from quarter to quarter based on the timing of exceptionally high-priced transactions—were \$17.6 million (17.2%) higher than receipts during the fourth quarter of 2024. Average monthly receipts in the fourth quarter of 2025 were \$35.3 million (-48.0%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

Results of Operations

2025

Systemwide Metro-North ridership was still lower than pre-pandemic ridership but did increase in 2025 to about 71,417 rides from about 67,379 the previous year.

East-of-Hudson ridership was up 6% to about 70,290 rides. Ridership on the Harlem Line was up 5.3% to 21,686 rides; on the Hudson Line up by 6.4% to 14,665 rides; and on the New Haven Line up by 5.8% to 33,940 rides.

West-of-Hudson ridership was up approximately by 1,128 rides, 3.9% above the previous year.

Combined ridership on Metro-North's three connecting services Hudson Rail Link, Haverstraw-Ossining Ferry and Newburgh-Beacon Ferry decreased in 2025 approximately 1.8% to 320 rides.

System-wide on-time performance for 2025 totaled 97.8%, an decrease of 0.5% compared to 2024 and above the railroad's goal of 94.0%. The Hudson, Harlem, and New Haven Lines performed at 98.1%, 97.8%, and 97.7% respectively.

West-of-Hudson on-time performance totaled 94.3%, an increase of 1.3 percentage point from 93.0% in the previous year and above the goal.

DRAFT

Rolling Stock Mean Distance Between Failures (MDBF) which is the average number of miles a locomotive travel before causing a failure or delay, increased in 2025 to 333,159 miles from 332,059 miles in 2024.

Consist Compliance Rate, which is the percentage of cars required for service and providing seats for customers each day, was consistently at 99.9%.

2024

As a result of the COVID-19 pandemic and related safety restrictions, systemwide Metro-North ridership was still lower than pre-pandemic ridership but did increase in 2024 to about 67,379 rides from about 60,141 the previous year.

East-of-Hudson ridership was up 12.1% to about 66,293. Ridership on the Harlem Line was up 11.6% to 20,440 rides; on the Hudson Line up by 13.8% to 13,779 rides; and on the New Haven Line up by 11.8% to 32,074 rides.

West-of-Hudson ridership was up approximately by 71 rides, 7.0% above the previous year.

Combined ridership on Metro-North's three connecting services- Hudson Rail Link, Haverstraw-Ossining Ferry and Newburgh-Beacon Ferry increased in 2024 approximately 17% to 329.

System-wide on-time performance for 2024 totaled 98.3%, an increase of 1.1% compared to 2023 and above the railroad's goal of 94.0%. The Hudson, Harlem, and New Haven Lines performed at 98.7%, 98.3%, and 98.2% respectively.

West-of-Hudson on-time performance totaled 93.0%, an decrease of 0.2 percentage point from 93.2% in the previous year and below goal.

Rolling Stock Mean Distance Between Failures (MDBF) which is the average number of miles a locomotive travel before causing a failure or delay, increased in 2024 to 332,059 miles from 331,964 miles in 2023.

Consist Compliance Rate, which is the percentage of cars required for service and providing seats for customer each day, was consistently at 99.9%.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program—MTA Metro-North Railroad's portion of the

MTA 2020-2024 Core Capital Plan as approved by the MTA Board via plan amendment in December 2025, totals \$3,404,200. With these updates, this program provides fleet modernization of \$725,700, Grand Central Terminal, stations and parking improvements of \$909,800, track and structures repairs and improvements of \$1,350,800, and communications, signals and power improvements of \$248,200.

MTA Metro-North Railroad's portion of the MTA 2015-2019 Core Capital Program as approved by the MTA Board via plan amendment in September 2019, totals \$2,461,700, and subsequently revised to \$2,464,500.

With these updates, this program provides for fleet modernization of \$379,400, shop and yard improvements of \$473,300, GCT, stations and parking improvements of \$510,900, track and structures repairs and improvements of \$440,600, communications and signals upgrade of \$348,000 and power rehabilitation and improvements of \$99,100.

MTA Metro-North Railroad's portion of the MTA 2010-2014 Core Capital Program as approved by the MTA Board via plan amendment in September 2019, was \$1,533,500, subsequently revised to \$1,564,300, including \$242,400 for fleet modernization, shop and yard improvements of \$322,500, track and structures repair and rehabilitation work at \$306,300, \$303,800 for communications and signals work primarily focused on positive train control implementation, \$188,900 of GCT, stations and parking improvements, and \$117,500 for power

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investments. These investments focus on safety and maintaining the core infrastructure. The majority of the projects in this program are either completed or nearing completion.

In the past, the capital program has addressed infrastructure state of good repair needs, including track, bridges, passenger stations, communications and maintenance shops. The achievements of the investments made during prior capital programs yielded dramatic improvements in trip times, reliability, on-time performance, passenger comfort, safety and convenience. See Capital Assets Note 5 for further details.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

On September 01, 2025, fares increased 5% for services in Connecticut.

Fares for travel in New York did not change in 2025.

Labor negotiation update - As of December 31, 2025, Metro-North Railroad employs approximately 6,442 people. Among these are approximately 5,535 employees represented by ten different unions. Through the third final of 2025, Metro-North has reached labor agreements with approximately 58% of its represented workforce.

The first agreements reached with unions at Metro-North Railroad for the current round of collective bargaining were approved by the MTA Board in the final quarter of 2024. The two agreements cover Conductors and Assistant Conductors represented by the Association of Commuter Rail Employees, Division 1 (ACRE 1) through May 1, 2027; and Locomotive Engineers covered by the Association of Commuter Rail Employees, Division 9 through February 28, 2027 (ACRE 9). In January 2025, a similar agreement between the railroad and the International Brotherhood of Electrical Workers (IBEW) was approved by the MTA Board and will run through June 21, 2027.

Each of these agreements covers an unsettled portion of the 2019-2023 bargaining round, providing wage increases for that unsettled period that are identical to the wages received by all other railroad unions over the same time span. Going forward from 2023, the agreements include annual wage increases of 4.0%, 4.0% and 4.2%, compounding to 12.70% above 2023 levels. While these increases exceed the wage rises anticipated by the MTA Financial Plan for the current bargaining round, the unanticipated cost will be fully offset by the recurring savings from the agreements' other new provisions; and the net going-out cost will thereby remain consistent with Plan expectations. Important savings will derive from an increase in all employees' health care contributions from the current 2% of regular wages to 3%; from additional contract extensions; and from a set of new work rules, long sought by MTA management both to reduce overtime costs and to contribute to operational efficiencies, especially by allowing greater flexibility in the deployment of labor. In September 2025, similar agreements for the 2023-2026 bargaining round were reached with Sheet Metal, Air, Rail Transportation Union – Mechanical & Engineering Division (SMART-MD), and the National Conference of Firemen & Oilers (NCF&O), that included annual wage increases of 4.0%, 4.0% and 4.2% during the forty-one (41) month terms, the same increase to all employees' health and welfare contributions, and various work rule changes driven to reduce overtime and expand operating flexibilities.

In April 2025, Metro-North entered new agreement terms with the Transport Workers Union, Locals 2001 and 2055, covering approximately 605 members. The agreement, spanning the three-year period from November 1, 2023, through October 31, 2026 provides wage increases of 3.0% for the first year, 3.0% for the second year and 3.5% for the third year. These increases and the net costs of the agreement's other provisions are consistent with the 2023-2026 labor agreements that were passed last year with five Long Island Railroad unions, and that now cover 50% of LIRR's represented population. For Metro-North, this agreement reiterates the 3%, 3%, 3.5% as a recognized wage pattern for bargaining units that are unwilling or unable to negotiate significant work rule savings to offset the excess financial cost of the higher (4.0%, 4.0%, 4.2%) wage pattern. Subsequently, similar agreements were reached in July 2025 with the Association of Commuter Rail Employees, Division 113 covering Rail Traffic Controllers, and the Association of Commuter Rail Employees, Division 37 covering Power Directors.

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Most recently in December 2025, the MTA Board ratified an additional labor agreement similar to the MNR TWU agreement ratified in April. The new agreement, covering approximately 95 Supervisory employees in the International Brotherhood of Electrical Workers – Supervisory unit (IBEW-S) is 37 months long, running from April 3, 2023 through September 2, 2026. It provides wage increases of 3.0% for 2023, 3.0% for 2024, and 3.5% for 2025.

At Metro-North, negotiations continued throughout the quarter with its other unions whose terms are now all amendable; and the employees represented by those unions are looking forward to new agreements for the 2023-2026 period.

Passenger Rail Investment and Improvement Act

Pursuant to a 1991 trackage rights agreement with Amtrak, Metro-North is reimbursed for incremental operating costs associated with Amtrak's use of the New Haven Line, which is shared with CDOT at 65%.

Under Section 212 of the Passenger Rail Investment and Improvement Act ("PRIIA") of 2008, the Northeast Corridor Infrastructure and Operations Advisory Commission (the "Commission") was established to develop and implement a cost-sharing arrangement (the "cost allocation policy") for the Northeast Corridor ("NEC") infrastructure used for commuter and intercity rail services. The cost allocation policy creates a standardized formula to ensure each intercity and commuter service is assigned the costs associated with its sole-benefit use of the NEC and a proportional share of costs resulting from joint-benefit use.

On April 26, 2018, an amendment to the 1991 agreement was executed which incorporates the applicable terms of the NEC cost allocation policy retroactively from October 1, 2015. The Amtrak expense recoveries (shared with CDOT at 65%) were approximately \$38,047 in 2025 and \$35,373 in 2024.

The 2025 MTA November Plan

The 2025 MTA November Financial Plan (the "November Plan" or "Plan"), which includes the 2025 November Forecast, the 2026 Final Proposed Budget and a Financial Plan for the years 2026 to 2029, updates the 2025 July Financial Plan (the "July Plan"), which included the 2025 Mid-Year Forecast and the 2026 Preliminary Budget.

The November Plan remains balanced through 2026 with deficits of \$160 million in 2027 and \$243 million in 2028, compared with the July Plan which was also balanced through 2026 and included deficits of \$345 million in 2027 and \$354 million in 2028. The February Plan was also balanced through 2026 and included deficits of \$378 in 2027 and \$419 in 2028.

Compared with the July Plan, the November Plan is \$419 favorable over the Plan period. Plan-to-plan changes reflect Agency updates - including savings from new Operating Efficiencies, New Needs, Farebox and Toll Revenue, and other Agency re-estimates - as well as Subsidy receipts and Debt Service expense re-forecasts. The July Plan included additional farebox and toll revenues from proposed fare and toll rate and policy changes for implementation in January 2026. With MTA Board approval in September 2025, the additional revenue projected from these actions, which were represented below-the line in the July Plan, have been incorporated into Agency financial plans. Overall, farebox and toll revenues, compared with the July Plan, are \$20 favorable over the Plan period. Compared with the July Plan, Debt Service expense is \$161 favorable.

Tolling through the Congestion Relief Zone ("CRZ") Tolling Program, formerly referred to as Central Business District Tolling Program ("CBDTP"), began in January 2025. CRZ net revenue, dedicated to the 2020-2024 MTA Capital Program, is deposited into the MTA Capital Lockbox Fund.

Consistent with prior Plans, this Plan proposes, effective March 2027 and March 2029, biennial fare and toll rate changes to generate a 4 percent yield increase in farebox and toll revenues. These proposals are projected to generate \$39 above the forecast in the July Plan.

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The November Plan presents a balanced budget through 2026, with deficits of \$160 in 2027, \$243 in 2028 and \$306 in 2029.

Risks to MTA's Financial Future

Additional risks to the November Plan include:

Dedicated tax receipts. Almost 45% of operating revenues come from dedicated taxes, and an economic slowdown or recession could reduce these revenues and impact the MTA's ability to cover operating costs.

FEMA COVID reimbursement. The MTA continues to await FEMA reimbursement for direct COVID-related expenses. Reimbursements have already slipped beyond planned dates. If they do not materialize, the Plan would face a \$200 million deficit in 2026, with deficits \$200 million higher in both 2027 and 2028.

Gaming license fees and gaming tax revenues. Three casino projects received final approval from New York State in December 2025. The MTA received \$500 million in December 2025 and \$1 billion in January 2026 in license fees. The Plan also assumes gaming tax revenues of \$600 million in 2028 and \$200 million in 2029. Any delay or shortfall in these revenues poses a risk to the Plan.

Approval and implementation of fare and toll yield increases. The Plan assumes fare and toll rate increases in March 2027 and March 2029, expected to generate \$1.22 billion over the Plan period. Any failure to approve or implement these increases jeopardizes the anticipated revenue.

Labor agreements. Major collective bargaining agreements expire during the Plan period. The Plan assumes annual 2% wage increases at contract expiration.

New York City paratransit reimbursements. Paratransit net costs continue to rise. Current State law maintains NYC's reimbursement at 80% of expenses, but this law expires in June 2030. Without an extension of the 80% requirement, City reimbursement could fall significantly, causing deficits to increase.

MTA operating efficiencies. The MTA achieved \$500 million in recurring efficiencies by the end of 2025 and plans to capture additional savings starting in 2026. These include \$75 million in 2026, growing to \$250 million in annual recurring savings by 2029. These savings must be fully realized to keep the Plan on track.

Delays in the Penn Station Access project. The project's full completion has been delayed from 2027 to 2030 due to coordination issues with Amtrak. While partial service may begin earlier, delays could create operational cost changes and shift budget impacts across the Plan period.

More detailed information on the November Plan can be found in the MTA 2026 Final Proposed Budget - November Financial Plan 2026-2029 at www.MTA.info.

Contacting MTA Controller's Office

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

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METRO-NORTH COMMUTER RAILROAD COMPANY (Component Unit of the MTA)

STATEMENTS OF NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (Dollars in thousands)

	Business Type Activities	
	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	\$ 18,693	\$ 26,261
Fare cards		5,039
Invested funds at MTA (Note 2)	117,385	107,717
Receivables:		
Due from MTA and affiliated agencies (Note 14)	168,088	153,000
Due from NYSDOT	104	862
Due from AMTRAK	1,290	921
Rents	9,062	6,569
Other	147,729	165,661
Less: allowance for doubtful accounts	(2,775)	(2,603)
Receivables—net	323,498	324,410
Materials and supplies—net of allowance of \$84,441 and \$82,751 in 2025 and 2024, respectively	219,615	194,172
Prepaid expenses and other current assets	43,551	183,156
Total current assets	722,742	840,755
NONCURRENT ASSETS—Capital assets (Notes 2 and 5):		
Land and construction work in progress	3,500,225	2,793,355
Other capital assets—net of accumulated depreciation	5,204,805	5,049,922
Other noncurrent receivables	55,852	56,643
Total noncurrent assets	8,760,882	7,899,920
Total assets	9,483,624	8,740,675
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows for pension (Note 7)	189,248	244,655
Deferred outflows for postemployment benefits other than pensions (Note 8)	394,267	373,010
Total deferred outflows of resources	583,515	617,665
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 10,067,139	\$ 9,358,340

(Continued)

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METRO-NORTH COMMUTER RAILROAD COMPANY (Component Unit of the MTA)

STATEMENTS OF NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (Dollars in thousands)

	Business Type Activities	
	2025	2024
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	\$ 71,831	\$ 70,504
Due to MTA and affiliated agencies (Note 14)	120,450	140,598
Due to CDOT	20,998	35,931
Accrued expenses:		
Salaries, wages and payroll taxes	81,243	145,498
Current portion-compensated absences (Note 11)	74,439	70,716
Other	52,387	40,959
Total accrued expenses	208,069	257,173
Current portion of estimated liability arising from injuries to persons (Note 12)	10,700	9,016
Current portion—loans payable (Note 6)	544	2,339
Current portion—lease payable (Note 9)	14,986	15,485
Current portion subscription-based IT arrangements payable (Note 10)	1,614	2,876
Environmental remediation (Note 13)	699	699
Unearned revenues	3,230	3,220
Total current liabilities	453,121	537,841
NONCURRENT LIABILITIES:		
Net OPEB liability (Note 8)	1,545,495	1,541,872
Net pension liability (Note 7)	525,824	572,591
Estimated liability arising from injuries to persons (Note 12)	168,316	188,622
Loans payable (Note 6)	1,105	1,649
Environmental remediation (Note 13)	6,439	6,004
Lease payable (Note 9)	184,860	198,719
Subscription-based IT arrangements payable (Note 10)	19,733	21,291
Compensated absences (Notes 2 and 11)	42,059	41,567
Other long-term liabilities	-	-
Total noncurrent liabilities	2,493,831	2,572,315
Total liabilities	2,946,952	3,110,156
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows from pension (Note 7)	25,326	7,330
Deferred inflows from post employment benefits other than pensions (Note 8)	687,790	683,816
Deferred inflows from leases (Note 9)	58,877	56,745
Total deferred inflows of resources	771,993	747,891
NET POSITION:		
Net investment in capital assets	8,482,189	7,600,917
Unrestricted deficit	(2,133,995)	(2,100,624)
Total net position	6,348,194	5,500,293
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$10,067,139	\$ 9,358,340

See notes to financial statements.

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METRO-NORTH COMMUTER RAILROAD COMPANY (Component Unit of the MTA)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (Dollars in thousands)

	Business-Type Activities	
	2025	2024
OPERATING REVENUES:		
Passenger fares	\$ 664,221	\$ 625,670
Rents and utilities	28,875	16,435
Advertising	20,449	15,452
Other	12,100	4,623
Total operating revenues	<u>725,645</u>	<u>662,180</u>
OPERATING EXPENSES:		
Salaries and wages	746,474	739,682
Retirement and other employee benefits	332,153	342,707
Postemployment benefits other than pensions	61,503	78,229
Electric power	102,064	81,532
Fuel	23,778	23,506
Insurance	31,963	21,293
Claims	5,884	6,008
Maintenance and other operating contracts	120,454	119,193
Environmental remediation	2,614	2,496
Professional service contracts	43,002	49,134
Materials and supplies	127,751	117,692
Depreciation and amortization	366,549	357,059
Other	33,102	43,968
Total operating expenses	<u>1,997,291</u>	<u>1,982,499</u>
OPERATING LOSS	<u>(1,271,646)</u>	<u>(1,320,319)</u>
NONOPERATING REVENUES:		
Operating subsidies from MTA	659,983	467,666
Federal Transit Authority ("FTA") Reimbursement	504	969
CDOT subsidies	236,310	260,351
Other nonoperating revenues/(expenses)—net	4,231	1,210
Total nonoperating revenues net	<u>901,028</u>	<u>730,196</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	(370,618)	(590,123)
CAPITAL CONTRIBUTIONS—MTA contributions for capital projects	<u>1,218,519</u>	<u>847,458</u>
CHANGE IN NET POSITION	847,901	257,335
NET POSITION—Beginning of year	5,500,293	5,242,958
NET POSITION—End of year	<u>\$ 6,348,194</u>	<u>\$ 5,500,293</u>

See notes to financial statements.

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METRO-NORTH COMMUTER RAILROAD COMPANY (Component Unit of the MTA)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (Dollars in thousands)

	Business-Type Activities	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts	\$ 664,232	\$ 625,270
Rents, advertising, and other receipts	39,956	19,286
Payroll and related fringe payments	(1,314,870)	(1,182,009)
Other operating expenses	(306,721)	(470,121)
Net cash used in operating activities	(917,403)	(1,007,574)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating subsidies from MTA	659,983	467,666
Operating subsidies from CDOT	232,560	267,618
Other non-operating revenues—net	9,474	7,155
FTA reimbursement	504	309,838
Net cash provided by noncapital financing activities	902,521	1,052,277
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Receipts from leases	22,482	19,596
Payments of leases and subscription-based IT arrangements	(31,590)	(30,766)
Capital contributions from MTA	211,077	124,937
Capital expenditures incurred for capital program	(194,655)	(153,235)
Net cash provided by/(used in) capital related financing activities	7,314	(39,468)
NET INCREASE IN CASH	(7,568)	5,235
CASH—Beginning of year	26,261	21,026
CASH—End of year	\$ 18,693	\$ 26,261
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (1,271,646)	\$ (1,320,319)
Adjustments to reconcile operating loss to net cash used in operating activities—depreciation and amortization	366,549	357,059
Net increase in accounts payable, accrued expenses, other liabilities, unearned revenues	(63,041)	159,708
Net decrease in receivables	(63,428)	(171,032)
Net increase in materials and supplies, prepaid expenses and other current assets, other assets	114,163	(32,990)
NET CASH USED IN OPERATING ACTIVITIES	\$ (917,403)	\$ (1,007,574)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital assets	\$ (1,086,562)	\$ (669,125)
Capital assets related liabilities	34,487	(22,672)
Interest expenses for leases and subscription-based IT arrangements	7,950	7,881
Interest income from leases	(2,853)	(2,199)
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (1,046,978)	\$ (686,115)

See notes to financial statements.

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METRO-NORTH COMMUTER RAILROAD COMPANY

(Component Unit of the MTA)

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Dollars in thousands, except as noted)

1. BASIS OF PRESENTATION

Reporting Entity—The Metro-North Commuter Railroad Company (the “MTA Metro-North Railroad”) is a component unit of the Metropolitan Transportation Authority, established in September 1982 pursuant to the New York State Public Authorities Law and is a part of the related financial reporting group of the MTA. The MTA is a component unit of the State of New York.

The MTA Metro-North Railroad performs a public service by providing essential commuter passenger transportation between New York City and the suburban communities in Westchester, Dutchess, Putnam, Orange, and Rockland Counties in New York State, and New Haven and Fairfield Counties in Connecticut. The Company has direct operating responsibility for the entire New Haven commuter railroad line under a service agreement among MTA, MTA Metro-North Railroad and the Connecticut Department of Transportation (“CDOT”). It also has direct operating responsibility for the Harlem/Hudson Lines in New York State. In addition, pursuant to a service agreement between the MTA Metro-North Railroad and New Jersey Transit Rail Operations, Inc. (“New Jersey Transit”) the Company funds certain net operating costs of the Port Jervis and Pascack Valley Lines operated by New Jersey Transit.

MTA Metro-North Railroad is operationally and legally independent of the MTA. MTA Metro-North Railroad enjoys certain rights typically associated with separate legal status. However, MTA Metro-North Railroad is included in the MTA’s consolidated financial statements as a blended component unit because of the MTA’s financial accountability and MTA Metro-North Railroad is under the direction of the MTA Board (a reference to “MTA Board” means the board of MTA and/or the boards of the MTA Metro-North Railroad and other MTA component units that apply in the specific context, all of which are comprised of the same persons). Under accounting principles generally accepted in the United States of America (“GAAP”), the MTA is required to include MTA Metro-North Railroad in its consolidated financial statements.

Substantial deficits result from providing these services and the MTA Metro-North Railroad expects that such deficits will continue in the foreseeable future. Funding for the MTA Metro-North Railroad’s operations and capital needs is provided by MTA and CDOT. MTA obtains the required funds from state and federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to the MTA Metro-North Railroad on a discretionary basis. The continuance of the MTA Metro-North Railroad’s operations has been, and will continue to be, dependent upon the receipt of adequate funds from the MTA, as well as subsidies provided by CDOT.

The MTA Metro-North Railroad is not liable for real estate or personal property taxes on its properties, or sales taxes on substantially all of its purchases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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The MTA Metro-North Railroad applies Governmental Accounting Standards Board (“GASB”) Codification of Governmental Accounting and Financial Reporting Standards (“GASB Codification”) Section P80, Proprietary Accounting and Financial Reporting.

New Accounting Standards-Restatement— The MTA Metro-North Railroad adopted the following GASB Statement for the period ended December 31, 2025.

GASB Statement No. 102, Certain Risk Disclosures. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement defines concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal actions of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending.

After evaluating the criteria of GASB 102, the MTA Metro-North Railroad concluded that the adoption of this Statement required the disclosure of certain risk factors that will have a substantial impact on the financial position, results of operations or cash flows of the MTA.

Accounting Standards Issued but Not Yet Adopted

GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of the MTA (agency name) upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Required Year of Adoption
103	<i>Financial reporting model improvements</i>	2026
104	<i>Disclosure of certain capital assets</i>	2026
105	<i>Subsequent events</i>	2027

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

Invested Funds at MTA—The MTA, on behalf of the MTA Metro-North Railroad, invests funds which are not immediately required for the MTA Metro-North Railroad’s operations in securities permitted by the MTA’s All-Agency Investment Guidelines in accordance with the State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes and U.S. Treasury zero-coupon bonds. All investments are held by the MTA’s agent in custody accounts in the name of the MTA. The MTA has no financial instruments with significant individual or group concentration of credit risk. The Authority categorizes its fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

MTA Metro-North earnings from short-term investments were \$5,438 and \$5,675 for the years ended December 31, 2025 and 2024, respectively, included in “Other Nonoperating revenues” in the Statement of Revenues, Expenses and changes in Net Position. At December 31, 2025 and 2024, MTA Metro-North had intercompany investment fund balances of \$117,385 and \$107,717, respectively, reported in the Statement of Net Position.

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Due from/to MTA and Constituent Authorities—Due from/ to MTA and constituent authorities consists of reimbursements due from the MTA Capital Program for billed and unbilled charges relating to capital projects, farecards and intercompany operating receivables, payables, and inter-agency loan transactions. Receivables are recorded as amounts due to Metro-North Railroad, reduced by an allowance for doubtful accounts, to report the receivables at their net realizable value.

Materials and Supplies—Materials and supplies, except for repaired and repairable items, are recorded at average cost. Reserve for obsolete and excess materials was \$84,441 and \$82,751 in 2025 and 2024, respectively. Repaired items, such as engines and motors, are valued at 50% of their current purchase price.

Fare Cards—MTA MNR (& LIRR) sells joint prevalued MetroCard (“fare cards”) on consignment on behalf of an affiliated agency. Such fare cards are recorded at cost and reimbursed to the affiliated agency upon sale. The sale of the joint prevalued MetroCard ended in May 2025.

Capital Assets—Capital assets and improvements include all land, buildings, leasehold improvements, and equipment of the MTA Metro-North Railroad having a useful life of greater than two years and having a cost of at least \$25.

Capital assets are stated at historical cost, or at estimated historical cost based on appraisals or on other acceptable methods when historical cost is not available. GASB Statement No. 87, *Leases* are classified as right-of-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Statement No. 96, *Subscription-Based Information Technology Arrangements*, are classified as intangible right-to-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementations costs, less any incentives received.

Accumulated depreciation and amortization are reported as reductions of capital assets. Depreciation is computed using the straight-line method based upon estimated useful lives, 25 to 30 years for road and structures, 50 years for rail and buildings, and 3 to 20 years for other equipment. Right-of-use lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term.

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment loss on assets to be sold, if any, is based on the estimated proceeds to be received, less estimated costs to sell.

Expenditures for maintenance and repairs that do not extend the useful life of the asset are charged to operations as incurred. Funding for substantially all capital projects of the MTA Metro-North Railroad is provided by MTA. Asset acquisitions funded by MTA on capital projects are transferred to the MTA Metro-North Railroad monthly.

Leases—Per GASB Statement No. 87, certain lease agreements are classified as financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Lease receivables and liabilities are measured at the present value of payments expected to be made during the lease term, using an applicable discount rate stated or implicit in the lease and if not available, using incremental borrowing rate at the time of valuation. Lease assets and deferred inflows are amortized on a straight-line basis over the term of the lease.

Subscription-Based Information Technology Arrangements—Per GASB Statement No. 96, subscriptions to certain information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) are recognized as an intangible right-to-use subscription asset with a corresponding subscription liability at the commencement of the subscription term. The subscription liability is initially

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measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the rate charged by the vendor, which may be implicit, or MTA's incremental borrowing rate if the interest rate is not readily determinable. The amortization of the subscription asset and discount on the subscription liability are both recognized as outflow of resources over the subscription term.

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: the MTA Metro-North Railroad is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; the MTA Metro-North Railroad is named by a regulator as a responsible or potentially responsible party to participate in remediation; the MTA Metro-North Railroad voluntarily commences or legally obligates itself to commence remediation efforts; or the MTA Metro-North Railroad is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

Operating Revenues—Passenger revenues from the sale of tickets are recognized as income as they are sold; unearned revenue is recorded for tickets sold in advance of the period for which the ticket is valid. Revenues from rents, advertising and other related income are recorded when earned.

Nonoperating Revenues—The MTA Metro-North Railroad receives both Capital Contributions and Operating Subsidies from the MTA, and subsidies relating to New Haven Line operations from the Connecticut Department of Transportation.

Nonexchange Transactions with MTA—In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, funds contributed by MTA for the MTA Metro-North Railroad's capital project expenditures are reported as nonoperating revenue when such expenditures are accrued. MTA contributions for capital projects are included as nonoperating capital projects subsidy in the accompanying statements of revenues, expenses and changes in net position.

The cost of certain services provided by MTA for the benefit of the MTA Metro-North Railroad are accrued as incurred, including the cost of police services relating to the New Haven Line. MTA does not charge the MTA Metro-North Railroad (or other related groups) for the cost of police services relating to the other lines.

CDOT Subsidies—The portion of the deficit from operations relating to the New Haven line recoverable from CDOT is recorded as nonoperating revenue based on billings reflecting the monthly deficit. The CDOT Service Agreement (the "Service Agreement"), dated June 21, 1985, governs the operations of the New Haven Line. The Service Agreement provides for automatic five-year renewals. The present renewal term commenced January 1, 2025 and expires December 31, 2029.

Under the terms of the Service Agreement, CDOT pays 100% of the net operating deficit of the branch lines (New Canaan, Danbury and Waterbury) and 65% of the New Haven main line operating deficit. The New Haven Line's share of the net operating deficit of Grand Central Terminal (GCT) is funded by a fixed fee for the use of GCT, calculated using several years as a base, with annual increases for inflation and the actual cost of operating GCT North End Access beginning in 1999. The Service Agreement also provides that CDOT shall pay 100% of the cost of non-movable capital assets located in Connecticut, 100% of movable capital assets to be used primarily on the branch lines and 65% of the cost of other movable capital assets allocated to the New Haven Line. Remaining funding for New Haven Line capital assets is provided by MTA. Capital assets completely funded by CDOT are not reflected in the MTA Metro-North Railroad's financial statements, as ownership is retained by CDOT.

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The Service Agreement provides that final billings for each year be subject to audit by CDOT. The audits of 2024 and 2025 billing are still open.

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 Metro North (e.g., salaries, compensated absences, insurance, depreciation, lease and SBITA amortization, etc.) are reported as operating expenses. All other expenses (e.g. interest on long-term debt, interest on leases and SBITAs, subsidies paid to counties, etc.) are reported as non-operating expenses.

Compensated Absences—Per GASB Statement No. 101, Compensated Absences, the Authority has accrued the value (including certain salary-related payments) of vacation, sick, compensatory time and other leave benefits earned by employees to date for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means (if any). Unexpired benefits that are more than likely to be used or settled at separation of service are recognized in the financial statements according to timing of estimated payment.

Liability Insurance—First Mutual Transportation Assurance Company (“FMTAC”), an insurance captive subsidiary of MTA, provides a liability insurance program (aka “ELF”) that insures certain claims in excess of the agencies self insured retention. The maximum amount that the ELF is responsible for arising out of any one occurrence and in the aggregate is the total assets of the ELF program available for claims, but in no event greater than \$50 million for all agencies and an additional \$10 million for NYCT. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2025, the balance of the assets in this program was \$231.77 million.

MTA also maintains an All Agency Excess Liability Insurance Policy (ELP), which is reinsured through FMTAC. The ELP affords the MTA Group coverage limits of \$342 million for a total limit of \$392 million (\$342 million excess of \$50 million).

On March 1, 2025, the “nonrevenue fleet” automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for MTA Long Island Rail Road, MTA Staten Island Railway, MTA Police, MTA Metro-North Railroad, MTA Inspector General, MTA Construction & Development Company, and MTA Headquarters. The program limit is \$11 million per occurrence on a combined single limit with a \$1 million self-insured retention for each accident. A primary limit of \$1 million was procured through the commercial marketplace. Excess limits of \$9 million were procured through FMTAC.

On December 15, 2025, FMTAC renewed the primary coverage on the Station Liability and Force Account liability policies \$11 million per occurrence loss for MTA Metro-North Railroad.

Property Insurance – Effective May 1, 2025, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2025, 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 \$400 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, London, European, and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of \$7.5 million per occurrence. In addition to the noted \$25 million per occurrence self-insured deductible, MTA self-insures above that deductible for \$29.577 million within the overall \$400 million per occurrence property program as follows: \$11.734 million (or 23.47%) of the primary \$50 million layer, plus \$11.734 million (or 23.47%) of the \$50 million excess \$50 million layer, plus \$6.109 million (or 12.22%) of the \$50 million excess \$100 million layer. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

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Supplementing the \$400 million per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of \$100 million of fully collateralized storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 19, 2023 to April 30, 2026. The expanded protection is reinsured by MetroCat Re Ltd. 2023-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2023-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of "certified" losses, as covered by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") of 2019. The remaining 20% of the Related Entities' losses arising from an act of terrorism would be covered under the additional terrorism policy described below. No federal compensation will be paid unless the aggregate industry insured losses exceed a trigger of \$200 million. The United States government's reinsurance is in place through December 31, 2027.

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any "certified" act of terrorism up to a maximum recovery of \$215 million for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the "certified" acts of terrorism insurance, but not to exceed \$40 million for any one occurrence, or (3) 100% of any "certified" terrorism loss which exceeds \$5 million and less than the \$200 million TRIPRA trigger up to a maximum recovery of \$200 million for any one occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of \$255 million for any one occurrence. Recovery under the terrorism policy is subject to a deductible of \$25 million for any one occurrence 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 for any one occurrence. The terrorism coverages expire at midnight on May 1, 2028.

In the event that TRIA is not extended or renewed on or before January 1, 2028, then effective January 1, 2028, coverage will be limited to \$255 million for any one occurrence.

All Agency Protective Liability—FMTAC All-Agency Protective Liability Program. Under the All-Agency Protective Liability Program ("AAPL"), FMTAC directly insures the Related Entities against claims arising out of work performed by independent contractors on capital projects. The policy provides coverage of \$2 million per occurrence.

FMTAC All-Agency Protective Excess Liability Program. FMTAC directly insures the Related Entities to provide excess coverage on top of the AAPL. The policy provides coverage of \$9 million in excess of \$2 million per occurrence, with an \$18 million annual aggregate. Any excess is covered by the ELF program.

Self-Insurance and Risk Retention—The MTA Metro-North Railroad is self-insured for liabilities arising from injuries to passengers, employees and others with the exception of injuries to non-employees and off-duty employees arising from occurrences at NYS stations ("Station Liability"), and employees and non-employees, arising from reimbursable project work ("Force Account"). The MTA Metro-North Railroad accrues the estimated total cost for the self-insured liability arising out of these claims. For incidents occurring on or before October 31, 2012, claims arising from Station Liability and Force Account are fully insured up to \$9 million per occurrence. That amount was increased to \$10 million per occurrence for incidents occurring on or after November 1, 2012 and increased to \$11 million on October 31, 2015.

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

Retirement Benefits—The MTA Metro-North Railroad’s pension plans are governmental plans and, accordingly, are not subject to funding and other requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

MTA Metro-North Railroad adopted the standards of GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for its pension plans.

MTA Metro-North Railroad recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or MTA Metro-North Railroad’s proportionate share thereof in the case of a cost-sharing multiple-employer plan, determined as of MTA Metro-North Railroad’s measurement date. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense.

Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Postemployment Benefits Other Than Pensions—MTA Metro-North adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus* for the OPEB Plan.

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

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

Contributed Capital—Capital assets contributed by the MTA and funds due from the MTA for the purchase of capital assets are recorded as capital contributions on the statements of Revenues, Expenses, and Changes in Net Position. Contributed capital is recognized upon identification of capital costs to be funded by the MTA.

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3. CASH

The bank balances are insured up to \$250 in the aggregate by the Federal Deposit Insurance Corporation (“FDIC”) for each bank in which funds are deposited. The bank balances in 2025 and 2024 that were not insured were maintained in major financial institutions.

At December 31, 2025 and 2024, cash consisted of (in thousands):

	December 31, 2025		December 31, 2024	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits (FDIC)	\$ 250	\$ 250	\$ 250	\$ 250
Collateralized deposits	14,091	14,115	16,793	16,793
Uninsured deposits-noncollateralized	-	-	5,347	5,096
Uninsured amounts held by ticket agents and deposits in transit	<u>4,352</u>	<u>-</u>	<u>3,871</u>	<u>-</u>
	<u><u>\$ 18,693</u></u>	<u><u>\$ 14,365</u></u>	<u><u>\$ 26,261</u></u>	<u><u>\$ 22,139</u></u>

Certain of these cash accounts are held in the name of a trustee; the carrying amount of the trustee accounts at December 31, 2025 and 2024 were \$3,968 and \$4,407, respectively. These accounts include revenue pledged by the MTA Metro-North Railroad as collateral for the MTA Transportation Revenue Bonds, as discussed more fully in Note 4.

4. TRANSPORTATION REVENUE BONDS

The MTA Metro-North Railroad’s capital programs are partially funded from the proceeds of bonds, including the MTA’s Transportation Revenue Bonds. The MTA’s Transportation Revenue Bonds are special obligations of MTA, payable from, and secured by a pledge of:

- the gross operating revenues of the MTA Metro-North Railroad, MTA Long Island Rail Road and the New York City Transit Authority (“MTA New York City Transit”) and its component, the Manhattan and Bronx Surface Transit Operating Authority, until monthly deposits of principal and interest are satisfied under the Transportation Revenue Bond Resolution,
- Triborough Bridge and Tunnel Authority’s operating surplus,
- general operating subsidies from the State and local governments,
- special tax-supported operating subsidies, and
- station maintenance and service reimbursements.

5. CAPITAL ASSETS

Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA having a minimum useful life of two years and having a cost of more than \$25 thousand. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. GASB 87 leases are classified as right-to-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. GASB 96 subscription-based information technology arrangements are classified as intangible right-to-use assets measured at the

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present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementations costs, less any incentives received.

Accumulated depreciation and amortization are reported as reductions of fixed assets and right-to-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Right-to-use lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term. Capital and right-to-use assets consist of the following at January 1, 2024, December 31, 2024 and December 31, 2025 (in thousands):

	As of January 1, 2024	Addition	Deletions	As of December 31, 2024	Addition	Deletions	As of December 31, 2025
Capital assets, not being depreciated:							
Land	\$ 118,583	\$ 2	\$ -	\$ 118,585			\$ 118,585
Construction work-in-progress	2,634,614	878,049	837,893	2,674,770	1,232,800	525,930	3,381,640
Total capital assets, not being depreciated	2,753,197	878,051	837,893	2,793,355	1,232,800	525,930	3,500,225
Capital assets, being depreciated:							
Roads	2,519,618	235,730	-	2,755,348	269,241		3,024,589
Buildings and structures	4,452,333	536,204	-	4,988,537	190,130		5,178,667
Buildings and structures under capital leases	23,613	(2,798)	-	20,815			20,815
West of Hudson improvements	329,414	6,005	-	335,419	4,839		340,258
Passenger cars	1,811,558	5,618	-	1,817,176	11,907		1,829,083
Locomotives	207,053	150	-	207,203	23,215		230,418
Other	720,482	30,979	8,031	743,430	20,982	7,675	756,737
Total capital assets, being depreciated	10,064,071	811,888	8,031	10,867,928	520,314	7,675	11,380,567
Less accumulated depreciation:							
Roads	1,471,979	78,756	-	1,550,735	81,627		1,632,362
Buildings and structures	2,322,948	132,103	-	2,455,051	137,926		2,592,977
Buildings and structures under capital leases	1,020	377	-	1,397	369		1,766
West of Hudson improvements	139,073	12,141	-	151,214	12,062		163,276
Passenger cars	1,167,096	65,012	-	1,232,108	65,118		1,297,226
Locomotives	156,604	6,050	-	162,654	5,542		168,196
Other	437,410	43,636	7,655	473,391	44,938	7,335	510,994
Total accumulated depreciation	5,696,130	338,075	7,655	6,026,550	347,582	7,335	6,366,797
Total capital assets, being depreciated/amortized—net	4,367,941	473,813	376	4,841,378	172,732	340	5,013,770
Capital assets—net	7,121,138	1,351,864	838,269	7,634,733	1,405,532	526,270	8,513,995
Right-of-use assets being amortized:							
Leased buildings and structures	234,917	195	-	235,112	359		235,471
Leased equipment and vehicles	13,609	704	-	14,313	900		15,213
Leased other	4,211	-	-	4,211			4,211
Subscription-based IT arrangements	7,612	20,581	-	28,193	199		28,392
Total right-of-use assets being amortized	260,349	21,480	-	281,829	1,458		283,287
Less accumulated amortization:							
Leased buildings and structures	41,032	14,691	-	55,723	14,723		70,446
Leased equipment and vehicles	12,551	920	-	13,471	508		13,979
Leased other	819	1,270	-	2,089	1,271		3,360
Subscription-based IT arrangements	3,488	2,103	3,589	2,002	2,465		4,467
Total accumulated amortization	57,890	18,984	3,589	73,285	18,967		92,252
Right of use assets being amortized—net	202,459	2,496	(3,589)	208,544	(17,509)		191,035
Total capital assets, including right-of-use asset—net of depreciation and amortization	\$ 7,323,597	\$ 1,354,360	\$ 834,680	\$ 7,843,277	\$ 1,388,023	\$ 526,270	\$ 8,705,030

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On December 22, 2021, MTA and MTA Metro-North Railroad entered into a Design, Build and Cost sharing agreement for the Penn Station Access Project. The Penn Station Access Project will provide a direct ride into Penn Station for MTA Metro-North Railroad New Haven Line Riders. The total cost of the project is estimated to be \$2,900,000. The revised expected project completion date is 2030. As of December 31, 2025, the MTA Metro-North Railroad recorded \$1,186,400 as Construction work in progress under Capital Assets, Land and in the Statement of Net Position.

As of December 31, 2025, \$115,116,885 is unexpended from the MTA's Capital Program (2005-2029) and \$29,775,598 has been committed.

As of December 31, 2024, \$53,048,513 is unexpended from the MTA's Capital Program (2005-2024) and \$22,387,340 has been committed.

6. LOANS PAYABLE

The MTA and the New York Power Authority ("NYPA") entered into an updated Energy Services Program Agreement ("ESP Agreement"). The ESP Agreement authorized MTA affiliates and subsidiaries to enter into a Customer Installation Commitment ("CIC") with NYPA for turn-key, energy efficiency projects, which would usually be long-term funded and constructed by NYPA. The repayment period for the NYPA loan can be up to 20 years but can be repaid at any time with no penalty.

The NYPA debt service requirements at December 31, 2025 are as follows (\$ in thousands):

Year	Principal	Interest	Total
2026	\$ 544	\$ 62	\$ 607
2027	179	52	231
2028	188	42	230
2029	198	33	231
2030	208	22	230
2031-2033	332	13	345
Total	<u>\$ 1,649</u>	<u>\$ 224</u>	<u>\$ 1,874</u>

The above interest amounts include both fixed and variable rate calculations. Interest on the variable- rate loan is paid at the Securities Industry and Financial Markets Association Municipal Swap Index ("SIFMA") rate of 2.36% as of December 31, 2025 and is reset semi- annually.

7. EMPLOYEE BENEFITS

Deferred Compensation Program—Consists of two defined contribution plans that provide benefits based solely on the amount contributed to each participant's account(s), plus or minus any income, expenses and gains/losses. The Deferred Compensation Program is comprised of the Deferred Compensation Plan for Employees of the MTA, its Subsidiaries and Affiliates ("457 Plan") and the Thrift Plan For Employees of the MTA, its Subsidiaries and Affiliates ("401(k) Plan"). Certain MTA Related Groups employees are eligible to participate in both deferred compensation plans. Both Plans are designed to have participant charges, including investment and other fees, pay for the administrative cost of running the Deferred Compensation Program.

In 1984, the MTA established the 457 Plan to provide benefits competitive with private industry. Only managerial employees were permitted to participate in the Plan and investment options were limited to five funds: a Guaranteed Interest Fund, a Common Stock Fund, a Money Market Fund, a Managed Fund, and a Stock Index Fund. Pursuant Internal Revenue Code ("Code") Section 457, the MTA has established a trust or custodial account to hold plan assets for the exclusive benefit of the participants and their beneficiaries.

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Participation in the 457 Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 457 Plan, and all income attributable to such compensation, less expenses and fees, are in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 457 Plan is not reflected on the MTA's consolidated statements of net position.

In 1985, the MTA Board adopted the 401(k) Plan, a tax-qualified plan under section 401(k) of the Code, which applies to MNR. The 401(k) Plan remained dormant until 1988 when an IRS ruling "grandfathered" the plan under the Tax Reform Act of 1986. Participation in the 401(k) Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 401(k) Plan, and all income attributable to such compensation, less expenses and fees, are in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 401(k) Plan is not reflected in the accompanying statements of net position. The 401(k) Plan received a favorable determination letter from the Internal Revenue Service dated October 27, 2016.

As the Deferred Compensation Program's asset base and contribution flow increased, participants' investment options were expanded by the Deferred Compensation Committee with the advice of its Financial Advisor to provide greater diversification and flexibility. In 1988, after receiving an IRS determination letter for the 401(k) Plan, the MTA offered its managers the choice of either participating in the 457 Plan or the 401(k) Plan, which applies to MNR. By 1993, the MTA offered eight investment funds: a Guaranteed Interest Account Fund, a Money Market Fund, a Common Stock Fund, a Managed Fund, a Stock Index Fund, a Government Income Fund, an International Fund and a Growth Fund.

In 1998, the Deferred Compensation Committee approved the unbundling of the Plans. In 2008, the Plans' investment choices were restructured to set up a four-tier strategy:

1. **Tier 1**—The MTA Asset Allocation Program provides the MTA Target Year Funds for those participants who would like to make retirement investing easy. Investments are automatically diversified among a range of investment options designed to provide an asset allocation strategy appropriate for an individual's risk and return based on their target retirement date. The mix of investments becomes more conservative as the target date approaches by lessening stock exposure and increasing exposure in fixed-income type investments.
2. **Tier 2**—The MTA Index Funds offer a tier of index funds, which invest in the securities of companies that are included in a selected index, such as the Standard & Poor's 500 (large cap) Index or Barclays Capital U.S. Aggregate (bond) index. The typical objective of an index fund is to achieve approximately the same return as that specific market index. Index funds provide investors with lower-cost investments because they are less expensive to administer than actively managed funds.
3. **Tier 3**—The MTA Actively Managed Portfolios, which are comprised of actively managed portfolios that are directed by one or a team of professional managers who buy and sell a variety of holdings in an effort to outperform selected indices. The funds provide a diversified array of distinct asset classes, with a single option in each class. They combine the value and growth disciplines to create a 'core' portfolio for the mid-cap and international categories.
4. **Tier 4**—Self-Directed Mutual Fund Option is designed for the more experienced investors. Offers access to an expanded universe of mutual funds from hundreds of well-known mutual fund families. Participants may invest only a portion of their account balances in this tier.

In 2011, the Deferred Compensation Program began offering Roth contributions. Employees can elect after-tax Roth contributions and before-tax contributions in both the 401(k) Plan and the 457 Plan. The total combination of Roth after-tax contributions and regular before-tax contributions cannot exceed the IRS maximum of \$23,000 in 2024 and \$23,500 in 2025. For those over age 50, the maximums are \$30,500 for 2024 and \$31,000 for 2025.

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Employer Contributions—Metro-North Railroad employees represented by certain unions who elected to opt-out of participation in the MTA Defined Benefit Pension Plan receive an annual employer contribution equal to 4% of the member’s compensation. Effective on the first full pay period following the nineteenth anniversary date of an eligible Metro-North Railroad member’s continuous employment, MTA Metro-North Railroad contributes an amount equal to 7% of the member’s compensation. Eligible Metro-North Railroad members vest in these employer contributions as set forth below:

Years of Service	Vested Percentage
Less than 5	- %
5 or more	100

Additional Deposits (Incoming Rollover or Transfers)—Participants in the Deferred Compensation Program are eligible to roll over both their before-tax and after-tax assets from other eligible retirement plans into the 401(k) and 457 Plans. Under certain conditions, both Plans accepts rollovers from all eligible retirement plans (as defined by the Code), including 401(a), 457, 401(k), 403(b), and rollover IRAs.

Forfeitures—Nonvested contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan’s administrative expenses. For the years ended December 31, 2025 and 2024, no forfeitures reduced the Plan’s expense.

The following is a summary of activity for the 401k and 457 deferred compensation programs (\$ in thousands):

	2025	2024
Contributions:		
Employee contributions—net of loans	\$ 65,839	\$ 55,350
Participant rollovers	2,844	3,734
Employer contributions	<u>2,307</u>	<u>2,424</u>
Total contributions	<u>\$ 70,990</u>	<u>\$ 61,508</u>

Pensions—MTA Metro-North Railroad sponsors and participates in two defined benefit pension plans for their employees, the Metro-North Commuter Railroad Company Cash Balance Plan (the “MNR Cash Balance Plan”) and the Metropolitan Transportation Authority Defined Benefit Plan (the “MTA Defined Benefit Plan”). A brief description of each of the pension plans follows:

Plan Descriptions

1. **MNR Cash Balance Plan**—The MNR Cash Balance Plan is a single employer, defined benefit pension plan administered by MTA Headquarters and funded by MTA Metro-North Railroad. The MNR Cash Balance Plan covers non-collectively bargained employees formerly employed by Conrail, who joined MTA Metro-North Railroad as management employees between January 1 and June 30, 1983, and were still employed as of December 31, 1988. Effective January 1, 1989, these management employees were covered under the Metro-North Commuter Railroad Defined Contribution Plan for Management Employees (the “Management Plan”) and the MNR Cash Balance Plan was closed to new participants. The assets of the Management Plan were merged with the Metropolitan Transportation Authority Defined Benefit Pension Plan for Non-Represented Employees (now titled as the Metropolitan Transportation Authority Defined Benefit Pension Plan) as of the asset transfer date of July 14, 1995. The MNR Cash Balance Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) and 501(a) of the Internal Revenue Code. Accordingly, the MNR Cash Balance Plan is tax-exempt.

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Further information about the MNR Cash Balance Plan is more fully described in the separately issued financial statements that can be obtained by writing to, MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor New York, NY 10004 or at www.mta.info.

2. *MTA Defined Benefit Plan*—The MTA Defined Benefit Pension Plan is a cost sharing, multiple-employer defined benefit pension plan. The MTA Defined Benefit Pension Plan covers certain MTA Long Island Railroad non-represented employees hired after January 1, 1988, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 24, 1983, MTA Police, MTA Long Island Railroad represented employees hired after December 31, 1987, certain MTA Metro-North Railroad represented employees, MTA Staten Island Railway represented and non-represented employees and certain employees of the MTA Bus Company ("MTA Bus"). The MTA, MTA Long Island Railroad, MTA Metro-North Railroad, MTA Staten Island Railway and MTA Bus contribute to the MTA Defined Benefit Pension Plan, which offers distinct retirement, disability retirement, and death benefit programs for their covered employees and beneficiaries.

The MTA Defined Benefit Pension Plan is administered by the Board of Managers of Pensions. The MTA Defined Benefit Pension Plan, including benefits and contributions, may be amended by action of the MTA Board. The MTA Defined Benefit Pension Plan is a fiduciary component unit of the MTA and is reflected in the Pension and Other Employee Benefit Trust Funds section of the MTA's basic financial statements.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor New York, NY 10004 or at www.mta.info.

Benefits Provided

1. MNR Cash Balance Plan

Pension Benefits—Participants of the MNR Cash Balance Plan are vested in their benefit upon the earlier of (a) the completion of 5 years of service with MTA Metro-North Railroad or (b) the attainment of age 62. The accrued benefit is a participant's Initial Account Balance increased each month by the benefit escalator. The benefit escalator is defined as the Pension Benefit Guaranty Corporation ("PBGC") immediate annuity rate in effect for December of the year preceding the year for which the determination is being made) divided by 180. The accrued benefit is paid as an escalating annuity. Vested participants are entitled to receive pension benefits commencing at age sixty-five. Participants may elect to receive the value of their accumulated plan benefits as a lump-sum distribution upon retirement or they may elect a monthly life annuity. Participants may elect to receive their pension in the form of a joint and survivor annuity.

Participants of the MNR Cash Balance Plan are eligible for early retirement benefits upon termination of employment, the attainment of age 62, or age 60 and completion of 15 years of service, or age 55 and the completion of 30 years of service. The early retirement benefits paid is the normal retirement pension deferred to age 65 or an immediate pension equal to the life annuity actuarial equivalent of a participant's escalating annuity at normal retirement date indexed by the Initial Benefit Escalator from early retirement date to normal retirement date and reduced by 5/9 of 1% for each month retirement precedes age 65 up to 60 months and 5/18 of 1% for each month after 60 months.

For members with cash balances who are currently members of the Metropolitan Transportation Authority Defined Benefit Pension Plan, an additional benefit is provided equal to the amount needed to bring their total benefits (i.e., Railroad Retirement Tier I and II benefits, Conrail Plan benefits, Cash Balance Plan benefits, and MTA Defined Benefit Pension Plan benefits) up to a minimum of 65% of their 3-year final average pay under the MTA Defined Benefit Plan. In no event will the Additional Benefit exceed 2% of 3-year final average pay multiplied by the Conrail Management Service prior to July 1, 1983. This benefit is payable as a life annuity and is reduced for commencement prior to age 65 in the

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same manner as the regular cash balance benefit. This additional benefit is payable only in the form of a life annuity or 100% or 50% contingent annuity.

Death Benefits—Benefits are paid to vested participants' beneficiaries in the event of a participants' death. The amount of benefits payable is the participant's account balance at the date of his or her death. Pre-retirement death benefits paid for a participant's death after 55 is equal to the amount the spouse would have received had the participant elected retirement under the normal form of payment on the day preceding his death. Pre-retirement death benefits paid for a participant's death before 55 is equal to the amount the spouse would have received had the participant survived to age 55 and retired under the normal form of payment on that date. The benefit is based on service to the participant's date of death and is payable beginning on the date the participant would have attained age 55.

In lieu of the above benefit, the surviving spouse can elect to receive the participant's account balance in a single lump sum payment immediately. If the participant was not married, the participant's beneficiary is entitled to receive the participant's Account Balance as of the participant's date of death in a single lump sum payment.

2. *MTA Defined Benefit Pension Plan*

Pension Benefits—Retirement benefits are paid from the Plan to covered MTA Metro-North Railroad employees as service retirement allowances or early retirement allowances. A participant is eligible for a service retirement allowance upon termination if the participant satisfied both age and service requirements. A participant is eligible for an early retirement allowance if the participant has attained age 55 and completed at least 10 years of credited service. Terminated participants with 5 or more years of credited service are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on the first day of the month following the participant's 62nd birthday.

Certain represented employees of the MTA Metro-North Railroad continue to make contributions to the Plan for 10 or 15 years, depending on Date of Hire and Collective Bargaining Agreement. Certain represented employees of the MTA Metro-North Railroad are eligible for an early retirement allowance if the participant has attained age 60 or 62 and completed at least 5 years of credited service, or has attained age 55 and completed at least 30 years of credited service for unreduced benefit. The early retirement allowance is reduced one-quarter of 1% per month for each full month that retirement predates age 60 for certain represented employees of the MTA Metro-North Railroad, and one-half of 1% per month for each full month that retirement predates age 62 until age 60, for certain represented employees of the MTA MNR.

Effective in 2007, members and certain former members who become (or became) employed by another MTA agency which does not participate in the Plan continue to accrue service credit based on such other employment. Upon retirement, the member's vested retirement benefit from the Plan will be calculated on the final average salary of the subsequent MTA agency, if higher.

Moreover, the Plan benefit will be reduced by the benefit, if any, payable by the other plan based on such MTA agency employment. Such member's disability and ordinary death benefit will be determined in the same way.

Death and Disability Benefits—In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after 10 years of credited service for covered MTA Metro-North Railroad.

The disability retirement allowance for covered MTA Metro-North Railroad management employees is calculated based on the participant's credited service and final average salary ("FAS") but not less than $\frac{1}{3}$ of FAS.

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Death benefits are paid to the participant's beneficiary in the event of the death of a covered MTA Metro-North Railroad employee after completion of one year of credited service. The death benefit payable is calculated based on a multiple of a participant's salary based on years of credited service up to three years and is reduced beginning at age 61. There is also a post-retirement death benefit which, in the 1st year of retirement, is equal to 50% of the pre-retirement death benefit amount, whichever is greater, 25% the 2nd year and 10% of the death benefit payable at age 60 for the 3rd and later years.

Moreover, an accidental death benefit is payable for the death of a participant who is a covered MTA Metro-North Railroad member and dies as the result of an on-the-job accidental injury. This death benefit is paid as a pension equal to 50% of the participant's salary and is payable to the spouse for life, or, if none, to children until age eighteen (or twenty-three, if a student), or if none, to a dependent parent.

Retirement benefits establishment and changes for represented employees are collectively bargained and must be ratified by the respective union and the MTA Board. For non-represented employees, retirement benefits establishment and changes are presented to the MTA Board and must be accepted and approved by the MTA Board.

Membership—Membership in the MNR Cash Balance Plan as of the date of the actuarial valuation consisted of the following:

	January 1, 2025	January 1, 2024
Retirees and beneficiaries receiving benefits	20	20
Vested formerly active members not yet receiving benefits	<u>5</u>	<u>5</u>
	<u>25</u>	<u>25</u>

Contributions and Funding Policy

1. MNR Cash Balance Plan

Funding for the MNR Cash Balance Plan is provided by MTA Metro-North Railroad, a public benefit corporation that receives funding for its operations and capital needs from the MTA and the Connecticut Department of Transportation ("CDOT"). Certain funding by MTA is made to the MTA Metro-North Railroad on a discretionary basis. The continuance of funding for the MNR Cash Balance Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

MTA Metro-North Railroad's funding policy with respect to the MNR Cash Balance Plan was to contribute the full amount of the pension benefit obligation ("PBO") of approximately \$2.977 to the trust fund in 1989. As participants retire, the Trustee has made distributions from the MNR Cash Balance Plan. MTA Metro-North Railroad anticipated that no further contributions would be made to the MNR Cash Balance Plan. However, due to changes in actuarial assumptions and market performance, additional contributions were made to the MNR Cash Balance Plan in several subsequent years. Per the January 1, 2022, valuation, there is no unfunded accrued liability, and the actuarially determined contribution is \$0. Per the January 1, 2023 valuation, there is no unfunded accrued liability and the actuarially determined contribution is \$0.

Actual employer contributions for the years ended December 31, 2025 and 2024 were \$17 and \$22, respectively.

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2. *MTA Defined Benefit Pension Plan*

MTA Metro-North Railroad's contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the Plan are recognized in the period in which the contributions are due.

The following summarizes the types of employee contributions made to the Plan:

Effective January 1, 1994, MTA Metro-North Railroad non-represented employees are required to contribute to the Plan to the extent that Railroad Retirement Tier II employee contribution is less than the pre-tax cost of the 3% employee contributions. Effective October 1, 2000, employee contributions, if any, were eliminated after ten years of contributing to the Plan. MTA Metro-North Railroad employees may purchase prior service from January 1, 1983 through December 31, 1993 by paying the contributions that would have been required of that employee for the years in question, calculated as described in the first sentence, had the Plan been in effect for those years.

On January 17, 2023 and January 24, 2023, MTA prepaid the 2023 and 2024 projected Actuarially Determined Contributions ('ADCs') for MTA-Sponsored Plans. The MTA's Metro-North railroad proportionate share of the prepayments for the MTA Defined Benefit Plan was \$276,190 of which \$137,917 has been amortized in 2024, and \$142,680 was amortized in 2025. In 2024, MTA prepaid 2025 ADCs for MTA-Sponsored Plans. The MTA MNR's proportionate share of payments for the MTA Defined Benefit Plan was \$142,680.

Covered MTA Metro-North Railroad represented employees who first became eligible to be Plan participants prior to January 30, 2008, contribute 3% of salary. Certain Metro-North represented employees hired after various contract dates in 2014 and 2015 are required to contribute for 15 years of service depending on their collective bargaining agreements. Certain Metro-North employees hired prior to 2014 are required to make the employee contributions until January 1, 2014, January 1, 2017, June 30, 2017, or the completion of required years of credited service as per the relevant collective bargaining agreements.

Contributions as a percent of covered payroll were 0.73% and 18.13% for the years ended December 31, 2025 and 2024, respectively. The actual contributions for the years ended December 31, 2025 and 2024, were \$6,368 and \$137,917, respectively.

Net Pension Liability—MTA Metro-North Railroad's net pension liabilities for each of the pension plans reported at December 31, 2025 and 2024, were measured as of December 31, 2024 and 2023, respectively. The total pension liability at December 31, 2025 and 2024, for the MTA Defined Benefit Plan was determined by actuarial valuations as of the valuation date of December 31, 2024 and 2023, respectively. The total pension liability at December 31, 2025 and 2024, for the MNR Cash Balance plan was determined by an actuarial valuation as of the valuation date of December 31, 2024 and 2023, respectively. Each of the pension plans total pension liabilities was calculated based on the discount rate and actuarial assumptions below and then projected forward to the measurement date. Information about the fiduciary net position of each qualified pension plan has been determined on the same basis as reported by each respective qualified pension plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan and investments are reported at fair value.

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Actuarial Assumptions—The total pension liability in the January 1, 2024, actuarial valuations was determined using the following actuarial assumptions, which were based on the 2024 actuarial experience study, for each of the pension plans as follows:

	January 1, 2024		January 1, 2023	
	MNR Cash Balance Plan	MTA Defined Benefit Plan	MNR Cash Balance Plan	MTA Defined Benefit Plan
Investment rate of return	4%, net of investment expenses	6.5%, net of investment expenses	4.00%, net of investment expenses	6.50%, net of investment expenses
Salary increases	Not applicable	Varies by years of employment, and employee group.	Not applicable	Varies by years of employment, and employee group.
Inflation	2.37%	2.25%, 3.25% for Railroad Retirement Wage Base.	2.40 %	2.25%, 3.25% for Railroad Retirement Wage Base.
Cost-of-living adjustments	Not applicable	60% of inflation assumption or 1.35%, if applicable	Not applicable	60% of inflation assumption or 1.35%, if applicable
Mortality	Based on experience of all MTA sponsored pension plan members from January 1, 2015–December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA sponsored pension plan members from January 1, 2015–December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA sponsored pension plan members from January 1, 2015–December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA sponsored pension plan members from January 1, 2015–December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021
Pre-retirement	RP-200 Employee mortality table for Males and Females with blue collar adjustments.	PRI-2012 Employee mortality table for Males and Females with blue collar adjustments.	RP-200 Employee mortality table for Males and Females with blue collar adjustments.	PRI-2012 Employee mortality table for Males and Females with blue collar adjustments.
Post-retirement	Assumption utilized 97% of RP-2000 Healthy Annuitant mortality table for males with Blue Collar adjustments and 100% of the rates from the RP-2000 Healthy Annuitant mortality table for female	Assumption utilized 97% of PRI-2012 Healthy Annuitant mortality table for males with Blue Collar adjustments and 100% of the rates from the PRI-2012 Healthy Annuitant mortality table	Assumption utilized 95% of RP-2000 Healthy Annuitant mortality table for males with Blue Collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for female	Assumption utilized 97% of PRI-2012 Healthy Annuitant mortality table for males with Blue Collar adjustments and 116% of the rates from the PRI-2012 Healthy Annuitant mortality table
Post-retirement	Not applicable	RP-2012 Disabled	Not applicable	RP-2012 Disabled
Disabled lives	Annuitant mortality table for males and females.		Annuitant mortality table for males and females.	

Expected Rate of Return on Investments—The best-estimate range for the long-term expected rate of return was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions as of December 31, 2024 are as follows:

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Core fixed income	Bloomberg Barclays Aggregate	100.00 %	2.47 %
Assumed inflation—mean			2.37
Assumed inflation—standard deviation			1.46
Portfolio nominal mean return			4.84
Portfolio standard deviation			4.44
long term expected rate of return selected by MTA			4.00

DRAFT

The target allocation and best estimates of arithmetic real rates of return (“RROR”) for each major asset class included in each of the pension funds are as follows:

December 31, 2024	MNR Cash Balance Plan		MTA Defined Benefit Plan	
	Target Asset Allocation	Real Rate of Return	Target Asset Allocation	Real Rate of Return
Asset Class				
US core fixed income	100.00 %	2.14 %	10.50 %	2.21 %
US long bonds			2.00	2.65
US inflation-indexed bonds			2.00	1.82
US high yield bonds			3.00	4.02
US bank/leveraged loans			1.50	3.55
Private credit			7.00	6.64
Emerging market bonds			2.00	4.81
US large caps			18.00	5.38
US small caps			7.00	6.94
Foreign developed equity			12.00	6.92
Emerging markets equity			4.50	9.59
Emerging markets small cap equity			1.50	9.78
US REITS			1.00	6.63
Private real estate property			4.00	5.14
Private equity			7.00	10.46
Commodities			4.00	3.11
Hedge funds—multistrategy			13.00	5.39
Assumed inflation—mean		2.32 %		2.31 %
Assumed inflation—standard deviation		1.44		1.44
Portfolio nominal mean return as per actuary		4.45		7.92
Portfolio standard deviation		4.22		12.47
Long term expected rate of return selected by MTA		4.00		6.50

Discount Rate—As of December 31, 2024 and December 31, 2023, the discount rates used to measure the total pension liability of the MNR Cash Balance Plan were 4.00%.

As of December 31, 2024 and December 31, 2023, the discount rates used to measure the total pension liability of the MTA Defined Benefit Plan was 6.50%.

The projection of cash flows used to determine the discount rate assumed that plan contributions would be made in accordance with the Employer funding policy as projected by the Plan’s actuary. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

DRAFT

Changes in Net Pension Liability—MNR Cash Balance Plan—Changes in Metro-North Railroad’s net pension liability for the Metro-North Cash Balance Plan for the year ended December 31, 2025, based on the December 31, 2024 measurement date and for the year ended December 31, 2024, based on the December 31, 2023 measurement date, are as follows (in thousands):

	Metro-North Cash Balance Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2023	\$ 262	\$ 253	\$ 9
Changes for calendar year:			
Interest on total pension liability	10	-	10
Effect of economic/demographic (gains) or losses	14	-	14
Benefit payments	(34)	(34)	
Net investment income		8	(8)
Employer contributions	-	22	(22)
Balance as of December 31, 2024	<u>\$ 252</u>	<u>\$ 249</u>	<u>\$ 3</u>

	Metro-North Cash Balance Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2022	\$ 310	\$ 279	\$ 31
Changes for calendar year:			
Interest on total pension liability	12	-	12
Effect of economic/demographic (gains) or losses	(19)	-	(19)
Benefit payments	(41)	(41)	-
Net investment income	-	2	(2)
Employer contributions	-	13	(13)
Balance as of December 31, 2023	<u>\$ 262</u>	<u>\$ 253</u>	<u>\$ 9</u>

MTA Metro-North Railroad’s—Cash Balance Plan—The following presents MTA Metro-North Railroad’s net pension liability/(asset) as of December 31, 2025 calculated using the current discount rate at January 1, 2025 of 4.00% for the Plan, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (3.00%) or 1-percentage point higher (5.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	3.0 %	4.0 %	5.0 %
	(in thousands)		
Net pension liability/(asset)	<u>\$ 17</u>	<u>\$ 3</u>	<u>\$ (9)</u>

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The following presents MTA Metro-North Railroad's net pension liability/(asset) as of December 31, 2024 calculated using the current discount rate at January 1, 2024 of 4.0% for the Plan, as well as what the net pension liability/ (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (3.0%) or 1-percentage point higher (5.0%) than the current rate:

	1% Decrease 3.0 %	Current Discount Rate 4.0 %	1% Increase 5.0 %
	(in thousands)		
Net pension liability/(asset)	<u>\$ 25</u>	<u>\$ 9</u>	<u>\$ (4)</u>

MTA Metro-North Railroad's Proportionate Share of the Net Pension Liability—MTA Defined Benefit Plan—The following table presents MTA Metro-North Railroad's proportionate share of the net pension liability of the MTA Defined Benefit Plan at (in thousands):

	December 31, 2024	December 31, 2023
MTA Metro-North Railroad's proportion of the net pension liability	33.60 %	33.22 %
MTA Metro-North Railroad's proportionate share of the net pension liability	\$ 529,223	\$ 572,698

MTA Metro-North Railroad's proportion of the respective Plan's net pension liability was based on actual required contributions of the participating employer for the calendar year.

The following table presents MTA MNR's proportionate share of the net pension liability calculated at the measurement date using the discount rate of 6.50% for the MTA Defined Benefit Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	MTA Defined Benefit Plan		
	1% Decrease 5.50 %	Current Discount Rate 6.50 %	1% Increase 7.50 %
2024			
MTA Metro-North Railroad's proportionate share of the net pension liability	<u>\$ 895,070</u>	<u>\$ 529,223</u>	<u>\$ 222,007</u>

The following table presents MTA MNR's proportionate share of the net pension liability calculated at the measurement date using the discount rate of 6.50% for the MTA Defined Benefit Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	MTA Defined Benefit Plan		
	1% Decrease 5.50 %	Current Discount Rate 6.50 %	1% Increase 7.50 %
2023			
MTA Metro-North Railroad's proportionate share of the net pension liability	<u>\$ 916,356</u>	<u>\$ 572,698</u>	<u>\$ 284,040</u>

DRAFT

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—MTA Metro-North Railroad recognized pension expense related to each pension plans as follows (in thousands):

	December 31, 2025	December 31, 2024
Pension plans:		
MNR cash balance plan	\$ 26	\$ (10)
MTA defined benefit plan	<u>158,581</u>	<u>147,774</u>
Total	<u>\$ 158,607</u>	<u>\$ 147,764</u>

The pension expenses are presented net of reimbursable expenses of \$17,152 and \$15,454 and 401k employer contributions of \$2.1 and \$2.4 in 2025 and 2024, respectively.

At December 31, 2025, MTA Metro-North Railroad reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

(\$ in thousands)	MNR Cash Balance Plan		MTA Defined Benefit Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 75,312	\$ 112	\$ 75,312	\$ 112
Changes in assumptions	-	-	91,419	-	91,419	-
Net difference between projected and actual earnings on pension plan investments	31	-		25,214	31	25,214
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	16,100		16,100	
Employer contribution to plan subsequent to the measurement date of net pension liability	<u>17</u>	<u>-</u>	<u>6,368</u>	<u>-</u>	<u>6,385</u>	<u>-</u>
Total	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 189,199</u>	<u>\$ 25,326</u>	<u>\$ 189,247</u>	<u>\$ 25,326</u>

DRAFT

At December 31, 2024, MTA Metro-North Railroad reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

(\$ in thousands)	MNR Cash Balance Plan		MTA Defined Benefit Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 63,639	\$ 1,222	\$ 63,639	\$ 1,222
Changes in assumptions	-	-	122,284	-	122,284	-
Net difference between projected and actual earnings on pension plan investments	41	-	58,568	-	58,609	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	6,108	-	6,108
Employer contribution to plan subsequent to the measurement date of net pension liability	<u>22</u>	<u>-</u>	<u>101</u>	<u>-</u>	<u>123</u>	<u>-</u>
Total	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ 244,592</u>	<u>\$ 7,330</u>	<u>\$ 244,655</u>	<u>\$ 7,330</u>

The annual differences between the projected and actual earnings on investments are amortized over a five-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over closed periods ranging from 8.1 to 8.6 years for the MTA Defined Benefit Plan, beginning in the year in which the deferred amount occurs.

The amounts of \$6,385 and \$123 reported as deferred outflows of resources related to pensions resulting from the Company's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years-ended December 31, 2025 and 2024, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2025 will be recognized as pension expense (income) as follows:

(\$ in thousands)	Years Ending December 31	MNR Cash Balance Plan	MTA Defined Benefit Pension Plan	Total
		Plan	Pension Plan	
	2026	\$ 13	\$ 51,896	\$ 51,909
	2027	2	71,396	71,398
	2028	-	2,240	2,240
	2029	-	3,062	3,062
	2030			
	Thereafter			
Total		<u>\$ 15</u>	<u>\$ 128,594</u>	<u>\$ 128,609</u>

DRAFT

8. OTHER POSTEMPLOYMENT BENEFITS

The MTA Metro-North participates in a defined benefit OPEB plan for its employees, the Metropolitan Transportation Authority Retiree Welfare Benefits Plan (“OPEB Plan”). A description of the Plan follows:

(1) Plan Description

The MTA Retiree Welfare Benefits Plan (“OPEB Plan”) and the related Trust Fund (“Trust”) was established on January 1, 2009 for the exclusive benefit of MTA and related agencies retired employees and their eligible spouses and dependents, to fund some of the OPEB provided in accordance with the MTA Metro-North’s various collective bargaining agreements.

Postemployment benefits are part of an exchange of salaries and benefits for employee services rendered. Amounts contributed to the OPEB Plan are held in an irrevocable trust and may not be used for any other purpose than to fund the costs of health and welfare benefits of its eligible participants.

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

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

The separate annual financial statements of the OPEB Plan may be obtained by writing to MTA, Deputy Chief, Controller’s Office, 2 Broadway, New York, New York, 10004 or at www.mta.info.

Benefits Provided—The benefits provided by the OPEB Plan include medical, pharmacy, dental, vision, life insurance and a Medicare supplemental plan. The different types of benefits provided vary by agency, employee type (represented employees versus non-represented) and the relevant collective bargaining agreements. Certain benefits are provided upon retirement as defined in the applicable pension plan. Certain agencies provide benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of the MTA Metro-North Railroad are members of the following pension plans: the MTA Defined Benefit Plan and the MNR Cash Balance Plan. Certain employees of MTA Metro-North Railroad participate in the 401(k) Plan. Eligible employees of the MTA may elect to join the New York State Voluntary Defined Contribution Plan (“VDC”).

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

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

OPEB Plan Eligibility—To qualify for benefits under the OPEB Plan, a former employee of the MTA Metro-North Railroad must:

- (a) have retired;
- (b) be receiving a pension (except in the case of the 401(k) Plan);
- (c) have at least 10 years of credited service as a member of the MTA Defined Benefit Plan, the MNR Cash Balance Plan, the 401(k) Plan or the VDC; and

DRAFT

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

Surviving Spouse and Other Dependents—

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

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

Contributions—The MTA Metro-North Railroad is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the “pay-as-you-go” (“PAYGO”) amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years ended December 31, 2025 and 2024, the MTA Metro-North paid \$75,161 and \$75,681 of PAYGO to the OPEB Plan, respectively. In addition, the OPEB Plan paid \$64,075 in OPEB benefits in 2022. The PAYGO amounts include an implicit rate subsidy adjustment of \$19,913 and \$22,155 for the years ended December 31, 2025 and 2024, respectively. There were no additional prior year implicit rate subsidy adjustments for the years ended December 31, 2025 and 2024, respectively.

The discount rate estimates investment earnings for assets earmarked to cover retiree health benefits. Under GASB Statement No. 75, the discount rate depends on the nature of underlying assets for funded plans. Since the amount of benefits paid in 2020 exceeded the current market value of the assets, a depletion date is assumed to occur immediately. Therefore, the discount rate is set equal to the municipal bond index. The MTA elected the Bond Buyer General Obligation 20-Bond Municipal Bond Index. As a result, the discount rates as of December 31, 2024 and 2023, the measurement dates, are 4.08% and 3.26%, respectively.

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premium’s structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue on the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore are partially subsidized by the active employees. As shown in the following table, for the years ended December 31, 2024 and 2023, the employer made a cash payment for retiree healthcare of \$22,155 and \$19,241 respectively, as part of the employer’s payment for active-employee healthcare benefits. For purposes of GASB Statement No. 75, this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees’ underlying age-adjusted, retiree benefit costs.

Blended and Age-Adjusted Premium (in thousands)	2024 Retirees	2023 Retirees
Total blended premiums	\$ 53,526	\$ 48,253
Employment payment for retiree healthcare	<u>22,155</u>	<u>19,241</u>
Net payments	<u>\$ 75,681</u>	<u>\$ 67,494</u>

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(2) Net OPEB Liability

At December 31, 2025 and 2024, the MTA Metro-North reported net OPEB liability of \$1,621,278 and \$1,541,872, respectively, for its proportionate share of the Plan. The net OPEB liability was measured as of the OPEB's Plan's fiscal year-ends of December 31, 2024 and 2023, respectively. The total OPEB liability as of December 31, 2025 and 2024 was determined by an actuarial valuation date of July 1, 2023 and rolled forward to December 31, 2025 and 2024. The MTA Metro-North's proportion of the net OPEB liability was based on a projection of the MTA Metro-North's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2025 and 2024, the MTA Metro-North's proportion was 8.02% and 7.65%, respectively.

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

(3) Actuarial Assumptions

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

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

The total OPEB liability was determined by actuarial valuations performed on July 1, 2023. Update procedures were used to roll forward the total OPEB liability to December 31, 2024 and 2025, the measurement dates. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

	December 31, 2025	December 31, 2024
Valuation date	July 1, 2023	July 1, 2023
Measurement date	December 31, 2024	December 31, 2023
Discount rate	4.08%, net of expenses	3.26%, net of expenses
Inflation	2 %	2.31 %
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.27 %	4.37 %
Investment rate of return	4.25 %	4.25 %

Salary Scale—salaries are assumed to increase by years of service.

DRAFT

Rates are shown below:

Managers

Years of Service	Rate of Increase	Rate of Increase
0–1	8.00 %	8.00 %
2	7.00	7.00
3	6.50	6.50
4	5.50	5.50
5	5.00	5.00
6	4.90	4.90
7	4.80	4.80
8	4.70	4.70
9	4.60	4.60
10+	3.25–4.50	3.25–4.50

Represented Employees

Years of Service	Rate of Increase	Rate of Increase
0–1	12.50 %	12.50 %
2	11.50	11.50
3–4	10.00	10.00
5	6.00	6.00
6	4.25	4.25
7	4.00	4.00
8	3.75	3.75
9	3.50	3.50
10+	3.25	3.25

Healthcare Cost Trend—The Society of Actuaries (SOA) developed and regularly updates a long- term medical trend model based on detailed research performed by a committee of economists and actuaries, which included a representative from MTA’s actuary. This model is used as the foundation for the trend that the actuary recommends for postretirement health care valuations, with certain adjustments designed to produce trends that are appropriate for employer plans.

These adjustments include incorporating assumed administrative costs trend where applicable and removing the impact of age- related morbidity (since age-related morbidity assumptions are applied separately in the valuation when applicable). Trend rates also reflect the expected impact of short-term inflation.

DRAFT

Healthcare Cost Trend Rates—The following lists illustrative rates for NYSHIP trend assumptions (all amounts are in percentages).

Trend from Year Ending	NYSHIP	
	Pre-65 Trend	Post-65 Trend
2023	6.70 %	5.90 %
2024	7.00	6.60
2025	6.40	6.40
2026	5.80	5.80
2027	5.10	5.10
2028	4.90	4.90
2029	4.70	4.70
2030	4.50	4.50
2040	4.10	4.10
2050	4.10	4.10
2060	4.20	4.20
2070	3.90	3.90
2080	3.70	3.70
2090	3.70	3.70
2100	3.70	3.70

For purposes of applying the Entry Age Normal Cost method, the healthcare trend prior to the valuation date are based on the ultimate rates.

Mortality—All mortality rates (except accidental death for active police members) are projected on a generational basis using the Society of Actuaries Mortality Improvement Scale MP-2021. As generational tables, they reflect mortality improvement both before and after the measurement date. The post-retirement, mortality assumption is based on an experience analysis covering the period from January 1, 2015 to December 31, 2020 for the MTA-sponsored pension plans. The mortality rates vary by employee type:

Rail Member (LI Bus, LIRR, Metro-North and SIRTOA): Pri.H-2012(BC) Mortality Table, headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants, and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 97%.

Expected Rate of Return on Investments—The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions as of December 31, 2024.

Asset Class	Target Allocation	Long-Term Expected
		Real Rate of Return
US cash	100.00 %	%

Long term expected rate of return selected by MTA

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

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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, 2024 of 4.08% and December 31, 2023 of 3.26%.

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

	1% Decrease 3.08%	Discount Rate 4.08%	1% Increase 5.08%
December 31, 2024			
Proportionate share of the net OPEB liability	<u>\$ 1,788,400</u>	<u>\$ 1,568,920</u>	<u>\$ 1,386,371</u>
	1% Decrease (2.26 %)	Discount Rate (3.26 %)	1% Increase (4.26 %)
December 31, 2023			
Proportionate share of the net OPEB liability	<u>\$ 1,771,228</u>	<u>\$ 1,547,530</u>	<u>\$ 1,362,521</u>

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

	1% Decrease	Cost Current Trend Rate * (in thousands)	1% Increase
December 31, 2024			
Proportionate share of the net OPEB liability	<u>\$ 1,336,488</u>	<u>\$ 1,568,920</u>	<u>\$ 1,859,533</u>
	1% Decrease	Cost Current Trend Rate * (in thousands)	1% Increase
December 31, 2023			
Proportionate share of the net OPEB liability	<u>\$ 1,324,236</u>	<u>\$ 1,547,530</u>	<u>\$ 1,827,848</u>

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

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

For the years ended December 31, 2025 and 2024, the MTA Metro-North Railroad recognized OPEB expense of \$61,503 and \$78,229, respectively, which represents its proportionate share of the Plan's OPEB expense.

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The annual differences between the projected and actual earnings on investments are amortized over a 5-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience, changes in assumptions and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over an 7.8 year closed period, beginning the year in which the deferred amount occurs.

The MTA Metro-North Railroad reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	December 31, 2025		December 31, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,529	\$ 182,380	\$ 21,647	\$ 204,481
Changes in assumptions	134,753	324,208	164,974	254,705
Changes in proportion	163,824	180,463	110,275	224,630
Net difference between projected and actual earnings on OPEB plan investments		739	433	-
Employer contributions to the plan subsequent to the measurement of net OPEB liability	<u>75,161</u>	<u> </u>	<u>75,681</u>	<u> </u>
Total	<u>\$ 394,267</u>	<u>\$ 687,790</u>	<u>\$ 373,010</u>	<u>\$ 683,816</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2025 will be recognized in OPEB expense as follows:

Year Ending December 31

2026	\$ (69,842)
2027	(63,996)
2028	(64,582)
2029	(82,388)
2030	(54,279)
2031	(29,254)
Thereafter	<u>(4,342)</u>
	<u>\$ (368,683)</u>

9. LEASES

MTA Metro-North entered into various lease agreements that convey control of the right to use other entities' nonfinancial assets. Lease receivables and lease liabilities are measured at the present value of payments expected to be made during the lease term, using MNR's incremental borrowing rate at the time of valuation ranging from 0.72% to 5.38% if an applicable stated or implicit rate is not available.

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

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

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As Lessor—MNR leases its land, building, station space, equipment, and right of way to other entities. These leases have terms between 1 year to 90 years, with payments required monthly, quarterly, semi-annually, or annually. As of December 31, 2025, the remaining lease terms are between 1 year to 85 years. In addition, MNR also receives payments for variable leases and operating expenses associated with spaces that are not included in the measurement of lease receivable.

The total amount of inflows of resources recognized for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Lease revenue	\$ 18,393	\$ 15,269
Interest revenue	2,853	2,199
Other variable revenue	10,429	9,003

A summary of activity in lease receivable for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 76,656	\$ 85,542
Additions/(remeasurements)	20,107	7,293
Receipts	<u>(19,257)</u>	<u>(16,179)</u>
Balance—end of year	77,506	76,656
Less current portion*	<u>(21,654)</u>	<u>(20,013)</u>
Lease receivable noncurrent	<u>\$ 55,852</u>	<u>\$ 56,643</u>

*The current portion of lease receivable is reported in Other receivables, while the noncurrent portion is reported in Other non-current receivables.

MTA recognized \$45 and \$1,369 revenue associated with residual value guarantees and termination penalties for years ended December 31, 2025 and 2024, respectively.

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The principal and interest requirements to maturity for the lease receivable subsequent to December 31, 2025, are as follows:

Year Ended December 31	Principal	Interest	Total
2026	\$ 21,654	\$ 2,300	\$ 23,954
2027	14,946	1,690	16,636
2028	12,351	1,268	13,619
2029	10,295	895	11,190
2030	6,738	617	7,355
2031–2035	10,449	1,108	11,557
2036–2040	386	147	533
2041–2045	421	86	507
2046–2050	(4)	49	45
2051–2055	111	34	145
2056–2060	3	29	32
2061–2065	3	29	32
2066–2070	4	28	32
2071–2075	5	27	32
2076–2080	6	27	33
2081–2085	7	25	32
2086–2090	8	24	32
2091–2095	10	22	32
2096–2100	12	20	32
2101–2105	14	18	32
2106–2110	17	15	32
2111–2115	70	1	71
	<u>70</u>	<u>1</u>	<u>71</u>
Total	<u>\$ 77,506</u>	<u>\$ 8,459</u>	<u>\$ 85,965</u>

As Lessee—Metro-North leases building, office space, storage space, equipment, vehicle, and cell tower space from other entities. These leases have terms between 3 year to 36 years, with payments required monthly, quarterly, or annually. As of December 31, 2025, the remaining lease terms are between 1 year to 31 years.

The amount of lease expense recognized for variable payment not included in the measurement of lease liability was \$2,415 for the year ended December 31, 2025, and \$1,454 for the year ended December 31, 2024.

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A summary of activity in lease liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 214,204	\$ 227,682
Additions/(remeasurements)	1,258	899
Payments	<u>(15,616)</u>	<u>(14,377)</u>
Balance—end of year	199,846	214,204
Less current portion	<u>(14,986)</u>	<u>(15,485)</u>
Lease liability noncurrent	<u>\$ 184,860</u>	<u>\$ 198,719</u>

The current portion of lease liability is reported in Other Accrued expenses.

The principal and interest requirements to maturity for the lease liability subsequent to December 31, 2025, are as follows:

Year Ended December 31	Principal	Interest	Total
2026	\$ 14,986	\$ 6,283	\$ 21,269
2027	15,410	5,795	21,205
2028	15,502	5,293	20,795
2029	15,263	4,814	20,077
2030	16,890	4,320	21,210
2031–2035	73,400	13,572	86,972
2036–2040	12,771	7,600	20,371
2041–2045	15,356	4,971	20,327
2046–2050	20,233	1,801	22,034
2051–2055	26	4	30
2056	<u>9</u>	<u>9</u>	<u>9</u>
Total	<u>\$ 199,846</u>	<u>\$ 54,453</u>	<u>\$ 254,299</u>

Significant Lease Transaction—On August 29, 2013, MTA Metro-North Railroad entered into a Fourth Lease Modification, Extension and Expansion Space Agreement with SLG Graybar Mesne Lease, LLC for space at 420 Lexington Ave, New York, NY 10170 also known as the Graybar Building (“Graybar”). This agreement extends the lease term originally expiring in 2016, for an additional term of approximately 18 years. In addition, the agreement grants the Company expanded square footage.

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

MTA Metro North entered into various subscription-based information technology arrangements (SBITAs) that convey control of the right to use another party’s information technology software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time. A right-to-use intangible subscription asset is set up with a corresponding subscription liability measured at the present value of payments during the subscription term, using MTA’s incremental borrowing rate at the time of valuation ranging from 2.79% to 5.25% if an applicable stated or implicit rate is not available.

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

MTA Metro North's subscription-based information technology arrangements include software licenses, cloud data storage, hosting applications, security platforms and others. These subscriptions have terms between 2 years to 12 years, with payments required monthly, quarterly, or annually. As of December 31, 2025, the remaining subscription terms are between 0 year to 10 years. The amount of subscription expense recognized for variable payments not included in the measurement of lease liability were \$2,878 and \$3,861 for the years ended December 31, 2025 and 2024, respectively. MTA Metro North recognized \$0 and \$1,979 expense attributable to termination penalties and impairment for the years ended December 31, 2025 and 2024, respectively.

A summary of activity in SBITA liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 24,167	\$ 5,752
Additions/(remeasurements)	200	20,581
Payments	<u>(3,020)</u>	<u>(2,166)</u>
Balance—end of year	21,347	24,167
Less current portion	<u>(1,614)</u>	<u>(2,876)</u>
SBITA liability noncurrent	<u>\$ 19,733</u>	<u>\$ 21,291</u>

The principal and interest requirements to maturity for the SBITA liability subsequent to December 31, 2025, are as follows:

Year Ended December 31	Principal	Interest	Total
2026	\$ 1,614	\$ 1,070	\$ 2,684
2027	1,695	987	2,682
2028	1,804	897	2,701
2029	1,883	802	2,685
2030 - 2034	2,050	699	2,749
2035 - 2039	12,029	1,717	13,746
2036 - 2040	<u>272</u>	<u>6</u>	<u>278</u>
Total	<u>\$ 21,347</u>	<u>\$ 6,178</u>	<u>\$ 27,525</u>

11. COMPENSATED ABSENCES

MTA provides employee benefits for vacation, compensatory time, sick, and other leave days. Certain leave that has not been used are recorded as compensated absences liabilities if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

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Short-term liability is recorded based on average usage or applicable leave expiration, while long-term liability is recorded for leave that accumulates and is carried forward to a future reporting period during which it may be used for time off or otherwise paid or settled at separation of service, or according to timing as provided for in the policy or collective bargaining agreement.

A summary of activity indicated as net increase or decrease in compensated absences liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 112,283	\$ 108,014
Net adjustment	<u>4,215</u>	<u>4,269</u>
Balance—end of year	116,498	112,283
Less current portion	<u>(74,439)</u>	<u>(70,716)</u>
Compensated absences liability noncurrent	<u>\$ 42,059</u>	<u>\$ 41,567</u>

12. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

A summary of activity in estimated liability arising from claims related to injuries to persons, including employees, and damage to third-party property, for the years ended December 31, 2025 and 2024, is presented below:

(\$ in thousands)	2025	2024
Balance—beginning of year	\$ 197,638	\$ 52,451
Activity during the year:		
Current year claims and changes in estimates	44,022	157,019
Claims paid—settlements only	<u>(62,644)</u>	<u>(11,832)</u>
Balance—end of year	179,016	197,638
Less current portion	<u>(10,700)</u>	<u>(9,016)</u>
Long-term liability	<u>\$ 168,316</u>	<u>\$ 188,622</u>

13. ESTIMATED LIABILITY FOR POLLUTION REMEDIATION OBLIGATIONS

MTA Metro-North Railroad has implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The statement establishes standards for determining when expected pollution remediation outlays should be accrued as a liability or, if appropriate, capitalized. An operating expense and corresponding liability, measured at its current value using the expected cash flow method, have been recognized for certain pollution remediation obligations that are no longer able to be capitalized as a component of a capital project.

Pollution remediation obligations, which are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations, occur when any one of the following obligating events takes place:

- An imminent threat to public health due to pollution exists

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- MTA Metro-North Railroad is in violation of a pollution prevention-related permit or license
- MTA Metro-North Railroad is named by a regulator as a responsible or potentially responsible party to participate in remediation
- MTA Metro-North Railroad is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities, or
- MTA Metro-North Railroad voluntarily commences or legally obligates itself to commence remediation efforts

MTA Metro-North Railroad does not anticipate any changes in the near future that would have a material impact on the recorded obligations due to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. In addition, MTA Metro-North Railroad does not expect any recoveries of cost that would have a material effect on the recorded obligations.

In accordance with GASB Statement No. 49, pollution remediation expense provisions totaling \$2,613 and \$2,496 were recorded on the Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively. The expense provision was measured at its current value utilizing the prescribed expected cash flow method.

As of December 31, pollution remediation liabilities totaled \$7,138 for 2025 and \$6,703 for 2024, primarily consisting of future remediation activities associated with lead and asbestos abatement.

A summary of activity in estimated liability arising from environmental remediation as of December 31, 2025 and 2024 is presented below:

	2025	2024
Balance—beginning of year	\$ 6,703	\$ 6,392
Activity during the year:		
Current year remediation and changes in estimates	2,613	2,496
Remediation paid	<u>(2,178)</u>	<u>(2,185)</u>
Balance—end of year	7,138	6,703
Less current portion	<u>(699)</u>	<u>(699)</u>
Long-term liability	<u>\$ 6,439</u>	<u>\$ 6,004</u>

14. RELATED PARTY TRANSACTIONS

The MTA Metro-North Railroad and other affiliated MTA agencies receive support from MTA in the form of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, some of which are charged back. The MTA Metro-North Railroad's subsidies from MTA for use in operations are recorded as credits to operations when received. Funds for the MTA Metro-North Railroad's capital project expenditures are also provided by MTA. The MTA Metro-North Railroad recognizes funds contributed by MTA for the MTA Metro-North Railroad's capital project expenditures as nonoperating revenue.

The MTA Metro-North Railroad also sells joint prevalued fare cards on consignment on behalf of an affiliated agency. These amounts are reflected in the accompanying statements of net position.

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The resulting receivables and payables from the above transactions are recorded in the due from/to MTA and affiliated agencies account included in the accompanying statements of net position.

Due from/to MTA and affiliated agencies consists of the following at December 31, 2025 and 2024:

(\$ in thousands)	2025		2024	
	Receivable	(Payable)	Receivable	(Payable)
MTA	\$ 117,810	\$ (116,134)	\$ 152,918	\$ (134,690)
Affiliated agencies	<u>50,278</u>	<u>(4,316)</u>	<u>82</u>	<u>(5,908)</u>
Total MTA and affiliated agencies	<u>\$ 168,088</u>	<u>\$ (120,450)</u>	<u>\$ 153,000</u>	<u>\$ (140,598)</u>

15. COMMITMENTS AND CONTINGENCIES

From time to time, the MTA Metro-North Railroad becomes aware of the existence of pollutants and/or hazardous waste at MTA Metro-North Railroad facilities. When estimates can be made of the cost to remediate pollutants and/or hazardous waste at MTA Metro-North Railroad facilities, amounts are recorded in the financial statements.

Management has reviewed with counsel all actions and proceedings against or involving the MTA Metro-North Railroad, including personal injury claims. While the ultimate outcome of such actions and proceedings cannot be predicted with certainty at this time, management believes that losses, if any, in excess of amounts accrued, resulting from such actions will not be material to the financial position, results of operations or cash flows of the MTA Metro- North Railroad.

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

16. CERTAIN RISK DISCLOSURES

Operating and Capital Program Funding Risks - MTA Metro-North Railroad performs a public service of providing essential passenger transportation for the Harlem and Hudson lines in New York State, and the New Haven line for CDOT. Substantial deficits result from providing these services and the MTA Metro-North Railroad expects that such deficits will continue in the foreseeable future. Funding for the MTA Metro-North Railroad's operations and capital needs is provided by MTA and CDOT. MTA obtains the required funds from state subsidies, federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to the MTA Metro-North Railroad on a discretionary basis. The continuance of the MTA Metro-North Railroad's operations has been, and will continue to be, dependent upon the receipt of adequate funds from the MTA, as well as subsidies provided by CDOT.

Concentration of Workforce Covered by Collective Bargaining Agreement and Continuation of the Negotiation of Affordable Labor Contracts - The transportation services provided by MTA Metro-North Railroad, as well as related maintenance and support services, are labor intensive. A substantial portion of MTA Metro-North Railroad employees are represented by labor unions. Consequently, a major portion of MTA Metro-North Railroad's expenses consist of the costs of salaries, wages and fringe benefits for employees and retirees, and achieving affordable wage settlements impacts MTA Metro-North Railroad's financial position. MTA Metro-North Railroad is committed to negotiating affordable collective bargaining agreements with its unions. Failure to reach agreements with labor unions, or failure to negotiate affordable labor contracts could have a significant adverse impact on the budgets of MTA and MTA Metro-North Railroad, and any potential labor disruption will decrease train services and disrupt the normal functioning of the railroad's operations.

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17. SUBSEQUENT EVENTS

As of May xx, 2026, there were no materially significant subsequent events.

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REQUIRED SUPPLEMENTARY INFORMATION

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METRO-NORTH COMMUTER RAILROAD COMPANY

(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S

NET PENSION LIABILITY AND RELATED RATIOS FOR THE METRO-NORTH COMMUTER

RAILROAD COMPANY CASH BALANCE PLAN AT DECEMBER 31:

(In thousands, except %)

	2024	2023	2022	2021	2020	2019	2018	2017	2016
TOTAL PENSION LIABILITY:									
Service cost	\$ 10	\$ 12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	10	11	14	18	20	21	24
Effect of liability gains and losses	-	-	-	-	-	-	(11)	12	(15)
Effect of assumption changes or inputs	-	-	(16)	15	11	4	-	-	-
Effect of economic/demographic (gains) or losses	14	(19)	(6)	(11)	10	-	-	-	-
Benefit payments and withdrawals	(34)	(41)	(33)	(38)	(105)	(53)	(58)	(71)	(77)
Net change in total pension liability	(10)	(48)	(45)	(23)	(70)	(31)	(49)	(38)	(68)
TOTAL PENSION LIABILITY—Beginning	262	310	355	378	448	479	528	566	634
TOTAL PENSION LIABILITY—Ending (a)	252	262	310	355	378	448	479	528	566
FIDUCIARY NET POSITION:									
Employer contributions	22	13	4	-	9	-	5	-	23
Net investment income	8	2	(43)	(5)	32	40	-	20	16
Benefit payments and withdrawals	(34)	(41)	(33)	(38)	(105)	(53)	(58)	(71)	(77)
Administrative expenses	-	-	-	-	3	(3)	-	-	-
Net change in plan fiduciary net position	(4)	(26)	(72)	(43)	(61)	(16)	(53)	(51)	(38)
PLAN FIDUCIARY NET POSITION—Beginning	253	279	351	394	455	471	523	574	612
PLAN FIDUCIARY NET POSITION—Ending (b)	249	253	279	351	394	455	471	523	574
EMPLOYER'S NET PENSION LIABILITY—Ending (a) - (b)	\$ 3	\$ 9	\$ 31	\$ 4	\$ (16)	\$ (7)	\$ 8	\$ 5	\$ (8)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	98.76 %	96.48 %	90.09 %	98.91 %	104.20 %	101.45 %	98.28 %	99.01 %	101.39 %
COVERED-EMPLOYEE PAYROLL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277	\$ 278	\$ 268	\$ 648
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	- %	- %	- %	- %	- %	(2.35)%	2.97 %	1.95 %	(1.22)%

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

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METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IN THE MTA DEFINED BENEFIT
PENSION PLAN AT DECEMBER 31:
(In thousands, except %)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016
PROPORTION OF THE NET PENSION LIABILITY	33.60 %	33.22 %	33.51 %	34.21 %	34.72 %	35.10 %	35.24 %	36.10 %	36.33 %
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	\$ 525,821	\$ 572,582	\$ 840,889	\$ 572,890	\$ 672,605	\$ 605,988	\$ 494,107	\$ 370,698	\$ 460,804
ACTUAL COVERED-EMPLOYEE PAYROLL	\$ 866,960	\$ 760,883	\$ 772,184	\$ 676,909	\$ 672,888	\$ 653,851	\$ 627,407	\$ 589,000	\$ 598,291
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF THE AUTHORITY'S COVERED-EMPLOYEE PAYROLL	164.88 %	132.89 %	85.88 %	84.63 %	100.04 %	92.68 %	78.75 %	62.94 %	77.02 %
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	82.01 %	79.17 %	71.57 %	77.45 %	72.13 %	73.48 %	73.33 %	79.87 %	71.82 %

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

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METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S CONTRIBUTIONS TO
ALL PENSION PLANS FOR THE YEARS ENDED DECEMBER 31:
(Amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
MNR CASH BALANCE PLAN:										
Actuarially determined contribution	\$ 17	\$ 22	\$ 13	\$ 4	\$ -	\$ -	\$ 9	\$ 5	\$ -	\$ 23
Actual employer contribution	<u>17</u>	<u>22</u>	<u>13</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>5</u>	<u>-</u>	<u>23</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277</u>	<u>\$ 278</u>	<u>\$ 268</u>	<u>\$ 471</u>	<u>\$ 846</u>
Contributions as a % of covered payroll	<u>%</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>3.09 %</u>	<u>2.03 %</u>	<u>- %</u>	<u>2.68 %</u>
MTA DEFINED BENEFIT PENSION PLAN:										
Actuarially determined contribution	\$ 154,392	\$ 137,917	\$ 138,374	\$ 135,463	\$ 133,645	\$ 136,422	\$ 122,819	\$ 116,000	\$ 114,407	\$ 105,508
Actual employer contribution	<u>6,368</u>	<u>142,781</u>	<u>276,190</u>	<u>135,463</u>	<u>137,242</u>	<u>137,690</u>	<u>122,819</u>	<u>116,005</u>	<u>120,515</u>	<u>99,083</u>
Contribution deficiency (excess)	\$ 148,024	\$ (4,864)	\$ (137,816)	\$ -	\$ (3,597)	\$ (1,268)	\$ -	\$ (5)	\$ (6,108)	\$ 6,425
Covered payroll	<u>\$ 866,960</u>	<u>\$ 760,883</u>	<u>\$ 722,184</u>	<u>\$ 676,909</u>	<u>\$ 672,888</u>	<u>\$ 697,241</u>	<u>\$ 723,599</u>	<u>\$ 698,639</u>	<u>\$ 616,231</u>	<u>\$ 596,129</u>
Contributions as a % of covered payroll	<u>0.73 %</u>	<u>18.77 %</u>	<u>38.24 %</u>	<u>20.01 %</u>	<u>20.40 %</u>	<u>19.75 %</u>	<u>16.97 %</u>	<u>16.60 %</u>	<u>19.56 %</u>	<u>16.62 %</u>

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

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METRO-NORTH COMMUTER RAILROAD COMPANY (Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION NOTES TO SCHEDULE OF MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S CONTRIBUTIONS TO ALL PENSION PLANS

Except for the investment return and benefit escalator assumptions, all other assumptions used are consistent with the assumptions used in the January 1, 2024 Actuarial Valuation Report dated January 1, 2024. The following actuarial methods and assumptions were used in the January 1, 2024 funding valuation for the Metro-North Commuter Railroad Company Cash Balance Plan:

MNR Cash Balance Plan

Valuation dates	January 1, 2024
Measurement date	December 31, 2024
Actuarial cost method	Unit Credit
Amortization method	One year amortization of the unfunded liability, if any.
Asset valuation method	Actuarial value equals market value
Inflation	2.37%
Actuarial assumptions:	
Discount rate	2.55%
Investment rate of return	4.00%—net of investment expenses
Mortality	Based on experience of all MTA members reflecting mortality improvement generational basis using scale MP-2021
Salary increases	N/A
Cost-of-living adjustments	N/A

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

Changes of Benefit Terms—There were no changes of benefit terms noted for the January 1, 2024 funding valuation.

Changes of Assumptions—The report reflects updates to the mortality assumptions in accordance with a mortality experience study for the period January 1, 2015–December 31, 2020 for all the MTA plans combined.

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METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY IN THE MTA OPEB PLAN
(In thousands, except %)

AT DECEMBER 31	2024	2023	2022	2021	2020	2019	2018	2017
PROPORTION OF THE NET OPEB LIABILITY	<u>8.02 %</u>	<u>7.65 %</u>	<u>7.57 %</u>	<u>7.43 %</u>	<u>8.31 %</u>	<u>7.75 %</u>	<u>7.92 %</u>	<u>7.63 %</u>
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	<u>\$ 1,545,495</u>	<u>\$ 1,541,872</u>	<u>\$ 1,698,580</u>	<u>\$ 1,854,464</u>	<u>\$ 2,028,743</u>	<u>\$ 1,635,681</u>	<u>\$ 1,553,115</u>	<u>\$ 1,571,315</u>
ACTUAL COVERED-EMPLOYEE PAYROLL	<u>\$ 866,960</u>	<u>\$ 760,883</u>	<u>\$ 722,184</u>	<u>\$ 676,909</u>	<u>\$ 682,336</u>	<u>\$ 562,643</u>	<u>\$ 698,639</u>	<u>\$ 539,257</u>
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AS A PERCENTAGE OF THE AUTHORITY'S COVERED-EMPLOYEE PAYROLL	<u>178.27 %</u>	<u>202.64 %</u>	<u>235.20 %</u>	<u>273.96 %</u>	<u>297.32 %</u>	<u>290.71 %</u>	<u>222.31 %</u>	<u>291.39 %</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	<u>6.82 %</u>	<u>6.36 %</u>	<u>0.05 %</u>	<u>- %</u>	<u>- %</u>	<u>1.93 %</u>	<u>1.86 %</u>	<u>1.79 %</u>

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.

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METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S
CONTRIBUTIONS TO THE MTA OPEB PLAN AND NOTES TO SCHEDULE OF
CONTRIBUTIONS TO THE MTA OPEB PLAN FOR THE YEARS ENDED DECEMBER 31:
(In thousands, except %)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
ACTUARIALLY DETERMINED CONTRIBUTION									
ACTUAL EMPLOYER CONTRIBUTION ⁽¹⁾	\$ 75,161	\$ 75,681	\$ 67,494	\$ 64,075	\$ 58,925	\$ 38,580	\$ 57,345	\$ 54,762	\$ 49,684
CONTRIBUTION DEFICIENCY (EXCESS)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
COVERED PAYROLL	\$ 866,960	\$ 760,883	\$ 722,184	\$ 676,909	\$ 682,336	\$ 562,643	\$ 723,599	\$ 698,639	\$ 539,257
ACTUAL CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	8.67 %	9.95 %	9.35 %	9.46 %	8.64 %	6.86 %	7.92 %	7.84 %	9.21 %

⁽¹⁾ Actual employer contribution includes the implicit rate of subsidy adjustment of \$19,913, \$22,155, \$19,241, \$18,457, \$10,767, and \$19,322 for the years ended December 31, 2025, 2024, 2023, 2022, 2021 and 2020, respectively.

Notes to Schedule of the MTA Metro-North Commuter Railroad Companies Contribution to the OPEB Plan:

Methods and Assumptions Used to Determine Contribution Rates:

Valuation date	July 1, 2024
Measurement date	December 31, 2024
Discount rate	4.08%—net of expenses
Inflation	2.30%
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.27%
Investment rate of return	4.25 %

Changes of Benefit Terms: In the July 1, 2023 actuarial valuation, there were no changes to the benefit terms.

Changes of Assumptions: In the July 1, 2023 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.

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Metropolitan Transportation
Authority (“MTA”)
MTA Bus Company
(Component Unit of the MTA)

Financial Statements as of and for the Years Ended
December 31, 2025 and 2024, Required Supplementary
Information, and Independent Auditor’s Report

DRAFT

MTA BUS COMPANY (Component Unit of the MTA)

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3-17
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024:	
Statements of Net Position	18-19
Statements of Revenues, Expenses, and Changes in Net Position	20
Statements of Cash Flows	21-22
Notes to Financial Statements	23-50
REQUIRED SUPPLEMENTARY INFORMATION:	51
Schedule of MTA Bus's Proportionate Share of Net Pension Liability in the MTA Defined Benefit Pension Plan	52
Schedule of MTA Bus's Contributions for all Pension Plans	53
Schedule of MTA Bus's Proportionate Share of Net OPEB Liability in the MTA OPEB Plan	54
Schedule of MTA Bus's Contributions to the MTA OPEB Plan and Notes to the Schedule of MTA Bus's Contribution to the OPEB Plan	55-56

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Opinion

We have audited the financial statements of MTA Bus Company (the "Company"), a component unit of the Metropolitan Transportation Authority ("MTA"), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

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than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of MTA Bus's Proportionate Share of Net Pension Liability in the MTA Defined Benefit Plan, the Schedule of MTA Bus's Contributions for all Pension Plans, the Schedule of MTA Bus's Proportionate Share of Net OPEB Liability in the MTA OPEB Plan, and the Schedule and Notes to the Schedule of MTA Bus's Contributions to the MTA OPEB Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

_____, 2026

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MTA BUS COMPANY

(Component Unit of the MTA)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEARS
ENDED DECEMBER 31, 2025 AND 2024

(\$ in thousands, except as noted)

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction—The following is a narrative overview and analysis of the financial activities of MTA Bus Company ("MTA Bus")—Component Unit of the Metropolitan Transportation Authority ("MTA") for the years ended December 31, 2025 and 2024. It is intended to serve as an introduction to MTA Bus's financial statements, which have the following Components: (1) Management's Discussion and Analysis ("MD&A"), (2) Financial Statements, (3) Notes to Financial Statements, and (4) Required Supplementary Information.

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

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

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

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

Notes to Financial Statements—The Notes to Financial Statements provide information that is essential to understanding the basic financial statements, such as MTA Bus's accounting methods and policies, details of cash and investments, capital assets, employee benefits, lease transactions and future commitments and contingencies of MTA Bus. Any other events or developing situations that could materially affect MTA Bus's financial position, results of operations and cash flows.

Required Supplementary Information—The Required Supplementary Information provides information concerning MTA Bus's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

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FINANCIAL REPORTING ENTITY

MTA Bus is a public benefit corporation established pursuant to the New York State Public Authorities Law, to operate local and express bus service within The City of New York (“The City”). MTA Bus is a Component Unit of the Metropolitan Transportation Authority, which is a Component Unit of the State of New York and whose mission is to continue, develop and improve public transportation and to develop and implement a unified public transportation policy in the New York Metropolitan area.

MTA Bus requires, and will likely continue to require, substantial subsidies from various governmental sources in order to maintain its operations in the future. MTA Bus estimates that current fare levels and anticipated operating subsidy levels will provide sufficient revenue to meet operating expenses. Subsidies required for future years are presently being determined. If the funds made available to MTA Bus are not sufficient to meet its needs, MTA Bus must raise fares, curtail its service and operations, or defer certain other expenditures (not including maintenance) in order to continue operating within the limits of the funds.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the changes in MTA Bus’s financial position for the years ended December 31, 2025 and 2024. The changes from year to year are due to, among other things, the continuing purchase of new buses. It should be noted that for purposes of MD&A, summaries of the financial statements and tables presented conform to MTA Bus’s financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

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

(in thousands)	2025	2024	2023	Increase (Decrease)	
				2025-2024	2024-2023
Capital assets, at cost	\$ 1,363,316	\$ 1,298,869	\$ 1,092,642	\$ 64,447	\$206,227
Accumulated depreciation & amortization	<u>(638,307)</u>	<u>(572,876)</u>	<u>(580,446)</u>	<u>(65,431)</u>	<u>7,570</u>
Capital assets, net	725,009	725,993	512,196	(984)	213,797
Total other assets	<u>483,272</u>	<u>668,835</u>	<u>789,605</u>	<u>(185,563)</u>	<u>(120,770)</u>
Total assets	1,208,281	1,394,828	1,301,801	(186,547)	93,027
Deferred outflows of resources	<u>327,456</u>	<u>350,324</u>	<u>460,027</u>	<u>(22,868)</u>	<u>(109,703)</u>
Total assets and deferred outflows of resources	<u>\$ 1,535,737</u>	<u>\$ 1,745,152</u>	<u>\$ 1,761,828</u>	<u>\$ (209,415)</u>	<u>\$ (16,676)</u>

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Significant Changes in Assets and Deferred Outflows of Resources Include:

December 31, 2025 versus 2024

Capital assets include, but are not limited to: structures, construction of buildings, acquisition of buses, equipment and service vehicles, and right-of-use assets for leases on buildings and structures.

MTA Bus's Capital assets, at cost, amounted to \$1,363,316 and \$1,298,869 as of December 31, 2025 and 2024, respectively. The December 31, 2025 balance consisted of \$897,111 for buses, \$384,444 for depots and yards, \$65,046 for facilities, data processing equipment and other, \$12,802 for assets under construction of buses and facility upgrades, and \$3,913 for service vehicles.

Capital assets, net, decreased from December 31, 2024 by \$984 or 0.1%. The net decrease is due to depreciation of \$76,375 and net disposals of \$805, offset by additions to fixed assets of \$76,196.. The fixed asset additions included \$42,254 for buses placed in service, \$29,707 to assets under construction for the Spring Creek, JFK, College Point, Eastchester and LaGuardia depot renovations and upgrades, and \$2,725 for a new bus radio system. Disposals of fully depreciated capital assets were \$9,656.

Other assets include, but are not limited to: cash and unrestricted investments, State and regional mass transit taxes receivables from New York City, and receivables from leases of MTA Bus's land, buildings, equipment, and right of way to third parties under GASB 87. Refer to Note 8 for additional information.

Total other assets decreased by \$185,563 or 27.7% compared with the prior year. This is due to decreases in due from affiliates of \$172,571, other subsidy of \$9,472, subsidy receivable from New York City of \$5,740, prepaid expenses of \$4,210, and other receivables of \$1,016. These decreases were offset by increases in MTA Bus's investment pool of \$6,127, materials and supplies of \$986, lease receivable of \$175 and cash of \$158.

Deferred outflows of resources decreased by \$22,868 or 6.5%. This was due to a decrease of \$52,887 related to OPEB, primarily due to the difference in actuarial assumptions and changes in proportion and difference in employer contributions. This decrease was offset by an increase of \$30,019 related to pension, primarily due to contributions to the plan subsequent to the measurement date. See Note 7 and 6 to the financial statements for more information regarding MTA Bus's other postemployment benefits and pension, respectively.

December 31, 2024 versus 2023

Capital assets include, but are not limited to: structures, construction of buildings, acquisition of buses, equipment and service vehicles, and right-of-use assets for leases on buildings and structures.

MTA Bus's Capital assets, at cost, amounted to \$1,298,869 and \$1,092,642 as of December 31, 2024 and 2023, respectively. The December 31, 2024 balance consisted of \$872,212 for buses, \$300,075 for depots and yards, \$62,907 for facilities, data processing equipment and other, \$61,111 for assets under construction of buses and facility upgrades, and \$2,564 for service vehicles.

Capital assets, net, increased from December 31, 2023 by \$213,797 or 41.7%. The net increase is comprised of additions to fixed assets of \$281,045, offset by depreciation of \$67,248. The additions included \$249,967 for buses placed in service, \$23,925 to assets under construction for the Spring Creek, JFK, College Point, Eastchester and LaGuardia depot renovations and upgrades, and \$7,402 for a new bus radio system. Disposals of fully depreciated capital assets were \$74,818.

Other assets include, but are not limited to: cash and unrestricted investments, State and regional mass transit taxes receivables from New York City.

Total other assets decreased by \$120,770 or 15.3% compared with the prior year. This is due to decreases in due from affiliates of \$98,520, prepaid expenses of \$55,201, other subsidy of \$4,392, and

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materials and supplies of \$939. These decreases were offset by increases in MTA Bus's investment pool of \$34,096, subsidy receivable from New York City of \$3,611, other receivables of \$497, and cash of \$78.

Deferred outflows of resources decreased by \$109,703 or 23.8%. This was due to a decrease of \$129,554 related to pension, primarily due to actuarial loss on investments as reflected in net difference between projected and actual earnings on investments and a decrease in contributions to the plan subsequent to the measurement date. This decrease was offset by an increase of \$19,851 related to OPEB, primarily due to changes in assumptions. See Note 6 and 7 to the financial statements for more information regarding MTA Bus's pension and other postemployment benefits, respectively.

Total Liabilities, Distinguishing Between Current Liabilities, Noncurrent Liabilities and Deferred Inflows of Resources

(in thousands)	2025	2024	2023	Increase (Decrease)	
				2025-2024	2024-2023
Total current liabilities	\$ 253,386	\$ 230,014	\$ 230,626	\$ 23,372	\$ (612)
Total noncurrent liabilities	<u>1,524,490</u>	<u>1,567,612</u>	<u>1,705,061</u>	<u>(43,122)</u>	<u>(137,449)</u>
Total liabilities	1,777,876	1,797,626	1,935,687	(19,750)	(138,061)
Total deferred inflows of resources	<u>463,174</u>	<u>360,417</u>	<u>266,577</u>	<u>102,757</u>	<u>93,840</u>
Total liabilities and deferred inflows of resources	<u>\$ 2,241,050</u>	<u>\$ 2,158,043</u>	<u>\$ 2,202,264</u>	<u>\$ 83,007</u>	<u>\$ (44,221)</u>

Significant Changes in Liabilities and Deferred Inflows of Resources Include:

December 31, 2025 versus 2024

Current liabilities include accounts payable, accrued expenses, current portion of long-term debt, pollution remediation liabilities, current portion of long-term lease liability, and other current liabilities.

At the end of 2025, MTA Bus's total liabilities consisted primarily of postemployment benefits of \$679,928, injuries to persons (workers compensation and public liability) of \$649,480, and net pension liability of \$230,382.

Total current liabilities increased from December 31, 2024 to December 31, 2025 by \$23,372 or 10.2%. The increase was primarily due to an increase in due to MTA and affiliated agencies of \$17,059, an increase in accrued expenses of \$5,097 and an increase in accounts payable of \$1,413. These increases were offset by a decrease in loans payable of \$197.

Non-current liabilities include claims for injuries to persons, postemployment benefits, long-term lease liability, and other non-current liabilities.

Total noncurrent liabilities decreased by \$43,122 or 2.8%. The decrease was attributable to a decrease in postemployment benefits other than pensions of \$109,533, a decrease in net pension liability of \$27,301, and a decrease in loans payable of \$1,344. The decrease in postemployment benefits other than pensions was due to changes in proportionate share of OPEB liability of \$90,640, amortization of net deferred inflows/outflows of \$58,078, and employer contributions of \$32,621, offset by an increase in components of OPEB expense of \$71,806. The decrease in net pension liability was due to changes in proportionate share

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of net pension liability of \$57,720, amortization of net deferred inflows/outflows of \$17,533, offset by increase in components of pension expense of \$47,952.

The decrease in noncurrent liabilities was offset by an increase in liabilities from injuries to person of \$88,297, due to significant increases in reserves for certain cases per actuarial estimates, an increase in pollution remediation of \$6,447, and an increase in compensated absences of \$312.

Deferred inflows of resources increased by \$102,757 or 28.5%. This was due to an increase of \$57,880 related to OPEB, primarily due to changes in proportion and differences in employer contributions, an increase of \$44,687 related to pension, also primarily due to changes in proportion and differences in employer contributions, and an increase of \$190 related to leases. See Note 7, 6 and 8 to the financial statements for more information regarding MTA Bus's other postemployment benefits, pension, and leases respectively.

December 31, 2024 versus 2023

Current liabilities include accounts payable, accrued expenses, current portion of long-term debt, pollution remediation liabilities, current portion of long-term lease liability, and other current liabilities.

At the end of 2024, MTA Bus's total liabilities consisted primarily of postemployment benefits of \$789,461, injuries to persons (workers compensation and public liability) of \$565,248, and net pension liability of \$257,683.

Total current liabilities decreased from December 31, 2023 to December 31, 2024 by \$612 or 0.3%. The decrease was primarily due to a decrease in due to MTA and affiliated agencies of \$8,552. This decrease was offset by an increase in accrued expenses of \$7,502, an increase in accounts payable of \$241, and an increase in loans payable of \$197.

Non-current liabilities include claims for injuries to persons, postemployment benefits, long-term lease liability, and other non-current liabilities.

Total noncurrent liabilities decreased by \$137,449 or 8.1%. The decrease was attributable to a decrease in net pension liability of \$120,228 and a decrease in postemployment benefits other than pensions of \$60,247. The decrease in net pension liability was due to employer contributions of \$124,360, amortization of net deferred inflows/outflows of \$41,658, and changes in proportionate share of pension liability of \$3,019, offset by an increase in components of pension expense of \$48,809. The decrease in postemployment benefits other than pension was due to employer contributions of \$85,703 and amortization of net deferred inflows/outflows of \$73,531, offset by an increase in components of OPEB expense of \$75,347 and changes in proportionate share of OPEB liability of \$23,640.

The decrease in noncurrent liabilities was offset by an increase in liabilities from injuries to person of \$39,310, due to significant increases in reserves for certain cases per actuarial estimates, an increase in compensated absences of \$2,077, an increase in loans payable of \$1,344 due to a NYPA loan for an NYCTA capital project, and an increase in pollution remediation of \$295.

Deferred inflows of resources increased by \$93,840 or 35.2%. This was due to an increase of \$107,804 related to OPEB, primarily due to differences in expected and actual experience. This increase was offset by a decrease in pension of \$13,964, primarily due to changes in proportion and differences between contributions and proportionate share of contributions. See Note 7 and 6 to the financial statements for more information regarding MTA Bus's other postemployment benefits and pension, respectively.

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

(in thousands)	2025	2024	2023	Increase (Decrease)	
				2025-2024	2024-2023
Net investment in capital assets	\$ 725,009	\$ 725,993	\$ 512,196	\$ (984)	\$ 213,797
Unrestricted (deficit)	<u>(1,430,322)</u>	<u>(1,138,884)</u>	<u>(952,632)</u>	<u>(291,438)</u>	<u>(186,252)</u>
Total net position	<u>\$ (705,313)</u>	<u>\$ (412,891)</u>	<u>\$ (440,436)</u>	<u>\$ (292,422)</u>	<u>\$ 27,545</u>

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

Significant Changes in Net Position Include:

December 31, 2025 versus 2024

Total net position was (\$705,313) at the end of 2025, a net decrease of \$292,422 from the end of 2024. The net decrease was due to operating losses of \$916,655, offset by capital contributions of \$68,622, and net non-operating income of \$555,611.

December 31, 2024 versus 2023

Total net position was (\$412,891) at the end of 2024, a net increase of \$27,545 from the end of 2023. The net increase was due to operating losses of \$815,605, offset by capital contributions of \$275,663, and net non-operating income of \$567,487.

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Condensed Statements of Revenues, Expenses and Changes in Net Position

(in thousands)	Year Ended December 31,		
	2025	2024	2023
Total operating revenues	\$ 201,571	\$ 197,404	\$ 193,045
Total operating expenses	<u>(1,118,226)</u>	<u>(1,013,009)</u>	<u>(972,050)</u>
Operating loss	<u>(916,655)</u>	<u>(815,605)</u>	<u>(779,005)</u>
Nonoperating revenues/(expenses)			
Operating subsidies from NYC	521,274	531,185	522,443
Other nonoperating revenue	35,142	36,302	35,246
Other nonoperating expense	<u>(805)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues/(expenses)	<u>555,611</u>	<u>567,487</u>	<u>557,689</u>
(Loss) before capital contributions	(361,044)	(248,118)	(221,316)
Capital contributions	<u>68,622</u>	<u>275,663</u>	<u>101,035</u>
Changes in net position	<u>(292,422)</u>	<u>27,545</u>	<u>(120,281)</u>
Net position, beginning of year	(412,891)	(440,436)	(321,619)
Restatement of beginning net position due to the adoption of GASB No. 101	<u>-</u>	<u>-</u>	<u>1,464</u>
Net position, end of year	<u><u>\$ (705,313)</u></u>	<u><u>\$ (412,891)</u></u>	<u><u>\$ (440,436)</u></u>

Revenues from Fares/Ridership:

December 31, 2025 versus 2024

Bus revenues from fares totaled \$184,527 in 2025 versus \$183,645 in 2024, an increase of \$882, resulting from increased ridership.

Total passenger ridership was 90,075 in 2025 versus 85,129 in 2024, an increase of 4,946, or 5.8%.

December 31, 2024 versus 2023

Bus revenues from fares totaled \$183,645 in 2024 versus \$178,571 in 2023, an increase of \$5,074, resulting from higher average fares.

Total passenger ridership was 85,129 in 2024 versus 86,217 in 2023, a decrease of 1,088, or 1.3%.

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Operating Expenses, by Major Function

(in thousands)	2025	2024	2023	Increase (Decrease)	
				2025-2024	2024-2023
Salaries and wages	\$ 444,917	\$ 419,838	\$ 406,980	\$ 25,079	\$ 12,858
Retirement and other employee benefits	232,320	233,613	242,523	(1,293)	(8,910)
Postemployment benefits other than pensions	35,881	60,327	65,437	(24,446)	(5,110)
Fuel	29,888	29,156	33,217	732	(4,061)
Electric power	1,911	1,909	2,309	2	(400)
Insurance	9,049	6,951	5,621	2,098	1,330
Public liability claims	160,024	78,667	58,409	81,357	20,258
Materials and supplies	44,204	39,230	40,195	4,974	(965)
Professional services	38,097	36,743	30,032	1,354	6,711
Pollution remediation services	7,541	680	759	6,861	(79)
Maintenance and other operating expenses	30,494	31,572	24,895	(1,078)	6,677
Depreciation and amortization	76,375	67,248	53,854	9,127	13,394
Other business expenses	<u>7,525</u>	<u>7,075</u>	<u>7,819</u>	<u>450</u>	<u>(744)</u>
Total operating expenses	<u>\$ 1,118,226</u>	<u>\$ 1,013,009</u>	<u>\$ 972,050</u>	<u>\$ 105,217</u>	<u>\$ 40,959</u>

December 31, 2025 versus 2024

Total operating expenses increased by \$105,217 or 10.4% versus the prior year, as follows:

- Salaries and wages exceeded 2024 by \$25,079 or 6.0%, due to higher headcount in 2025 and increased salaries resulting from implementation of gross wage increases from contract settlements and retroactive wage accrual adjustments.
- Retirement and other employee benefits decreased by \$1,293 or 0.6% primarily due to lower workers' compensation expense.
- Postemployment benefits other than pensions decreased by \$24,446 or 40.5% primarily due to a decrease in the amortization of deferred outflow/inflows and actuarial gain on investments.
- Fuel costs increased by \$732 or 2.5%, due to a higher rates.
- Insurance expense increased by \$2,098 or 30.2%, due to higher property insurance premiums. This is comprised of excess liability, property and other insurance coverage paid under the MTA All-Agency insurance programs.
- Public liability and no-fault claims increased by \$81,357 or 103.4%. This resulted from higher loss emergence than expected based on historical data, per actuarial valuation.
- Materials and supplies increased by \$4,974 or 12.7% due to servicing required for an aging bus fleet.
- Professional service contracts increased by \$1,354 or 3.7% due to higher IT maintenance costs.
- Pollution remediation services increased by \$6,861 or 1,009% due to encumbrances for projects related to groundwater and soil remediation at Eastchester Depot.
- Maintenance and other operating expenses decreased by \$1,078 or 3.4% due to lower costs incurred for facilities maintenance.
- Other business expenses increased by \$450 or 6.4% primarily due to higher credit card fees related to the OMNY fare payment system.

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December 31, 2024 versus 2023

Total operating expenses increased by \$40,959 or 4.2% versus the prior year, as follows:

- Salaries and wages exceeded 2023 by \$12,858 or 3.2%, due to increased salaries resulting from implementation of gross wage increases and retroactive wage accruals from contract settlements. The 2023 salaries were restated \$730 lower due to the implementation of GASB 101.
- Retirement and other employee benefits decreased by \$8,910 or 3.7% primarily due to lower pension expense due to the amortization of deferred outflow of resources of \$24,177, which was partially offset by an increase in amortization of deferred inflow of resources of \$15,452.
- Postemployment benefits other than pensions decreased by \$5,110 or 7.8% primarily due to a decrease in contributions made after the measurement period of \$1,694 and amortization of deferred outflow/inflows of \$3,416.
- Fuel costs decreased by \$4,061 or 12.2%, due to lower prices.
- Insurance expense increased by \$1,330 or 23.7%, due to higher premiums. This is comprised of excess liability, property and other insurance coverage paid under the MTA All-Agency insurance programs.
- Public liability and no-fault claims increased by \$20,258 or 34.7%. This resulted from higher loss emergence than expected based on historical data, per actuary.
- Professional service contracts increased by \$6,711 or 22.3% due to higher actual IT costs than accrued during years 2022 through 2024.
- Maintenance and other operating expenses increased by \$6,677 or 26.8% due to costs related with the East New York Central Maintenance Facility and higher toll expense in 2024 versus 2023.
- Other business expenses decreased by \$744 or 9.5% primarily due to lower AFC collection fees, other non-operating purchases, and other miscellaneous expenses.

Nonoperating Revenues and Expenses

As defined by the letter of agreement between The City of New York (“The City”) and MTA, The City is to provide operating assistance subsidies to MTA Bus. These subsidies amounted to \$521,274 and \$531,185 in 2025 and 2024, respectively.

In 2025, pursuant to MTA Board approval, MTA Bus received \$12,561 in discretionary Mortgage Recording Tax—2 (“MRT-2”) monies as a subsidy from the MTA. The funds were used to pay commercial paper debt totaling \$3,417, with the remainder being invested in MTA Bus’s Stabilization Fund.

Capital contributions of \$68,622 in 2025 and \$275,663 in 2024 represent capital program funding from several sources including bonds, Federal, State and City funding.

Budget Highlights

Financial:

Total revenue from fares in 2025 was \$184,527. Passenger revenue was up \$882 over 2024 levels, resulting from increased ridership.

Operations:

The focus on improving service, introducing new buses and performing scheduled maintenance on the bus fleet, as well as aggressive shop programs to improve the existing fleet yielded continued notable improvements in the reliability of the bus fleet. In addition, a significant level of facility work continued during 2025 to upgrade conditions and comply with environmental regulations. Additional work needs to be done to improve facility conditions in 2026 and beyond.

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OVERALL FINANCIAL POSITION, RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Overall Financial Position and Results of Operations

MTA Bus is responsible for both the local and express bus operations of the seven previously private bus companies, consolidating their operations, maintaining current buses, purchasing new buses to replace the aging fleet currently in service, and adjusting schedules and route paths to better match travel demand. MTA Bus operates 46 local bus routes and 3 Select Bus Service routes in the Bronx, Brooklyn, and Queens; and 43 express bus routes between Manhattan and the Bronx, Brooklyn, or Queens. It has a fleet of 1,406 buses, which makes MTA Bus the 10th largest bus fleet in the United States and Canada, serving nearly 400,000 riders daily.

Between 2005 and 2025, MTA Bus purchased 769 new high capacity, high customer amenity express buses, 389 new environmentally friendly hybrid electric local buses, 213 new compressed natural gas (CNG) buses, 128 new low-floor articulated buses, and 469 new diesel standard buses. During 2025, 40 new buses were placed in service.

Economic Conditions

Metropolitan New York is the most transit-intensive region in the United States, and a financially sound and reliable transportation system is critical to the region's economic well-being. The MTA consists of urban subway and bus systems, suburban rail systems, bridge and tunnel facilities, all of which are affected by a myriad of economic forces. To achieve maximum efficiency and success in its operations, the MTA must identify economic trends and continually implement strategies to adapt to changing economic conditions.

Preliminary MTA system-wide ridership for fourth quarter 2025 remained below the pre-pandemic level, with paid ridership down 160 million trips (-38.4%) below 2019 fourth quarter ridership. The fourth quarter of 2025 exceeded the paid ridership during the fourth quarter of 2024 by 8 million (2.0%). For the fourth quarter of 2025 compared with the fourth quarter of 2024, MTA Bus paid ridership decreased by 1 million trips (-6.0%).

The Congestion Relief Zone ("CRZ") Tolling Program, previously referred to as Central Business District Tolling Program ("CBDTP"), was established by New York State legislation in 2019 to both manage traffic congestion in Manhattan and be implemented in a manner that achieves a minimum \$15.0 billion of funding for the projects identified in MTA's 2020-2024 Capital Program, and any additional revenues above that amount to be available for any successor program. Following the execution of an agreement under the Value Pricing Pilot Program by the Federal Highway Administration ("FHWA") and the Project Sponsors, TBTA began collecting CRZ tolls on January 5, 2025.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was higher in 2025 than in 2024 by 40.1 thousand jobs (0.8%). On a quarter-to-quarter basis, New York City employment lost 19.8 thousand jobs (0.4%), breaking the twenty-month consecutive quarterly increase trend. Third quarter 2025 results, compared to second quarter 2025, increased 32.6 thousand jobs (0.7%) and increased 78.6 thousand jobs (1.6%) compared with the third quarter 2024.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 1.4% in the fourth quarter of 2025 and 4.4% in third quarter 2025, according to the most recent estimate released by the Bureau of Economic Analysis. The increase in real GDP in the fourth quarter primarily reflecting increases in consumer spending and investment that were partly offset by decreases in government spending and exports. The increase in consumer spending reflected an increase in services that was partly offset by a decrease in goods. Within services, the leading contributors to the increase were health care and other services. The increase in investment primarily reflected increases in intellectual property products, private inventory investment, and equipment. The largest contributor to the decrease

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was a decrease in government spending reflected in a decrease in federal government spending. Both nondefense and defense consumption expenditures for employee compensation declined.

Due to the federal government shutdown which lasted from October 1, 2025 to November 12, 2025, the Bureau of Labor Statistics was unable to collect information necessary to calculate the consumer price index data for October. To this end, the fourth quarter of 2025 presented herein reflects the average of November and December. The New York City metropolitan area's price inflation rate, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was above the national average in the fourth quarter of 2025, with the metropolitan area index increasing 3.2% while the national index increased 2.7% when compared with the fourth quarter of 2024. Regional prices for energy products increased 7.2% while national prices for energy products were 2.7%. In the metropolitan area, the CPI-U exclusive of energy products increased by 3.0%, while nationally, inflation exclusive of energy products increased 2.7%. The New York Harbor spot price for conventional gasoline decreased by 11.1% from an average price of \$2.10 per gallon to an average price of \$1.87 per gallon between the fourth quarters of 2024 and 2025.

In its announcement on December 10th 2025, the Federal Open Market Committee ("FOMC") set its target for the Federal Funds rate at the 3.50% to 3.75% range. This is the sixth decline in the target rate range since September 18, 2024, when the FOMC reduced the target from a 5.25% to 5.50% range to a 4.75% to 5% range. Previously, FOMC actions decreased the range to 4.75% to 5% on September 18, 2024, decreased the range to 4.5% to 4.75% range on November 7, 2024, decreased the range to 4.25% to 4.5% on December 18, 2024, decreased the range to 4.0% to 4.25% on September 17, 2025, and decreased the range to 3.75% to 4% on October 29, 2025. In assessing the appropriate stance of monetary policy, the FOMC will continue to monitor the implications of incoming information for the economic outlook. The FOMC judges that reserve balances have declined to ample levels and will initiate purchases of shorter-term Treasury securities as needed to maintain an ample supply of reserves on an ongoing basis. The FOMC's assessments will consider a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

MRT collections in the fourth quarter of 2025 were higher than the fourth quarter of 2024 by \$16.9 million (18.2%). Average monthly receipts in the fourth quarter of 2025 were \$28.1 million (-44.2%) lower than the monthly average for 2006, just prior to the steep decline in Mortgage Recording Tax revenues during the Great Recession. MTA's Urban Tax receipts during the fourth quarter of 2025—which are derived from commercial real estate transactions and mortgage recording activity within New York City and can vary significantly from quarter to quarter based on the timing of exceptionally high-priced transactions—were \$17.6 million (17.2%) higher than receipts during the fourth quarter of 2024. Average monthly receipts in the fourth quarter of 2025 were \$35.3 million (-48.0%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

Results of Operations—Bus revenues from fares totaled \$184,527 in 2025 versus \$183,645 in 2024. Total ridership was 90,075 in 2025 versus 85,129 in 2024, an increase in passenger ridership of 4,946, or 5.8%. The increase in revenue is attributable to higher ridership over 2024 levels. Calendar year 2025 ended with a \$130,110 cash surplus, while 2024 ended with a surplus of \$123,983. This was attributable to the timing of New York City subsidy payments which cover shortfalls in working capital and allocation on the receipt of funds from the American Rescue Plan Act ("ARPA") during 2025.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program—As last approved by the CPRB, MTA Bus's portion of the MTA's 2010-2014, 2015-2019, 2020-2024 and 2025-2029 Capital Programs totaled \$297.0 million, \$376.0 million, and \$842.0 million, and \$454.0 million respectively.

On May 28, 2025, the MTA Board approved the proposed 2025-2029 Capital Program. This submission was approved by the CPRB on June 17, 2025.

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The MTA Board approved 2010-2014 MTA Bus Capital Program, as last amended in 2024, includes projects to replace the aging bus fleet, replace outdated depot equipment, improve depot facilities, and repair Superstorm Sandy damaged MTA Bus facilities. As of December 31, 2025, \$291.0 million has been committed under the 2010-2014 Program, of which \$281.0 million has been expended.

The MTA Board approved 2015-2019 MTA Bus Capital Program, as last amended in 2024, includes projects to replace the aging bus fleet, replace outdated depot equipment, and improve depot facilities. As of December 31, 2025, \$336.0 million has been committed under the 2015-2019 Program, of which \$312.0 million has been expended.

The MTA Board approved 2020-2024 MTA Bus Capital Program, as last amended in 2025, includes projects to replace the aging bus fleet, replace outdated depot equipment, and improve depot facilities. As of December 31, 2025, \$666.0 million has been committed under the 2020-2024 Program, of which \$354.0 million has been expended.

As of December 31, 2025, \$0 has been committed under the 2025-2029 Program.

CAPITAL FINANCING

The MTA 2010-2014 Capital Program, as last approved by the MTA Board on October 29, 2025, includes \$297.0 million in capital projects for MTA Bus, which includes bus fleet replacement and depot improvements, plus an additional \$11.0 million for Superstorm Sandy repairs. The MTA 2015-2019 Capital Program includes \$376.0 million for MTA Bus, which includes bus fleet replacement and depot improvements. The 2020-2024 Capital Program includes \$842.0 million for MTA Bus, which includes bus fleet replacement as well as depot and equipment investments. The 2025-2029 Capital Program includes \$454.0 million for MTA Bus, which includes bus fleet replacement and depot improvements.

The combined funding sources for the 2010-2014 MTA Bus Capital Program include \$203.6 million in Federal funds, \$50.9 million in City funds and \$42.5 million in MTA Bond proceeds. MTA Bus will also receive \$11.0 million in federal reimbursement proceeds for Superstorm Sandy repair. The combined funding sources for the 2015-2019 MTA Bus Capital Program, as last approved by the MTA Board, include \$133.0 million in Federal funds, \$32.0 million in City funds, and \$211.0 million in MTA Bond proceeds. The 2020-2024 and 2025-2029 MTA Bus Capital Programs will be funded by a combination of Federal, City and local capital resources.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The 2025 MTA November Financial Plan

The 2025 MTA November Financial Plan (the “November Plan” or “Plan”), which includes the 2025 November Forecast, the 2026 Final Proposed Budget and a Financial Plan for the years 2026 to 2029, updates the 2025 July Financial Plan (the “July Plan”), which included the 2025 Mid-Year Forecast and the 2026 Preliminary Budget.

Risks to MTA’s Financial Future

The November Plan remains balanced through 2026 with deficits of \$160.0 million in 2027, \$243.0 million in 2028, and \$306.0 million in 2029. In comparison, the July Plan was balanced through 2026, with deficits of \$345.0 million in 2027, \$354.0 million in 2028, and \$428.0 million in 2029. The February Plan was also balanced through 2026 and included deficits of \$378.0 million in 2027 and \$419.0 million in 2028.

Compared with the July Plan, the November Plan is \$419.0 million favorable over the Plan period. Plan-to-plan changes reflect Agency updates - including savings from new Operating Efficiencies, New Needs, Farebox and Toll Revenue, and other Agency re-estimates - as well as Subsidy receipts and Debt Service expense re-forecasts.

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The July Plan included additional farebox and toll revenues from proposed fare and toll rate and policy changes for implementation in January 2026. With MTA Board approval in September 2025, the additional revenue projected from these actions, which were represented below-the line in the July Plan, have been incorporated into Agency financial plans. Overall, farebox and toll revenues, compared with the July Plan, are \$20.0 million favorable over the Plan period.

Compared with the July Plan, Debt Service expense is \$161.0 million favorable.

The net cost of Paratransit service, which reflects paratransit service contracts and other expenses, Paratransit fare revenue, Urban Tax receipts dedicated to Paratransit, and City Subsidy for Paratransit, is \$11.0 million higher than in the July Plan, driven primarily by higher service expenses due to increased ridership. While the City's contribution to Paratransit is currently legislated at 80 percent of expenses, there is a contribution cap of 50 percent plus \$165.0 million. As a result, the City's contribution is less than 80 percent and is further reduced each year as expenses continue to increase.

Other Agency baseline operating expenses are \$319.0 million higher than in the July Plan. Major expense changes include Workers' Compensation, FELA and Pension, which are \$378.0 million unfavorable due to higher actuarial re-estimates, and Electric Power and Fuel, which are \$95.0 million unfavorable due to rate and price increases. Health & Welfare expenses are \$532.0 million favorable stemming from 2025 vacancy savings and higher prescription drug credits.

From 2009 through 2022, the MTA identified and captured about \$3.2 billion in annually recurring savings. In 2023, the MTA committed to achieving an additional \$500.0 million in annually recurring cost savings through operating efficiencies, which was attained by the end of 2025 with initiatives I-1 ranging from insourcing functions like cleaning, using reliability data to tailor maintenance frequencies, and standardizing work practices to improve productivity.

Savings targets from new operating efficiencies are being introduced in this Plan. Achievable savings of \$75.0 million in 2026, growing to \$150.0 million in 2027 and \$200.0 million in 2028, are expected to reach a full value of \$250.0 million in annual recurring operating savings by 2029. While the 2023 operating efficiencies focused primarily on operations at MTA New York City Transit, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bridges and Tunnels, new operating efficiencies will also include MTA Headquarters as shared services have recently been centralized as part of the MTA consolidation efforts to standardize practices and seize economies of scale. Initiatives have been identified to capture \$75.0 million in savings for 2026 and subsequent years.

Revenues from Taxes and State and Local Subsidies are unchanged from the July Plan.

Consistent with prior Plans, this Plan proposes, effective March 2027 and March 2029, biennial fare and toll rate changes to generate a 4 percent yield increase in farebox and toll revenues. These proposals are projected to generate \$39.0 million above the forecast in the July Plan.

The Plan also reflects re-timing of the Penn Station Access project. Full completion of the project, which extends Metro-North's New Haven Line to reach Penn Station with four new accessible stations in the Bronx, has experienced delays due to coordination issues with Amtrak for work on its right-of-way. The full completion of the project, originally scheduled for 2027, is now expected to be delayed until 2030. MTA is planning to provide about 30 percent of the original scheduled service to three of the four new Bronx stations. This interim plan, which is predicated on cooperation by Amtrak, will result in shifts in operating budget spending, lowering net costs by \$58.0 million over the Plan period.

MTA expects a further delay in the reimbursement of direct COVID-related expenses through the Federal Emergency Management Agency ("FEMA"). In the July Plan, reimbursements of \$300.0 million in 2025 and \$300.0 million in 2026 were anticipated, while the February Plan assumed the reimbursement would be received earlier: \$250.0 million in 2024, \$140.0 million in 2025, and \$210.0 million in 2026. In this Plan, the reimbursement is expected over the 2026 to 2028 period, with receipt of \$200.0 million each year.

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Tolling through the CRZ Tolling Program began in January 2025. CRZ net revenue, dedicated to the 2020-2024 MTA Capital Program, is deposited into the MTA Capital Lockbox Fund.

The November Plan presents a balanced budget through 2026, with deficits of \$160.0 million in 2027, \$243.0 million in 2028 and \$306.0 million in 2029.

Dedicated tax receipts. Almost 45 percent of operating revenues that are necessary to cover operating budget expenses are derived from dedicated taxes, and an economic slowdown or recession could adversely impact MTA's ability to cover costs.

FEMA COVID reimbursement. The MTA expects reimbursement through the FEMA for direct COVID-related expenses incurred during the pandemic. These reimbursements have already slipped beyond the anticipated date of receipt, and should these reimbursements not materialize, the Plan will be put into deficit by \$200.0 million in 2026, and deficits will be \$200.0 million higher in both 2027 and 2028.

Gaming license fee non-operating revenue. In December 2025, three high-profile casino projects got their final approval from New York State's gaming commission. The casino licenses provided fees of \$500 in December 2025 and \$1,000 in January of 2026, all of which were transferred to the MTA by the gaming commission. The Plan also assumes gaming tax revenues of \$600.0 million in 2028 and \$200.0 million in 2029.

Approval and implementation of fare and toll yield increases. The Plan includes fare and toll rate increases proposed for March 2027 and March 2029. These increases are expected to generate \$1.22 billion over the Plan period.

Labor agreements. Major collective bargaining agreements expire over the course of the Plan period, and the Plan assumes annual 2% wage increases at the conclusion of existing agreements.

New York City paratransit reimbursements. The net cost of Paratransit service, which reflects paratransit service contracts and other expenses, Paratransit fare revenue, Urban Tax receipts dedicated to Paratransit, and New York City ("City") Subsidy for Paratransit, continues to increase. Under current State law, the City's responsibility for reimbursing paratransit expenses reduces from a cap of 50 percent plus \$165.0 million to 50 percent in July 2027 through June 2030, when the State law requiring City contribution expires. Beginning in July 2030, City reimbursement would revert to City reimbursement being the lesser of one-third of net costs or twenty percent more than the prior year's reimbursement. The Plan assumes a continuation of an 80 percent contribution from the City, and without an extension of State law maintaining the 80 percent reimbursement, deficits will increase.

More detailed information on the November Plan can be found in the MTA 2026 Final Proposed Budget - November Financial Plan 2026-2029 at www.MTA.info.

Labor Update

As of December 31, 2025, MTA Bus has 4,021 employees, approximately 3,904 of whom are represented by five different unions (now including the United Transit Leadership Organization) and six bargaining units. The largest of these is TWU Local 100, with more than 2,000 members.

The status of MTA Bus's collective bargaining agreements is as follows:

- TWU Local 100
 - An MOU between MTA Bus and the TWU covering the period from May 16, 2023, through May 15, 2026, was ratified by the MTA Board on July 19, 2023.
 - The Parties will soon begin bargaining for a successor agreement.
- ATU Local 1179
 - An MOU covering the contract period from November 1, 2023, through November 7, 2026, was ratified by the MTA Board on December 17, 2025.

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- ATU Local 1181
 - An MOU covering the contract period from November 1, 2023, through October 31, 2026, was ratified by the MTA Board on July 30, 2025.
- TWU Local 106, TSO (Transit Supervisors Organization)
 - An MOU covering the contract period January 1, 2021, through December 31, 2024, was ratified by the MTA Board on October 25, 2023.
 - The Parties are in the process of bargaining for a successor agreement.
- United Transit Leadership Organization (“UTLO”)
 - An MOU between the UTLO and MTA Bus covering the period from January 1, 2025, through February 15, 2027, was ratified by the MTA Board on January 28, 2026.
- TWU Local 100 (Administrative Personnel)
 - An MOU covering the period from October 1, 2023, through November 30, 2026, was ratified by the MTA Board on June 26, 2024.

CONTACTING MTA CONTROLLER’S OFFICE

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

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MTA BUS COMPANY (Component Unit of the MTA)

STATEMENTS OF NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (In thousands)

	<u>Business - Type Activities</u>	
	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	\$ 442	\$ 284
Invested funds at MTA (Note 4)	<u>130,110</u>	<u>123,983</u>
	<u>130,552</u>	<u>124,267</u>
Receivables:		
Due from MTA and other affiliated agencies (Note 15)	316,212	488,783
Subsidy due from New York City	4,180	9,920
Other subsidy	5,416	14,888
Other	<u>1,184</u>	<u>2,200</u>
Total receivables	<u>326,992</u>	<u>515,791</u>
Materials and supplies inventory—net of allowances of \$3,249 and \$3,018 in 2025 and 2024, respectively	17,222	16,236
Prepaid expenses and other current assets	<u>8,331</u>	<u>12,541</u>
Total current assets	<u>483,097</u>	<u>668,835</u>
NONCURRENT ASSETS:		
Capital assets (Note 5):		
Construction work in progress	12,802	61,111
Capital assets—net of accumulated depreciation and amortization	712,207	664,882
Lease receivables (Note 8):	<u>175</u>	<u>-</u>
Total noncurrent assets	<u>725,184</u>	<u>725,993</u>
Total assets	<u>1,208,281</u>	<u>1,394,828</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows for pensions (Note 6)	139,900	109,881
Deferred outflows for OPEB (Note 7)	<u>187,556</u>	<u>240,443</u>
Total deferred outflows of resources	<u>327,456</u>	<u>350,324</u>
TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,535,737</u>	<u>\$ 1,745,152</u>

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STATEMENTS OF NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (In thousands)

	<u>Business - Type Activities</u>	
	2025	2024
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	\$ 10,140	\$ 8,727
Accrued expenses:		
Salaries, wages and payroll taxes	25,624	17,315
Compensated absences (Note 10)	30,343	28,102
Current portion—estimated liability from injuries to persons (Note 11)	70,313	74,378
Current portion—pollution remediation projects (Note 14)	6,955	7,705
Other	28,426	29,064
Total accrued expenses	161,661	156,564
Due to MTA and other affiliated agencies (Note 15)	81,585	64,526
Loans payable (Note 9)	-	197
Total current liabilities	253,386	230,014
Net pension liability (Note 6)	230,382	257,683
Net OPEB liability (Note 7)	679,928	789,461
Compensated absences (Note 10)	23,136	22,824
Estimated liability arising from injuries to persons (Note 11)	579,167	490,870
Pollution remediation projects (Note 14)	11,877	5,430
Loans payable (Note 9)	-	1,344
Total noncurrent liabilities	1,524,490	1,567,612
Total liabilities	1,777,876	1,797,626
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows for pensions (Note 6)	85,972	41,285
Deferred inflows for OPEB (Note 7)	377,012	319,132
Deferred inflows for leases (Note 8)	190	-
Total deferred inflows of resources	463,174	360,417
NET POSITION:		
Net investment in capital assets	725,009	725,993
Unrestricted (deficit)	(1,430,322)	(1,138,884)
Total net position	(705,313)	(412,891)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,535,737	\$ 1,745,152
See notes to financial statements.		(Concluded)

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MTA BUS COMPANY (Component Unit of the MTA)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	<u>Business - Type Activities</u>	
	2025	2024
OPERATING REVENUES:		
Fare revenue	\$ 184,527	\$ 183,645
Rents, freight, and other revenue	17,044	13,759
Total operating revenues	<u>201,571</u>	<u>197,404</u>
OPERATING EXPENSES:		
Salaries and wages	444,917	419,838
Retirement and other employee benefits	232,320	233,613
Postemployment benefits other than pensions	35,881	60,327
Fuel	29,888	29,156
Electric power	1,911	1,909
Insurance	9,049	6,951
Public liability claims	160,024	78,667
Materials and supplies	44,204	39,230
Professional services	38,097	36,743
Pollution remediation services	7,541	680
Maintenance and other operating expenses	30,494	31,572
Depreciation and amortization	76,375	67,248
Other business expenses	7,525	7,075
Total operating expenses	<u>1,118,226</u>	<u>1,013,009</u>
OPERATING LOSS	<u>(916,655)</u>	<u>(815,605)</u>
NONOPERATING REVENUES/(EXPENSES):		
NYC operating subsidies	521,274	531,185
Other nonoperating revenues	24,067	23,779
Interest income leases	32	-
Investment income	11,043	12,609
Interest expense	-	(86)
Loss on disposal of capital assets	(805)	-
Total nonoperating revenues/(expenses)	<u>555,611</u>	<u>567,487</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	(361,044)	(248,118)
CAPITAL CONTRIBUTIONS	<u>68,622</u>	<u>275,663</u>
CHANGE IN NET POSITION	(292,422)	27,545
NET POSITION—Beginning of year	(412,891)	(440,436)
NET POSITION—End of year	<u>\$ (705,313)</u>	<u>\$ (412,891)</u>

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MTA BUS COMPANY (Component Unit of the MTA)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	Business - Type Activities	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from passenger, tenants, advertisers, and others	\$ 208,512	\$ 200,522
Cash payments for payroll and related employee costs	(709,446)	(633,842)
Cash payments to suppliers for goods and services	(249,922)	(230,674)
Net cash used in operating activities	(750,856)	(663,994)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Subsidies received from NYC—operations	527,015	527,574
Subsidies received from Federal—ARPA	202,557	141,840
Receipt of mortgage recording tax revenue and NYCTA reimbursements	24,067	23,779
Net cash provided by noncapital financing activities	753,639	693,193
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments of leases	-	(2,252)
Capital contributed	68,622	275,663
Increase in intercompany capital pool loan	(6,127)	-
Capital project costs incurred for capital program	(76,195)	(281,045)
Net cash used in capital and related financing activities	(13,700)	(7,634)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) in invested funds at MTA	-	(34,096)
Interest income leases	32	-
Earnings on investments	11,043	12,609
Net cash (used in)/provided by investing activities	11,075	(21,487)
NET INCREASE IN CASH	158	78
CASH—Beginning of year	284	206
CASH—End of year	\$ 442	\$ 284

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MTA BUS COMPANY (Component Unit of the MTA)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (Amounts in thousands)

	<u>Business - Type Activities</u>	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (916,655)	\$ (815,605)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	76,375	67,248
Changes in operating assets and liabilities:		
Increase in receivables	(19,673)	(39,425)
Decrease in material and supplies, and prepaid expenses	3,224	56,140
Increase in payables, accrued expenses and other liabilities	<u>105,873</u>	<u>67,648</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (750,856)</u>	<u>\$ (663,994)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
MTA contributed capital assets	\$ 1,281,553	\$ 1,172,286
Interest expense for leases	<u>-</u>	<u>86</u>
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ 1,281,553</u>	<u>\$ 1,172,372</u>
See notes to financial statements.		(Concluded)

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MTA BUS COMPANY (Component Unit of the MTA)

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (Amounts in thousands, except as noted)

1. BASIS OF PRESENTATION

Reporting Entity—The accompanying financial statements present the accounts of MTA Bus Company (“MTA Bus”), which is a public benefit corporation created pursuant to the Public Authorities Law (the “Act”) of the State of New York (the “State”) to operate public bus service within The City of New York (“The City”). MTA Bus, which is a Component Unit of the Metropolitan Transportation Authority (MTA), was created to take over the operations of seven private bus lines that operated under franchises from The City of New York.

MTA Bus is operationally and legally independent of the MTA. MTA Bus has certain rights typically associated with separate legal status. However, MTA Bus is included in the MTA’s consolidated financial statements as a blended component unit because of the MTA’s financial accountability, and MTA Bus is under the direction of the MTA Board (a reference to “MTA Board” means the board of MTA and/or the boards of MTA Bus and other MTA component units that apply in the specific context, all of which are comprised of the same persons). Under GAAP, the MTA is required to include MTA Bus in its consolidated financial statements.

MTA Bus has material transactions with affiliated agencies included in the MTA financial reporting group. Such agencies include the MTA, the New York City Transit Authority (“NYCTA”), and the Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA”). All material transactions between MTA Bus and affiliated agencies have been recorded as of December 31, 2025 and 2024.

MTA Bus is part of the financial reporting group of the MTA and is included in the consolidated financial statements of the MTA in accordance with GASB Statement No. 14. The MTA is a Component Unit of the State and is included in the State of New York Annual Comprehensive Financial Report of the State Comptroller as a public benefit corporation.

Operations—Operations are conducted per the letter agreement dated December 8, 2004, between The City and the MTA, which includes provisions for the lease of City bus assets including real property and related facilities, buses and related materials and supplies, and any other assets acquired by The City and made available to MTA Bus for the operations of the former private bus lines.

The City has the option to terminate the letter agreement at any time upon one year’s written notice to the MTA. In the event of termination, The City is required to assume the assets and liabilities, including OPEB and pension liabilities, of MTA Bus and must pay or make provisions for the payment of any outstanding debt incurred by the MTA on behalf of MTA Bus. Any liabilities incurred by the franchised bus companies prior to the date of acquisition are liabilities of The City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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MTA Bus applies Governmental Accounting Standards Board (“GASB”) Codification of Governmental Accounting and Financial Reporting Standards (“GASB Codification”) Section P80, Proprietary Accounting and Financial Reporting.

New Accounting Standards—MTA Bus adopted the following GASB Statements for the period ended December 31, 2025:

GASB Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement defines concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal actions of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending.

After evaluating the criteria of GASB 102, MTA Bus concluded that the adoption of this statement required the disclosure of certain risk factors that will have a substantial impact on the financial position, results of operations or cash flows of MTA Bus.

Accounting Standards Issued but Not Yet Adopted

GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of MTA Bus upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	MTA Required Year of Adoption
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

Capital Assets—The City owns or leases the real property, including buildings and improvements, used as bus depots and yards. Accordingly, these assets are not recorded on the books of MTA Bus.

However, MTA Bus records certain other capital assets, which are primarily buses and related equipment (see Note 5). Capital assets have a minimum useful life of 2 years and a cost of more than \$25.

Capital assets are recorded at cost and are depreciated on a straight-line basis over 12 years for buses, with lives generally ranging from 5 to 15 years for other capital assets.

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment loss on assets to be sold, if any, is based on the estimated proceeds to be received, less estimated cost to sell.

Expenditures for maintenance and repairs which do not extend the useful life of assets are charged to operations as incurred.

Accumulated depreciation and amortization are reported as reductions of capital and right-to-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Right-to-use lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term.

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Leases—As a result of the adoption of GASB Statement No. 87, certain lease agreements are classified as financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Lease receivables and liabilities are measured at the present value of payments expected to be made during the lease term, using an applicable discount rate stated or implicit in the lease and if not available, using incremental borrowing rate at the time of valuation. Lease assets and deferred inflows are amortized on a straight-line basis over the term of the lease.

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

Compensated Absences—Per GASB 101, MTA Bus has accrued the value (including certain salary-related payments) of vacation, sick, compensatory time and other leave benefits earned by employees to date for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means (if any). Unexpired benefits that are more than likely to be used or settled at separation of service are recognized in the financial statements according to timing of estimated payments.

Capital Contribution—Capital funds contributed by the MTA are recorded as capital contributions on the statement of revenues, expenses and changes in net position. Contributed capital is recognized upon identification of capital costs to be funded by the MTA. Capital contributed for the years ended December 31, 2025 and 2024, amounted to \$68,622 and \$275,663, respectively.

Fare Revenue—Revenues from the sale of farecards are recognized as income as the farecards are used and are reported as operating income.

Materials and Supplies inventory—Materials and supplies are recorded at weighted average cost, net of a reserve for obsolete/excess inventory.

Invested Funds at MTA—The MTA, on behalf of MTA Bus, invests funds which are not immediately required for MTA Bus's operations in securities permitted by the State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes and U.S. Treasury zero-coupon bonds. All investments are held by the MTA's agent in custody accounts in the name of the MTA.

MTA Bus records its position in the investment pool based upon a net asset value derived on assets invested in the pool plus all realized income and losses earned. Unrealized appreciation, which is not significant to MTA Bus, is retained on the MTA's books and not included in MTA Bus's financial statement.

Investments maturing and expected to be liquidated within a year have been classified as current assets in the financial statements of MTA Bus. Investments are recorded on the Statements of Net Position at fair value which is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. All investment income, including changes in the fair value of investments, is reported as investment income.

Receivables—Receivables are recorded as amounts due to MTA Bus.

Use of Management Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

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The City Operating Subsidy—Pursuant to the letter agreement between The City and the MTA, The City has agreed to pay MTA Bus the difference between the actual costs of operation of the formerly franchised private bus lines and all revenues and other reimbursement subsidies. For calendar years 2025 and 2024, MTA Bus received cash payments of \$527,015 and \$527,574, respectively, in operating assistance from The City. At years ended December 31, 2025 and 2024, MTA Bus recorded a subsidy receivable due from The City of approximately \$4,180 and \$9,920, respectively, pursuant to the agreement between MTA and The City's Office of Management and Budget.

Advances from The City—Environmental Remediation—In accordance with the supplemental agreement between The City and the MTA, on behalf of MTA Bus, The City agreed to fund an Environmental Remediation Reserve Fund for \$6,293. With the assistance of the NYCTA (CPM Environmental Engineering) and independent consultants working on behalf of the New York City Department of Design and Construction, six MTA Bus depots were designated for environmental soil and groundwater remediation work totaling \$6,293. The City funded this reserve in June 2007 for the initial \$6,293 project, as well as future projects. In July 2011 and December 2021, The City funded the Environmental Remediation Reserve Fund with an additional \$11,096 and \$2,210, respectively. During 2025, MTA Bus reduced the Environmental Remediation Reserve Fund by \$1,095, based on actual cash expenditures, leaving a balance of \$6,955 and \$7,705 as of December 31, 2025 and 2024, respectively. The Environmental Remediation Reserve Fund is held by the MTA on behalf of MTA Bus and is reported as Due from Affiliates—operating. Refer to Note 15 for more information.

Mortgage Recording Tax-2—In 2007, the MTA Board approved the allocation of Mortgage Recording Tax ("MRT-2") receipts to MTA Bus. These funds are to be administered by the MTA Treasurer and used solely for funding the 2005-2009 Capital Program debt service requirements. Amounts budgeted from MRT-2 funds for such purposes were \$12,561 for 2025. The \$12,561 received in 2025 was used to repay \$3,417 for debt service on Transportation Revenue Bonds.

Pension Plans—MTA Bus adopted the standards of GASB Statement No. 68, *Accounting & Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and subsequent effective amendments to these standards, for its pension plans.

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

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

GASB has issued Statements No. 74 and 75, which replaced GASB Statements No. 43 and 45. The effective date of GASB Statement No. 74 (which applies to financial reporting on a plan basis) is the year ended December 31, 2017. The effective date of GASB Statement No. 75 (which applies to financial reporting by contributing employers) is the year ended December 31, 2018.

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

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

NYCTA Reimbursement—In accordance with the MTA's 2008 Adopted Budget Staff Summary, the NYCTA will reimburse MTA Bus approximately \$11.5 million per year for debt service, which reflects the fact that the Federal grants and matching City moneys originally intended for use by the City franchise buses taken over by MTA Bus could not be used by MTA Bus, so they were assigned to NYCTA for use in its capital projects.

Risk Management—Prior to January 1, 2006, Liberty Lines Express, Queens Surface, New York Bus Service and Command Bus were covered for the cost of injury liability and property damage under the New York City Department of Transportation insurance pool program. This insurance program covered the administration and payment of claims without the need for self-insurance coverage on the part of the former private lines.

Subsequent to January 1, 2006, the former private bus lines are now self-insured up to certain per occurrence limits for liability claims arising from injuries to persons, excluding employees, under the MTA's various insurance programs. Claims arising between January 1, 2006, and October 31, 2006, are subject to a \$7.0 million per occurrence limit; claims arising between October 31, 2006, and October 31, 2009, are subject to an \$8.0 million per occurrence limit; and claims arising after October 31, 2009, are subject to a \$9.0 million per occurrence limit. Effective November 1, 2012, claims are subject to a \$10.0 million per occurrence limit. Effective October 31, 2015, claims are subject to an \$11.0 million per occurrence limit. Effective October 31, 2025, claims are subject to a \$15.0 million per occurrence limit. The annual cost associated with injuries to persons, other than employees, and damage to third-party property, is reflected in expenses as public liability claims in the accompanying statements of revenues, expenses and changes in net position.

Liability Insurance—First Mutual Transportation Assurance Company ("FMTAC"), an insurance captive subsidiary of MTA, provides a liability insurance program (aka "ELF") that insures certain claims in excess of the agency's self-insured retention. The maximum amount that the ELF is responsible for arising out of any one occurrence and in the aggregate is the total assets of the ELF program available for claims, but in no event greater than \$50.0 million for all agencies and an additional \$10.0 million for NYCTA. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2025, the balance of the assets in this program was \$231.8 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy ("ELP"), which is reinsured through FMTAC. The ELP affords the MTA Group coverage limits of \$342.0 million for a total limit of \$392.0 million (\$342.0 million excess of \$50.0 million).

Property Insurance—Effective May 1, 2025, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2025, FMTAC directly insures property damage claims of the Related Entities in excess of a \$25.0 million per occurrence deductible, subject to an annual \$75.0 million aggregate deductible. The total All Risk program annual limit is \$400.0 million per occurrence and in the

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annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of \$7.5 million per occurrence. In addition to the noted \$25 million per occurrence self-insured deductible, MTA self-insures above that deductible for \$29.577 million within the overall \$400 million per occurrence property program as follows: \$11.734 million (or 23.47%) of the primary \$50 million layer, plus \$11.734 million (or 23.47%) of the \$50 million excess \$50 million layer, plus \$6.109 million (or 12.22%) of the \$50 million excess \$100 million layer. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the \$400.0 million per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of \$100.0 million of fully collateralized storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 19, 2023 to April 30, 2026. The expanded protection is reinsured by MetroCat Re Ltd. 2023-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2023-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of "certified" losses, as covered by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") of 2019. The remaining 20% of the Related Entities' losses arising from an act of terrorism would be covered under the additional terrorism policy described below. No federal compensation will be paid unless the aggregate industry insured losses exceed a trigger of \$200.0 million. The United States government's reinsurance is in place through December 31, 2027.

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any "certified" act of terrorism up to a maximum recovery of \$215.0 million for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the "certified" acts of terrorism insurance, but not to exceed \$40.0 million for any one occurrence, or (3) 100% of any "certified" terrorism loss which exceeds \$5.0 million and less than the \$200.0 million TRIPRA trigger up to a maximum recovery of \$200.0 million for any one occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of \$255.0 million for any one occurrence. Recovery under the terrorism policy is subject to a deductible of \$25.0 million for any one occurrence per occurrence and \$75.0 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed \$75.0 million, future losses in that policy year are subject to a deductible of \$7.5 million for any one occurrence. The terrorism coverages expire at midnight on May 1, 2028.

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

Injuries to Employees—MTA Bus's predecessor's workers' compensation program was insured through American International Group ("AIG"). This policy was continued through January 2, 2006. When New York Bus and Command Bus became members of MTA Bus, their workers' compensation exposures were rolled

DRAFT

into the AIG program. At the time of its merger with MTA Bus, coverage for Queens Surface was underwritten by Zurich American Insurance Company, which was also retained through January 2, 2006.

Effective January 3, 2006, and on a prospective basis, the MTA, on behalf of MTA Bus, established a master workers' compensation program with AIG. This insurance coverage provides both claims management and risk financing up to the statutory limits set by the State of New York, including acts of terrorism. When the other private bus lines (Green Bus, Jamaica Buses, and Triboro Coach) were merged into MTA Bus in the first quarter of 2006, they were rolled into the AIG program.

As risk of loss from worker's compensation claims was borne by AIG, MTA Bus did not record a liability reserve in the financial statements at December 31, 2008. Premium payments for worker's compensation coverage amounted to approximately \$12.0 million and \$13.8 million for the calendar years 2008 and 2007, respectively.

Effective January 2, 2009, MTA Bus established a self-insured workers' compensation program, and has recorded a \$219,697 and \$220,467 liability reserve in the financial statements at December 31, 2025 and 2024, respectively. During calendar years 2025 and 2024, \$35,392 and \$29,691 were paid to beneficiaries, respectively.

Pollution Remediation Projects—Effective January 1, 2008, pollution remediation costs are being expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (see Note 14). An operating expense provision and corresponding liability measured at current value using the expected cash flow method has been recognized for certain pollution remediation obligations. Pollution remediation obligations occur when any one of the following obligating events takes place: MTA Bus is in violation of a pollution prevention- related permit or license; an imminent threat to public health due to pollution exists; MTA Bus is named by a regulator as a responsible or potentially responsible party to participate in remediation; MTA Bus voluntarily commences or legally obligates itself to commence remediation efforts; or MTA Bus is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

3. CASH

Cash in bank accounts are insured up to \$250 in the aggregate by the Federal Deposit Insurance Corporation ("FDIC") for each bank in which funds are deposited. Cash, including funds on hand and in transit, consists of the following at December 31, 2025 and 2024 (in thousands):

	2025		2024	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Insured ("FDIC") and collateralized deposits	\$ 431	\$ 587	\$ 273	\$ 633
Commercially insured funds on-hand and in transit	<u>11</u>	<u>-</u>	<u>11</u>	<u>-</u>
Total cash	<u>\$ 442</u>	<u>\$ 587</u>	<u>\$ 284</u>	<u>\$ 633</u>

Deposits in MTA Bus's bank accounts are collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero coupon bonds, pursuant to the New York State Public Authorities Law. The on-hand and in-transit funds consist primarily of passenger revenue funds collected but not yet deposited.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, MTA Bus will not be able to recover the value of its deposits. While MTA Bus does not have a formal deposit policy for custodial credit risk, New York State statutes govern MTA Bus's investment policies.

DRAFT

4. INVESTED FUNDS AT MTA

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

MTA Bus's earnings from short term investments were \$11,043 and \$12,609 for the years ended December 31, 2025 and 2024, respectively, included in "Nonoperating revenues/(expenses)" in the Statement of Revenues, Expenses and changes in Net Position. At December 31, 2025 and 2024, MTA Bus had intercompany investment pool balances of \$130,110 and \$123,983, respectively, reported in the Statements of Net Position, which were attributable to the timing of subsidy payments from The City for working capital expenditures and receipt of funds from the American Rescue Plan Act ("ARPA") during 2025.

5. CAPITAL ASSETS

Capital assets and improvements include all land, buildings, equipment, and infrastructure of MTA Bus having a minimum useful life of two years and having a cost of more than \$25. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. Construction work-in-progress includes accrued project costs for invoices received and paid by MTA after December 31st.

GASB 87 Leases are classified as right-of-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

Accumulated depreciation and amortization are reported as reductions of capital and right-of-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 12 years for buses, with lives generally ranging from 5 to 15 years for other capital assets. Right-of-use assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term.

DRAFT

Capital and right-of-use assets consist of the following at January 1, 2024, December 31, 2024 and December 31, 2025:

(In thousands)	January 1, 2024	Additions/ Reclassifications	Deletions/ Reclassifications	December 2024	Additions/ Reclassifications	Deletions/ Reclassifications	December 2025
Capital assets not being depreciated—construction work-in-progress	\$ 74,134	\$ 278,991	\$ (292,014)	\$ 61,111	\$ 75,833	\$ (124,142)	\$ 12,802
Total capital assets not being depreciated	<u>74,134</u>	<u>278,991</u>	<u>(292,014)</u>	<u>61,111</u>	<u>75,833</u>	<u>(124,142)</u>	<u>12,802</u>
Capital assets being depreciated:							
Buses	676,445	270,437	(74,670)	872,212	34,555	(9,656)	897,111
Data processing equipment	40,191	699	(148)	40,742	-	-	40,742
Facilities	16,802	1,741	-	18,543	1,776	-	20,319
Service vehicles	2,564	-	-	2,564	1,349	-	3,913
Depots and yards	280,938	19,137	-	300,075	86,462	(2,093)	384,444
Total capital assets being depreciated	<u>1,016,940</u>	<u>292,014</u>	<u>(74,818)</u>	<u>1,234,136</u>	<u>124,142</u>	<u>(11,749)</u>	<u>1,346,529</u>
Less accumulated depreciation:							
Buses	(423,026)	(45,257)	74,670	(393,613)	(53,384)	9,656	(437,341)
Data processing equipment	(29,026)	(1,478)	148	(30,356)	(1,154)	-	(31,510)
Facilities	(15,299)	(352)	-	(15,651)	(571)	-	(16,222)
Service vehicles	(2,449)	(87)	-	(2,536)	(124)	-	(2,660)
Depots and yards	(109,078)	(18,020)	-	(127,098)	(20,779)	1,288	(146,589)
Total accumulated depreciation	<u>(578,878)</u>	<u>(65,194)</u>	<u>74,818</u>	<u>(569,254)</u>	<u>(76,012)</u>	<u>10,944</u>	<u>(634,322)</u>
Total capital assets being depreciated—net	<u>438,062</u>	<u>226,820</u>	<u>-</u>	<u>664,882</u>	<u>48,130</u>	<u>(805)</u>	<u>712,207</u>
Capital assets—net	<u>512,196</u>	<u>505,811</u>	<u>(292,014)</u>	<u>725,993</u>	<u>123,963</u>	<u>(124,947)</u>	<u>725,009</u>
Right of use assets being amortized—leased buildings and structures	1,568	2,054	-	3,622	363	-	3,985
Total right of use assets being amortized	<u>1,568</u>	<u>2,054</u>	<u>-</u>	<u>3,622</u>	<u>363</u>	<u>-</u>	<u>3,985</u>
Less accumulated amortization—leased buildings and structures	(1,568)	(2,054)	-	(3,622)	(363)	-	(3,985)
Total accumulated amortization	<u>(1,568)</u>	<u>(2,054)</u>	<u>-</u>	<u>(3,622)</u>	<u>(363)</u>	<u>-</u>	<u>(3,985)</u>
Right of use assets being amortized—net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, including right of use asset—net of depreciation and amortization	<u>\$ 512,196</u>	<u>\$ 505,811</u>	<u>\$ (292,014)</u>	<u>\$ 725,993</u>	<u>\$ 123,963</u>	<u>\$ (124,947)</u>	<u>\$ 725,009</u>

DRAFT

As of December 31, 2025, \$1.3 billion has been committed to MTA Bus's 2010-2014, 2015-2019, 2020-2024, and 2025-2029 Capital Programs.

As of December 31, 2025, \$115.1 billion is unexpended from the MTA's Capital Programs (2005-2024) and \$128.3 billion has been committed.

As of December 31, 2024, \$53.0 billion is unexpended from the MTA's Capital Programs (2005-2024) and \$22.4 billion has been committed.

6. EMPLOYEE BENEFITS

Pensions—MTA Bus participates in a defined benefit pension plan for their employees, the Metropolitan Transportation Authority (the "MTA") Defined Benefit Pension Plan (the "MTA Defined Benefit Pension Plan" or the "Plan").

The following brief description of the MTA Defined Benefit Pension Plan is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

Plan Description

General—The Plan represents a cost-sharing employer defined benefit pension plan sponsored by the MTA and administered by the Board of Managers of Pension (the "Board of Managers"), covering as relevant to the MTA Bus Company ("MTA Bus") certain represented and management employees of MTA Bus, including represented and non-represented employees who were formerly employed by Liberty Lines Express, Inc., New York Bus Tours, Inc., Command Bus Company, Green Bus Lines Inc., Jamaica Buses Inc., Triboro Coach Corporation and represented and most non-represented employees formerly employed by Queens Surface Corporation.

The Plan contains multiple but distinct benefit structures for the employees of MTA Bus which are based on the plans covering those employees prior to their becoming MTA Bus employees. MTA Bus non-represented employees and employees represented by the UTLO are covered by separate programs. Assets and liabilities are pooled and a single cash contribution amount and annual pension cost is determined. The Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) and 501(b) of the Internal Revenue Code. Accordingly, the Plan is tax-exempt and is not subject to the provisions of the Employee Retirement Income Security Act ("ERISA") of 1974.

Funding for the Plan is provided by the MTA, MTA Metro-North Railroad, MTA Long Island Rail Road, MTA Bus and MTA Staten Island Railway which are public benefit corporations that receive a significant portion of their operating and capital financing requirements from New York City, New York State, federal and regional governmental units and from the sale of bonds to the public. Certain funding is made on a discretionary basis. The continuance of funding for the Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

Plan Administration—The Defined Benefit Pension Plan is administered by the Board of Managers which is comprised of the persons holding the following positions:

- (i). the Chairman of the MTA;
 - (ii). the MTA Chief Financial Officer;
 - (iii). the MTA Director of Labor Relations; and
 - (iv). the agency head of each participating Employer.
- (a) Designation of Others—Any member of the Board of Managers, serving as such by virtue of holding a position described in (a) of this section, may, by written authorization filed with the Secretary who shall notify the other members of the Board of Managers, designate another individual, not then a member of the Board of Managers, to serve in that member's stead, in accordance with procedures established

DRAFT

with the approval of the Executive Director. Any such authorization may be revoked by the designating member at any time in writing filed in the same manner.

The Board of Managers shall be the agent for the service of legal process with respect to the Plan. No bond or other security is required in any jurisdiction of the Board of Managers or any member thereof except as required by law.

A stand-alone financial report may be obtained by writing to the MTA, Deputy Chief, Controller's Office, 2 Broadway, New York, New York, 10004. Pension plan financials can also be found at www.mta.info.

Benefits Provided

MTA Defined Benefit Pension Plan

Pension Benefits—Retirement benefits paid from the Plan to covered represented MTA Bus employees include service retirement allowances or early retirement allowances. Under the programs covering all represented employees at Baisley Park, Eastchester, La Guardia, Spring Creek, and Yonkers Depots and the represented employees at College Point Depot, JFK, Far Rockaway a participant is eligible for a service retirement allowance upon termination if the participant has attained age sixty-five and completed at least five years of credited service or if the participant has attained age 57 and completed at least 20 years of credited service. A participant hired prior to June 2009 from Baisley Park, College Point, and La Guardia Depots is eligible for an early retirement allowance if the participant has attained age 55 and completed 20 years of credited service. Terminated participants with five or more years of credited service who are not eligible to receive a service retirement allowance or early retirement allowance are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on or after the participant attains age 65.

At Baisley Park, Far Rockaway, JFK, La Guardia and Spring Creek Depots, a participant who is a non-represented employee is eligible for an early retirement allowance upon termination if the participant has attained age 55 and completed 15 years of service. Terminated participants with five or more years of credited service who are not eligible to receive a service retirement allowance or early retirement allowance are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on or after the participant attains age 62.

The MTA Bus retirement programs covering represented and non-represented employees at Eastchester and Yonkers and covering the represented employees at Baisley Park, College Point, Far Rockaway, JFK, La Guardia and Spring Creek are fixed dollar plans, i.e., the benefits are a product of credited service and a specific dollar amount.

The retirement benefits for certain non-represented employees at Baisley Park, Far Rockaway, JFK, La Guardia and Spring Creek are based on final average salary. Certain participants may elect to receive the retirement benefit as a single life annuity or in the form of an unreduced 75% joint and survivor benefit.

Death and Disability Benefits—In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after ten years of covered MTA Bus service. Pursuant to the MTA Bus programs, the disability benefit is the same as the service retirement benefit.

For MTA Bus employees, there is varied death benefit coverage under the Plan. For all represented and non-represented MTA Bus employees at Eastchester and Yonkers Depots and represented MTA Bus employees at Baisley Park, College Point, Far Rockaway, JFK, La Guardia and Spring Creek Depots, if a participant dies prior to being eligible for a retirement benefit, the participant's beneficiary may elect to receive a refund of the participant's contributions plus interest.

Moreover, the spouses of the above employees who are vested are entitled to a presumed retirement survivor annuity which is based on a 50% Joint and Survivor annuity. The date as of which such annuity is

DRAFT

determined and on which it commences varies among the different programs depending on whether the participants are eligible for retirement and for payment of retirement benefits.

In addition, the spouse of a non-represented MTA Bus employee at Spring Creek, JFK, La Guardia, Baisley Park and Far Rockaway, if such employee is age 55 and has 15 years of service and is a terminated member with a vested benefit which is not yet payable, may elect the presumed retirement survivor annuity or 1/2 the participant's accrued benefit paid monthly and terminating on the 60th payment or the spouse's death. The spouse of a non-represented MTA Bus employee at Yonkers Depot may also receive a pre-retirement survivor annuity from the supplemental plan. If there is no such spouse, the actuarial equivalent of such annuity is payable.

Dependent children of MTA Bus employees are also entitled to an annuity based on the spouse's pre-retirement survivor annuity (1/2 of the spouse's annuity is payable to each child, but no more than 100% of the spouse's annuity is payable). In addition, the dependent children of retirees who were MTA Bus employees at these Depots are entitled to an annuity based on the presumed retirement survivor's annuity (25% of the spouse's annuity; but no more than 50% of the spouse's annuity is payable).

Retirement benefits establishment and changes for represented employees are collectively bargained and must be ratified by the respective union and the MTA Board. For non-represented employees, retirement benefits establishment and changes are presented to the MTA Board and must be accepted and approved by the MTA Board.

Contributions and Funding Policy

MTA Defined Benefit Pension Plan—MTA Bus's contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the Plan are recognized in the period in which the contributions are due. The following summarizes the types of employee contributions made to the Plan.

Covered MTA Bus represented employees and certain non-represented employees are required to contribute a fixed dollar amount, which varies, by Depot. Non-represented MTA Bus employees contribute a percentage of pensionable earnings ranging from 3%, 3.5%, 4.5%, 5.75% and 6%. Represented employees contribute a fixed dollar ranging from \$83.03 to \$85.52 bi-weekly. Currently, non-represented employees at certain Depots, contribute \$21.50 (whole dollars) per week. Non-represented employees at Eastchester hired prior to 2007 contribute \$25 (whole dollars) per week. Certain limited number of represented employees promoted prior to the resolution of a bargaining impasse continue to participate in the MTA Defined Benefit Plan that was in effect before their promotion. Certain MTA Bus non-represented employees who are formerly employed by the private bus companies (Jamaica, Green, Triboro and Command) at Baisley Park, Far Rockaway, JFK, LaGuardia and Spring Creek Depots who are in the pension program covering only such employees make no contributions to the program.

Contributions for years ended December 31, 2025 and 2024 were \$67,402 and \$59,930, respectively. These costs represent the required actual contributions for the year stated.

Contributions as a percent of covered payroll are 16.01% and 0%, for the years ended December 31, 2025 and 2024, respectively.

Net Pension Liability—MTA Bus's net pension liability reported at December 31, 2025 was measured as of December 31, 2024. The total pension liability for the Plan was determined as of the actuarial valuation date of January 1, 2024 and rolled forward to the measurement date of December 31, 2024. MTA Bus's net pension liability reported at December 31, 2024 was measured as of December 31, 2023. The total pension liability for the Plan was determined as of the actuarial valuation date of January 1, 2023 and rolled forward to the measurement date of December 31, 2023. 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.

DRAFT

Actuarial Assumptions—The total pension liabilities in each pension plan’s actuarial valuation dates were determined using the following actuarial assumptions for each pension plan, applied to all periods included in the measurement date:

Valuation Date	MTA Defined Benefit Plan	
	January 1, 2024	January 1, 2023
Investment rate of return	6.5% per annum—net of investment expenses.	6.5% per annum—net of investment expenses.
Salary increases	Varies by years of employment, and employee group; 2.75% general wage increases for MTA Bus hourly employees.	Varies by years of employment, and employee group; 2.75% general wage increases for MTA Bus hourly employees.
Inflation	2.25%	2.25%
Cost-of living adjustments	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.

Mortality—All mortality rates (except accidental death for active police members) are projected on a generational basis using the Society of Actuaries Mortality Improvement Scale MP-2021. As generational tables, they reflect mortality improvement both before and after the measurement date. The post-retirement mortality assumption is based on an experience analysis covering the period from January 1, 2015 to December 31, 2020 for the MTA-sponsored pension plans.

Transit Members (“MTA Bus”): Pre.H-2012 (“BC”)—Mortality Table, headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 92%.

Expected Rate of Return on Investments—The long-term expected rate of return on pension plan investments was 6.50% for the MTA Defined Benefit Pension Plan. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

DRAFT

The target allocation and best estimates of arithmetic real rates of return ("RROR") for each major asset class included in each of the pension funds are as follows:

Asset Class	MTA Defined Benefit Plan	
	Target Asset Allocation	Long-Term Expected Real Rate of Return
US core fixed income	15.50 %	2.36 %
US long bonds	2.00	1.85
US inflation-indexed bonds	2.00	1.93
US high yield bonds	3.50	4.04
Private credit	8.00	6.48
US large caps	23.00	5.33
US small caps	4.50	6.82
Foreign developed equity	10.50	6.91
Emerging markets equity	3.00	9.29
Emerging markets small cap equity	1.00	9.62
Private real estate property	5.00	5.93
Private equity	8.00	10.37
Infrastructure	3.00	5.92
Commodities	3.00	3.38
Hedge funds—multistrategy	8.00	4.13
	<u>100.00 %</u>	
Assumed inflation—mean		2.30 %
Assumed inflation—standard deviation		1.46
Portfolio nominal mean return		7.77
Portfolio standard deviation		12.25
Long term expected rate of return selected by MTA		6.50

Discount Rate—As of December 31, 2025 and 2024, the discount rate used to measure the total pension liability of the MTA Defined Benefit Pension Plan was 6.50% and 6.50%, respectively.

The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in accordance with the Employer funding policy as projected by the Plan's actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

DRAFT

MTA Bus's Proportion of Net Pension Liability—MTA Defined Benefit Pension Plan—The following table presents MTA Bus's proportionate share of the net pension liability of the MTA Defined Benefit Pension Plan at December 31, 2025 and 2024, and the proportion percentage of the net pension liability of the MTA Defined Benefit Pension Plan allocated to MTA Bus:

(In thousands, except for %)	2025	2024
MTA Bus's proportionate share of the net pension liability	\$ 230,382	\$ 257,683
MTA Bus's proportion of the net pension liability	14.61 %	14.93 %

MTA Bus's proportion of the respective Plan's net pension liability was based on actual required contributions of the participating employer for the fiscal year.

The following table presents MTA Bus's proportionate share of the net pension liability calculated using the discount rate of 6.50% for the MTA Defined Benefit Pension Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate (in thousands):

MTA Bus's Proportionate Share of the Net Pension Liability	1% Decrease (5.50)%	Current Discount Rate (6.50)%	1% Increase (7.50)%
2025	\$ 389,195	\$ 230,382	\$ 96,533
2024	411,836	257,683	127,656

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

For the years ended December 31, 2025 and 2024, MTA Bus recognized pension expense of \$54,769 and \$55,933, respectively.

At December 31, 2025 and 2024, MTA Bus reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows (in thousands):

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,747	\$ (49)	\$ 28,601	\$ (549)
Changes in assumptions	39,751	-	54,958	-
Net difference between projected and actual earnings on pension plan investments	-	(10,963)	26,322	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	(74,960)	-	(40,736)
Employer contribution to plan subsequent to the measurement date of net pension liability	67,402	-	-	-
Total	<u>\$ 139,900</u>	<u>\$ (85,972)</u>	<u>\$ 109,881</u>	<u>\$ (41,285)</u>

The annual differences between the projected and actual earnings on investments are amortized over a five-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience and the changes in proportion and differences between employer

DRAFT

contributions and proportionate share of contributions are amortized over the weighted average remaining service life of all members, beginning the year in which the deferred amount occurs.

For the year ended December 31, 2025 and 2024, \$67,402 and \$0, respectively, were reported as deferred outflows of resources related to pension resulting from MTA Bus's contributions subsequent to the measurement dates. Other amounts reported as deferred outflows of resources related to pensions at December 31, 2025 will be recognized as pension expense as follows:

Year Ending December 31	(In thousands)
2026	\$ 6,709
2027	14,650
2028	(12,937)
2029	(7,558)
2030	(2,654)
Thereafter	<u>(11,684)</u>
	<u><u>\$ (13,474)</u></u>

Deferred Compensation Program

Description—The Deferred Compensation Program consists of two defined contribution plans that provide benefits based solely on the amount contributed to each participant's account(s), plus or minus any income, expenses and gains/losses. The Deferred Compensation Program is comprised of the Deferred Compensation Plan for Employees of the Metropolitan Transportation Authority ("MTA"), its Subsidiaries and Affiliates ("457 Plan") and the Thrift Plan for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates ("401(k) Plan"). Certain MTA Related Groups employees are eligible to participate in both deferred compensation plans. Both Plans are designed to have participant charges, including investment and other fees, cover the costs of administering the Deferred Compensation Program.

The Deferred Compensation Program is administered and may be amended by the Deferred Compensation Committee.

In 1998, the Deferred Compensation Committee approved the unbundling of the Plans. In 2008, the Plans' investment choices were restructured to set up a four-tier strategy:

- Tier 1—The MTA Asset Allocation Programs offer two options for those participants who would like to make retirement investing easy – the MTA Target Year Funds and Goal maker. Investments will be automatically diversified among a range of investment options.
- Tier 2—The MTA Index Funds offer a tier of index funds, which invest in the securities of companies that are included in a selected index, such as the Standard & Poor's 500 (large cap) Index or Barclays Capital U.S. Aggregate (bond) index. The typical objective of an index fund is to achieve approximately the same return as that specific market index. Index funds provide investors with lower-cost investments because they are less expensive to administer than actively managed funds.
- Tier 3—The MTA Actively Managed Portfolios, which are comprised of actively managed portfolios that are directed by one or a team of professional managers who buy and sell a variety of holdings in an effort to outperform selected indices. The funds provide a diversified array of distinct asset classes, with a single fund option in each class. They combine the value and growth disciplines to create a "core" portfolio for the mid-cap and international categories.

DRAFT

- Tier 4—Self-Directed Mutual Fund Option is designed for the more experienced investors. Offers access to an expanded universe of mutual funds from hundreds of well-known mutual fund families. Participants may invest only a portion of their account balances in this Tier.

In 2011, the Deferred Compensation Program began offering Roth contributions. Employees can elect after-tax Roth contributions and before-tax contributions in both the 401(k) Plan and the 457 Plan. The total combination of Roth after-tax contributions and regular before-tax contributions cannot exceed the IRS maximum of \$23.5 or \$31.0 for those over age 50 for the year ending December 31, 2025.

The two Plans offer the same array of investment options to participants. Eligible participants for the Deferred Compensation Program include employees (and in the case of MTA Long Island Bus, former employees) of:

- MTA
- MTA Long Island Rail Road
- MTA Bridges and Tunnels
- MTA Long Island Bus
- MTA Metro-North Railroad
- MTA New York City Transit
- MTA Staten Island Rapid Transit
- MTA Capital Construction
- MTA Bus

Matching Contributions—Certain members who were employed by Queens Surface Corporation on February 26, 2005, and who became employees of MTA Bus on February 27, 2005, receive a matching contribution equal to 50% of member's before-tax contributions provided that the maximum matching contribution shall not exceed 3% of the member's base pay. MTA Bus also made a basic contribution equal to 2% of the members' compensation. There have been no matching contributions since 2018 as all formerly eligible employees are either retired or are now in the MTA Bus pension plan.

Additional Deposits (Incoming Rollover or Transfers)—Participants in the Deferred Compensation Program are eligible to roll over both their before-tax and after-tax assets from other eligible retirement plans into the 401(k) and 457 Plans. Under certain conditions, both Plans accept rollovers from all eligible retirement plans (as defined by the Code), including 401(a), 457, 401(k), 403(b), and rollover IRAs.

Forfeitures—Nonvested contributions are forfeited upon termination of employment. For the years ended December 31, 2025 and 2024, \$109 and \$0, of forfeiture money was reallocated to the plan, respectively.

The Trustee for the MTA Deferred Compensation Program is Prudential Bank & Trust FSB. Recordkeeper and/or Administrative Services are provided by Prudential Retirement Insurance & Annuity Company ("PRIAC"). Investment management services are provided by Prudential Retirement Insurance & Annuity Company and Galliard Capital Management: separate accounts are managed by Denver Investment Advisors Conestoga Capital Advisors and TCW-Metropolitan West Asset Management. Financial Advisor Mercer reviews the investment policies as stipulated by the Investment Committee, the Plans' portfolios and the Investment Managers' performance.

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7. OTHER POSTEMPLOYMENT BENEFITS

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

(1) Plan Description

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

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

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

The separate annual financial statements of the OPEB Plan may be obtained by writing to MTA, Deputy Chief, Controller’s Office, 2 Broadway, New York, New York, 10004 or at www.mta.info.

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

MTA Bus participates in the New York State Health Insurance Program (“NYSHIP”) and provides medical and prescription drug benefits, including Medicare Part B reimbursements, to many of its retirees. NYSHIP offers a Preferred Provider Organization (“PPO”) plan and several Health Maintenance Organization (“HMO”) plans. MTA Bus retirees do not participate in NYSHIP. These benefits are provided either through a self-insured health plan, a fully insured health plan or an HMO.

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

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

- (a) have retired;
- (b) be receiving a pension (except in the case of the 401(k) Plan and the VDC);
- (c) have at least 10 years of credited service as a member of the MTA Defined Benefit Pension Plan; and
- (d) have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members). A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

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

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

Contributions—MTA Bus is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the “pay-as-you-go” (“PAYGO”) amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents.

Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years ended December 31, 2025 and 2024, MTA Bus paid \$34,647 and \$32,621 of PAYGO to the OPEB Plan, respectively. The PAYGO amounts include an implicit rate subsidy adjustment of \$366 and \$533 for the years ended December 31, 2025 and 2024, respectively. There were no additional prior year implicit rate subsidy adjustments for the year ended December 31, 2025.

The discount rate estimates investment earnings for assets earmarked to cover retiree health benefits. Under GASB Statement No. 75, the discount rate depends on the nature of underlying assets for funded plans. Since the amount of benefits paid in 2020 exceeded the current market value of the assets, a depletion date is assumed to occur immediately. Therefore, the discount rate is set equal to the municipal bond index. The MTA elected the Bond Buyer General Obligation 20-Bond Municipal Bond Index. As a result, the discount rates as of December 31, 2024 and December 31, 2023, the measurement dates, are 4.08% and 3.26%, respectively.

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue on the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore are partially subsidized by the active employees. As shown in the following table, for the years ended December 31, 2025 and 2024, the employer made a cash payment for retiree healthcare of \$366 and \$533, 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	2025 Retirees	2024 Retirees
	(In thousands)	
Total blended premiums	\$ 34,281	\$ 32,088
Employment payment for retiree healthcare	<u>366</u>	<u>533</u>
Net payments	<u><u>\$ 34,647</u></u>	<u><u>\$ 32,621</u></u>

(2) Net OPEB Liability

At December 31, 2025 and 2024, MTA Bus reported a net OPEB liability of \$679,928 and \$789,461, respectively, for its proportionate share of the Plan’s net OPEB liability. The net OPEB liability was measured as of the OPEB Plan’s fiscal year-end of December 31, 2024 and 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2023 for each of the years, and rolled forward to December 31, 2024 and 2023, respectively. MTA Bus’s proportion of the net OPEB liability was based on a projection of MTA Bus’s long-term share of

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contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2025 and 2024, MTA Bus's proportion was 3.46% and 3.89%, respectively.

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

(3) Actuarial Assumptions

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

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

The total OPEB liability was determined by an actuarial valuation performed on July 1, 2023 for each of the years. Update procedures were used to roll forward the total OPEB liability to December 31, 2024 and 2023, the measurement dates. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

Valuation date	July 1, 2023	July 1, 2023
Measurement date	December 31, 2024	December 31, 2023
Discount rate	4.08%—net of expenses	3.26%—net of expenses
Inflation	2.30 %	2.31 %
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25 %	4.25 %
Salary Increases	3.00 %	3.00 %
Investment rate of return	4.25 %	4.25 %

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

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

Trend from Year Ending	NYSHIP		MTA Bus	
	< 65	>=65	< 65	>=65
2023	9.5	22.9	6.6	19.8
2024	0.8	0.9	3.6	3.7
2025	6.3	6.6	5.4	5.0
2026	5.7	6.0	5.3	5.1
2027	5.2	5.4	5.1	5.1
2028	5.1	5.3	5.0	5.0
2029	4.9	5.1	4.8	4.9
2030	4.8	4.9	4.7	4.7
2031	4.6	4.7	4.6	4.6
2032	4.5	4.5	4.5	4.5
2033	4.3	4.3	4.3	4.3
2034-2039	4.1	4.1	4.1	4.1
2040-2048	4.1	4.1	4.1	4.1
2049	4.1	4.2	4.1	4.2
2050	4.1	4.2	4.1	4.2
2051-2064	4.2	4.2	4.2	4.2
2065-2066	4.1	4.1	4.1	4.1
2067-2068	4.0	4.0	4.0	4.0
2069	3.9	3.9	3.9	3.9
2070	3.9	3.9	3.9	3.9
2071	3.8	3.8	3.8	3.8
2072-2073	3.8	3.8	3.8	3.8
2074-2079	3.7	3.7	3.7	3.7
2080-2089	3.7	3.7	3.7	3.7
2090+	3.7	3.7	3.7	3.7

Mortality—All mortality rates (except accidental death for active police members) are projected on a generational basis using the Society of Actuaries Mortality Improvement Scale MP-2021. As generational tables, they reflect mortality improvement both before and after the measurement date. The post-retirement mortality assumption is based on an experience analysis covering the period from January 1, 2015 to December 31, 2020 for the MTA-sponsored pension plans.

Transit Members (MTA Bus): *Pre.H-2012 (BC)*—Mortality Table, headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 92%.

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Expected Rate of Return on Investments—The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions as of December 31, 2024 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US cash	1.50 %	0.94 %
US short	98.50	1.98
Assumed inflation—mean		2.30
Assumed inflation—standard deviation		1.46
Portfolio nominal mean return		4.27
Portfolio standard deviation		2.68
Long term expected rate of return selected by MTA		4.25

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, 2024 and 2023 of 4.08% and 3.26%, respectively.

Sensitivity of MTA Bus's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate—The following presents MTA Bus's proportionate share of the net OPEB liability, as well as what MTA Bus's proportionate share of the net OPEB liability would be if it were calculated using a discount rate

DRAFT

that is 1-percentage point lower or 1-percentage point higher than the actual discount rate used for the measurement:

	December 31, 2024			December 31, 2023		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	(3.08)%	(4.08)%	(5.08)%	(2.26)%	(3.26)%	(4.26)%
	(In Thousands)			(In Thousands)		
Proportionate share of the net OPEB liability	\$ 775,045	\$ 679,928	\$ 600,816	\$ 900,644	\$ 789,461	\$ 692,837

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

	December 31, 2024			December 31, 2023		
	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
	(In Thousands)			(In Thousands)		
Proportionate share of the net OPEB liability	\$ 579,198	\$ 679,928	\$ 805,872	\$ 673,370	\$ 789,461	\$ 929,455

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

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

For the years ended December 31, 2025 and 2024, MTA Bus recognized OPEB expense of \$35,881 and \$60,327, respectively, which represents its proportionate share of the Plan's OPEB expense.

The annual differences between the projected and actual earnings on investments are amortized over a 5-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience, changes in assumptions and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over an 8.1 year closed period, beginning the year in which the deferred amount occurs.

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At December 31, 2025 and 2024, MTA Bus reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

(In thousands)	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,848	\$ (78,612)	\$ 11,015	\$ (104,053)
Changes in assumptions	58,083	(139,743)	83,949	(129,610)
Net difference between projected and actual earnings on OPEB plan investments	-	(319)	220	-
Changes in proportion and differences between contributions and proportionate share of contributions	85,978	(158,338)	112,638	(85,469)
Employer contribution to plan subsequent to the measurement date of net OPEB liability	<u>34,647</u>	<u>-</u>	<u>32,621</u>	<u>-</u>
Total	<u>\$ 187,556</u>	<u>\$ (377,012)</u>	<u>\$ 240,443</u>	<u>\$ (319,132)</u>

For the years ended December 31, 2025 and 2024, \$34,647 and \$32,621 were reported as deferred outflows of resources related to OPEB resulting from both MTA Bus's contributions subsequent to the measurement date and implicit rate subsidy adjustment. These amounts will be recognized as a reduction of the net OPEB liability in the years ended December 31, 2025 and December 31, 2024, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2025 will be recognized in OPEB expense as follows:

Year Ending December 31	(In thousands)
2026	\$ (30,242)
2027	(24,880)
2028	(40,932)
2029	(42,437)
2030	(38,427)
Thereafter	<u>(47,185)</u>
	<u>\$ (224,103)</u>

8. LEASES

MTA Bus entered into various lease agreements that convey control of the right to use other entities' nonfinancial assets. Lease receivable and lease liabilities are measured at the present value of payments expected to be made during the lease term, using MTA's incremental borrowing rate at the time of valuation ranging from 0.72% to 5.64% if an applicable stated or implicit rate is not available.

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

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

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As Lessor—MTA Bus leases station concession space to other entities. These leases have terms between 1 year to 10 years, with payments required monthly, quarterly, semi-annually, or annually. As of December 31, 2025, the remaining lease terms are between 1 year to 6 years. In addition, MTA Bus also receives payments for variable leases and operating expenses associated with spaces that are not included in the measurement of lease receivables.

The total amount of inflows of resources recognized for the year ended December 31, 2025 and 2024, is presented below:

	2025	2024
Lease revenue	\$ 120	\$ -
Interest revenue	32	-
Other variable revenue	73	-

A summary of activity in lease receivable for the years ended December 31, 2025 and 2024, is presented below:

	2025	2024
Balance—beginning of year	\$ -	\$ -
Additions/remeasurements	310	-
Receipts/interest	(105)	-
Balance—end of year	205	-
Less current portion*	30	-
Lease receivable noncurrent	<u>\$ 175</u>	<u>\$ -</u>

* The current portion of lease receivable is reported in Other receivables, while the noncurrent portion is reported in lease receivables.

MTA Bus did not recognize any revenue associated with residual value guarantees and termination penalties for years ended December 31, 2025 and 2024.

The principal and interest requirements to maturity for the lease receivable subsequent to December 31, 2025, are as follows:

Years Ending December 31	Principal	Interest	Total
2026	\$ 30	\$ 6	\$ 36
2027	32	5	37
2028	33	4	37
2029	34	3	37
2030	36	2	38
2031–2035	40	1	41
Total	<u>\$ 205</u>	<u>\$ 21</u>	<u>\$ 226</u>

As Lessee—MTA Bus leases bus terminal space and cell tower space from other entities. These leases have terms between 1 year to 3 years, with payments required monthly or annually.

There is no lease liability as all leases expired during the year ended December 31, 2024.

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9. LOANS PAYABLE

Loans Payable—The MTA and the New York Power Authority (“NYPA”) entered into an updated Energy Services Program Agreement (“ESP Agreement”). The ESP Agreement authorized the MTA to enter into a Customer Installation Commitment (“CIC”) with NYPA for turn-key, energy efficiency projects, which would usually be long-term funded and constructed by NYPA. The repayment period for the NYPA loan can be up to 20 years but can be repaid at any time without penalty.

The loan payable balance represents NYCTA’s portion of a joint loan with MTA Bus for compressor upgrades at various bus depots. The entire loan was issued to MTA Bus, of which MTA Bus paid off its balance in 2024. The outstanding balance of the NYPA loan representing NYCTA’s portion of the loan was paid off during 2025.

10. COMPENSATED ABSENCES

MTA Bus provides employee benefits for vacation, compensatory time, sick, and other leave days. Certain leave that has not been used is recorded as compensated absences liabilities if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Short-term liability is recorded based on average usage or applicable leave expiration, while long-term liability is recorded for leave that accumulates and is carried forward to a future reporting period during which it may be used for time off or otherwise paid or settled at separation of service, or according to timing as provided for in the policy or collective bargaining agreement.

A summary of activity indicated as net increase or decrease in compensated absences liability for the years ended December 31, 2025 and December 31, 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 50,926	\$ 49,851
Net adjustment	<u>2,553</u>	<u>1,075</u>
Balance—end of year	53,479	50,926
Less current portion	<u>(30,343)</u>	<u>(28,102)</u>
Compensated absences liability non-current	<u>\$ 23,136</u>	<u>\$ 22,824</u>

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11. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

MTA Bus establishes its liability for injuries to persons on the basis of independent actuarial estimates of future liability. A summary of activity in estimated liability arising from claims related to injuries to persons, including employees, and damage to third-party property, for the years ended December 31, 2025 and 2024, is as follows:

(\$ in thousands)	2025	2024
Balance—beginning of year	\$ 565,248	\$ 521,160
Activity during the year:		
Current year claims and changes in estimates	194,544	121,629
Claims paid—settlements only	<u>(110,312)</u>	<u>(77,541)</u>
Balance—end of year	649,480	565,248
Less—current liability	<u>(70,313)</u>	<u>(74,378)</u>
Noncurrent liability	<u>\$ 579,167</u>	<u>\$ 490,870</u>

12. CONTINGENCIES

MTA Bus assumes responsibility for all liability claims arising from operating the bus routes. Legal counsel to MTA Bus believes that there is no litigation or claims that could have a material effect on the financial position of MTA Bus.

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

13. CERTAIN RISK DISCLOSURES

Operating and Capital Program Funding Risks - MTA Bus performs a public service of providing essential passenger transportation within New York City. Substantial deficits result from providing these services and MTA Bus expects that such deficits will continue in the foreseeable future. Funding for MTA Bus's operations and capital needs is provided by New York City and MTA, which obtains the required funds from state subsidies, federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to MTA Bus on a discretionary basis. The continuance of MTA Bus's operations has been, and will continue to be, dependent upon the receipt of adequate funds from MTA and New York City to subsidize operating deficits.

Concentration of Workforce Covered by Collective Bargaining Agreement and Continuation of the Negotiation of Affordable Labor Contracts - The transportation services provided by MTA Bus, as well as related maintenance and support services, are labor intensive. A substantial portion of MTA Bus's employees are represented by labor unions. Consequently, a major portion of MTA Bus's expenses consist of the costs of salaries, wages and fringe benefits for employees and retirees, and achieving affordable wage settlements impacts MTA Bus's financial position. MTA Bus is committed to negotiating affordable collective bargaining agreements with its unions. Failure to reach agreements with labor unions, or failure to negotiate affordable labor contracts could have a significant adverse impact on the budgets of MTA Bus.

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14. ENVIRONMENTAL POLLUTION REMEDIATION

In accordance with GASB Statement No. 49, a pollution remediation expense provision totaling \$7,541, and a corresponding liability were recorded on the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position. As of December 31, 2025 and 2024, the pollution remediation liability totaled \$18,832 and \$13,135, respectively, primarily consisting of future remediation activities associated with asbestos removal, lead abatement, ground water contamination, soil contamination, and arsenic contamination at MTA Bus. MTA Bus does not anticipate any changes in the near future that would have a material impact on the recorded obligations due to changes resulting from price increase or reduction, technology, or changes in applicable laws or regulations. In addition, MTA Bus does not expect any recoveries of cost that would have a material effect on the recorded obligations.

(In thousands)	2025	2024
Balance beginning of year	\$ 13,135	\$ 12,813
Activity during the year:		
Current year changes in estimates	6,792	707
Payments	<u>(1,095)</u>	<u>(385)</u>
Balance end of year	18,832	13,135
Less—current liability	<u>(6,955)</u>	<u>(7,705)</u>
Non current liability	<u>\$ 11,877</u>	<u>\$ 5,430</u>

15. DUE FROM/(TO) MTA AND OTHER AFFILIATED AGENCIES

MTA Bus receives support from MTA in the form of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, some of which are charged back. Funds for MTA Bus's capital project expenditures are also provided by MTA. MTA Bus recognizes funds contributed by MTA for MTA Bus's capital project expenditures as contributed capital.

Related party transactions consist of the following at December 31, 2025 and 2024 (in thousands):

	2025		2024	
	Receivable	(Payable)	Receivable	(Payable)
MTA	\$ 286,320	\$ (23,200)	\$ 452,972	\$ (20,197)
Affiliated agencies	<u>29,892</u>	<u>(58,385)</u>	<u>35,811</u>	<u>(44,329)</u>
Total MTA and affiliated agencies	<u>\$ 316,212</u>	<u>\$ (81,585)</u>	<u>\$ 488,783</u>	<u>\$ (64,526)</u>

16. SUBSEQUENT EVENTS

As of _____, 2026, there were no materially significant subsequent events.

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REQUIRED SUPPLEMENTARY INFORMATION

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MTA BUS COMPANY
(Component Unit of the MTA)

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MTA BUS'S PROPORTIONATE SHARE OF NET PENSION LIABILITY IN THE MTA DEFINED BENEFIT PLAN
FOR THE YEARS ENDED DECEMBER 31**

(In thousands, except %)	MTA Defined Benefit Plan									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
MTA Bus's proportion of the net pension liability	14.61%	14.93%	15.06%	15.26%	15.41%	17.08%	17.11%	16.45%	20.10%	15.94%
MTA Bus's proportionate share of the net pension liability	\$230,382	\$257,683	\$377,911	\$255,553	\$298,534	\$294,880	\$301,790	\$166,590	\$269,740	\$205,690
MTA Bus's actual covered-employee payroll	\$407,268	\$393,942	\$386,168	\$370,580	\$380,786	\$367,056	\$367,802	\$323,411	\$325,651	\$289,491
MTA Bus's proportionate share of the net pension liability as a percentage of its covered-employee payroll	56.57%	65.41%	97.86%	68.96%	78.40%	80.34%	82.05%	51.51%	82.83%	71.05%
Plan fiduciary net position as a percentage of the total pension liability	82.01%	79.17%	68.14%	77.45%	72.13%	73.48%	73.33%	79.87%	71.82%	70.44%

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MTA BUS COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MTA BUS'S CONTRIBUTIONS FOR ALL PENSION PLANS FOR THE YEARS ENDED DECEMBER 31

(In thousands, except %)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
MTA Defined Benefit Plan										
Actuarially determined contribution	\$ 65,839	\$ 59,931	\$ 62,189	\$ 60,879	\$ 59,629	\$ 60,549	\$ 59,768	\$ 56,731	\$ 52,133	\$ 44,927
Actual employer contribution	67,402	-	62,189	60,879	59,629	61,100	59,769	57,264	50,479	44,300
Contribution deficiency (excess)	\$ (1,563)	\$ 59,931	\$ -	\$ -	\$ -	\$ (551)	\$ (1)	\$ (533)	\$ 1,654	\$ 627
Covered payroll	\$ 421,018	\$ 407,268	\$ 393,942	\$ 386,168	\$ 370,580	\$ 380,786	\$ 367,056	\$ 367,802	\$ 323,411	\$ 325,651
Contributions as a % of covered payroll	16.01 %	0.00 %	15.79 %	15.76 %	16.09 %	16.05 %	16.28 %	15.57 %	15.61 %	13.60 %

Notes to Schedule of MTA Bus's Contributions to Pension Plan:

Significant methods and assumptions used in calculating the actuarially determined contributions of an employer's proportionate share in a Cost Sharing, Multiple-Employer pension plan, the MTA Defined Benefit Pension 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.

Changes of Benefit Terms

The January 1, 2018 funding valuation reflects Arbitration and Impasse Awards and an MOU between MTA Bus and ATU Local 1179/1181 and TSO Local 106 TWU Local 100 that provide enhanced benefits to covered employees. The January 1, 2016 funding valuation reflects an Arbitration Award between MTA Bus and TWU Local 100 that provides enhanced benefits to covered employees.

There were no changes of benefit terms in the January 1, 2024 funding valuation.

Changes of Assumptions

The expected investment return assumption remained at 6.5%.

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MTA BUS COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MTA BUS'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
IN THE MTA OPEB PLAN AT DECEMBER 31

Plan Measurement Date (December 31): (In thousands, except %)	2024	2023	2022	2021	2020	2019	2018	2017
MTA Bus's proportion of the net liability	3.46%	3.89%	3.79%	3.60%	3.54%	3.85%	3.24%	3.39%
MTA Bus's proportionate share of the net OPEB liability	\$679,928	\$789,461	\$849,708	\$898,016	\$863,774	\$813,117	\$633,567	\$ 695,529
MTA Bus's covered payroll	\$407,268	\$393,942	\$386,168	\$370,580	\$380,786	\$367,056	\$367,802	\$ 323,411
MTA Bus's proportionate share of the net OPEB liability as a percentage of covered payroll	166.95%	200.40%	220.04%	242.33%	226.84%	221.52%	172.26%	252.79%
Plan fiduciary net position as a percentage of the total OPEB liability	6.82%	6.36%	0.05%	0.00%	0.00%	1.93%	1.76%	1.79%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available. In accordance with GASB No. 75, information was not readily available for periods prior to 2017.

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MTA BUS COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MTA BUS'S CONTRIBUTIONS TO THE MTA OPEB PLAN
FOR THE YEARS ENDED DECEMBER 31

	2025	2024	2023	2022	2021	2020	2019	2018	2017
	(In thousands, except %)								
Actuarially determined contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Actual employer contribution ⁽¹⁾	\$ 34,647	\$ 32,621	\$ 34,345	\$ 32,053	\$ 28,880	\$ 25,646	\$ 28,339	\$ 23,214	\$ 22,095
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	\$ 421,018	\$ 407,268	\$ 393,942	\$ 386,168	\$ 370,580	\$ 380,786	\$ 367,056	\$ 367,802	\$ 323,411
Actual contribution as a percentage of covered payroll	8.23%	8.01%	8.72%	8.30%	7.79%	6.74%	7.72%	6.31%	6.83%

⁽¹⁾ Actual employer contribution includes the implicit rate of subsidy adjustment of \$366, \$533, \$563, \$681, \$595, \$791, \$975, \$770 and \$909 for the years ended December 31, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017, respectively.

Notes to Schedule of MTA Bus's Contribution to the OPEB Plan:

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2023
Measurement date	December 31, 2024
Discount rate	4.08%—net of expenses
Inflation	2.30 %
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.25 %
Salary increases	3.00 %
Investment rate of return	4.25 %

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Changes of benefit terms: In the July 1, 2023 actuarial valuation, there were no changes to the benefit terms.

Changes of assumptions: In the July 1, 2023 actuarial valuation, there was a change in assumptions. The discount rate used to measure liabilities was updated to incorporate GASB 75 guidance and changed to reflect the current municipal bond rate.

Changes in Actuarial Assumptions since Prior Valuation: The retirement rates for other non-represented members were revised to reflect changes in retirement eligibility conditions, as they are now eligible for MABSTOA style pension benefits. The impact of this change is considered a plan change.

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available. In accordance with GASB No. 75, information was not readily available for periods prior to 2017.

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Triborough Bridge and Tunnel Authority

(Component Unit of the Metropolitan
Transportation Authority)

Financial Statements as of and for the
Years Ended December 31, 2025 and 2024,
Required Supplementary Information, and
Independent Auditor's Report

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

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3-12
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024:	
Statements of Net Position	13-14
Statements of Revenues, Expenses and Changes in Net Position	15-16
Statements of Cash Flows	17-18
Notes to Financial Statements	19-68
REQUIRED SUPPLEMENTARY INFORMATION:	69
Schedule of the Authority's Proportionate Share of Net Pension Liability in the New York City Employees' Retirement System	70
Schedule of the Authority's Contributions to the New York City Employees' Retirement System	71
Schedule of the Authority's Proportionate Share of the Net OPEB Liability in the MTA OPEB Plan	72
Schedule of the Authority's Contributions to the MTA OPEB Plan	73-74

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Opinion

We have audited the financial statements of the Triborough Bridge and Tunnel Authority (the "Authority"), a public benefit corporation which is a component unit of the Metropolitan Transportation Authority ("MTA"), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, effective January 1, 2023 the Authority adopted Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*, using the retrospective approach. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement

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when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Authority's Proportionate Share of Net Pension Liability in the New York City Employees' Retirement System, Schedule of the Authority's Contributions to the New York City Employees' Retirement System, Schedule of the Authority's Proportionate Share of Net OPEB Liability in the MTA OPEB Plan, and Schedule of the Authority's Contributions to the MTA OPEB Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

_____, 2026

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) **YEARS ENDED DECEMBER 31, 2025 AND 2024** **(\$ in thousands, except as noted)**

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, 2025 and 2024. This discussion and analysis is intended to serve as an introduction to MTA Bridges and Tunnels' financial statements which have the following components: (1) Management's Discussion and Analysis ("MD&A"), (2) Financial Statements (3) Notes to the Financial Statements, and (4) Required Supplementary Information.

Management's Discussion and Analysis

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

The Financial Statements Include

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

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

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

The Notes to the Financial Statements Provide

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.

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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.

The Authority’s bridge and tunnel operations referred to as Open Road Tolling (“ORT”) 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.

Congestion Relief Zone (“CRZ”) Tolling Program, formerly referred to as the Central Business District Tolling Program or the CBD Tolling Program, was established pursuant to the Traffic Mobility Act, as part of the New York State Budget for Fiscal Year 2019-2020, adopted on April 1, 2019. The CRZ Tolling Program charges a toll for vehicles entering the CRZ, defined as south and inclusive of 60th Street in Manhattan, but excluding the FDR Drive, the West Side Highway, the Battery Park underpass, and any surface roadway portion of the Hugh L. Carey Tunnel connecting to West Street. The Enacted State Budget also included provisions for a new Real Property Transfer Tax Surcharge (“RETT”) and an Internet Marketplace Sales Tax (“Internet Tax”). Proceeds from the CRZ, RETT and Internet Tax are dedicated to support the CRZ Tolling Program and the MTA’s 2020-2024 Capital Program or any successor program.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in MTA Bridges and Tunnels’ financial position for the years ended December 31, 2025 and 2024. Additionally, an examination of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are in conformity with MTA Bridges and Tunnels’ financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America.

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

Capital assets include, but are not limited to: bridges, structures, tunnels, construction of buildings and the acquisition of buses, equipment, passenger cars, locomotives, and right-to-use assets for leases on buildings, office spaces, storage spaces, equipment and vehicles. Intangible right-to-use assets for subscription-based information technology arrangements (SBITAs).

Other assets include, but are not limited to: cash, restricted and unrestricted investments, receivables and prepaid expenses. This also includes the receivable from applicable leases of MTA Bridges and Tunnels garage spaces and bridges and tunnels easement rights to third parties.

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Deferred outflows of resources reflect: deferred outflows from pension, derivatives, losses on refunding and OPEB.

(In thousands)

Assets and Deferred Outflows of Resources	As of December 31,			Increase/(Decrease)	
	2025	2024	2023	2025–2024	2024–2023
Current assets	\$ 6,314,877	\$ 3,213,958	\$ 3,591,230	\$ 3,100,919	\$ (377,272)
Capital assets—net	8,529,598	8,311,139	7,966,767	218,459	344,372
Other assets	11,545,455	11,400,973	10,233,151	144,482	1,167,822
Deferred outflows of resources	<u>421,844</u>	<u>476,661</u>	<u>413,508</u>	<u>(54,817)</u>	<u>63,153</u>
Total assets and deferred outflows of resources	<u>\$ 26,811,774</u>	<u>\$ 23,402,731</u>	<u>\$ 22,204,656</u>	<u>\$ 3,409,043</u>	<u>\$ 1,198,075</u>

Significant Changes in Assets and Deferred Outflows of Resources

December 31, 2025 versus 2024:

Total assets and deferred outflows of resources increased by \$3,409,043 for the year ended December 31, 2025.

Current assets increased by \$3,100,919 primarily due to increases in the restricted investments of \$2,775,601, accounts receivable of \$431,544, unrestricted investments of \$25,271, loan receivable from MTA of \$256,110, interest receivable of \$69,609 and invested funds at MTA—unrestricted increase of \$21,917. These increases were offset by the increase in the allowance of doubtful accounts of \$282,382 and decrease in cash of \$175,608.

Capital assets, net, increased \$218,459 for the year ended December 31, 2025. This was primarily due to increases in construction-in-progress of \$262,600. The increases in assets were partially offset by accumulated depreciation and amortization of \$27,166, decrease in MTA 5-yr capital program accrual of \$14,516, decrease of Hurricane Sandy project work of \$2,007 and CRZ of \$427. Refer to Note 6 for further details.

Other assets increased by \$144,482 for the year ended December 31, 2025. This was primarily due to an increase in the loan receivable relating to MTA Payroll Mobility Tax (PMT) bonds of \$226,392 offset by a decrease in noncurrent portion of unrestricted investments of \$80,547 and lease receivable of \$1,344.

Deferred outflows of resources decreased by \$54,817. This was due to decreases in deferred bond refunding costs of \$35,842, deferred outflows of resources related to OPEB of \$26,172, and deferred outflows related to pension of \$2,200 resulting from changes in the proportionate share of the net pension liability of New York City Employees Retirement System (“NYCERS”). These decreases were partially offset by increases in the change in fair market value of derivative instruments of \$9,397.

December 31, 2024 versus 2023:

Total assets and deferred outflows of resources increased by \$1,198,075 for the year ended December 31, 2024.

Current assets decreased by \$377,272 primarily due to a decrease in the loan receivable from MTA of \$1,299,460, an increase in the allowance of doubtful accounts of \$42,996, a decrease in Due from MTA Bus of \$5,785, a decrease in Due from MTA of \$2,034, a decrease in Due from Transit of \$1,925 and a decrease in prepaid expenses of \$464. The decrease was offset by the increase in restricted investments of \$624,976, cash increased by \$190,703, interest receivable also increased by \$44,355, increase in unrestricted investments of \$44,091, accounts receivable of \$33,923, restricted invested funds at MTA of \$31,269, and invested funds at MTA—unrestricted of \$6,012.

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Capital assets, net, increased \$344,372 for the year ended December 31, 2024. This was primarily due to increases in primary structures of \$122,482, roadway of \$172,243, PIP of \$117,247, CRZ cameras of \$141,521, CRZ structures of \$212,281, MTA 5yr capital program accrual of \$27,743 and buildings of \$14,579, property road and equipment of \$3,347. These increases in assets were offset by accumulated depreciation and amortization of \$233,878 and CRZ PIP of \$234,035. Refer to Note 6 for further details.

Other assets increased by \$1,167,822 for the year ended December 31, 2024. This was primarily due to an increase in the loan receivable relating to MTA Payroll Mobility Tax (PMT) bonds of \$1,145,734 and MTA premium of \$100,889; offset by a decrease in noncurrent portion of unrestricted investments of \$77,545, lease receivable of \$1,237, and derivative instruments of \$19.

Deferred outflows of resources increased by \$63,153. This was due to decreases in deferred financing costs of \$11,416, change in fair market value of derivative instruments of \$15,779 and decrease in the deferred outflows related to pension of \$9,181 resulting from changes in the proportionate share of the net pension liability of New York City Employees Retirement System ("NYCERS"). These decreases were offset by increases in the deferred outflows of resources related to OPEB of \$99,529.

Total Liabilities and Deferred Inflows of Resources, Distinguishing Between Current Liabilities, Non-Current Liabilities and Deferred Inflows of Resources

Current liabilities include: accounts payable, accrued expenses, current portions of long-term debt, unredeemed fares and tolls, current portion of long-term lease liabilities and other current liabilities.

Non-current liabilities include: long-term debt, claims for injuries to persons, post-employment benefits, long-term lease liabilities and other non-current liabilities.

Deferred inflows of resources reflect unamortized gains on debt refunding, deferred inflows related to leases, pension and OPEB.

(In thousands)

Total Liabilities and Deferred Inflows of Resources	As of December 31,			Increase/(Decrease)	
	2025	2024	2023	2025-2024	2024-2023
Current liabilities	\$ 3,013,297	\$ 2,052,051	\$ 2,908,349	\$ 961,246	\$ (856,298)
Noncurrent liabilities	28,638,290	25,703,483	22,947,917	2,934,807	2,755,566
Deferred inflow of resources	<u>396,245</u>	<u>416,884</u>	<u>320,083</u>	<u>(20,639)</u>	<u>96,801</u>
Total liabilities and deferred inflows of resources	<u>\$ 32,047,832</u>	<u>\$ 28,172,418</u>	<u>\$ 26,176,349</u>	<u>\$ 3,875,414</u>	<u>\$ 1,996,069</u>

Significant Changes in Liabilities and Deferred Inflows of Resources

December 31, 2025 versus 2024:

Total liabilities and deferred inflows of resources increased by \$3,875,414 for the year ended December 31, 2025.

Current liabilities increased by \$961,246 for the year ended December 31, 2025. These increases were due to reclassification of \$639,865 long-term debt to current for CRZ loan and PMT bonds, payable to MTA of \$247,236, unearned toll revenues of \$107,599, interest payable of \$19,830, surplus paid to NYCTA of \$14,860, due from MTA of \$12,041 and accounts payable of \$5,130. These increases were primarily offset by the following decreases: other unearned interest revenue of \$68,950 and capital accruals of \$16,195.

Non-current liabilities increased by \$2,934,807 for the year ended December 31, 2025. This was mainly due to the increase in long-term debt obligations of \$2,927,984 for issuance of net Real Estate Transfer Tax and PMT bonds,

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increase of OPEB liability of \$19,166 primarily due to the change in proportionate share and difference in employer contributions based upon the most current actuarial valuation report in accordance with GASB Statement No. 71, and derivative instruments increase of \$9,488 for senior and subordinate bond. These increases were offset by decreases in net pension liability of \$18,022 and estimated liability arising from injuries of 2,611.

Deferred inflows of resources decreased by \$20,639. This was mainly attributable to a decrease of \$12,300 related to pensions primarily on changes in the projected versus actual plan investment earnings, a decrease of \$7,065 to OPEB as a result of change in the discount rate due to increases in the Bond Buyer Index, and a decrease of \$1,274 in the amortization of deferred inflows of resources for leases.

December 31, 2024 versus 2023:

Total liabilities and deferred inflows of resources increased by \$1,996,069 for the year ended December 31, 2024.

Current liabilities decreased by \$856,298 for the year ended December 31, 2024. This was primarily due to a decrease in due to long-term debt currently due of \$834,385 for net PMT bonds, CRZ Ban of \$378,835, Senior and Subordinate bonds of \$84,225, unearned toll revenues decreased by \$44,307, decrease in surplus paid to NYCTA of \$9,738, decrease in surplus paid to MTA of \$8,868, a decrease in due from MTA Bus of \$6,758, accounts payable decreased by \$6,523, payable to MTA decreased by \$5,577, Sales Tax bonds of \$2,015 and a decrease of short-term compensated absences of \$482. These decreases were primarily offset by the following increases: capital accruals of \$31,074, other unearned revenue of \$23,767 due to fund being set aside by MTA to pay future interest payable on selected PMT bonds; interest payable of \$3,637, the current portion of claims payable of \$1,157 and accrued salaries of \$675.

Non-current liabilities increased by \$2,755,566 for the year ended December 31, 2024. This increase is due to long-term debt obligations of \$2,782,236 for issuance of net Sales Tax and PMT bonds. Net pension liability increased by \$2,247 and the change in fair value of derivative increased by \$1,409. These increases were offset by the following: a decrease in derivative instruments by \$17,207 for senior and subordinate bond; and decrease of OPEB liability of \$12,760 primarily due to the change in proportionate share and difference in employer contributions based upon the most current actuarial valuation report in accordance with GASB Statement No. 71.

Deferred inflows of resources increased by \$96,801. This increase was mainly attributable to \$124,975 related to OPEB as a result of change in the discount rate due to increases in the Bond Buyer Index, partially offset by increases in healthcare trend assumptions; offset by a decrease of \$26,970 related to pensions primarily on changes in the projected versus actual plan investment earnings and a decrease of \$1,204 in the amortization of deferred inflows of resources for leases.

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

(In thousands)

Net Position	As of December 31,			Increase/(Decrease)	
	2025	2024	2023	2025-2024	2024-2023
Net investment in capital assets	\$ 1,948,136	\$ 2,205,971	\$ 2,014,666	\$ (257,835)	\$ 191,305
Restricted	(486,155)	1,901,460	1,245,040	(2,387,615)	656,420
Unrestricted	<u>(6,698,038)</u>	<u>(8,877,118)</u>	<u>(7,231,399)</u>	<u>2,179,080</u>	<u>(1,645,719)</u>
Total net position	<u>\$ (5,236,057)</u>	<u>\$ (4,769,687)</u>	<u>\$ (3,971,693)</u>	<u>\$ (466,370)</u>	<u>\$ (797,994)</u>

The negative net position resulted from assets transferred to MTA and NYCTA for prior years' debt financing incurred on their behalf. Net position represents the residual interest in the MTA Bridges and Tunnels assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of three components: net investment in capital assets, restricted and unrestricted. Net investment in capital assets include capital assets and right-of-use lease and subscription assets, net of accumulated depreciation and

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amortization, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation, otherwise it is reported as unrestricted.

Significant Changes in Net Position

December 31, 2025 versus 2024:

Total net position decreased by \$466,370. In 2025, operating income was \$2,429,805, non-operating income was \$259,366, relief funding transfer from MTA to TBTA of \$34,388, offset by transfers out to MTA and NYCTA for operating surplus of \$1,343,581, Sales Tax bond proceeds transfer out of \$430,707, and internet and RETT tax transfers of \$1,415,641.

December 31, 2024 versus 2023:

In 2024, the total net position decreased by \$797,994. In 2024, operating income was \$1,827,004, non-operating income was \$184,063, relief of MTA transfers in of \$146,277 and offset by transfers out to MTA and NYCTA for operating surplus of \$1,423,408, Sales Tax bond proceeds transfer out of \$1,389,564 and Internet and RETT tax transfers of \$142,366.

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

	Years Ended December 31,			Increase/(Decrease)	
	2025	2024	2023	2025-2024	2024-2023
Operating revenues	\$ 3,293,627	\$ 2,598,458	\$ 2,446,842	\$ 695,169	\$ 151,616
Operating expenses	<u>(863,822)</u>	<u>(771,454)</u>	<u>(693,971)</u>	<u>(92,368)</u>	<u>(77,483)</u>
Operating income	2,429,805	1,827,004	1,752,871	602,801	74,133
Nonoperating revenue—net excluding transfers	<u>259,365</u>	<u>184,063</u>	<u>265,836</u>	<u>75,302</u>	<u>(81,773)</u>
Income before transfers	2,689,170	2,011,067	2,018,707	678,103	(7,640)
Transfers in—MTA	34,388	146,277	202,935	(111,889)	(56,658)
Transfers out	<u>(3,189,928)</u>	<u>(2,955,338)</u>	<u>(3,400,778)</u>	<u>(234,590)</u>	<u>445,440</u>
Changes in net position	(466,370)	(797,994)	(1,179,136)	331,624	381,142
Net position—beginning of the year (as previously reported)	<u>(4,769,687)</u>	<u>(3,971,693)</u>	<u>(2,772,531)</u>	<u>(797,994)</u>	<u>(1,199,162)</u>
Restatement due to the adoption of GASB No. 101	<u>-</u>	<u>-</u>	<u>(20,026)</u>	<u>-</u>	<u>20,026</u>
Net position—end of year	<u>\$ (5,236,057)</u>	<u>\$ (4,769,687)</u>	<u>\$ (3,971,693)</u>	<u>\$ (466,370)</u>	<u>\$ (797,994)</u>

Operating Revenues

For the year ended December 31, 2025, the operating revenues increased by \$695,169 as compared to December 31, 2024. Total crossings in 2025 were 338.1 million versus 337.2 million in 2024, an increase of 0.2%. Of the total operating revenues reported, \$714,128 was recorded through December 2025 in the first year of CRZ toll program operation. See “Overall Financial Position and Results of Operations and Important Economic Conditions” for further information.

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For the year ended December 31, 2024, the operating revenues increased by \$151,616 as compared to December 31, 2023. Total crossings in 2024 were 337.2 million versus 335.1 million in 2023, an increase of 0.7%. See “Overall Financial Position and Results of Operations and Important Economic Conditions” below.

Revenue by Major Source

The Authority’s tolls accounted for 99.2% and 98.9% of operating revenues in 2025 and 2024, respectively. The remaining revenues primarily represented income from parking fees (net of operating expenses) collected at the Battery Parking Garage and fees collected from EZ-Pass customers.

Toll revenues (net of bad debt expense relating to toll collections) were \$3,267,240 and \$2,572,261 for the years ended December 31, 2025 and December 31, 2024, respectively.

Operating Expenses

Operating expenses, including depreciation and amortization, increased for the year ended December 31, 2025, as compared to the prior year by \$92,368. This was primarily due to the increases in maintenance and other operating contracts of \$36,402 mainly due to the implementation of CRZ; retirement and other benefits of \$28,040; professional service contracts of \$18,139, depreciation and amortization expense of \$13,473, credit card fees of \$10,259, salaries and wages of \$2,343, and electricity of \$1,649. These increases were offset by a decrease of the GASB 68 Pension expense adjustment of \$14,670, other expenses of \$2,354 and insurance of \$988.

Operating expenses, including depreciation and amortization, increased for the year ended December 31, 2024, as compared to the prior year by \$77,483. This was primarily due to the increases in maintenance and other operating contracts of \$31,288 mainly due to major maintenance and painting projects; depreciation and amortization expense of \$12,806; retirement and other benefits of \$12,407, salaries and wages of \$10,465, credit card fees of \$4,959, other expenses of \$4,560, professional service contracts of \$2,874 and materials and supplies of \$2,049. These increases were offset by a decrease in insurance of \$5,396.

Non-Operating Revenues (Expenses)

Net non-operating revenues increased by \$75,302 for the year ended December 31, 2025. This was mainly due to increases in the following: RETT of \$90,282, investment income of \$29,014, interest income on PMT of \$22,976 and internet tax revenue of \$5,803. This was offset by a decrease in interest expense of \$69,673 and subsidy received from the Build America bond of \$3,294.

Net non-operating revenues decreased by \$81,773 for the year ended December 31, 2024. This was mainly due to decreases in the following: interest expense of \$161,790 for the new PMT interest income on senior bonds, and premium/discount due to reimbursement for interest expense from MTA and RETT of \$18,082. This was offset by an increase in interest income on PMT of \$84,828, investment income of \$9,842 and internet revenue of \$3,627.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Economic Conditions

Two key economic factors that have statistically significant relationships with changes in traffic volumes are regional non-farm employment and inflation. Preliminary data from the U.S. Department of Labor indicate that non-farm employment (not seasonally adjusted) in the MTA B&T region (New York City, Long Island and Westchester) grew on average by 1.2% through December 2025 over the same period in 2024. Regional inflation, as measured by the CPI-U, was 3.4%.

Result of Operations

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Paid traffic for the fourth quarter of 2025 totaled 84.6 million crossings, which was 0.3 million, or 0.4% lower than the fourth quarter of 2024. Gradually decreasing traffic volumes from October to December follow regular patterns as we pass the warmer months and head into winter. December traffic was 27.6 million vehicles, which was 0.5 million fewer than December 2024. Full year 2025 paid traffic totaled 338.1 million crossings, which was 0.8 million, or 0.2% higher than full year 2024.

Fourth quarter Toll Revenue through December 2025 totaled \$650.2 million, which was \$2.6 million, or 0.004% more than the fourth quarter of 2024. Full year 2025 Toll Revenue totaled \$2,562.6 million, which was \$9.6 million, or 0.4% less than full year 2024.

The E-ZPass electronic toll collection system continued to facilitate management of high traffic volumes. This decrease from 2024 to 2025 can be attributed to the tolling back-office conversion, which saw a higher share of customers become Tolls by Mail customers. This decrease was seen mostly in passenger vehicles, while the market share of commercial vehicles was comparable to 2024.

	2025	2024	2023
Total	92.3 %	93.1 %	93.6 %
Average weekday	92.6	93.5	93.9
Passenger vehicles	92.3	93.2	93.8
Commercial vehicles	96.0	96.1	95.8
Average weekend	91.5	92.3	92.8

	Q4 2025	Q4 2024	Q4 2023
Total	92.0 %	92.7 %	92.5 %
Average weekday	92.3	93.1	92.9
Passenger vehicles	92.0	92.8	92.6
Commercial vehicles	95.9	96.0	95.7
Average weekend	91.2	91.9	91.7

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program

MTA Bridge and Tunnels' facilities are all in a state of good repair. On May 28, 2025, the MTA Board approved a new MTA Capital Program for 2025-2029, with the MTA Bridges and Tunnels portion totaling \$3,000,006. The commitments made during the fourth quarter of 2025 totaled \$287,111, bringing the total commitment under the five-year plan to \$303,129.

MTA Bridge and Tunnels' portion of the MTA's Capital Program for 2020-2024 totals \$2,821,228 (this excludes \$428,560 for CRZ Tolling Program, *discussed below*) for normal replacement and system improvement projects. The commitments made during the fourth quarter of 2025 totaled \$32,099, bringing the total commitment under the five-year plan to \$2,461,831.

MTA Bridge and Tunnels' portion of the MTA's Capital Program for 2015-2019 totals \$2,670,149 for normal replacement and system improvement projects. The commitments made during the fourth quarter of 2025 totaled \$1,600, bringing the total commitments under the five-year plan to \$2,483,895. All originally planned major projects in the 2015-2019 program have been committed.

MTA Bridge and Tunnels' portion of the Capital Program for 2010-2014 totals \$1,971,982 for normal replacement and system improvement projects (Excluding Sandy Capital Program). There were no commitments made during

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the fourth quarter of 2025, and the total commitments under the five-year plan currently stand at \$1,937,593. All major projects in this program have now been fully committed.

MTA Bridge and Tunnels' portion of the Capital Program for 2005-2009 totals \$1,126,736 for normal replacement and system improvement projects. There were no commitments made during the fourth quarter of 2025. The total commitments under this five-year plan are currently \$1,114,531. All major projects in this program have now been fully committed, and all remaining uncommitted budgets represent unused project reserves.

Approximately 82% of the projected expenditures in the 2020-2024 Capital Program will have been incurred at three facilities: The Robert F. Kennedy Bridge, the Throgs Neck Bridge, and the Verrazzano-Narrows Bridge. Other major projects in the 2020-2024 Capital Program include the Dyckman Street 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 substructure of the Cross Bay Bridge, and the rehabilitation/replacement of the facility monitoring, ventilation and safety systems at the Queens Midtown Tunnel and Hugh Carey Tunnel.

Approximately 63% of the projected expenditures in the 2015-2019 Capital Program will have been incurred at three facilities: The Robert F. Kennedy Bridge, the Throgs Neck Bridge, and the Verrazzano-Narrows Bridge. All original major projects in the 2015-19 program have been completed, except for a new service-life extension project at the VNB, which was added as part of the October 2024 program amendment.

Approximately 63% of the 2010-2014 Capital Program expenditures have been incurred at three facilities: the Robert F. Kennedy Bridge, the Bronx-Whitestone Bridge, and the Verrazzano-Narrows Bridge. All major projects from the 2010-2014 program have been completed.

Approximately 63% of the expenditures in the 2005-2009 Capital Program have been incurred at three facilities: the Verrazzano-Narrows Bridge, the Robert F. Kennedy Bridge, and the Bronx-Whitestone Bridge. All major projects from the 2005-2009 program have been completed.

MTA Bridge and Tunnels' portion of the MTA's Capital Program for Sandy Restoration and Resiliency totals \$680,334, of which \$526,912 is for facility restoration and \$153,423 is for facility mitigation projects. All projects from the Sandy Capital Program have been completed as of the end of 2025.

Approximately 86% of the Sandy Capital Program expenditures have been incurred at the Hugh L. Carey and Queens Midtown Tunnels.

MTA Bridges and Tunnels' Congestion Relief Zone (CRZ) Tolling Program totals of \$503,000 represents the total capital budget established to support the design, development, and implementation of the CRZ Tolling Program. As a result of favorable bid savings and unused project contingencies, the program was reduced to \$428,560. Key components included program and construction management, design, construction, and integration of the toll technology system and infrastructure, development of Customer Service Center Software and build-out, Environmental Assessment, and outreach and education. The capital portion of the project, with commitments to date totaling \$408,030, is substantially complete and has transitioned to revenue operations as of January 5, 2025. The program is projected to generate \$500 million in revenue in the second year. The mitigation work committed to during the Environmental Assessment process is ongoing.

Ridership and Traffic Update

Verrazzano-Narrows Bridge (VNB) Rebate Programs

The cost of the 2024-2025 (covering the period April 2024 through March 2025) VNB Rebate Programs totaled \$35.7 million. The rebates for Staten Island Residents were \$28.1 million and the rebates for the VNB Commercial

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Rebate Program were \$7.6 million. These programs were funded by the State and MTA, with the State's contribution provided by appropriations to MTA. The State's contribution was \$26 million (\$23.0 million Resident Program and \$3.0 million Commercial Program) and the MTA contribution was \$7.0 million (\$3.5 million Resident Program and \$3.5 million Commercial Program).

The projected annualized cost of the 2025-2026 (covering the period April 2025 through March 2026) VNB Rebate Programs is expected to total \$37.9 million. The rebates for Staten Island Residents are estimated to be \$30.0 million and the rebates for the VNB Commercial Rebate Program are estimated to be \$7.9 million. These programs were funded by the State and MTA, with the State's contribution provided by appropriations to MTA. The State's contribution was \$26 million (\$21.0 million Resident Program and \$5.0 million Commercial Program) and the MTA contribution was \$7 million (\$3.5 million Resident Program and \$3.5 million Commercial Program). An additional \$3.0 million was deposited from the Outer Borough Transportation Account to fund the State Island Resident Program to help offset the January 2026 toll increase.

The projected annualized cost of the 2026-2027 (covering the period April 2026 through March 2027) VNB Rebate Programs is expected to total \$44.1 million. The rebates for Staten Island Residents are estimated to be \$35.6 million and the rebates for the VNB Commercial Rebate Program are estimated to be \$8.5 million. These programs were funded by the State and MTA, with the State's contribution provided by appropriations to MTA. The State's contribution is projected to be at least \$34.1 million (\$29.1 million Resident Program and \$5 million Commercial Program) and the MTA contribution was \$7 million (\$3.5 million Resident Program and \$3.5 million Commercial Program). Additional funding from the OBTA can be made available for the SIR plan depending on need and funding from the State.

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 2026-2027 VNB Rebate Programs, net of offsets, will be insufficient to fund the 2026-2027 VNB Commercial Rebate Program for the full Program year, MTA Bridges and Tunnels may reduce the rebate amount under such Program to a percentage that is forecast to be payable in full for the remainder of the Program year with the available funds.

However, in the event that such MTA and State funds allocated to MTA for the 2026-2027 VNB Rebate Programs are fully depleted at any time during the 2026-2027 VNB Rebate Programs annual period, the 2026-2027 VNB 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 VNB.

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

CONTACTING MTA CONTROLLER'S OFFICE

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

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

STATEMENTS OF NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (\$ In thousands)

	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash—unrestricted (Note 3)	\$ 9,730	\$ 200,021
Cash—restricted (Note 3)	14,684	-
Unrestricted investments (Notes 4 and 5)	411,080	385,809
Restricted investments (Notes 4 and 5)	4,156,474	1,402,959
Invested funds at MTA—unrestricted (Note 5)	421,359	399,741
Invested funds at MTA—restricted (Note 5)	499,132	498,664
Accrued interest receivable	155,957	86,348
Accounts receivable	1,099,227	667,683
Less allowance for doubtful accounts	(810,090)	(527,708)
Lease receivable as lessor (Note 14)	1,700	1,237
Due from MTA (Note 20)	346	183
Loan receivable from MTA (Note 20)	347,375	91,265
Prepaid expenses	7,903	7,756
Total current assets	<u>6,314,877</u>	<u>3,213,958</u>
NON-CURRENT ASSETS:		
Capital assets (Note 6)		
Land and construction work-in-progress	725,089	479,464
Other capital assets (net of accumulated depreciation)	<u>7,804,509</u>	<u>7,831,675</u>
Total capital assets—(net of accumulated depreciation and amortization)	8,529,598	8,311,139
Unrestricted investments (Notes 4 and 5)	-	80,547
Lease receivable as lessor (noncurrent) (Note 14)	9,021	10,365
Due From MTA (Note 20)	11,533,218	11,306,826
Derivative instruments assets (Note 13)	<u>3,216</u>	<u>3,235</u>
Total non-current assets	<u>20,075,053</u>	<u>19,712,112</u>
TOTAL ASSETS	<u>26,389,930</u>	<u>22,926,070</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pensions (Note 7)	62,143	64,343
Related to other post-employment benefits (Note 8)	266,585	292,757
Accumulated decreases in fair value of derivative instruments (Note 13)	64,976	55,579
Loss on refunding debt	<u>28,140</u>	<u>63,982</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>421,844</u>	<u>476,661</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 26,811,774</u>	<u>\$ 23,402,731</u>

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

STATEMENTS OF NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (\$ in thousands)

	2025	2024
LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 133,524	\$ 128,421
Accrued expenses:		
Interest	169,386	149,556
Capital accrual	75,854	92,049
Payable to MTA (Note 20)	280,641	33,379
Payable to NYCTA (Note 20)	61	58
Accrued salaries	3,300	2,735
Current portion—compensated absences	<u>13,253</u>	<u>13,886</u>
Total accrued expenses	542,495	291,663
CRZ loan payable	500,000	-
Long-term debt (Notes 10 to 12)	995,580	855,715
Subscription-based IT Arrangements	192	154
Estimated liability from injuries to persons (Note 17)	5,305	5,572
Due to NYCTA—operating surplus (Note 1 and 20)	106,177	91,317
Due to MTA (Note 1 and 20)	129,772	117,397
Due to MTA Bus (Note 20)	108	317
Other unearned revenue	197,720	266,670
Unearned tolls revenue (includes \$200,627 and \$74,979 in 2025 and 2024, respectively, due to other toll agencies)	<u>402,424</u>	<u>294,825</u>
Total current liabilities	<u>3,013,297</u>	<u>2,052,051</u>
NON-CURRENT LIABILITIES:		
Estimated liability arising from injuries to persons (Note 17)	53,449	56,060
Net OPEB liability (Note 8)	878,518	859,352
Compensated absences (Note 16)	23,207	24,734
Long-term debt (Notes 10 to 12)	27,399,874	24,471,890
Net pension liability (Note 7)	128,098	146,120
Derivative instrument liabilities (Note 13)	26,293	16,805
Due to MTA—change in fair value of derivative (Note 13 and 19)	41,900	42,009
Lease payable—as lessee (Note 14)	86,793	86,323
Subscription-based IT arrangements payable (Note 15)	<u>160</u>	<u>190</u>
Total non-current liabilities	<u>28,638,290</u>	<u>25,703,483</u>
TOTAL LIABILITIES	<u>31,651,587</u>	<u>27,755,534</u>
DEFERRED INFLOWS OF RESOURCES:		
Related to pensions (Note 7)	13,813	26,113
Related to OPEB	373,215	380,280
Related to leases	<u>9,217</u>	<u>10,491</u>
Total deferred inflows of resources	<u>396,245</u>	<u>416,884</u>
NET POSITION:		
Net investment in capital assets	1,948,136	2,205,971
Restricted	(486,155)	1,901,460
Unrestricted	<u>(6,698,038)</u>	<u>(8,877,118)</u>
Total net position	<u>(5,236,057)</u>	<u>(4,769,687)</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 26,811,774</u></u>	<u><u>\$ 23,402,731</u></u>

See notes to financial statements.

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (\$ In thousands)

	2025	2024
OPERATING REVENUES:		
Toll revenue	\$ 3,267,240	\$ 2,572,261
Building rentals and fees	24,573	25,193
Other income	1,814	1,004
Total operating revenues	3,293,627	2,598,458
OPERATING EXPENSES:		
Salaries and wages	132,037	129,694
Retirement and other employee benefits	53,692	68,363
Post employment benefits other than pensions	77,851	49,811
Electric power	6,153	4,504
Fuel	2,200	2,196
Insurance	11,818	12,806
Maintenance and other operating contracts	217,894	181,492
Professional service contracts	32,888	14,749
Materials and supplies	5,046	4,974
Depreciation and amortization	252,579	239,106
Credit card fees	52,048	41,789
Other	19,616	21,970
Total operating expenses	863,822	771,454
OPERATING INCOME	2,429,805	1,827,004
NON-OPERATING REVENUES (EXPENSES):		
Build America Bonds subsidy	3,622	6,917
Interest expense	(985,683)	(916,010)
Interest expense—SBITA	(15)	(14)
Interest expense—leases	(7,883)	(7,843)
Interest income on PMT	445,304	422,328
Change in fair value of derivative financial instruments (Note 13)	109	1,409
Change in fair value of derivative due to MTA	(109)	(1,409)
Internet tax revenue	338,316	332,514
Real Estate Transfer tax revenue	417,453	327,171
Investment income	42,642	13,630
Other non-operating revenue	5,609	5,370
Total non-operating revenue—net	259,365	184,063
INCOME BEFORE TRANSFERS	2,689,170	2,011,067
TRANSFERS IN—MTA	34,388	146,277

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (\$ In thousands)

	2025	2024
TRANSFERS OUT (Note 1):		
New York City Transit Authority	\$ (625,329)	\$ (679,095)
Metropolitan Transportation Authority	(718,252)	(744,313)
Sales Tax bond proceeds	(430,707)	(1,389,564)
Real Estate Transfer Tax (RETT) Bond proceeds	(818,151)	-
Internet and Real Estate Transfer Tax receipts	<u>(597,489)</u>	<u>(142,366)</u>
	<u>(3,189,928)</u>	<u>(2,955,338)</u>
CHANGE IN NET POSITION	(466,370)	(797,994)
NET POSITION—Beginning of year	<u>(4,769,687)</u>	<u>(3,971,693)</u>
NET POSITION—End of year	<u><u>\$ (5,236,057)</u></u>	<u><u>\$ (4,769,687)</u></u>
See notes to financial statements.		(Concluded)

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

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (\$ in thousands)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tolls collected	\$ 3,231,916	\$ 2,548,464
Building rentals and fees received	22,402	24,564
Payroll and related fringe benefits	(269,358)	(230,352)
Other operating expenses	<u>(407,684)</u>	<u>(344,576)</u>
Net cash provided by operating activities	<u>2,577,276</u>	<u>1,998,100</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer Internet and Real Estate Transfer tax revenue to MTA	-	(142,366)
Internet and Real Estate Transfer tax revenue	750,947	656,025
Proceeds from PMT bonds	1,267,297	2,167,031
PMT Bonds interest paid on debt	(333,609)	(615,617)
PMT Bonds principal paid on debt	(203,810)	(650,845)
Proceeds from Sales Tax Bonds	-	1,788,316
Transfers of proceeds of sales tax bond to MTAHQ	(430,707)	(1,389,564)
Proceeds from Real Estate Transfer Tax Bonds	1,714,258	-
Sales Tax Bonds interest paid on debt	(288,658)	(153,328)
Sales and Real Estate Tax Bonds Principal Paid on debt	(15,115)	-
PMT prepaid interest payable on debt	(818,151)	-
Transfers of proceeds from Subordinate Revenue BAN	(420,681)	-
Transfers of proceeds from CRZ Loan	(72,191)	-
PMT Capital Program 25-29 Receipts	458,273	-
PMT Capital Program 25-29 Transfers	(150,000)	-
Subsidies paid to affiliated agencies	<u>(1,326,861)</u>	<u>(1,453,263)</u>
Net cash provided in noncapital financing activities	<u>130,992</u>	<u>206,389</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payment for capital assets	(505,817)	(398,624)
Principal payments on Senior, Subordinate, and BAN	(762,435)	(299,375)
Bond proceeds	2,032,320	967,494
Bond refunded	(245,885)	(439,361)
Receipts from leases	2,398	1,605
Payments of leases and SBITA arrangements	(2,017)	(2,504)
Interest payments	<u>(422,908)</u>	<u>(399,597)</u>
Net cash used in capital and related financing activities	<u>95,656</u>	<u>(570,362)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gross sales of short-term securities	23,469,713	18,797,000
Gross purchases of short-term securities	(25,078,200)	(18,193,322)
PMT bonds interest received on debt	276,788	336,697
PMT bonds principal received on debt	229,211	274,144
Transfer of PMT bond proceeds to MTAHQ	<u>(1,877,043)</u>	<u>(2,657,943)</u>
Net cash used in investing activities	<u>(2,979,531)</u>	<u>(1,443,424)</u>
NET (DECREASE)/INCREASE IN CASH	(175,607)	190,703
CASH—Beginning of year	<u>200,021</u>	<u>9,318</u>
CASH—End of year	<u>\$ 24,414</u>	<u>\$ 200,021</u>

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

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (\$ in thousands)

	2025	2024
RECONCILIATION OF OPERATING INCOME TO NET CASH OPERATING ACTIVITIES:		
Operating income	\$ 2,429,805	\$ 1,827,004
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	252,579	239,106
Pass-through payments related to rent (Note 14)	(7,048)	(7,474)
GASB 68 pension expense adjustment	(26,219)	(11,646)
GASB 75 OPEB expense adjustment	12,826	12,686
Net (increase) decrease in receivables	(213,239)	(20,649)
Net increase in operating payables	12,977	(8,711)
Net (decrease) in prepaid expenses	(2,051)	(3,432)
Net increase in accrued salary costs, vacation and insurance	9,814	15,523
Net increase in unearned revenue	107,832	(44,307)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 2,577,276</u>	<u>\$ 1,998,100</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital assets related liabilities	\$ 142,211	\$ 156,838
Contributed capital assets	(20,272)	45,655
Interest expense for leases	7,899	7,857
Interest income from leases	835	368
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ 130,673</u>	<u>\$ 210,718</u>
INTEREST EXPENSE INCLUDES AMORTIZATION OF NET (PREMIUM)	<u>\$ 73,048</u>	<u>\$ 65,246</u>

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (\$ 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 have certain rights typically associated with separate legal status including the ability to issue debt. However, MTA Bridges and Tunnels is included in the MTA’s consolidated financial statements as a blended component unit because of the MTA’s financial accountability and MTA Bridges and Tunnels is under the direction of the MTA Board (a reference to “MTA Board” means the board of MTA and/or the boards of the MTA Bridges and Tunnels and other MTA component units that apply in the specific context, all of which are comprised of the same persons). Under accounting principles generally accepted in the United States of America (“GAAP”), the MTA is required to include MTA Bridges and Tunnels in its consolidated financial statements.

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

All Authority toll facilities operate E-ZPass in conjunction with a regional electronic toll collection system. MTA Bridges and Tunnels’ annual net earnings before depreciation and amortization and other adjustments (“operating transfer”) are transferred to the New York City Transit Authority (“TA”) and the MTA pursuant to provisions of the Act. In addition, MTA Bridges and Tunnels annually transfers its unrestricted investment income to the MTA. The operating transfer and the investment income transfer can be used to fund operating expenses or capital projects. The TA receives \$24,000 plus 50% of MTA Bridges and Tunnels’ remaining annual operating transfer, as adjusted, to reflect certain debt service transactions and the MTA receives the balance of the operating transfer, as adjusted, to reflect certain debt service transactions, plus the annual unrestricted investment income. Transfers are made during the year. The remaining amount due at December 31, 2025 and 2024, of \$235,975 and \$208,715, 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, 2025 and 2024, were as follows:

	2025	2024
Operating transfer	\$ 1,343,581	\$ 1,423,408
Investment income (excludes unrealized gain or loss)	<u>10,540</u>	<u>11,250</u>
	<u>\$ 1,354,121</u>	<u>\$ 1,434,658</u>

The Congestion Relief Zone (“CRZ”) Tolling Program generated net revenues of \$590,298 at December 31, 2025. Total transfers made to the MTA Capital Lockbox Fund during the year amounted to \$504,732. The remaining amount of \$85,567 was transferred in January 2026.

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2. SIGNIFICANT ACCOUNTING POLICIES

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

The MTA 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 — The MTA Bridges and Tunnels adopted the following GASB Statement for the period ended December 31, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement defines concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal actions of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending.

After evaluating the criteria of GASB 102, MTA Bridges and Tunnels concluded that the adoption of this Statement required the disclosure of certain risk factors that will have a substantial impact on the financial position, results of operations or cash flows of the Authority.

Accounting Standards Issued But Not Yet Adopted

GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of the 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
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

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 interim financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include fair value of investments and derivative instruments, allowances for doubtful accounts, accrued expenses and other liabilities, depreciable lives of capital assets, estimated liability arising from injuries to persons, pension benefits and other postemployment benefits. Actual results could differ significantly from those estimates.

Operating Revenues – Open Road Tolling (“ORT”) revenue for bridges and tunnels is recognized through the fully cashless toll collection system, comprising of toll collection activity and the Tolls-By-Mail video billing. Revenues are earned when the vehicles use the TBTA facilities, however, the cash is either on a prepaid or post-paid basis.

MTA Bridges and Tunnels has two toll rebate programs at the VNB: 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 VNB Commercial Rebate Program (“VNB Commercial Rebate Program”), available for commercial vehicles making more than ten trips per month using the same New York Customer Service Center (“NYCSC”) E-ZPass account. The VNB Commercial Rebate Program and Staten Island Resident Rebate Program are funded by the State and the MTA. There is no impact to revenue due to this program.

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In April 2018, the approved 2018-2019 New York State Budget enacted legislation that provided additional sources of revenue, in the form of surcharges and fines, as defined by Article 29-C, Chapter 59 of the Tax Law, to address the financial needs of the MTA. Beginning on January 1, 2019, the legislation imposed the following:

- A surcharge of \$2.75 on for-hire transportation trips provided by motor vehicles carrying passengers for hire (or \$2.50 in the case of taxicabs that are subject to the \$0.50 cents tax on hailed trips that are part of the MTA Aid Trust Account Receipts), other than pool vehicles, ambulance and buses, on each trip that (1) originates and terminates south of and excluding 96th Street in New York City, in the Borough of Manhattan (the “Congestion Zone”), (2) originates anywhere in New York State and terminates within the Congestion Zone, (3) originates in the Congestion Zone and terminates anywhere in New York State, or (4) originates anywhere in New York State, enters into the Congestion Zone while in transit, and terminates anywhere in New York State.
- A surcharge of \$0.75 cents for each person who both enters and exits a pool vehicle in New York State and who is picked up in, dropped off in, or travels through the Congestion Zone.

The Congestion Zone Surcharges do not apply to transportation services administered by or on behalf of MTA, including paratransit services. Congestion zone surcharges are recognized as revenue based upon reported amounts of surcharges collected.

Congestion Relief Zone Tolling Program

In April 2019, Congestion Relief Zone (“CRZ”) Tolling Program, formerly referred to as the Central Business District Tolling Program or the CBD Tolling Program, was established pursuant to the Traffic Mobility Act, as part of the New York State Budget for Fiscal Year 2019-2020. The CRZ Tolling Program charges a toll for vehicles entering the CRZ, defined as south and inclusive of 60th Street in Manhattan, but excluding the FDR Drive, the West Side Highway, the Battery Park underpass, and any surface roadway portion of the Hugh L. Carey Tunnel connecting to West Street.

The MTA Bridges and Tunnels Board approved a toll rate schedule for the CRZ Tolling Program on March 27, 2024, which was confirmed through a National Environmental Policy Act (NEPA) reevaluation (Reevaluation 1) in June 2024 as meeting all environmental, congestion-reduction, and revenue goals.

On November 14, 2024, following a pause in implementation of the CRZ Tolling Program, Governor Hochul announced a proposal to proceed with the CRZ Tolling Program, but with the toll structure and rates that had been adopted by the MTA Bridges and Tunnels Board on March 27, 2024 being phased-in gradually over several years with proportionally lower toll rates for all vehicle classes in the first six-years of the program. In response, the MTA Bridges and Tunnels Board, at its November 18, 2024 meeting, adopted the phase-in approach to the toll rate schedule that it had approved on March 27, 2024.

On November 21, 2024, the Federal Highway Administration (“FHWA”) approved a second reevaluation under NEPA (“Re-evaluation 2”) and conferred tolling authority through an agreement pursuant to its Value Pricing Pilot Program. The CRZ Tolling Program went into effect and tolling commenced on January 5, 2025.

The Enacted State Budget also included provisions for a new Real Estate Transfer Tax Surcharge (“RETT”) on high-priced residential property sales in New York City and an Internet Marketplace Sales Tax (“Internet Tax”).

The proceeds from the CRZ Tolling Program, the Internet Tax and RETT will be deposited into the MTA Capital Lockbox Fund (formerly referred to as the Central Business District Tolling Capital Lockbox Fund) and specifically, MTA’s 2020-2024 Capital Program Account. Pursuant to Public Authorities Law Section 553-j that was created by the Traffic Mobility Act, monies in the MTA Capital Lockbox Fund may only be used to support the CRZ Tolling Program and financing of the 2020-2024 Capital Program or any successor capital program.

Non-Operating Revenues—Build America Bonds subsidy—MTA Bridges and Tunnels is receiving cash subsidy payments from the U.S. Treasury equal to 35% of the interest payable on the Series of Bonds issued as “Build

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America Bonds” and authorized by the Recovery Act. The Internal Revenue Code of 1986 imposes requirements that MTA Bridges and Tunnels must meet and continue to meet after the issuance in order to receive the cash subsidy payments. The interest on these bonds is fully subject to federal income taxation.

Triborough Bridge and Tunnel Authority (“MTA Bridges and Tunnels”) recorded interest income on the PMT senior bonds from MTA. The PMT receipts from MTA were transferred to MTA Bridges and Tunnels to cover interest payment on the PMT senior bonds.

The Enacted State Budget for Fiscal Year 2019-2020 included provisions for a new Real Estate Transfer Tax Surcharge (“RETT”) on high-priced residential property sales in New York City and an Internet Marketplace Sales Tax (“Internet Tax”). The RETT went into effect on July 1, 2019 and increases the transfer tax on a sliding scale by a quarter percent starting at \$2, with a combined top rate of 4.15%, on the sale of New York City residential properties valued at \$25 or above. The Internet Tax went into effect on June 1, 2019 and requires internet marketplace providers to collect and remit sales tax from out of state retailers on their sites that have gross receipts exceeding \$500,000 (dollars) and delivering more than one hundred sales into New York State in the previous four quarters. The sales tax will be collected at the normal rate of 4% plus local sales tax.

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, compensated absences, insurance, depreciation, lease and SBITA amortization, etc.) are reported as operating expenses. All other expenses (e.g., interest on long-term debt, interest on leases and SBITAs, etc.) are reported as non-operating expenses.

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

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

Investments are recorded on the MTA Bridges and Tunnels statement of net position at fair value, except for repurchase agreements, which are recorded at amortized cost. All investment income, including changes in the fair value of investments, is reported as revenue on the MTA Bridges and Tunnels statement of revenues, expenses, and changes in net position. Fair values have been determined using quoted market values at December 31, 2025 and December 31, 2024.

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

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available. GASB Statement No. 87, Leases are classified as right-to-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* are classified as intangible right-to-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementations costs, less any incentives received. Accumulated depreciation and amortization are reported as reductions of capital and right-to-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, 25 to 100 years for infrastructure, 10 years for open road tolling systems and equipment, and 25 years for open road tolling infrastructure. Right-of-use assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term.

Leases—Per GASB Statement No. 87, certain lease agreements are classified as financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Lease receivables and liabilities are measured at the present value of payments expected to be made during the lease term, using an applicable discount rate stated or implicit in the lease and if not available, using incremental borrowing rate at the time of valuation. Lease assets and deferred inflows are amortized on a straight-line basis over the term of the lease.

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

Compensated Absences—Per GASB Statement No. 101, MTA Bridges and Tunnels has accrued the value (including certain salary-related payments) of vacation, sick, compensatory time and other leave benefits earned by employees to date for leave that has been used but not yet paid in cash or settled through noncash means (if any). Unexpired benefits that are more than likely to be used or settled at separation of service are recognized in the financial statements according to timing of estimated payment.

Net Position—MTA Bridges and Tunnels follows the “business type” activity requirements of GASB Statement No. 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, inclusive of right-of-use assets, net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted

Nonexpendable—Net position subject to externally imposed stipulations such that the Authority maintains them permanently. For the years ended December 31, 2025 and 2024, 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, 2025 and 2024, the Authority had expendable restricted net position related to (1) Debt Service of \$678,326 and \$288,557, (2) the Necessary Reconstruction Reserve of \$841,679 and \$933,443 and (3) PMT Bond \$719,284 and \$188,007, (4) Sale and Real Estate Transfer Tax Revenue Bond \$846,851 and \$491,587, respectively.

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Unrestricted

Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by actions of management or the Board of Directors.

Subsidies—Subsidies provided by MTA Bridges and Tunnels represent its operating transfer and investment income computed on an accrual basis, these transfers are made to NYTCA and MTA. In addition, for the years ended December 31, 2025, and 2024 MTA Bridges and Tunnels transferred out Internet and Real Estate Transfer Tax to MTA of \$0 and \$142,366, respectively.

Pension Plans—The Authority follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, for its pension plans.

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

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

The MTA Bridges and Tunnels recognizes a proportionate share of the net OPEB liability for the MTA's cost-sharing multiple-employer OPEB Plan, which represents the excess of the total OPEB liability over the fiduciary net position of the OPEB Plan, measured as of the measurement date of the plan. The change in portion is based on actual contributions from the participating employers.

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

3. CASH

The bank balances are insured up to \$250 in the aggregate by the Federal Deposit Insurance Corporation ("FDIC") for each bank in which funds are deposited.

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Cash at December 31, 2025 and 2024 consists of the following (in thousands):

	2025		2024	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits	\$ 250	\$ 250	\$ 250	\$ 250
Collateralized deposits	<u>24,164</u>	<u>13,884</u>	<u>199,771</u>	<u>199,575</u>
	<u>\$ 24,414</u>	<u>\$ 14,134</u>	<u>\$ 200,021</u>	<u>\$ 199,825</u>

All collateralized deposits are held by the Authority or its agent in the Authority's name.

The MTA, on behalf of itself, its affiliates, and subsidiaries invests funds which are not immediately required for the MTA's operations in securities permitted by the New York State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero coupon bonds.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the MTA will not be able to recover the value of its deposits. While the MTA does not have a formal deposit policy for custodial credit risk, New York State statutes govern the MTA's investment policies. The MTA's uninsured and uncollateralized deposits are primarily held by commercial banks in the metropolitan New York area and are subject to the credit risks of those institutions.

In accordance with Governmental Accounting Standards Board (GASB) guidance, restricted fund balance includes amounts that can be spent only for specific purposes as stipulated by the constitution, external resource providers, or through enabling legislation.

The Organization classifies certain cash and cash equivalents as restricted when their use is constrained by externally imposed restrictions or by law. These amounts are not available for general operating purposes and are designated for specific programs or activities in accordance with such restrictions.

Restricted cash totaled \$14,684 for capital projects and the payment of debt service on bonds issued to finance capital projects. The Organization monitors compliance with all restrictions and ensures that funds are expended only for their intended purposes.

4. INVESTMENTS

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

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

MTA Bridges and Tunnels categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair

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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, 2025 and 2024 (in thousands):

	December 31, 2025	Fair Value Measurements		December 31, 2024	Fair Value Measurements	
		Level 1	Level 2		Level 1	Level 2
Investments by fair value level—						
Debt securities:						
U.S. treasury securities	\$ 4,529,239	\$ 4,448,692	\$ 80,547	\$ 1,852,443	\$ 1,563,160	\$ 289,283
Repurchase agreements	<u>38,614</u>	<u>38,614</u>		<u>16,872</u>	<u>16,872</u>	<u>-</u>
Total debt securities	<u>4,567,853</u>	<u>4,487,306</u>	<u>80,547</u>	<u>1,869,315</u>	<u>1,580,032</u>	<u>289,283</u>
Total investments by fair value level	<u>4,567,853</u>	<u>\$ 4,487,306</u>	<u>\$ 80,547</u>	<u>1,869,315</u>	<u>\$ 1,580,032</u>	<u>\$ 289,283</u>
Total investments	<u>\$ 4,567,853</u>			<u>\$ 1,869,315</u>		

Investments classified as Level 1 and Level 2 of the fair value hierarchy, totaling \$4,567,853 and \$1,869,315 as of December 31, 2025 and 2024, 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 statements of net position. Repurchase agreements are short-term investments with underlying securities such as U.S. Treasury bills and U.S. Treasury notes.

Investments available to pay operating and maintenance expenses, debt service and operating surplus transfers, at December 31, 2025 and 2024, are as follows (in thousands):

Investments	2025	2024
Current—		
Restricted:		
Bond proceeds fund	\$ 1,752,022	\$ 1,074,714
Primarily necessary reconstruction fund	41,432	39,687
Debt service fund	676,512	285,447
Cost of issuance fund	1,791	3,110
CRZ investments	<u>1,685,016</u>	<u>-</u>
Total current—restricted	4,156,773	1,402,959
Total current—unrestricted	<u>411,080</u>	<u>385,809</u>
Total—current	<u>\$ 4,567,853</u>	<u>\$ 1,788,768</u>
Long term—unrestricted—senior PMT bond	<u>\$ -</u>	<u>\$ 80,547</u>
Total long term—unrestricted	<u>-</u>	<u>80,547</u>
Total long term	<u>\$ -</u>	<u>\$ 80,547</u>

DRAFT

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

The fair value of the above investments consists of \$411,080 and \$385,809 in 2025 and 2024 in unrestricted investments respectively, and \$4,156,773 and \$1,402,959 in 2025 and 2024 in restricted investments, respectively. Investments had weighted average monthly yields ranging from 3.638% to 4.199% for the year ended December 31, 2025 and 3.886% to 5.166% for the year ended December 31, 2024. The net unrealized loss and gain on investments was \$(19,560) and \$(2,011) for the years ended December 31, 2025 and 2024, 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, 2025		December 31, 2024	
	Fair Value	Duration (in Years)	Fair Value	Duration (in Years)
U.S. Treasuries	\$ 4,529,239	0.04	\$ 1,852,443	0.36
Repurchase agreements	<u>38,614</u>	*	<u>16,872</u>	*
Total fair value	4,567,853		1,869,315	
Modified duration	<u>-</u>	0.04	<u>-</u>	0.36
Total investments	<u>\$ 4,567,853</u>		<u>\$ 1,869,315</u>	

* Duration is less than a month

Credit Risk—At December 31, 2025 and 2024, 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, 2025	Percent of Portfolio	December 31, 2024	Percent of Portfolio
Not Rated	\$ 38,614	1 %	\$ 16,872	1 %
U.S. Government	<u>4,529,239</u>	<u>99</u>	<u>1,852,443</u>	<u>99</u>
Total	<u>4,567,853</u>	<u>100 %</u>	<u>1,869,315</u>	<u>100 %</u>
Total investment	<u>\$ 4,567,853</u>		<u>\$ 1,869,315</u>	

5. MTA INVESTMENT POOL

The MTA, on behalf of MTA Bridges and Tunnels, invests funds which are not immediately required for MTA Bridges and Tunnels' operations in securities permitted by the MTA's All-Agency Investment Guidelines in accordance with the New York State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero-coupon bonds. All investments are held by the MTA's agent in custody accounts in the name of the MTA. The MTA has no financial instruments with significant individual or group concentration of credit risk. MTA Bridges and Tunnels categorizes its fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant

DRAFT

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, 2025 were \$421,359 for short term unrestricted and \$499,132 for short term restricted. The amounts related to investment pool funds for the year ended December 31, 2024 were \$399,741 for short-term unrestricted and \$498,664 for short-term restricted.

6. CAPITAL ASSETS

Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA Bridges and Tunnels' having a minimum useful life of two years and having a cost of more than \$25 thousand. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available.

GASB 87 leases are classified as right-of-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. GASB 96 SBITAs are classified as intangible right-to-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementations costs, less any incentives received.

Accumulated depreciation and amortization are reported as reductions of fixed assets and right-of-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Right-of-use lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term.

The following is a summary of capital assets activity at January 1, 2023, December 31, 2024 and December 31, 2025:

DRAFT

	Balance January 1, 2024	Additions/ Transfers	Deletions/ Transfers	Balance December 31, 2024	Additions/ Transfers	Deletions/ Transfers	Balance December 31, 2025
Capital assets not being depreciated:							
Land	\$ 52,940	\$ -	\$ -	\$ 52,940	\$ -	\$ -	\$ 52,940
Construction in progress	515,464	598,345	687,285	426,524	476,138	230,513	672,149
Total capital assets not being depreciated	568,404	598,345	687,285	479,464	476,138	230,513	725,089
Capital assets being depreciated:							
Leasehold improvement—2 Broadway	45,020	-	-	45,020	-	106	44,914
Primary structures	4,648,220	122,482	-	4,770,702	20,106	-	4,790,808
Toll equipment	1,639	369	-	2,008	8,220	-	10,228
Buildings	730,610	14,578	-	745,188	37,297	-	782,485
Roadway	2,893,014	179,041	6,798	3,065,257	128,205	-	3,193,462
Property—road and equipment	888,585	3,347	-	891,932	6,643	-	898,575
ORT systems and equipment	468,065	477	-	468,542	1,960	-	470,502
CRZ Cameras and Structures	-	353,802	-	353,802	14,116	-	367,918
Other	275,233	4,770	5,152	274,851	8,509	27,131	256,229
Total capital assets being depreciated	9,950,386	678,866	11,950	10,617,302	225,056	27,237	10,815,121
Less accumulated depreciation:							
Leasehold improvement—2 Broadway	29,804	1,829	-	31,633	372	-	32,005
Primary structures	830,436	50,044	-	880,480	51,171	-	931,651
Toll equipment	105	128	-	233	807	-	1,040
Buildings	291,314	18,443	-	309,757	19,007	-	328,764
Roadway	946,118	102,048	665	1,047,501	106,030	-	1,153,531
Property—road and equipment	117,933	22,554	-	140,487	22,937	-	163,424
ORT systems and equipment	136,708	23,337	-	160,045	23,427	-	183,472
CRZ Cameras & Structures	-	8,696	-	8,696	18,776	-	27,472
Other	240,685	10,552	5,152	246,085	7,857	27,046	226,896
Total accumulated depreciation	2,593,103	237,631	5,817	2,824,917	250,384	27,046	3,048,255
Total capital assets being depreciated— net of accumulated depreciation	7,357,283	441,235	6,133	7,792,385	(25,328)	191	7,766,866
Capital assets—net	7,925,687	1,039,580	693,418	8,271,849	450,810	230,704	8,491,955
Right of use assets being amortized							
Leased buildings and structures	45,604	-	-	45,604	-	-	45,604
Subscription Based-IT Arrangements	663	274	-	937	205	-	1,142
Total right of use assets being amortized	46,267	274	-	46,541	205	-	46,746
Less accumulated depreciation—right of use assets							
Leased buildings and structures	4,974	1,658	-	6,632	1,658	-	8,290
Subscription Based-IT Arrangements	213	406	-	619	194	-	813
Total accumulated depreciation	5,187	2,064	-	7,251	1,852	-	9,103
Right of use assets being amortized—net	41,080	(1,790)	-	39,290	(1,647)	-	37,643
Total capital assets, including right of use asset—net	\$ 7,966,767	\$ 1,037,790	\$ 693,418	\$ 8,311,139	\$ 449,163	\$ 230,704	\$ 8,529,598

In 2025 and 2024, capital asset additions included \$15,782 and \$19,581, respectively, of costs incurred by engineers working on capital projects.

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

DRAFT

York City Employees Retirement System qualified pension plan. This plan covers employees of MTA New York City Transit and MTA Bridges and Tunnels.

NYCERS was established by an act of the Legislature of the State of New York under Chapter 427 of the Laws of 1920. NYCERS functions in accordance with the governing statutes contained in the New York State Retirement and Social Security Law (“RSSL”), and the Administrative Code of the City of New York (“ACNY”), which are the basis by which benefit terms and employer and member contribution requirements are established and amended. The head of the retirement system is the Board of Trustees. NYCERS is a fiduciary component unit of The City and is in the Pension and Other Employee Benefit Trust Funds section of The City’s Annual Comprehensive Financial Report (“ACFR”).

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

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

- Tier 1 All members who joined prior to July 1, 1973.
- Tier 2 All members who joined on or after July 1, 1973 and before July 27, 1976.
- Tier 3 Only certain members who joined on or after July 27, 1976 and prior to April 1, 2012.
- Tier 4 All members (with certain member exceptions) who joined on or after July 27, 1976 but prior to April 1, 2012. Members who joined on or after July 27, 1976 but prior to September 1, 1983 retain all rights and benefits of Tier 3 membership.
- Tier 6 Members who joined on or after April 1, 2012.

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%.

Tier 4 participants upon satisfying applicable eligibility requirements may be mandated or elected, as applicable, into the Basic 62/5 Retirement Plan, the 57/5 Plan, the 55/25 Plan, the Transit 55/25 Plan, the MTA Triborough Bridge and Tunnel Authority 50/20 Plan, and the Automotive Member 25/50 Plan. These plans provide annual benefits of 40% to 50% of final salary after 20 or 25 years of service, with additional benefits equal to a specified percentage per year of service (currently 1.5% to 2%) of final salary.

DRAFT

Chapter 18 of the Laws of 2012 created Tier 6. These changes increase the retirement age to 63, require member contributions for all years of service, institute progressive member contributions, and lengthen the final average salary period from 3 to 5 years.

Chapter 56 of the Laws of 2024 amended the RSSL and the Administrative Code of New York to reduce the number of years used to calculate the Final Average Salary (FAS), from 5 years to 3 years, for certain Tier 3 and Tier 6 members of NYCERS who joined on or after April 1, 2012.

NYCERS also provides automatic Cost-of-Living Adjustments (“COLA”) for certain retirees and beneficiaries, death benefits; and certain retirees also receive supplemental benefits. Subject to certain conditions, members generally become fully vested as to benefits upon the completion of 5 years of service.

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 Systems, in accordance with State statutes and City laws, and are generally funded by employers within the appropriate Fiscal Year. The Statutory Contributions are determined under the One-Year Lag Methodology (“OYLM”). Under OYLM, the actuarial valuation date is used for calculating the Employer Contributions for the second following Fiscal Year. Statutory Contributions are determined annually to be an amount that, together with member contributions and investment income, provides for NYCERS’ assets to be sufficient to pay benefits when due.

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

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

NYCERS established a “special program” for employees hired on or after July 26, 1976. A plan for employees, who have worked 20 years, and reached age 50, is provided to Bridge and Tunnel Officers, Sergeants and Lieutenants and Maintainers. Also, an age 57 retirement plan is available for all other such MTA Bridges and Tunnels employees. Both these plans required increased employee contributions. Chapter 56 of the Laws of 2022 enacted in April 2022 excludes certain forms of overtime and extracurricular compensation from the salary used to determine Tier 6 Basic Member Contribution rates during the specified period from 2022 to 2024.

Certain retirees also receive supplemental benefits from MTA Bridges and Tunnels. Certain participants are permitted to borrow up to 75% of their own contributions including accumulated interest. These loans are accounted for as reductions in such participants’ contribution accounts. Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions, including accumulated interest, less any outstanding loan balances.

DRAFT

MTA Bridges and Tunnels is required to contribute at an actuarially determined rate. The contribution requirements of plans members, MTA New York City Transit and MTA Bridges and Tunnels are established and amended by law.

MTA Bridges and Tunnels contributions to NYCERS for the years ended December 31, 2025 and 2024 were \$40,027 and \$35,630, respectively.

Net Pension Liability—MTA Bridges and Tunnels net pension liability for the NYCERS pension plan reported at December 31, 2025 and December 31, 2024 was measured as of June 30, 2025 and June 30, 2024, respectively, and a reporting date of June 30, 2025 and June 30, 2024 for Fiscal Year 2025 and 2024, respectively. The total pension liability at December 31, 2025 and December 31, 2024 for the NYCERS pension plan was determined as of the actuarial valuation dates as of June 30, 2024 and June 30, 2023, 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:

Valuation Date:	NYCERS	
	June 30, 2024	June 30, 2023
Investment rate of return	7.00% per annum—net of investment expenses	7.00% per annum—net of investment expenses
Salary increases	In general, merit and promotion increases, plus assumed General Wage increases of 3.0% per year.	In general, merit and promotion increases, plus assumed General Wage increases of 3.0% per year.
Inflation	2.50%	2.50%
Cost-of living adjustments	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees
Mortality	Mortality tables for service and disability pensioners were developed from an experience study of the plan. The mortality tables for beneficiaries were developed from an experience review.	Mortality tables for service and disability pensioners were developed from an experience study of the plan. The mortality tables for beneficiaries were developed from an experience review.
Pre-retirement	N/A	N/A
Post-retirement—healthy lives	N/A	N/A
Post-retirement—disabled lives	N/A	N/A

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

DRAFT

The target asset allocations of the fund and the expected real rate of return (RROR) for the asset class in NYCERS was as of the measurement dates of June 30, 2025 and 2024 and is summarized as follows:

Asset Class	NYCERS 2025	
	Target Asset Allocation	Long-Term Expected Real Rate of Return
Public markets:		
U.S. public market equities	23.5 %	6.7 %
Developed public market equities	11.6	7.1
Emerging public market equities	4.9	8.3
Fixed income	31.0	3.0
Private markets (alternative investments):		
Private equity	10.0	11.2
Private real estate	8.0	7.0
Infrastructure—	4.5	6.3
Opportunistic fixed income	6.5	8.3
	<u>100 %</u>	
Assumed inflation—mean		2.5 %
Long term expected rate of return		7.0 %

Asset Class	NYCERS 2024	
	Target Asset Allocation	Long-Term Expected Real Rate of Return
Public markets:		
U.S. public market equities	23.5 %	6.8 %
Developed public market equities	11.6	7.2
Emerging public market equities	4.9	8.6
Fixed income	31.0	3.3
Private markets (alternative investments):		
Private equity	10.0	11.6
Private real estate	8.0	7.0
Infrastructure—	4.5	6.3
Opportunistic fixed income	6.5	8.5
	<u>100 %</u>	
Assumed inflation—mean		2.5 %
Long term expected rate of return		7.0 %

Discount Rate—The discount rate used to measure the total pension liability was 7.0% for the NYCERS plan as of June 30, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for the pension plan and that employer contributions will be made at the rates determined by the pension plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and non-active members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DRAFT

MTA Bridges and Tunnels Proportion of Net Pension Liability—NYCERS—The following table presents the MTA Bridges and Tunnels proportionate share of the net pension liability of NYCERS at the measurement date of June 30, 2025 and 2024, and the proportion percentage of the net pension liability of NYCERS allocated to MTA Bridges and Tunnels:

(\$ in millions)	2025	2024
Bridges and Tunnels proportion of the net pension liability	0.964 %	0.888 %
Bridges and Tunnels proportionate share of the net pension liability	\$ 128.10	\$ 146.12

MTA Bridges and Tunnels proportion of the net pension liability was based on the actual contributions made to NYCERS for the years ended June 30, 2025 and 2024, relative to the contributions of all employers in the plan.

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

	June 30, 2025			June 30, 2024		
	1% Decrease (6.00%)	Discount Rate (7.00%) (in millions)	1% Increase (8.00%)	1% Decrease (6.00%)	Discount Rate (7.00%) (in millions)	1% Increase (8.00%)
Bridges and Tunnels proportionate share of the net pension liability	\$ 242.64	\$ 128.10	\$ 31.53	\$ 248.12	\$ 146.12	\$ 59.96

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—For the years ended December 31, 2025 and 2024, MTA Bridges and Tunnels recognized pension expense as follows (in thousands):

Pension Plans	2025	2024
NYCERS	\$ 13,809	\$ 23,983

For the years ended December 31, 2025 and 2024, the MTA Bridges and Tunnels reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in millions)	
Differences between expected and actual experience	\$19,975	\$ (253)
Changes in assumptions	-	(644)
Net difference between projected and actual earnings on pension plan investments	-	(11,089)
Proportionate share of contributions	419	(1,827)
Employer contribution to plan subsequent to the measurement date of net pension liability	41,749	-
Total	\$ 62,143	\$ (13,813)

DRAFT

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in millions)	
Differences between expected and actual experience	\$ 20,597	\$ (456)
Changes in assumptions	-	(1,299)
Net difference between projected and actual earnings on pension plan investments	1,906	-
Proportionate share of contributions	3,899	(24,358)
Employer contribution to plan subsequent to the measurement date of net pension liability	37,941	-
Total	<u>\$ 64,343</u>	<u>\$ (26,113)</u>

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.

	(in Years)		
Pension Plan	Difference between Expected and Actual Experience	Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contribution	Changes in Actuarial Assumptions
NYCERS	5.56	5.56	5.56

For the years ended December 31, 2025 and 2024, \$41,749 and \$37,941, respectively, were reported as deferred outflows of resources related to pensions resulting from MTA Bridges and Tunnels contributions subsequent to the measurement date. The amount of \$37,941 will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2025, will be recognized as pension expense as follows (in millions):

Years Ending December 31	Increase/(Decrease) in Pension Expense
2026	\$ 11,382
2027	(4,329)
2028	(2,370)
2029	224
2030	<u>1,674</u>
Total	<u>\$ 6,581</u>

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.

DRAFT

Certain MTA Bridges and Tunnels employees are participants in a second deferred compensation plan established in accordance with Internal Revenue Code Section 401(k). Participation in the plan is available to all nonunion and certain other employees. All amounts of compensation deferred under the plan, and all income attributable to such compensation, are solely the property of the participants; accordingly, this plan is not reflected in the accompanying consolidated statements of net position. MTA Bridges and Tunnels did not contribute to the plan in 2025 and 2024.

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);

DRAFT

- (c) have at least 10 years of credited service as a member of NYCERS, and
- (d) have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members). A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

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

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

Contributions—MTA Bridges and Tunnels is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the “pay-as-you-go” (“PAYGO”) amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years ended December 31, 2025 and 2024, MTA Bridges and Tunnels paid \$43,425 and \$40,939, respectively, of PAYGO to the OPEB Plan.

The discount rate estimates investment earnings for assets earmarked to cover retiree health benefits. Under GASB Statement No. 75, the discount rate depends on the nature of underlying assets for funded plans. A depletion date of Trust assets is assumed to occur immediately. Therefore, the discount rate is set equal to the municipal bond index. The MTA elected the Bond Buyer General Obligation 20-Bond Municipal Bond Index. As a result, the discount rates as of December 31, 2024 and 2023, the measurement dates, are 4.08% and 3.26%, respectively.

Employer contributions include the implicit subsidy, or age related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore are partially subsidized by the active employees. As shown in the following table, for the years ended December 31, 2024 and 2023, the employer made a cash payment for retiree healthcare of \$2,295 and \$2,128, 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	2024	2023
	Retirees	Retirees
	(In thousands)	
Total blended premiums	\$ 38,644	\$ 35,489
Employment payment for retiree healthcare	<u>2,295</u>	<u>2,128</u>
Net payments	<u>\$ 40,939</u>	<u>\$ 37,617</u>

(2) Net OPEB Liability

At December 31, 2025 and 2024, MTA Bridges and Tunnels reported a net OPEB liability of \$878,518 and \$859,352, 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, 2024 and 2023, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2023 and July 1, 2021 respectively, and rolled forward to December 31, 2024 and 2023, 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

DRAFT

participating employers. At December 31, 2025 and 2024, the MTA Bridges and Tunnels proportion was 4.34% and 4.26%, respectively.

OPEB Plan Fiduciary Net Position—The fiduciary net position has been determined on the same basis used by the OPEB Plan. The OPEB Plan uses the accrual basis of accounting under which contributions from the employer are recognized when paid. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value based on quoted market prices or net asset value.

(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 as of July 1, 2023 and July 1, 2021 respectively and update procedures were used to roll forward the total OPEB liability to December 31, 2024 and 2023, the measurement dates, respectively. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

	2025	2024
Valuation date	July 1, 2023	July 1, 2023
Measurement date	December 31, 2024	December 31, 2023
Discount rate	4.08%—net of expenses	3.26%—net of expenses
Inflation	2.30%	2.31%
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.25%
Investment rate of return	4.25%	4.25%

DRAFT

Salary Increases

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

Years of Employment	2025 Rate of Increase	2024 Rate of Increase
0	11 %	11.00 %
1	10.00	10.00
2	9.00	9.00
3	8.00	8.00
4	7.00	7.00
5	6.00	6.00
6	5.00	5.00
7	4.00	4.00
8	3.80	3.80
9	3.60	3.60
10+	3.50	3.50

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

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

Fiscal Year	NYSHIP 2025		MTA Bridges and Tunnels 2025	
	<65	>=65	<65	>=65
2025	6.30 %	6.60 %	5.40 %	5.00 %
2026	5.70	6.40	5.30	5.10
2027	5.20	5.80	5.10	5.10
2028	5.10	5.10	5.00	5.00
2029	4.90	4.90	4.80	4.90
2030	4.80	4.70	4.70	4.70
2031	4.60	4.50	4.60	4.60
2032	4.50	4.30	4.50	4.50
2033	4.30	4.10	4.30	4.30
2034 - 2039	4.10	4.10	4.10	4.10
2040 - 2048	4.10	4.10	4.10	4.10
2049	4.10	4.20	4.10	4.20
2050	4.10	4.20	4.10	4.20
2051 - 2064	4.20	4.20	4.20	4.20
2065 - 2066	4.10	4.10	4.10	4.10
2067 - 2068	4.00	4.00	4.00	4.00

DRAFT

Ultimate rates were determined considering historic and projected rates of real growth, long-term inflation and additional growth attributable to technology, and medical costs as a component of gross domestic product (GDP).

Mortality— All mortality rates (except accidental death for active police members) are projected on a generational basis using the Society of Actuaries Mortality Improvement Scale MP-2021. As 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, 2015 to December 31, 2020 for the MTA-sponsored pension plans.

Postretirement Healthy Lives—Pri.H-2012(BC) Mortality Table headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 92%.

Expected Rate of Return on Investments—The best-estimate range for the long-term expected rate of return was determined using by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumption as of December 31, 2024 are as follows:

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	BAML 3-Mon Tbill	1.50%	0.94%
US Short(1-3Yr) Corporate Bonds	Bloomberg US Corp 1-3 Yr TR USD	99 %	1.98 %
Assumed Inflation—Mean			2.30%
Assumed Inflation—Standard Deviation			1.46%
Portfolio Nominal Mean return			4.27%
Portfolio Standard Deviation			2.68%
Long term expected rate of return selected by MTA			4.25%

Discount Rate—The plan’s fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan’s fiduciary net position is not projected to be sufficient. Therefore, the discount rate is set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of December 31, 2024 and 2023, of 4.08% and 3.26%, respectively.

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

December 31, 2024 Measurement Date	1% Decrease %	Discount Rate %	1% Increase %
Proportionate share of the net OPEB liability	<u>\$ 967.36</u>	<u>\$ 848.64</u>	<u>\$ 749.90</u>
December 31, 2023 Measurement Date	1% Decrease (2.26)%	Discount Rate (3.26)%	1% Increase (4.26)%
Proportionate share of the net OPEB liability	<u>\$ 987.19</u>	<u>\$ 862.51</u>	<u>\$ 759.40</u>

DRAFT

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

December 31, 2024 Measurement Date	1% Decrease	Cost Current Trend Rate*	1% Increase
Proportionate share of the net OPEB liability	<u>\$ 722.92</u>	<u>\$ 848.64</u>	<u>\$ 1,005.84</u>

December 31, 2023 Measurement Date	1% Decrease	Healthcare Cost Current Trend Rate*	1% Increase
Proportionate share of the net OPEB liability	<u>\$ 738.06</u>	<u>\$ 862.51</u>	<u>\$ 1,018.75</u>

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

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

For the years ended December 31, 2025 and 2024, MTA Bridges and Tunnels recognized OPEB expense of \$81,697 and \$53,625, respectively, which represents its proportionate share of the Plan's OPEB expense.

The annual differences between the projected and actual earnings on investments are amortized over a 5-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience, changes in assumptions and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over a 7.6-year close period, beginning the year in which the deferred amount occurs.

MTA Bridges and Tunnels reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows (in thousands):

	December 31, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,105	\$ (98,657)
Changes in assumptions	72,893	(175,376)
Net difference between projected and actual earnings on OPEB plan investments		(400)
Changes in proportion and differences between contributions and proportionate share of contributions	139,162	(98,782)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	<u>43,425</u>	<u> </u>
Total	<u>\$ 266,585</u>	<u>\$ (373,215)</u>

DRAFT

	December 31, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,065	\$ (113,966)
Changes in assumptions	91,947	(141,958)
Net difference between projected and actual earnings on OPEB plan investments	241	-
Changes in proportion and differences between contributions and proportionate share of contributions	147,565	(124,356)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	<u>40,939</u>	<u>-</u>
Total	<u>\$ 292,757</u>	<u>\$ (380,280)</u>

At December 31, 2025 and 2024, MTA Bridges and Tunnels reported as deferred outflow of resources related to OPEB of \$266,585 and \$292,757, respectively. This amount includes both MTA Bridges and Tunnels contributions subsequent to the measurement date and an implicit rate subsidy adjustment of \$43,425 that will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2025, will be recognized in OPEB expense as follows (in thousands):

Years Ending December 31

2026	\$ 30,879
2027	27,068
2028	24,169
2029	31,613
2030	19,558
Thereafter	<u>16,768</u>
	<u>\$ 150,055</u>

9. LONG-TERM DEBT

MTA Bridges and Tunnels issues long-term bonds to fund its own capital projects, as well as the Transportation Projects for NYCTA and Commuter Rails, through the following four credits:

- General Revenue Bonds,
- Payroll Mobility Tax Bonds,
- Sales and Real Estate Tax Bonds and
- Subordinate Revenue Bonds.

The MTA and MTA Bridges and Tunnels entered into a Payroll Mobility Tax Financing Agreement (the “Financing Agreement”), dated as of April 9, 2021, to provide the mechanism by which MTA will deposit, allocate and transfer certain payroll mobility taxes (“Mobility Tax Receipts”) and certain fees, surcharges and taxes (“Aid Trust Account Receipts,” and together with the Mobility Tax Receipts, “PMT Receipts”) in order to share the PMT receipts on a parity basis with MTA Bridges and Tunnels. The Financing Agreement ensures that sufficient amounts will be available for MTA to (i) provide MTA Bridges and Tunnels, or the trustee on behalf of MTA Bridges and Tunnels, with

DRAFT

the PMT Receipts necessary for MTA Bridges and Tunnels to timely perform its obligations under the Triborough Bridge and Tunnel Authority Payroll Mobility Tax Obligation Resolution and certain related resolutions, each adopted on March 17, 2021, and (ii) retain, or provide to the trustee under the MTA PMT Resolution on its own behalf, the PMT Receipts necessary for MTA to timely perform its obligations under the Metropolitan Transportation Authority PMT Obligation Resolution and certain related resolutions, each adopted on November 18, 2020. The aforementioned resolutions were adopted for the purpose of issuing from time to time one or more series of bonds, notes or other obligations secured by the Financing Agreement and the PMT Receipts.

During 2022, the Authority issued bonds to help finance approved transit and commuter projects included in the MTA 2020-2024 Capital Program, to finance a portion of the capital costs of the Congestion Relief Zone Tolling Program and to pay certain financing, legal and miscellaneous expenses associated with the bond issuance. These bonds were issued by the Authority under the Triborough Bridge and Tunnel Authority Special Obligation Resolution Authorizing Sales Tax Revenue Obligations. The bonds are MTA Bridges and Tunnels' special, not general, obligations, payable solely from monies in the Obligations Trust Estate pledged by the TBTA Sales Tax Resolution derived primarily from the sales tax receipts that flow into the MTA Bridges and Tunnels Capital Lockbox Fund.

The following represents MTA Bridges and Tunnels' issuance of long-term debt in 2025:

- On January 23, 2025, MTA Bridges and Tunnels issued \$1,600,000 of Triborough Bridge and Tunnel Authority Real Estate Transfer Tax Revenue Bonds, Series 2025A. Proceeds from the transaction were used (i) to finance transit and commuter projects included in MTA's approved capital programs, (ii) provide funds for deposit into the Senior Lien Debt Service Reserve Fund, and (iii) pay certain financing, legal and miscellaneous expenses.
- On February 6, 2025, MTA Bridges and Tunnels issued \$500,000 of Triborough Bridge and Tunnel Authority Subordinate Revenue Bond Anticipation Notes Series 2025A. Proceeds from the transaction were used (i) to finance approved transit and commuter projects included in the 2020-2024 Capital Program. (ii) pay capitalized interest on the Series 2025A Notes through and including May 15, 2026, and (iii) pay certain financing, legal and miscellaneous expenses.
- On March 19, 2025, MTA Bridges and Tunnels issued \$400,000 of Payroll Mobility Tax Bond Anticipation Notes, Series 2025A. Proceeds from the transaction were used (i) to finance approved transit and commuter projects included in the 2020-2024 Capital Program, (ii) pay capitalized interest on the Series 2025A Notes accruing through maturity, and (iii) pay certain financing, legal and miscellaneous expenses.
- On April 9, 2025, MTA Bridges and Tunnels issued \$800,000 of Triborough Bridge and Tunnel Authority Payroll Mobility Tax Bond Anticipation Notes, Series 2025B. Proceeds from the transaction were used (i) finance approved transit and commuter projects included in the 2020-2024 Capital Program, (ii) fund capitalized interest payments due on the Subseries 2025B-1 Notes through maturity, (iii) fund capitalized interest payments due on the Subseries 2025B-2 Note through and including November 15, 2027, (iv) fund certain financing, legal and miscellaneous expenses.
- On August 20, 2025, MTA Bridges and Tunnels issued \$728,305 of General Revenue Bonds, Series 2025A. Series 2025A proceeds will finance bridge and tunnel projects included in the MTA Bridges and Tunnels' approved capital program and pay certain financing, legal and miscellaneous expenses. Series 2025A also refunded certain outstanding bonds.
- On October 28, 2025, MTA Bridges and Tunnels issued \$230,000 Second Subordinate Revenue Bond Anticipation Notes, Series 2025A. Proceeds from the transaction Series 2025A (i) retired Series 2021A and 2024A Second Subordinate Revenue Bond Anticipation Notes and (ii) certain financing, legal and miscellaneous expenses.
- On November 20 2025, MTA Bridges and Tunnels remarketed 2018E of \$148,470 The irrevocable direct-pay letter of credit issued by Royal Bank of Canada.

DRAFT

MTA Bridges and Tunnels' non-current portion of long-term debt as of December 31, 2025 and 2024, is comprised of the following (in thousands):

	2025	2024
Senior Revenue Bonds (Notes 10)	\$ 8,945,537	\$ 8,912,261
PMT Bonds (Note 10)	12,281,550	11,583,864
Subordinate Revenue Bonds (Note 11)	709,676	180,014
CRZ BAN (Note 12)	2,060	10,363
Sales Tax Revenue Bond (Note 13)	<u>5,461,051</u>	<u>3,785,388</u>
Total long-term debt—net of premiums and discounts	<u>\$ 27,399,874</u>	<u>\$ 24,471,890</u>

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

TBTA General Revenue	2001C	Barclays Bank	June 22, 2028
TBTA General Revenue	2003B-1	U.S. Bank National Assoc.	January 1, 2028
TBTA General Revenue	2003B-2	TD Bank, N.A.	July 18, 2029
TBTA General Revenue	2005A	Barclays Bank	July 19, 2028
TBTA General Revenue	2005B-2ab	Bank of America, N.A.	January 12, 2029
TBTA General Revenue	2005B-3	Bank of America, N.A.	June 22, 2027
TBTA General Revenue	2005B-4a	TD Bank, N.A.	December 13, 2028
TBTA General Revenue	2005B-4c	U.S. Bank National Assoc.	January 1, 2028
TBTA General Revenue	TBTA 2018E Taxable	Royal Bank of Canada	December 13, 2028

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, 2025, 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, 2025 and 2024, 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.

(In thousands)	2025	2024
MTA Bridges and Tunnels:		
General purpose revenue bonds	\$ -	\$ 81,145
Special obligation subordinate bonds	<u>-</u>	<u>9,520</u>
Total	<u>\$ -</u>	<u>\$ 90,665</u>

MTA Bridges and Tunnels had no refunding transactions that resulted in any gains/losses against aggregate debt service payments in 2025.

DRAFT

Unamortized losses related to bond refundings were as follows (in millions):

	December 31, 2023	(Gain) Loss on Refunding	Current Year Amortization	December 31, 2024	(Gain) Loss on Refunding	Current Year Amortization	December 31, 2025
TBTA:							
General revenue bonds	\$ 65	\$ -	\$ (12)	\$ 65	\$ (24)	\$ (12)	\$ 29
Subordinate revenue bonds	(1)	-	1	(1)	-	-	(1)
	<u>64</u>	<u>-</u>	<u>(11)</u>	<u>64</u>	<u>(24)</u>	<u>(12)</u>	<u>28</u>
Total	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ (11)</u>	<u>\$ 64</u>	<u>\$ (24)</u>	<u>\$ (12)</u>	<u>\$ 28</u>

10. DEBT—SENIOR REVENUE/PMT BONDS/SALE TAX BONDS

Senior Revenue Bonds at December 31, 2025, consists of the following (in thousands):

	Original Issuance	December 31, 2024	Issued	Principal Repayments	December 31, 2025
Series 2001B&C, 4.10%–5.25%	\$ 296,400	\$ 68,420	\$ -	\$ 7,425	\$ 60,995
Series 2002F	246,480	85,450	-	9,270	76,180
Series 2003B	250,000	108,405	-	10,415	97,990
Series 2005A	150,000	102,070	-	-	102,070
Series 2005B	800,000	524,100	-	3,000	521,100
Series 2008B	252,230	126,750	-	82,905	43,845
Series 2009A-1	150,000	-	-	-	-
Series 2009B—BAB	200,000	200,000	-	-	200,000
Series 2010A-2—BAB	280,400	-	-	-	-
Series 2011A	609,430	-	-	-	-
Series 2012A	231,490	13,195	-	-	13,195
Series 2012B	1,353,055	231,500	-	-	231,500
Series 2013B	257,195	-	-	-	-
Series 2013C	200,000	15,000	-	-	15,000
Series 2014A	250,000	-	-	-	-
Series 2015A	225,000	175,315	-	120,615	54,700
Series 2015B	65,000	53,130	-	53,130	-
Series 2016A	541,240	387,340	-	22,265	365,075
Series 2017A	300,000	239,830	-	8,165	231,665
Series 2017B	902,975	892,035	-	14,305	877,730
Series 2017C	720,990	682,915	-	125,990	556,925
Series 2018A	351,930	351,930	-	-	351,930
Series 2018B	270,090	251,905	-	17,430	234,475
Series 2018C	159,280	159,280	-	-	159,280
Series 2018D	125,000	98,985	-	-	98,985
Series 2018E	148,470	148,470	-	-	148,470
Series 2019A	150,000	150,000	-	-	150,000
Series 2019B	102,465	102,465	-	-	102,465
Series 2019C	200,000	200,000	-	-	200,000
Series 2020A	525,000	525,000	-	-	525,000
Series 2021A	400,000	400,000	-	-	400,000
Series 2022A	400,000	400,000	-	-	400,000
Series 2023A	828,225	786,195	-	121,215	664,980
Series 2023B	370,030	351,010	-	7,220	343,790
Series 2024A	699,260	699,260	-	8,530	690,730
Series 2025A	-	-	728,305	-	728,305
	<u>\$ 13,011,635</u>	<u>8,529,955</u>	<u>728,305</u>	<u>611,880</u>	<u>8,646,380</u>
Add net unamortized bond (discount) and premium		<u>748,301</u>	<u>42,104</u>	<u>94,053</u>	<u>696,352</u>
		<u>\$ 9,278,256</u>	<u>\$ 770,409</u>	<u>\$ 705,933</u>	<u>\$ 9,342,732</u>

DRAFT

Senior Revenue Bonds at December 31, 2024, consists of the following (in thousands):

	Original Issuance	December 31, 2023	Issued	Principal Repayments	December 31, 2024
Series 2001B&C, 4.10%-5.25%	\$ 296,400	\$ 75,560	\$ -	\$ 7,140	\$ 68,420
Series 2002F	246,480	94,365	-	8,915	85,450
Series 2003B	250,000	118,425	-	10,020	108,405
Series 2005A	150,000	102,070	-	-	102,070
Series 2005B	800,000	555,000	-	30,900	524,100
Series 2008B	252,230	126,750	-	-	126,750
Series 2009A-1	150,000	1,400	-	1,400	-
Series 2009B—BAB	200,000	200,000	-	-	200,000
Series 2010A-2—BAB	280,400	253,755	-	253,755	-
Series 2011A	609,430	-	-	-	-
Series 2012A	231,490	38,075	-	24,880	13,195
Series 2012B	1,353,055	231,500	-	-	231,500
Series 2013B	257,195	-	-	-	-
Series 2013C	200,000	15,000	-	-	15,000
Series 2014A	250,000	170,060	-	170,060	-
Series 2015A	225,000	179,195	-	3,880	175,315
Series 2015B	65,000	54,660	-	1,530	53,130
Series 2016A	541,240	438,655	-	51,315	387,340
Series 2017A	300,000	286,585	-	46,755	239,830
Series 2017B	902,975	902,975	-	10,940	892,035
Series 2017C	720,990	703,805	-	20,890	682,915
Series 2018A	351,930	351,930	-	-	351,930
Series 2018B	270,090	270,090	-	18,185	251,905
Series 2018C	159,280	159,280	-	-	159,280
Series 2018D	125,000	98,985	-	-	98,985
Series 2018E	148,470	148,470	-	-	148,470
Series 2019A	150,000	150,000	-	-	150,000
Series 2019B	102,465	102,465	-	-	102,465
Series 2019C	200,000	200,000	-	-	200,000
Series 2020A	525,000	525,000	-	-	525,000
Series 2021A	400,000	400,000	-	-	400,000
Series 2022A	400,000	400,000	-	-	400,000
Series 2023A	828,225	828,225	-	42,030	786,195
Series 2023B	370,030	370,030	-	19,020	351,010
Series 2024A	-	-	699,260	-	699,260
	<u>\$ 12,312,375</u>	8,552,310	699,260	721,615	8,529,955
Add net unamortized bond (discount) and premium		<u>752,493</u>	<u>74,668</u>	<u>78,860</u>	<u>748,301</u>
		<u>\$ 9,304,803</u>	<u>\$ 773,928</u>	<u>\$ 800,475</u>	<u>\$ 9,278,256</u>

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Debt Service Requirements Senior Revenue:

Years Ending December 31	Principal	Interest (In thousands)	Aggregate Debt Service
2026	\$ 397,195	\$ 389,457	\$ 786,652
2027	408,695	372,501	781,196
2028	434,015	352,984	786,999
2029	394,695	331,756	726,451
2030	412,260	317,078	729,338
2031-2035	1,638,760	1,378,564	3,017,324
2036-2040	1,360,070	1,040,948	2,401,018
2041-2045	1,311,785	721,057	2,032,842
2046-2050	1,231,620	413,965	1,645,585
2051-2055	948,170	155,644	1,103,814
2056-2060	109,115	7,339	116,454
	<u>\$ 8,646,380</u>	<u>\$ 5,481,293</u>	<u>\$ 14,127,673</u>

PMT Bonds at December 31, 2025, consists of the following (in thousands):

	Original Issuance	December 31, 2024	Issued	Principal Repayments	December 31, 2025
PMT 2021A	\$ 1,238,210	\$ 1,119,470	\$	\$	\$ 1,119,470
PMT 2021B	369,195	369,195		15,965	353,230
PMT 2021C	856,585	820,210			820,210
PMT 2022A	592,680	592,680			592,680
PMT 2022B	1,000,015	989,985		5,400	984,585
PMT 2022C	927,950	927,950			927,950
PMT 2022D	765,690	765,690			765,690
PMT 2022E	700,200	700,200			700,200
PMT 2022A-BAN	951,370	-			-
PMT 2022B-BAN	766,540	-			-
PMT 2023A	764,950	572,870		69,900	502,970
PMT 2023B	600,000	600,000			600,000
PMT 2023C	1,130,200	1,130,200			1,130,200
PMT 2024A	296,340	296,340			296,340
PMT 2024B-BAN	300,000	300,000			300,000
PMT 2024B	591,785	591,785		112,545	479,240
PMT 2024C	770,105	770,105			770,105
PMT 2025A-BAN	-	-	400,000		400,000
PMT 2025B-BAN	-	-	800,000		800,000
	<u>\$ 10,663,585</u>	<u>10,546,680</u>	<u>1,200,000</u>	<u>203,810</u>	<u>11,542,870</u>
Add net unamortized bond (discount) and premium		<u>1,128,449</u>	<u>69,181</u>	<u>111,575</u>	<u>1,086,055</u>
		<u>\$ 11,675,129</u>	<u>\$ 1,269,181</u>	<u>\$ 315,385</u>	<u>\$ 12,628,925</u>

DRAFT

PMT Bonds at December 31, 2024, consists of the following (in thousands):

	Original Issuance	December 31, 2023	Issued	Principal Repayments	December 31, 2024
PMT 2021A	\$ 1,238,210	\$ 1,238,210	\$ -	\$ 118,740	\$ 1,119,470
PMT 2021B	369,195	369,195	-	-	369,195
PMT 2021C	856,585	821,495	-	1,285	820,210
PMT 2022A	592,680	592,680	-	-	592,680
PMT 2022B	1,000,015	995,120	-	5,135	989,985
PMT 2022C	927,950	927,950	-	-	927,950
PMT 2022D	765,690	765,690	-	-	765,690
PMT 2022E	700,200	700,200	-	-	700,200
PMT 2022A-BAN	951,370	951,370	-	951,370	-
PMT 2022B-BAN	766,540	766,540	-	766,540	-
2023A	764,950	764,950	-	192,080	572,870
2023B	600,000	600,000	-	-	600,000
2023C	1,130,200	1,130,200	-	-	1,130,200
2024A	-	-	296,340	-	296,340
2024B-BAN	-	-	300,000	-	300,000
2024B	-	-	591,785	-	591,785
2024C	-	-	770,105	-	770,105
	<u>\$ 10,663,585</u>	<u>10,623,600</u>	<u>1,958,230</u>	<u>2,035,150</u>	<u>10,546,680</u>
Add net unamortized bond (discount) and premium		<u>1,036,767</u>	<u>216,677</u>	<u>124,995</u>	<u>1,128,449</u>
		<u>\$ 11,660,367</u>	<u>\$ 2,174,907</u>	<u>\$ 2,160,145</u>	<u>\$ 11,675,129</u>

Debt Service Requirements PMT:

Years Ending December 31	Principal	Interest (In thousands)	Aggregate Debt Service
2026	\$ 347,375	\$ 490,037	\$ 837,412
2027	811,565	468,898	1,280,463
2028	424,530	452,481	877,011
2029	285,900	440,323	726,223
2030-2034	1,984,425	2,041,728	4,026,153
2035-2039	1,543,270	1,692,943	3,236,213
2040-2044	1,531,390	1,216,242	2,747,632
2045-2049	1,681,545	807,166	2,488,711
2050-2054	1,692,935	335,023	2,027,958
2055-2059	152,480	44,017	196,497
2060-2064			
	<u>\$ 10,455,415</u>	<u>\$ 7,988,857</u>	<u>\$ 18,444,272</u>

DRAFT

Sales and Real Estate Tax Bonds at December 31, 2025, consist of the following (in thousands):

	Original Issuance	December 31, 2024	Issued	Principal Repayments	December 31, 2025
SALES TAX 2022A	\$ 700,000	\$ 700,000	\$	\$ 2,015	\$ 697,985
SALES TAX 2023A	1,253,750	1,253,750			1,253,750
SALES TAX 2024A	1,650,295	1,650,295			1,650,295
Real Estate TAX 2025A	<u>-</u>	<u>-</u>	<u>1,600,000</u>	<u>13,100</u>	<u>1,586,900</u>
	<u>\$ 1,953,750</u>	3,604,045	1,600,000	15,115	5,188,930
Add net unamortized bond (discount) and premium		<u>183,358</u>	<u>123,153</u>	<u>13,380</u>	<u>293,131</u>
		<u>\$ 3,787,403</u>	<u>\$ 1,723,153</u>	<u>\$ 28,495</u>	<u>\$ 5,482,061</u>

Sales Tax Bonds at December 31, 2024, consist of the following (in thousands):

	Original Issuance	December 31, 2023	Issued	Principal Repayments	December 31, 2024
SALES TAX 2022A	\$ 700,000	\$ 700,000	\$ -	\$ -	\$ 700,000
SALES TAX 2023A	1,253,750	1,253,750	-	-	1,253,750
SALES TAX 2024A	<u>-</u>	<u>-</u>	<u>1,650,295</u>	<u>-</u>	<u>1,650,295</u>
	<u>\$ 1,953,750</u>	1,953,750	1,650,295	-	3,604,045
Add net unamortized bond (discount) and premium		<u>44,122</u>	<u>146,489</u>	<u>7,253</u>	<u>183,358</u>
		<u>\$ 1,997,872</u>	<u>\$ 1,796,784</u>	<u>\$ 7,253</u>	<u>\$ 3,787,403</u>

Debt Service Requirements Sales and Real Estate Tax:

Years Ending December 31	Principal	Interest (In thousands)	Aggregate Debt Service
2026	\$ 21,010	\$ 253,072	\$ 274,082
2027	28,050	251,869	279,919
2028	31,260	250,410	281,670
2029	34,640	248,788	283,428
2030	38,215	246,994	285,209
2031-2035	251,930	1,201,311	1,453,241
2036-2040	375,485	1,124,438	1,499,923
2041-2045	535,910	1,012,668	1,548,578
2046-2050	738,515	861,180	1,599,695
2051-2055	996,345	656,137	1,652,482
2056-2060	1,224,240	381,912	1,606,152
2065-2069	<u>913,330</u>	<u>92,106</u>	<u>1,005,436</u>
	<u>\$ 5,188,930</u>	<u>\$ 6,580,885</u>	<u>\$ 11,769,815</u>

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

11. DEBT—SUBORDINATE REVENUE BONDS

On February 6, 2025, MTA Bridges and Tunnels issued \$500,000 Subordinate Revenue Bond Anticipation Notes, Series 2025A. The net proceeds were issued to finance capital costs for the transit and commuter projects.

Subordinate Revenue Bonds at December 31, 2025, consist of the following (in thousands):

	Original Issuance	December 31, 2024	Issued	Retirements during 2025	December 31, 2025
Series 2002E	\$ 756,095	\$ -		\$	\$ -
Series 2013A	761,599	225,270			225,270
Series 2013D	313,975	17,605		(17,605)	-
Series 2025A-BAN	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
	<u>\$ 1,831,669</u>	<u>242,875</u>	<u>500,000</u>	<u>(17,605)</u>	<u>725,270</u>
Add net unamortized bond (discount) and premium		<u>(45,256)</u>	<u>32,775</u>	<u>(3,113)</u>	<u>(15,594)</u>
		<u>\$ 197,619</u>	<u>\$ 532,775</u>	<u>\$ (20,718)</u>	<u>\$ 709,676</u>

Subordinate Revenue Bonds at December 31, 2024, consists of the following (in thousands):

	Original Issuance	December 31, 2023	Retirements during 2024	December 31, 2024
Series 2002E	\$ 756,095	\$ -	\$ -	\$ -
Series 2013A	761,599	225,270	-	225,270
Series 2013D	<u>313,975</u>	<u>34,395</u>	<u>(16,790)</u>	<u>17,605</u>
	<u>\$ 1,831,669</u>	<u>259,665</u>	<u>(16,790)</u>	<u>242,875</u>
Add net unamortized bond (discount) and premium		<u>(51,566)</u>	<u>6,310</u>	<u>(45,256)</u>
		<u>\$ 208,099</u>	<u>\$ (10,480)</u>	<u>\$ 197,619</u>

DRAFT

Debt Service Requirements:

Years Ending December 31	Principal	Interest (In thousands)	Debt Service
2026	\$ -	\$ 25,000	\$ -
2027	-	25,000	-
2028	500,000	5,278	505,278
2029	58,760	-	58,760
2030	59,720	-	59,720
2031-2035	<u>106,790</u>	<u></u>	<u>106,790</u>
	<u>\$ 725,270</u>	<u>\$ 55,278</u>	<u>\$ 730,548</u>

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.

12. BOND ANTICIPATION NOTES

On October 28, 2025, MTA Bridges and Tunnels issued \$230,000 General Revenue Bond Anticipation Notes, Series 2025A. The net proceeds were issued to finance capital costs for the Congestion Relief Zone Tolling Program.

	Original Issuance	December 31, 2024	Issued	Retirements during 2025	December 31, 2025
Series 2021A	\$ 192,835	\$ 192,835	\$	\$ (192,835)	\$ -
Series 2024A	\$ 186,000	\$ 186,000		\$ (186,000)	
Series 2025A	<u>-</u>	<u>-</u>	<u>230,000</u>	<u></u>	<u>230,000</u>
	<u>\$ 378,835</u>	<u>378,835</u>	<u>230,000</u>	<u>(378,835)</u>	<u>230,000</u>
Add net unamortized bond (discount) and premium		<u>10,363</u>	<u>3,029</u>	<u>(11,332)</u>	<u>2,060</u>
		<u>\$ 389,198</u>	<u>\$ 233,029</u>	<u>\$ (390,167)</u>	<u>\$ 232,060</u>

Debt Service Requirements:

Years Ending December 31	Principal	Interest (In thousands)	Aggregate Debt Service
2026	<u>\$ 230,000</u>	<u>\$ 6,293</u>	<u>\$ 236,293</u>
	<u>\$ 230,000</u>	<u>\$ 6,293</u>	<u>\$ 236,293</u>

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13. DERIVATIVES

For the year ended December 31, 2025, the MTA Bridges and Tunnels is reporting a loss, derivative instrument liabilities, and deferred outflows from derivative instruments in the amounts of \$109, \$26,293 and \$64,976, respectively. The loss of \$109 is related to swaps on MTA bonds which are offset by a gain of \$109 reflected in other non-operating income. Also recognized in the same period are derivative instrument assets of \$3,216.

For the year ended December 31, 2024, the MTA Bridges and Tunnels is reporting a gain, derivative instrument liabilities, and deferred outflows from derivative instruments in the amounts of \$1,409, \$16,805 and \$55,579, respectively. The gain of \$1,409 is related to swaps on MTA bonds which is offset by a loss of \$1,409 reflected in other operating income. Also recognized in the same period are derivative instrument assets of \$3,235.

GASB Statement No. 53—Accounting and Financial Reporting for Derivative Instruments Summary Information as of December 31, 2025

	Bond Resolution	Series	Type of Derivative	Cash Flow or Fair Value Hedge	Effective Methodology	Trade/ Entered Date	Notional Amount as of 12/31/2025 (In millions)	Fair Values as of 12/31/2025 (In millions)
Investment Swap	MTA Transportation Revenue Bond	2002G-1	Pay-fixed Swap	N/A	N/A	4/1/2016	\$ 9.755	\$ (0.006)
	MTA Transportation Revenue Bond	2022E	Pay-fixed Swap	N/A	N/A	4/1/2016	85.305	(1.865)
Hedging Swaps	MTA Bridges & Tunnels Senior Revenue Bonds	2018E (Citi 2002F)	Pay-fixed Swap	Cash flow	Dollar Offset	7/5/2005	174.700	(5.219)
	MTA Bridges & Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Pay-fixed Swap	Cash flow	Synthetic Instrument	4/1/2016	10.915	(0.215)
	MTA Bridges & Tunnels Senior Revenue Bonds	2005B	Pay-fixed Swap	Cash flow	Synthetic Instrument	7/5/2005	521.100	(15.656)
	MTA Bridges & Tunnels Senior Revenue Bonds	2001C	Pay-fixed Swap	Cash flow	Synthetic Instrument	4/1/2016	5.000	(0.115)

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2025, classified by type, and the changes in fair value of such derivative instruments from the year ended December 31, 2024, are as follows (in thousands):

(In Millions)	Changes In Fair Value Classification	Amount	Fair Value at December 31, 2025 Classification	Amount	Notional Amount
Government Activities					
Cash flow hedges—pay-fixed interest rate swaps	Deferred Inflow of resources	\$ 9.397		\$ (21.205)	\$ 710.715
Investment swap—pay-fixed interest rate swaps	Investment income	\$ (0.109)		(1.871)	\$ 95.060

The summary above reflects a total number of six (6) swaps and hedging relationships that were reviewed for GASB Statement No. 53 Hedge Accounting treatment. Of that total, four (4) were deemed effective using Synthetic Instrument Method.

For the four (4) hedging relationships, the Synthetic Instrument Method was utilized to determine effectiveness. Under the Synthetic Instrument Method, if the rate determined by dividing the historical Swap and Bond payments

DRAFT

(Fixed Swap payments + Floating Bond payments—Floating Swap payments) by the hedge notional amount produces an “Actual Synthetic Rate” that is within 90% to 111% of the corresponding fixed swap rates then the hedging derivative instrument is deemed to be effective.

14. LEASES

MTA Bridges and Tunnels entered into various lease agreements that convey control of the right to use other entities’ nonfinancial assets. Lease receivables and lease liabilities are measured at the present value of payments expected to be made during the lease term, using MTA Bridges and Tunnels incremental borrowing rate at the time of valuation ranging from 1.93% to 5.03% if an applicable stated or implicit rate is not available.

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

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

As Lessor

MTA Bridges and Tunnels leases garage spaces and bridges and tunnels easement rights to other entities. These leases have terms between 1 year to 39 years, with payments required monthly, quarterly, semi-annually, or annually. As of December 31, 2025, the remaining lease terms are between 1 year to 37 years. In addition, the Authority also receives payments for variable leases and operating expenses associated with spaces that are not included in the measurement of lease receivable.

The total amount of inflows of resources recognized for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Lease revenue	\$ 1,956	\$ 1,266
Interest revenue	835	368
Other variable revenue	124	-

The balance of lease receivable as of December 31, 2025 and 2024 are as follows (in thousands):

	2025	2024
Balance—beginning of year	\$ 11,602	\$ 12,776
Additions/remasurements	760	63
Receipts/interest	<u>(1,641)</u>	<u>(1,236)</u>
Balance—end of year	10,721	11,602
Less current portion	<u>(1,700)</u>	<u>(1,237)</u>
Lease receivable—noncurrent	<u>\$ 9,021</u>	<u>\$ 10,365</u>

MTA Bridges and Tunnels did not recognize any revenue associated with residual value guarantees and termination penalties for each of the years ended December 31, 2025 and 2024, respectively.

DRAFT

The principal and interest requirements to maturity for the lease receivable subsequent to December 31, 2025, are as follows (in thousands):

Years Ending December 31	Principal	Interest	Total
2026	\$ 1,700	\$ 384	\$ 2,084
2027	1,358	312	1,670
2028	993	251	1,244
2029	176	231	407
2030	194	225	419
2031 - 2035	1,267	1,026	2,293
2036 - 2040	816	838	1,654
2041 - 2045	386	766	1,152
2046 - 2050	666	670	1,336
2051 - 2055	1,036	513	1,549
2056 - 2060	1,519	277	1,796
2061 - 2065	<u>611</u>	<u>24</u>	<u>635</u>
Total	<u>\$ 10,722</u>	<u>\$ 5,516</u>	<u>\$ 16,238</u>

As Lessee

MTA Bridges and Tunnels is a lessee of the 2 Broadway building lease. This lease has an initial stated term of approximately 50 years, with the right to extend the lease for two successive 15-year periods at a rental of at least 95% of fair market rent. As of December 31, 2025, the remaining lease term is 23 years. MTA Bridges and Tunnels' implicit borrowing rate at the time of valuation was 9.11%.

The amount of lease expense recognized for variable payment not included in the measurement of lease liability was \$2.5 million and \$2.9 million for the years ended December 31, 2025 and 2024, respectively. MTA Bridges and Tunnels did not recognize any expense attributable to residual value guarantees and termination penalties for each of the years ended December 31, 2025 and 2024.

A summary of activity in lease liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 86,323	\$ 85,894
Additions/remeasurements		-
Payments/interest	<u>470</u>	<u>429</u>
Balance—end of year	86,793	86,323
Less current portion	<u>-</u>	<u>-</u>
Lease liability—noncurrent	<u>\$ 86,793</u>	<u>\$ 86,323</u>

DRAFT

The principal and interest requirements to maturity for the lease receivable subsequent to December 31, 2025, are as follows (in thousands):

Years Ending December 31	Principal	Interest	Total
2026	\$ (515)	\$ 7,928	\$ 7,413
2027	(564)	7,977	\$ 7,413
2028	(617)	8,030	\$ 7,413
2029	707	8,032	\$ 8,739
2030	774	7,965	\$ 8,739
2031 - 2035	7,704	38,355	\$ 46,059
2036 - 2040	18,753	32,459	\$ 51,212
2041 - 2045	34,723	20,632	\$ 55,355
2046 - 2050	<u>25,828</u>	<u>3,150</u>	<u>\$ 28,978</u>
Total	<u>\$86,793</u>	<u>\$ 134,528</u>	<u>\$ 221,321</u>

On July 29, 1998, the MTA, (solely on behalf of MTA Long Island Rail Road and MTA Metro-North Railroad, MTA New York City Transit, and MTA Bridges and Tunnels) entered into a lease and related agreements whereby each agency, as sublessee, will rent, an office building at Two Broadway in lower Manhattan. The triple-net-lease has an initial stated term of approximately 50 years, with the right to extend the lease for two successive 15-year periods at a rental of at least 95% of fair market rent. Remaining payments under the lease approximate \$907 million. Under the subleases, the lease is apportioned as follows: MTA New York City Transit, 68.7%, MTA, 21%; and MTA Bridges and Tunnels, 10.3%. However, the involved agencies have agreed to sub-sublease space from one another as necessary to satisfy actual occupancy needs. The agencies will be responsible for obligations under the lease based on such actual occupancy percentages. Actual occupancy percentages at December 31, 2025 for the MTA New York City Transit, MTA Bridges and Tunnels and MTA (including MTA Bus, MTA Construction and Development, and MTA Business Service Center including Paratransit) were 46.23%, 5.94% and 47.83%, respectively. The Authority's sublease is for a year-to-year term, automatically extended, except upon the giving of a non-extension notice by the Authority.

MTA pays the lease payments on behalf of the Authority and subsequently makes monthly chargebacks in the form of rental payments treated as management fees. During 2025 and 2024, the total of the rental payments charged to the Authority were \$4.3 million and \$4.9 million, respectively, less than the lease payment made by MTA on behalf of the Authority.

15. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

MTA Bridges and Tunnels entered into various subscription-based information technology arrangements (SBITAs) that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time. A right-to-use intangible subscription asset is set up with a corresponding subscription liability measured at the present value of payments during the subscription term, using the Authority's incremental borrowing rate at the time of valuation ranging from 2.46% to 4.91% if an applicable stated or implicit rate is not available.

The subscription liability was reduced as payments were made, and an outflow of resources for interest on the liability was recognized. The subscription asset is amortized on a straight-line basis over the subscription term.

MTA Bridges and Tunnels subscription-based information technology arrangements include software licenses, cloud data storage, hosting applications, security platforms and others. These subscriptions have terms between 1 years to 7 years, with payments required monthly, quarterly, or annually. As of December 31, 2025, the remaining lease terms are between 1 years to 4 years. The amount of subscription expense recognized for variable payments

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not included in the measurement of lease liability were \$56 and \$28 for the years ended December 31, 2025 and December 31, 2024, respectively. The Authority recognized \$0 and \$0 expense attributable to termination penalties and impairment for the years ended December 31, 2025 and December 31, 2024, respectively.

A summary of activity in SBITA liability for the years ended December 31, 2025 and December 31, 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 344	\$ 488
Additions/remeasurements	206	274
Payments/interest	<u>(198)</u>	<u>(418)</u>
Balance—end of year	352	344
Less current portion	<u>(192)</u>	<u>(154)</u>
SBITA liability—noncurrent	<u>\$ 160</u>	<u>\$ 190</u>

The current portion of SBITA liability is reported in Other Accrued expenses.

The principal and interest requirements to maturity for the lease liability subsequent to December 31, 2025, are as follows (in thousands):

Year Ended December 31	Principal	Interest	Total
2026	\$ 192	\$ 8	\$ 200
2027	61	5	66
2028	55	2	57
2029	43	-	43
2030	1	-	1
2031 - 2035	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 352</u>	<u>\$ 15</u>	<u>\$ 367</u>

16. COMPENSATED ABSENCES

MTA Bridges & Tunnels provides employee benefits for vacations, compensatory time, sick, and other leave days. Certain leave that has not been used are recorded as compensated absences liabilities if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for the time off or otherwise paid in cash or settled through noncash means.

Short-term liability is recorded based on average usage or applicable leave expiration, while long-term liability is recorded for leave that accumulates and is carried forward to a future reporting period during which it may be used for time off or otherwise paid or settled at separation of service, or according to timing as provided for in the policy or collective bargaining agreement.

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A summary of activity indicated as net increase or decrease in compensated absences liability for the years ended December 31, 2025 and December 31, 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 38,620	\$ 40,055
Net adjustment	<u>(2,160)</u>	<u>(1,435)</u>
Balance—end of year	36,460	38,620
Less current portion	<u>(13,253)</u>	<u>(13,886)</u>
Compensated absences liability—noncurrent	<u>\$ 23,207</u>	<u>\$ 24,734</u>

17. 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, 2025 and 2024, is as follows (in thousands):

	2025	2024
Balance—beginning of year	\$ 61,632	\$ 60,156
Activity during the year:		
Current year claims and changes in estimates	5,792	6,061
Claims paid	<u>(8,670)</u>	<u>(4,585)</u>
Balance—end of year	58,754	61,632
Less current portion	<u>(5,305)</u>	<u>(5,572)</u>
Long-term liability	<u>\$ 53,449</u>	<u>\$ 56,060</u>

Liability Insurance—First Mutual Transportation Assurance Company (“FMTAC”), an insurance captive subsidiary of MTA, provides a liability insurance program (aka “ELF”) that insures certain claims in excess of the agencies self-insured retention. The maximum amount that the ELF is responsible for arising out of any one occurrence and in the aggregate is the total assets of the ELF program available for claims, but in no event greater than \$50 million for all agencies and an additional \$10 million for NYCT. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2025, the balance of the assets in this program was \$231.77 million.

DRAFT

MTA also maintains an All-Agency Excess Liability Insurance Policy (ELP), which is reinsured through FMTAC. The ELP affords the MTA Group coverage limits of \$342 million for a total limit of \$392 million (\$342 million excess of \$50 million).

Property Insurance — Effective May 1, 2025, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2025, 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 \$400 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, London, European, and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of \$7.5 million per occurrence. In addition to the noted \$25 million per occurrence self-insured deductible, MTA self-insures above that deductible for \$29.577 million within the overall \$400 million per occurrence property program as follows: \$11.734 million (or 23.47%) of the primary \$50 million layer, plus \$11.734 million (or 23.47%) of the \$50 million excess \$50 million layer, plus \$6.109 million (or 12.22%) of the \$50 million excess \$100 million layer. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the \$400 million per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of \$100 million of fully collateralized storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 19, 2023 to April 30, 2026. The expanded protection is reinsured by MetroCat Re Ltd. 2023-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2023-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of "certified" losses, as covered by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") of 2019. The remaining 20% of the Related Entities' losses arising from an act of terrorism would be covered under the additional terrorism policy described below. No federal compensation will be paid unless the aggregate industry insured losses exceed a trigger of \$200 million. The United States government's reinsurance is in place through December 31, 2027.

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any "certified" act of terrorism up to a maximum recovery of \$215 million for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the "certified" acts of terrorism insurance, but not to exceed \$40 million for any one occurrence, or (3) 100% of any "certified" terrorism loss which exceeds \$5 million and less than the \$200 million TRIPRA trigger up to a maximum recovery of \$200 million for any one occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of \$255 million for any one occurrence. Recovery under the terrorism policy is subject to a deductible of \$25 million for any one occurrence 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 for any one occurrence. The terrorism coverages expire at midnight on May 1, 2028.

In the event that TRIA is not extended or renewed on or before January 1, 2028, then effective January 1, 2028, coverage will be limited to \$255 million for any one occurrence.

DRAFT

During 2025 there were no FMTAC excess loss claim reimbursements to MTA Bridges and Tunnels. At December 31, 2025, MTA Bridges and Tunnels had no outstanding claims requiring FMTAC coverage from its Excess Loss Program.

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

18. COMMITMENTS AND CONTINGENCIES

At December 31, 2025 and 2024, MTA Bridges and Tunnels had unused standby letters of credit, relative to insurance, amounting to \$0 and \$0 million, respectively.

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

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

As of December 31, 2025, \$9,385 million has been committed to MTA Bridges and Tunnels Capital Program.

19. SWAP AGREEMENTS

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

Swap Agreements Relating to Synthetic Fixed Rate Debt

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

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

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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, 2025).

MTA Bridges and Tunnels Senior Lien Revenue Bonds							
Associated Bond Issue	Notional Amounts as of 12/31/2025 (In millions)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values as of 12/31/2025 (In millions)	Swap Termination Date	Counterparty
Series 2018E ⁽⁷⁾	\$ 173.700	04/01/16	3.076%	67% of one-month LIBOR ⁽¹⁾	\$ (5.219)	01/01/32	Citibank, N.A.
Series 2005B-2a,b,c, 2005B-3 and 2005B-4a,b,c,d,e ⁽¹⁾	521.100	07/07/05	3.076%	67% of one-month LIBOR ⁽¹⁾	(15.656)	01/01/32	33% each— JPMorgan Chase Bank, NA, BNP Paribas North America, Inc. and UBS AG
Total	\$ 694.800				\$ (20.875)		

MTA Bridges and Tunnels Subordinate Revenue Bonds							
Associated Bond Issue	Notional Amounts as of 12/31/2024 (In millions)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values as of 12/31/2024 (In millions)	Swap Termination Date	Counterparty
Series 2005A	\$ 10.915	04/01/16	3.09%	Lesser of Actual Bond or 67% of one-month LIBOR	\$ (0.215)	01/01/30	U.S. Bank N.A., Wells Fargo Bank, N.A.
Series 2001C ⁽⁶⁾	5.000	04/01/16	3.52%	67% of one-month LIBOR ⁽¹⁾	(0.115)	01/01/30	U.S. Bank N.A., Wells Fargo Bank, N.A.
Total	\$ 15.915				\$ (0.330)		

- ⁽¹⁾ On February 19, 2009, MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2005B-1 were refunded. Notional amounts from the Series 2005B-1 swap were reassigned to MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2002F, MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2003B- 1,2,3 and from November 1, 2027 through November 1, 2030, to MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A-2,3.
- ⁽²⁾ In accordance with a swaption entered on August 12, 1998, the Counterparty paid to MTA Bridges and Tunnels a premium of \$22,740,000.
- ⁽³⁾ On September 30, 2014, the TBTA Subordinate Revenue Variable Rate Refunding Bonds, Series 2000AB, together with the TBTA Subordinate Revenue Variable Rate Refunding Bonds Series 2000CD, were redesignated as the Series 2000ABCD Bonds and converted from a Weekly Mode to a Term Mode. The swap now hedges the portion of the Series 2000ABCD bonds that originally related to the Series 2000AB bonds.
- ⁽⁴⁾ On December 18, 2012, MTA Variable Rate Certificates of Participation, Series 2004A associated with the swap in connection with Series 2004A Bonds, were redeemed. Notional amounts from the Series 2004A swap were reassigned to MTA Transportation Revenue Variable Rate Bonds, Series 2011B; and MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A-1.
- ⁽⁵⁾ On November 19, 2013, MTA Variable Rate Certificates of Participation, Series 2004A associated with the swap in connection with Series 2004A Bonds, were redeemed. Notional amounts from the Series 2004A swap were reassigned to MTA Transportation Revenue Variable Rate Bonds, Series 2011B; and MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A-1.
- ⁽⁶⁾ In accordance with a swaption entered on August 12, 1998, TBTA received an upfront option premium of \$22.740, which is being amortized over the life of the swap agreement. Between November 22, 2016 and December 5, 2016, the Variable Rate Certificates of Participation, Series 2004A were redeemed. Corresponding notional amounts from the Series 2004A COPs were reassigned to MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C. Pursuant to an Interagency Agreement (following novations from UBS in April 2016), MTA New York City Transit is responsible for 68.7%, MTA is responsible for 21.0%, and TBTA is responsible for 10.3% of the transaction.

DRAFT

⁽⁷⁾ On October 27, 2021 the TBTA 2002F VRDB bond were remarketed to a Fixed Rate Mode. Since the bonds were fixed out, the hedging relationship with the TBTA Citi swap was terminated, and a new hedging relationship was established with the TBTA 2018E taxable VRDB bonds.

LIBOR: London Interbank Offered Rate

SIFMA: Securities Industry and Financial Markets Association Index

TRB: Transportation Revenue Bonds

Counterparty Ratings—The current ratings of the counterparties are as follows as of December 31, 2025:

Counterparty	Ratings of the Counterparty or its Credit Support Provider		
	S&P	Moody's	Fitch
U.S. Bank National Association	A+	A2	A+
Wells Fargo Bank, N.A.	A+	Aa2	AA-
BNP Paribas North America, Inc.	A+	A1	AA-
Citibank, N.A.	A+	Aa3	A+
JPMorgan Chase Bank, NA	AA-	Aa2	AA
UBS AG	A+	Aa2	A+

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, 2025 (in thousands):

Series	Outstanding Principal	Notional Amount
TBTA 2005B-4 (a,b,c,d,e)	\$ 173,700	\$ 173,700
TBTA 2005B-3	173,700	173,700
TBTA 2005B-2 (a,b,c)	173,700	173,700
TBTA 2005A	102,070	10,915
TBTA 2003B (1,2,3)	97,990	81,050
TBTA 2018E	148,470	92,650
TBTA 2001C	60,995	5,000
2002G-1	9,755	9,755
2022E-2a	99,560	85,305
Total	<u>\$ 1,039,940</u>	<u>\$ 805,775</u>

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, 2025, all the valuations were in liability positions to MTA Bridges and Tunnels; accordingly, no collateral was posted by any of the counterparties.

DRAFT

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

Counterparty	Amount (In thousands)	Notional Amount
JPMorgan Chase Bank, NA	\$ 173,700	21.56 %
UBS AG	173,700	21.56
Citibank, N.A.	173,700	21.56
BNP Paribas North America, Inc.	173,700	21.56
U.S. Bank National Association	55,487	6.89
Wells Fargo Bank, N.A.	55,488	6.89
Total	<u>\$ 805,775</u>	<u>100 %</u>

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

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

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

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

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

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

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.

DRAFT

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

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

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

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

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

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

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

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

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

MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C (swaps with U.S. Bank/Wells Fargo)	January 1, 2032	January 1, 2030
MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2018E (swap with Citibank, N.A.)	November 15, 2032	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2003B (swap with Citibank, N.A.)	January 1, 2033	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A (swaps with U.S. Bank/Wells Fargo and Citibank, N.A.)	November 1, 2041	January 1, 2030 (U.S. Bank/Wells Fargo) January 1, 2032 (Citibank)
MTA Transportation Revenue variable Rate Bonds, Bond series 2022E (swaps with U.S. Bank/ Wells Fargo)	November 1, 2041	January 1, 2030

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

As of December 31, 2025, the aggregate mid-market valuation of MTA Bridges and Tunnels' swaps subject to collateral posting agreements was \$23,076; 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.

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MTA Bridges and Tunnels Subordinate Lien

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

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

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

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

MTA Bridges and Tunnels

Years Ending December 31	Variable-Rate Bonds		Net Swap Payments	Total
	Principal	Interest (In millions)		
2026	\$ 31.5	\$ 29.1	\$ (6.3)	\$ 54.3
2027	32.9	27.8	(6.5)	54.2
2028	50.0	25.8	(6.4)	69.4
2029	144.5	20.1	(4.9)	159.7
2030	149.5	14.1	(3.4)	160.2
2031–2035	350.2	10.0	(1.8)	358.4
2036–2040	-	1.5	-	1.5

20. RELATED PARTY TRANSACTIONS

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

The resulting receivables and payables from the above transactions are recorded in the statement of net position.

The Metropolitan Transportation Authority ("MTA") and the Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels") entered into a PMT Financing Agreement (the "Financing Agreement"), dated as of April 9, 2021, to provide the mechanism by which MTA will deposit, allocate and transfer certain payroll mobility taxes ("Mobility Tax Receipts") and certain fees, surcharges and taxes ("Aid Trust Account Receipts," and together with the Mobility Tax Receipts, "PMT Receipts") in order to share the PMT receipts on a parity basis with MTA Bridges and Tunnels. The Financing Agreement ensures that sufficient amounts will be available for MTA to (i) provide MTA Bridges and

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Tunnels, or the trustee on behalf of MTA Bridges and Tunnels, with the PMT Receipts necessary for MTA Bridges and Tunnels to timely perform its obligations under the Triborough Bridge and Tunnel Authority Payroll Mobility Tax Obligation Resolution and certain related resolutions, each adopted on March 17, 2021, and (ii) retain, or provide to the trustee under the MTA PMT Resolution on its own behalf, the PMT Receipts necessary for MTA to timely perform its obligations under the Metropolitan Transportation Authority Payroll Mobility Tax Obligation Resolution and certain related resolutions, each adopted on November 18, 2020. The aforementioned resolutions were adopted for the purpose of issuing from time to time one or more series of bonds, notes or other obligations secured by the Financing Agreement and the PMT Receipts.

Triborough Bridge and Tunnel Authority issued bonds backed by PMT revenues. The proceeds of these bonds are sent to MTA for the capital needs of New York City Transit and Commuter Rails. The debt service costs associated with these bonds are collected by MTA from New York state and sent to Triborough Bridge and Tunnel Authority, which are then used to pay the bond holders. The total loan receivable for PMT as of December 31, 2025 is \$11,881 million.

In July 2022, the Authority issued its inaugural series of Sales Tax Revenues Bonds under the Special Obligation Resolution Authorizing Sales Tax Revenue Obligations (TBTA Capital Lockbox-City Sales Tax) ("Sales Tax Revenue Bond Resolution"). The Sales Tax Revenue Bonds, 2022A obligations were issued to (1) finance approved transit and commuter projects included in the 2020-2024 MTA capital program and (2) to pay certain financing, legal and miscellaneous expenses. The projects funded under the 2022A issuance were not for the benefit of the Authority. The Authority transferred a portion of the proceeds of the 2022A issuance to the MTA and recorded this transaction as a transfer to the MTA in the Authority's Statement of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2022. The Authority is responsible for the payment of all debt service related to the 2022A issuance from the receipts of internet taxes revenues received as part of the City Sales Tax.

Due from/to MTA and affiliated agencies consists of the following at December 31, 2025 and 2024 (in thousands):

	2025		2024	
	Receivable	(Payable)	Receivable	(Payable)
Due from (due to) MTA	\$ 346	\$ (442,112)	\$ 183	\$ (150,776)
Due from (due to) MTA Bus		(108)	-	(317)
Loan receivable due from			-	-
(due to) MTA	11,880,593		11,398,091	-
Due from (due to) NYCTA		(106,238)	-	(91,375)
	<u>\$ 11,880,939</u>	<u>\$ (548,458)</u>	<u>\$ 11,398,274</u>	<u>\$ (242,468)</u>

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21. CONDENSED COMPONENT UNIT INFORMATION

The following table presents condensed financial information for the MTA Bridges & Tunnel's component units (in thousands):

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December 31	2025		
	Open Road Tolling	CRZ Tolling Program	Consolidated Total
Current assets	\$ 2,202,461	\$ 2,698,898	\$ 4,901,359
Capital assets	8,189,022	340,576	8,529,598
Other assets	12,238	-	12,238
Intercompany receivables	12,945,436	299	12,945,735
Deferred outflows of resources	415,796	6,048	421,844
Total assets and deferred outflows of resources	\$ 23,764,953	\$ 3,045,821	\$ 26,810,774
Current liabilities	1,443,215	823,742	2,266,957
Non-current liabilities	23,155,730	5,482,560	28,638,290
Intercompany payables	735,671	10,669	746,340
Deferred inflows of resources	388,677	7,568	396,245
Total liabilities and deferred inflows of resources	\$ 25,723,293	\$ 6,324,539	\$ 32,047,832
Net investment in capital assets	1,813,253	134,883	1,948,136
Restricted	2,927,446	(3,413,601)	(486,155)
Unrestricted	(6,698,038)	-	(6,698,038)
Total net position	\$ (1,957,339)	\$ (3,278,718)	\$ (5,236,057)
For the Year Ended December 31			
Vehicle toll revenue	2,554,140	713,100	3,267,240
Rents, freight and other revenue	25,358	1,029	26,387
Total operating revenues	2,579,498	714,129	3,293,627
Total labor expenses	260,125	3,455	263,580
Total non-labor expenses	231,129	116,534	347,663
Depreciation and amortization	233,803	18,776	252,579
Total operating expenses	725,057	138,765	863,822
Operating income	1,854,441	575,364	2,429,805
Non-operating revenues (expenses)	(317,307)	576,672	259,365
Net transfers to MTA	(1,701,999)	(1,453,541)	(3,155,540)
Change in net position	(164,865)	(301,505)	(466,370)
Net position, beginning of year	(1,814,830)	(2,954,857)	(4,769,687)
Net position, end of year	\$ (1,979,695)	\$ (3,256,362)	\$ (5,236,057)

22. SUBSEQUENT EVENTS

On January 15, 2026, MTA Bridges and Tunnels effected a mandatory tender of the Subseries 2005B-2a and 2005B-2b Bonds, which were consolidated and remarketed as \$172.7 million MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Subseries 2005B-2. The prior letters of credit from State Street Bank and Trust

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Company were replaced with a letter of credit from Bank of America, N.A, which is set to expire on January 12, 2029.

On February 5, 2026, MTA Bridges and Tunnels issued \$750,000 MTA Bridges and Tunnels Payroll Mobility Tax Bond Anticipation Notes, Subseries 2026A-1 & 2026A-2. Proceeds from the transaction will be used to finance approved transit and commuter projects included in the 2020-2024 Capital Program. The Subseries 2026A-1 Notes were issued as fixed-rate tax-exempt notes with a final maturity of February 1, 2028. The Subseries 2026A-2 Notes were issued as fixed-rate tax-exempt notes with a final maturity of February 1, 2029.

On March 5, 2026, MTA Bridges and Tunnels issued \$763,555 MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Refunding Bonds, Series 2026A, consisting of Payroll Mobility Tax Senior Lien Refunding Bonds, Subseries 2026A-1 and Payroll Mobility Tax Senior Lien Refunding Bonds, Subseries 2026A-2. The proceeds will be used to (i) refund certain outstanding Payroll Mobility Tax Senior Lien Bonds of MTA Bridges and Tunnels and Transportation Revenue Bonds of the MTA and (ii) pay certain financing, legal and miscellaneous expenses.

On April 1, 2026, MTA Bridges and Tunnels issued \$44,630 Payroll Mobility Tax Bond, Series 2026A-2. Proceeds from the transaction were used to (i) refund Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002D-2a-2, (ii) pay certain financing, legal and miscellaneous expenses.

CRZ Tolling Program – Subsequent Developments

MTA and the MTA Bridges and Tunnels, have been joined by NYSDOT and NYCDOT, in the ongoing legal dispute with the U.S. Department of Transportation regarding the federal government's attempt to terminate approval for the CRZ Tolling Program. After federal officials declared the program ineligible under the Value Pricing Pilot Program ("VPPP"), the MTA filed suit and continued toll collection. Multiple letters from federal officials ordered tolls to cease and threatened funding and project-approval consequences. The court issued a temporary restraining order and later a preliminary injunction blocking federal enforcement actions. In March 2026, the court granted summary judgment largely in the MTA's favor, vacating the federal termination letters, restoring the prior agreement and approvals, and ruling that the USDOT Secretary may only terminate the VPPP Agreement under its explicit terms. The U.S. has until May 4, 2026 to appeal.

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

	NYCERS									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the net pension liability	0.964 %	0.888 %	0.806 %	0.924 %	0.933 %	1.212 %	1.222 %	1.155 %	1.308 %	1.266 %
Authority's proportionate share of the net pension liability	\$ 128.10	\$ 146.12	\$ 143.88	\$ 167.41	\$ 59.82	\$ 255.54	\$ 226.29	\$ 203.71	\$ 271.61	\$ 307.60
Authority's actual covered-employee payroll *	\$ 113.54	\$ 115.32	\$ 120.76	\$ 121.31	\$ 122.89	\$ 126.88	\$ 130.05	\$ 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	112.82 %	126.71 %	97.52 %	136.16 %	52.26 %	210.65 %	143.71 %	160.95 %	208.45 %	229.74 %
Plan fiduciary net position as a percentage of the total pension liability	87.65 %	84.25 %	82.22 %	81.27 %	93.14 %	76.93 %	78.83 %	78.83 %	74.80 %	69.57 %

Note: This schedule is intended to show information for ten years.

* The Authority's actual covered payroll has been restated from 2019 to 2024 to represent the plan fiscal year.

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, 2024 funding valuation.

Changes of Assumptions

There were no changes of benefit assumptions in the June 30, 2024 funding valuation.

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 40,027	\$ 35,630	\$ 28,691	\$ 31,973	\$ 34,591	\$ 40,790	\$ 48,538	\$ 38,697	\$ 41,272	\$ 44,609	\$ 41,812
Contributions in relation to the contractually required contribution	40,027	35,630	28,691	31,973	34,591	40,790	48,538	38,697	41,272	44,609	41,812
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 134,251	\$ 152,838	\$ 147,542	\$ 122,952	\$ 119,482	\$ 126,895	\$ 164,110	\$ 133,494	\$ 144,992	\$ 137,900	\$ 150,652
Contributions as a percentage of covered-employee payroll	29.82 %	23.31 %	19.45 %	26.00 %	28.95 %	32.14 %	29.58 %	28.99 %	28.47 %	32.35 %	27.75 %

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, 2024 funding valuation.

Changes of Assumptions

There were no changes of benefit assumptions in the June 30, 2024 funding valuation.

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY IN THE MTA OPEB PLAN
AT DECEMBER 31,
(In millions)

Plan Measurement Date (December 31):	2024	2023	2022	2021	2020	2019	2018	2017
MTA Bridges and Tunnels proportion of the net OPEB liability	4.34 %	4.26 %	3.89 %	3.64 %	4.05 %	3.85 %	4.09 %	4.06 %
MTA Bridges and Tunnels proportionate share of the net OPEB liability	\$ 878,518	\$ 859,352	\$ 872,112	\$ 908,111	\$ 987,443	\$ 813,359	\$ 801,555	\$ 823,748
MTA Bridges and Tunnels covered payroll	\$ 152,838	\$ 147,542	\$ 122,952	\$ 119,482	\$ 126,895	\$ 164,110	\$ 133,494	\$ 112,716
MTA Bridges and Tunnels proportionate share of the net OPEB liability as a percentage of its covered payroll	574.80 %	582.45 %	709.31 %	760.04 %	778.16 %	495.62 %	600.44 %	730.82 %
Plan fiduciary net position as a percentage of the total OPEB liability	6.82 %	6.36 %	0.05 %	0.00 %	0.00 %	1.93 %	1.76 %	1.79 %

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

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Actual employer contribution ⁽¹⁾	\$ 43,425	\$ 40,939	\$ 37,617	\$ 32,898	\$ 28,855	\$ 29,318	\$ 29,314	\$ 28,291	\$ 26,407
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	\$ 134,251	\$ 152,838	\$ 147,542	\$ 122,952	\$ 119,482	\$ 126,895	\$ 164,110	\$ 133,494	\$ 112,716
Actual contribution as a percentage of covered payroll	32 %	26.79 %	25.50 %	26.76 %	24.15 %	23.10 %	17.86 %	21.19 %	23.43 %

⁽¹⁾ Actual employer contribution includes the implicit rate of subsidy adjustment of \$2,769, \$2,295, \$2,128, \$1,763, \$1,290, \$2,495, \$3,782, \$3,650, for the years ended December 31, 2025, 2024, 2023, 2022, 2021, 2020, 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, 2023	July 1, 2023	July 1, 2023	July 1, 2021	July 1, 2021	July 1, 2019	July 1, 2018	July 1, 2017
Measurement date	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Discount rate	_____%—net of expenses	3.26%—net of expenses	3.72%—net of expenses	2.06%—net of expenses	2.12%—net of expenses	2.74%—net of expenses	4.10%—net of expenses	3.44%—net of expenses
Inflation		2.31%	2.33%	2.25%	2.25%	2.5%	2.5%	2.5%
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.25%	4.25%	4.25%	4.25%	4.50%	4.50%	4.50%
Investment rate of return	4.08%	3.26%	3.72%	2.06%	2.12%	5.75%	6.50%	6.50%

Changes of Benefit Terms—In the July 1, 2024 actuarial valuation, there were no changes to the benefit terms.

Changes of Assumptions—In the July 1, 2024 actuarial valuation, there was a change in assumptions. The discount rate used to measure liabilities was updated to incorporate GASB Statement No. 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.

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Staten Island Rapid Transit Operating Authority

(Component Unit of the Metropolitan Transportation
Authority)

Financial Statements as of and for the
Years Ended December 31, 2025 and 2024,
Required Supplementary Information, and
Independent Auditor's Report

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY (Component Unit of the Metropolitan Transportation Authority)

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1–2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3–16
BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024:	
Statements of Net Position	17–18
Statements of Revenues, Expenses and Changes in Net Position	19
Statements of Cash Flows	20–21
Notes to Financial Statements	22–49
REQUIRED SUPPLEMENTARY INFORMATION:	50
Schedule of SIRTOA's Proportionate Share of the Net Pension Liability in the MTA Defined Benefit Pension Plan	51
Schedule of SIRTOA's Contributions to the MTA Defined Benefit Pension Plan	52
Schedule of SIRTOA's Proportionate Share of the Net OPEB Liability in the MTA OPEB Plan	53
Schedule of SIRTOA's Contributions to the OPEB Plan and Notes to Schedule of SIRTOA's Contribution to the OPEB Plan	54

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority:

Opinion

We have audited the financial statements of the Staten Island Rapid Transit Operating Authority (the "Authority"), a component unit of the Metropolitan Transportation Authority ("MTA"), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

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

As discussed in Note 2 to the financial statements, effective January 1, 2023, the Authority adopted Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*, using the retrospective approach. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, effective January 1, 2023, the Authority has elected to change its method of accounting for recognition of capital accruals of projects in progress, using the retrospective approach. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of SIRTOA's Proportionate Share of the Net Pension Liability in the MTA Defined Benefit Pension Plan, Schedule of SIRTOA's Contributions to the MTA Defined Benefit Pension Plan, Schedule of the SIRTOA's Proportionate Share of the Net OPEB Liability in the MTA OPEB Plan, and Schedule of the SIRTOA's Contributions to the OPEB Plan and Notes to Schedule of SIROTA's Contribution to the OPEB Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

_____, 2026

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY (Component Unit of the Metropolitan Transportation Authority)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (\$ in thousands, except as noted)

FINANCIAL REPORTING ENTITY

Staten Island Rapid Transit Operating Authority ("SIRTOA" or the "Authority") is a public benefit corporation and is a component unit of the Metropolitan Transportation Authority ("MTA") and was organized pursuant to the New York State ("State") Public Authorities Law. The Authority operates and maintains the commuter rail service in Staten Island pursuant to an interim arrangement pending renewal of its Lease and Operating Agreement ("Operating Agreement") with The City of New York ("The City"). The Operating Agreement provides that the Authority establish fares required to make operations self-sustaining, as defined in the Operating Agreement, and pays its operating expenses and The City pays the Authority's capital costs and operating deficits. The City has the option to terminate the Operating Agreement at any time.

The Authority requires, and will likely continue to require, substantial subsidies from various governmental sources to maintain its operations in the future. The Authority estimates that current fare levels and anticipated operating subsidy levels will provide sufficient revenue to meet operating expenses. Subsidies required for future years are presently being determined. If the funds made available to the Authority are not sufficient to meet its needs, the Authority must raise fares, curtail its service and operations, or defer certain other expenditures (not including maintenance) to continue operating within the limits of the funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction— This report consists of four parts: Management's Discussion and Analysis ("MD&A"), Financial Statements, and Notes to the Financial Statements, and Required Supplementary Information.

Management's Discussion and Analysis— This MD&A provides a narrative overview and analysis of the financial activities of the Authority as of and for the years ended December 31, 2025 and 2024. The MD&A is intended to serve as an introduction to the Authority's financial statements. It provides an assessment of how the Authority's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements described below.

The Financial Statements —The Statements of Net Position provide information about the nature and amounts of resources, with present service capacity, that the Authority presently controls (assets), consumption of net assets by the Authority that is applicable to a future reporting period (deferred outflows of resources), present obligations to sacrifice resources that the Authority has little or no discretion to avoid (liabilities), and acquisition of net assets by the Authority that is applicable to a future reporting period (deferred inflows 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 provide information about the Authority's changes in net position for the years then ended and accounts for all the current year's revenues and expenses, measures the success of the Authority's operations during the year and can be used to determine how the Authority has funded its costs.

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

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

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

CONDENSED FINANCIAL INFORMATION

All amounts are in thousands, except as noted.

The following sections discuss the significant changes in the Authority's financial position as of and for the years ended December 31, 2025 and 2024. An analysis of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, the information contained within the summaries of the financial statements and the various exhibits presented are in conformity with the Authority's financial statements, which are presented in accordance with generally accepted accounting principles in the United States of America.

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

Capital assets include, but are not limited to: track, structures, shops and yard, acquisition of cars, vehicles, equipment, and right-of-use assets for leases on buildings and structures, and intangible right-to-use assets for subscription-based information technology arrangements.

Other assets include, but are not limited to: cash, State and regional mass transit taxes receivable, and receivable from the City. This also includes the receivable from leases of the Authority's station concession and right-of-way to third parties.

Deferred outflows of resources reflect: actuarial measurements related to pension and OPEB, and employer contributions subsequent to the measurement date.

(In thousands)	December 31,			Increase/(Decrease)	
	2025	2024	2023	2025-2024	2024-2023
Capital assets	\$ 1,345,395	\$ 1,086,648	\$ 1,023,547	\$ 258,747	\$ 63,101
Accumulated depreciation and amortization	(319,388)	(290,873)	(267,358)	(28,515)	(23,515)
Capital assets-net	1,026,007	795,775	756,189	230,232	39,586
Other assets	82,231	50,692	71,621	31,539	(20,929)
Total assets	1,108,238	846,467	827,810	261,771	18,657
Deferred outflows of resources	58,036	40,816	51,380	17,220	(10,564)
Total assets and deferred outflows of resources	<u>\$ 1,166,274</u>	<u>\$ 887,283</u>	<u>\$ 879,190</u>	<u>\$ 278,991</u>	<u>\$ 8,093</u>

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The Authority's capital assets totaled \$1,345,395 at December 31, 2025. Of the total, shops, yard and stations were 50.1%, cars accounted for 21.0%, and track and structures were 17.5%. The Authority's capital assets totaled \$1,086,648 at December 31, 2024. Of the total, shops, yard and stations were 56.7%, cars accounted for 2.5%, and track and structures were 21.2%. Refer to Note 5 to the financial statements for further information.

Significant Changes in Assets and Deferred Outflows of Resources Include:

December 31, 2025 versus 2024—Capital assets increased by \$258,747 or 23.81% compared to the prior year. This increase was primarily due to acquisition of new cars of \$257,484. Accumulated depreciation and amortization increased by \$28,515 or 9.8% due to depreciation and amortization expense of \$30,526, partially offset by normal asset retirements of \$2,011. Refer to Note 5 to the financial statements for further information.

Other assets increased by \$31,539 or 62.2% compared to the prior year. This increase is mainly attributable to the increase in New York City Operating Recovery receivable of \$30,057.

Deferred outflows of resources increased by \$17,220 or 42.2% compared to the prior year. This was due to an increase of \$14,862 related to OPEB, primarily due to changes in proportionate share and difference in employer contributions based upon the most recent actuarial valuation report in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). In addition, there was an increase of \$2,358 related to pensions, primarily due to contributions to the plan subsequent to the measurement date, which is based upon the most recent actuarial valuation report in accordance with GASB Statements No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* ("GASB 71"). Refer to Notes 6 and 7 to the financial statements for further information regarding the Authority's pension and OPEB, respectively.

December 31, 2024 versus 2023—Net capital assets increased by \$39,586 or 5.2% compared to the prior year. The additions to capital assets of \$65,085 include a net increase of \$25,792 in projects in progress and capitalization of \$39,293 in track, shops and yards, stations, vehicles, and equipment. These increases were offset by an increase in accumulated depreciation and amortization of \$25,499. Disposals of fully depreciated capital assets were \$1,984. Refer to Note 5 to the financial statements for further information.

Other assets decreased by \$20,929 or 29.2% compared to the prior year. This decrease is attributable to the settlement of \$10,496 receivables from MTA for the American Rescue Plan Act of 2021 grant and a decrease in prepaid expenses and other current assets of \$8,877.

Deferred outflows of resources decreased by \$10,564 or 20.6% compared to the prior year. The net decrease was due to a decrease of \$16,625 in pension primarily due to actuarial loss on investments as reflected in net difference between projected and actual earnings on investments and a decrease in contributions to the plan subsequent to the measurement date, which is based upon the most recent actuarial valuation report in accordance with GASB 68 and GASB No. 71. The decrease was partially offset by an increase of \$6,061 in OPEB, primarily due to changes in assumptions based upon the most recent actuarial valuation report in accordance with GASB 75. Refer to Notes 6 and 7 to the financial statements for further information regarding the Authority's pension and OPEB, respectively.

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Total Liabilities and Deferred Inflows of Resources, Distinguishing Between Current Liabilities, Non-Current Liabilities and Deferred Inflows of Resources

Current liabilities include: accounts payable, accrued expenses, compensated absences, pollution remediation projects liabilities, estimated liability arising from injuries to persons, and other current liabilities.

Non-current liabilities include: compensated absences, net pension liability, pollution remediation project liabilities, estimated liability arising from injuries to persons, net OPEB liability, and other non-current liabilities.

Deferred inflows of resources reflect: deferred inflows related to leases, and actuarial measurements related to pension and OPEB.

(In thousands)	December 31,			Increase/(Decrease)	
	2025	2024	2023	2025-2024	2024-2023
Current liabilities	\$ 90,798	\$ 58,456	\$ 53,373	\$ 32,342	\$ 5,083
Non-current liabilities	<u>144,317</u>	<u>133,675</u>	<u>148,816</u>	<u>10,642</u>	<u>(15,141)</u>
Total liabilities	<u>235,115</u>	<u>192,131</u>	<u>202,189</u>	<u>42,984</u>	<u>(10,058)</u>
Deferred inflows of resources	<u>46,808</u>	<u>35,062</u>	<u>25,075</u>	<u>11,746</u>	<u>9,987</u>
Total liabilities and deferred inflows of resources	<u>\$ 281,923</u>	<u>\$ 227,193</u>	<u>\$ 227,264</u>	<u>\$ 54,730</u>	<u>\$ (71)</u>

At the end of 2025, the Authority's liabilities consisted primarily of due to MTA of 21.3%, due to New York City Transit Authority ("NYCTA") of 6.5%, net pension liability of 38.7%, net OPEB liability of 9.0%, and estimated liability arising from injuries to persons of 12.2%.

At the end of 2024, the Authority's liabilities consisted primarily of due to MTA of 14.9%, due to NYCTA of 6.7%, net pension liability of 39.8%, net OPEB liability of 10.7%, and estimated liability arising from injuries to persons of 14.3%.

Significant Changes in Liabilities and Deferred Inflows of Resources Include:

December 31, 2025 versus 2024—Total liabilities increased by \$42,984 or 22.4% compared to the prior year.

Current liabilities increased by \$32,342 or 55.3% compared to the prior year. This increase was primarily due to an increase of \$2,398 in due to NYCTA related to the Authority's capital projects, an increase of \$1,777 in accrued retroactive salaries and wages due to timing of contract settlements, an increase of \$21,338 in the deficit balance of the temporary cash investments with MTA, and an increase of \$7,153 in accounts payable primarily due to a legal settlement.

Non-current liabilities increased by \$10,642 or 8.0% compared to the prior year. This increase was primarily due to an increase in net OPEB liability of \$14,566 offset by \$4,111 decrease in net pension liability, attributable to changes in proportionate share and difference in employer contributions based upon the most recent actuarial valuation report.

Deferred inflows of resources increased by \$11,746 or 33.5% compared to the prior year. The increase was primarily caused by a net change in net OPEB and pension balance of \$4,146 and \$7,620, respectively, attributable to changes in actuarial assumptions, proportionate share and difference in employer contributions, based upon the most current actuarial valuation report in accordance with GASB 68 and No. 71, offset by a decrease in leases of \$20. Refer to Notes 6, 7 and 8 to the financial statements for further information regarding the Authority's pension, OPEB and leases, respectively.

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December 31, 2024 versus 2023—Total liabilities decreased by \$10,058 or 5.0% compared to the prior year.

Current liabilities increased by \$5,083, primarily due to an increase of \$9,430 in due to NYCTA related to the Authority's capital projects, an increase of \$1,035 in accrued retroactive salaries and wages due to timing of contract settlements, and an increase of \$3,293 in the estimated liability arising from injuries to persons. The increase is partially offset by a decrease of \$8,930 in the deficit balance in the temporary cash investments with MTA.

The decrease in non-current liabilities of \$15,141 was mainly due to a decrease in the net pension liability of \$15,682 due to contributions made subsequent to the measurement period and actuarial changes in projected and actual earnings on pension plan investments, and a decrease in the net OPEB liability of \$3,061 due to contributions made subsequent to the measurement period and differences in proportionate share of employer contributions. The decreases were partially offset by an increase in the estimated liability arising from injuries to persons of \$3,932 based on actuarial valuation of claims.

Deferred inflows of resources increased by \$9,987 or 39.8% compared to the prior year. The increase was primarily caused by a net change in the OPEB balance of \$10,072 primarily due to differences in expected and actual experience. The increase was partially offset by a decrease in pension of \$65 primarily due to differences in expected and actual experience based upon the most current actuarial valuation report in accordance with GASB Statements No. 68 and No. 71 and a decrease in leases of \$20. Refer to Notes 6, 7 and 8 to the financial statements for further information regarding the Authority's pension, OPEB and leases, respectively.

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

(In thousands)	December 31,			Increase/(Decrease)	
	2025	2024	2023	2025–2024	2024–2023
Net investment in capital assets	\$ 1,015,067	\$ 785,975	\$ 754,539	\$ 229,092	\$ 31,436
Unrestricted	<u>(130,716)</u>	<u>(125,885)</u>	<u>(102,613)</u>	<u>(4,831)</u>	<u>(23,272)</u>
Total net position	<u>\$ 884,351</u>	<u>\$ 660,090</u>	<u>\$ 651,926</u>	<u>\$ 224,261</u>	<u>\$ 8,164</u>

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflow of resources are deducted and consist of two components: net investment capital assets and unrestricted amounts. Net investment in capital assets includes capital assets and right-of-use lease assets, net of accumulated depreciation and amortization and lease liabilities. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation, otherwise it is reported as unrestricted.

Significant Changes in Net Position Include:

December 31, 2025 versus 2024— Total net position was \$884,351 at the end of 2025, a net increase of \$224,261 or 34.0% from the end of 2024. The net increase was due to net nonoperating revenues of \$79,881 and MTA capital contributions of \$255,432, offset by an operating loss of \$111,052.

December 31, 2024 versus 2023—Total net position was \$660,090 at the end of 2024, a net increase of \$8,164 or 1.3% from the end of 2023. The net increase was due to net nonoperating revenues of \$49,339 and MTA capital contributions of \$59,098, offset by an operating loss of \$100,273.

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

(in thousands)	Year Ended December 31,			Increase/(Decrease)	
	2025	2024	2023	2025-2024	2024-2023
Operating revenues	\$ 8,029	\$ 5,782	\$ 5,447	\$ 2,247	\$ 335
Operating expenses	(119,081)	(106,055)	(90,100)	(13,026)	(15,955)
Operating loss	(111,052)	(100,273)	(84,653)	(10,779)	(15,620)
Nonoperating revenues (expenses):					
Grants, appropriations, and taxes	9,677	9,035	8,834	642	201
Subsidies	72,104	42,347	47,374	29,757	(5,027)
FEMA Recovery	-	22	43	(22)	(21)
Other nonoperating revenues/ (expenses)—net	(1,900)	(2,065)	(2,441)	165	376
Total net nonoperating revenues	79,881	49,339	53,810	30,542	(4,471)
Loss before capital contributions	(31,171)	(50,934)	(30,843)	19,763	(20,091)
Capital contributions	255,432	59,098	76,242	196,334	(17,144)
Change in net position	224,261	8,164	45,399	216,097	(37,235)
Net position—beginning of year	660,090	651,926	605,802	8,164	46,124
Restatement of beginning net position adoption of GASB No. 101	-	-	725	-	(725)
Net position—end of year	\$ 884,351	\$ 660,090	\$ 651,926	\$ 224,261	\$ 8,164

Revenues, by Major Source:

(in thousands)	Year Ended December 31,			Increase/(Decrease)	
	2025	2024	2023	2025-2024	2024-2023
Fare revenue	\$ 3,636	\$ 3,865	\$ 3,618	\$ (229)	\$ 247
Student and elderly fare reimbursement	2,051	948	924	1,103	24
Other	2,342	969	905	1,373	64
Total operating revenue	\$ 8,029	\$ 5,782	\$ 5,447	\$ 2,247	\$ 335

December 31, 2025 versus 2024— Revenues from fares, student and elderly fare reimbursements were \$5,687 in 2025, an increase of 18.2% from the prior year. Student fare reimbursements increased by \$1,103 or 120.4% in 2025 due to a change in calculation methodology of the reimbursement amount. Other revenues consist mainly of advertising revenue, rental income and insurance recoveries. The increase in other revenues of \$1,373 or 141.7% from prior year was mainly related to an increase in advertising revenues and insurance recoveries.

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December 31, 2024 versus 2023—Revenues from fares, and student and elderly fare reimbursements were \$4,813 in 2024, an increase of 6.0% from the prior year. Ridership in 2024 was 2.3 million, an increase of 3.1% from 2023. The increase in revenue was due to the increase in ridership and increase in student reimbursements in 2024. Other revenues in 2024 consist mainly of advertising revenue and rental income. The increase in other revenues of \$64 or 7.1% from prior year was mainly related to an increase in advertising revenues.

Operating Expenses, by Major Function:

	Year Ended December 31,			Increase/(Decrease)	
	2025	2024	2023	2025–2024	2024–2023
(in thousands)					
Salaries and wages	\$ 35,970	\$ 34,770	\$ 26,897	\$ 1,200	\$ 7,873
Health and welfare	10,789	6,451	8,256	4,338	(1,805)
Pensions	8,698	9,472	12,140	(774)	(2,668)
Other post-employment benefits	7,476	5,345	6,087	2,131	(742)
Other fringe benefits	2,481	1,239	(1,880)	1,242	3,119
Traction and propulsion power	6,528	5,316	5,436	1,212	(120)
Materials and supplies	2,465	3,539	2,075	(1,074)	1,464
Insurance	2,310	1,532	1,443	778	89
Public liability claims	221	7,231	1,391	(7,010)	5,840
Maintenance and other operating expenses	2,353	2,596	3,496	(243)	(900)
Professional service contracts	2,249	2,015	1,381	234	634
Pollution remediation projects	(471)	127	47	(598)	80
Depreciation and amortization	30,526	25,499	22,968	5,027	2,531
Other business expenses	7,486	923	363	6,563	560
Total operating expenses	<u>\$ 119,081</u>	<u>\$ 106,055</u>	<u>\$ 90,100</u>	<u>\$ 13,026</u>	<u>\$ 15,955</u>

December 31, 2025 versus 2024

Total Operating expenses increased by \$13,026 or 12.3%, as follows:

- Salaries and wages increased by \$1,200 mainly due to gross wage increases offset by an increase in reimbursable expenses and reduction in the provision for compensated absences.
- The increase of \$4,338 in health and welfare was primarily attributed to higher claims received and processed during the year and increased reserves for self-insured benefits because of higher claims activity.
- Pensions decreased by \$774 due to a net decrease in amortization of deferred outflows/inflows of resources and pension expense components of \$395 and \$379, respectively.
- Other postemployment benefits increased by \$2,131 due to net increase in amortization of deferred outflows/inflows of resources and OPEB expense components of \$1,062 and \$1,069, respectively.
- Other fringe benefits increased by \$1,242 due to higher workers' compensation claims and reserves based on the most current actuarial valuation report.
- Traction and propulsion power increased by \$1,212 mainly due to higher usage because of testing performed on new cars before they were placed in service.
- Materials and supplies decreased by \$1,074 mainly due to lower usage as the 3rd track improvements to accommodate the new cars were completed in 2024.

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- Insurance increased by \$778 due to higher premiums.
- Public liability claims decreased by \$7,010 due to lower claims and reserves based on the most current actuarial valuation report.
- Maintenance and other operating expenses decreased by \$243 due to the timing of operating services projects.
- Professional service contracts increased by \$234 mainly due to Information Technology (“IT”) services for cyber security projects.
- Pollution remediation projects decreased by \$598 due to change in estimate.
- Depreciation and amortization increased by \$5,027 primarily due to new cars that were placed in service and capital projects reaching substantial completion.
- Other business expenses increased by \$6,563 mainly due to a legal settlement.

December 31, 2024 versus 2023

Total Operating expenses increased by \$15,955 or 17.7%, as follows:

- Salaries and wages increased by \$7,873 mainly due to a decrease in reimbursable expenses recorded in 2024 vs the previous year.
- The decrease of \$1,805 in health and welfare was primarily attributed to the initial recording of the self-insured benefits in 2023 and a reduction for claims incurred but not paid for self-insured benefits of \$488 in 2024.
- Pensions decreased by \$2,668 and other postemployment benefits decreased by \$742, based on the most current actuarial valuations.
- Other Fringe benefits increased by \$3,119 due to a decrease in billing of reimbursable expenses.
- Traction and propulsion power decreased by \$120 mainly due to lower usage.
- Materials and supplies increased by \$1,464 mainly due to the upgrade of the 3rd rail and an increase in the reserve for obsolescence.
- Insurance expenses increased by \$89 due to increased insurance rates.
- Public liability claims increased by \$5,840 based on the most current actuarial valuation report reflecting higher claims activity.
- Maintenance and other operating expenses decreased by \$900 due to the timing of operating services projects.
- Professional service contracts increased by \$634 due to engineering charges to remediate damage from Hurricane Ida.
- Pollution remediation projects increased by \$80 mainly due to new projects requiring environmental remediation.
- Depreciation and amortization increased by \$2,531 mainly due to capital projects reaching substantial completion which includes track, shops and yard upgrades, and station accessibility improvement assets.

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- Other business expenses increased by \$560 mainly due to the intercompany write-off with NYCTA.

Nonoperating Revenues and Expenses:

Nonoperating revenues include various forms of subsidies and operating assistance from the State, the City, and MTA. These subsidies are subject to annual appropriations by governmental units and periodic approval of tax subsidies. The City and MTA subsidies are provided primarily to fund the operating deficit of the Authority.

December 31, 2025 versus 2024—New York State and New York City grants, appropriations and taxes increased by \$642 or 7.1% while NYC operating recovery subsidy, which is based on current year estimated loss and prior year estimate less adjustment to actual, increased by \$29,757 or 70.3% compared to prior year. Capital contributions from the MTA of \$255,432 in 2025 increased from \$59,098 in 2024 due to timing of capital program funding from several sources including bonds, Federal, State, and City funding.

December 31, 2024 versus 2023—New York State and New York City grants, appropriations and taxes increased by \$201 while NYC operating recovery subsidy, which is based on current year estimated loss and prior year estimate less adjustment to actual, decreased by \$5,027 compared to prior year. Capital contributions from the MTA of \$59,098 in 2024 decreased from \$76,242 in 2023 due to timing of capital program funding from several sources including bonds, Federal, State, and City funding.

Change in Net Position:

The change in net position represents the net total of capital contributions, operating losses and nonoperating revenue. The net position increased by \$224,261 and \$8,164 in 2025 and 2024, respectively. The change in net position for both years was due to capital contributions from MTA and nonoperating income less operating losses.

Budget Highlights

Operating revenue in 2025 of \$8,029 was above budget by \$2,573, or 47.17%. Fare revenue of \$3,636 was below budget by \$314 or 7.95% due to lower than projected ridership. Other operating revenues of \$4,392 were above budget by \$2,887 or 191.83%, due to higher student fare reimbursement, advertising revenue and insurance recoveries.

Operating expenses of \$119,081 were above budget by \$12,166, or 11.38%. Labor expenses (including GASB 68 & GASB 75 adjustments to pension and OPEB, respectively) of \$65,414 were lower by a net \$3,229, or 4.7% primarily due to favorable actuarial valuations of GASB 68 and GASB 75 resulting in underruns of \$3,131 or 16.22%. Non-labor expenses were above budget by a net of \$15,395, or 40.23%. Insurance overran the budget by \$765 due to higher premium rates. Maintenance contract expenses underran the budget by \$6,048, or 71.99% due to timing of operating services projects. Professional service contract expense overran the budget by \$1,147, or 104.08% due to timing of cyber security projects. Pollution remediation projects underran the budget by \$472 due to change in estimate. Depreciation and amortization overran the budget by \$13,025 due to new cars placed in service. Other Business Expenses overran the budget by \$7,067, or 1,682.62% due to a legal settlement.

OVERALL FINANCIAL POSITION, RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Economic Conditions

Metropolitan New York is the most transit-intensive region in the United States, and a financially sound and reliable transportation system is critical to the region's economic well-being. The MTA consists of urban subway and bus systems, suburban rail systems, bridge and tunnel facilities, all of which are affected by a myriad of economic forces. To achieve maximum efficiency and success in its operations,

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the MTA must identify economic trends and continually implement strategies to adapt to changing economic conditions.

Preliminary MTA system-wide ridership for fourth quarter 2025 remained below the pre-pandemic level, with paid ridership down 160 million trips (-38.4%) below 2019 fourth quarter ridership. The fourth quarter of 2025 exceeded the paid ridership during the fourth quarter of 2024 by 8 million (2.0%). For the fourth quarter of 2025 compared with the fourth quarter of 2024, SIRTQA paid ridership decreased by 30 thousand trips (-4.9%).

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was higher in 2025 than in 2024 by 40.1 thousand jobs (0.8%). On a quarter-to-quarter basis, New York City employment lost 19.8 thousand jobs (0.4%), breaking the twenty-month consecutive quarterly increase trend. Third quarter 2025 results, compared to second quarter 2025, increased 32.6 thousand jobs (0.7%) and increased 78.6 thousand jobs (1.6%) compared with the third quarter 2024.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 1.4% in the fourth quarter of 2025 and 4.4% in third quarter 2025, according to the most recent estimate released by the Bureau of Economic Analysis. The increase in real GDP in the fourth quarter primarily reflecting increases in consumer spending and investment that were partly offset by decreases in government spending and exports. The increase in consumer spending reflected an increase in services that was partly offset by a decrease in goods. Within services, the leading contributors to the increase were health care and other services. The increase in investment primarily reflected increases in intellectual property products, private inventory investment, and equipment. The largest contributor to the decrease was a decrease in government spending reflected in a decrease in federal government spending. Both nondefense and defense consumption expenditures for employee compensation declined.

Due to the federal government shutdown which lasted from October 1, 2025 to November 12, 2025, the Bureau of Labor Statistics was unable to collect information necessary to calculate the consumer price index data for October. To this end, the fourth quarter of 2025 presented herein reflects the average of November and December. The New York City metropolitan area's price inflation rate, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was above the national average in the fourth quarter of 2025, with the metropolitan area index increasing 3.2% while the national index increased 2.7% when compared with the fourth quarter of 2024. Regional prices for energy products increased 7.2% while national prices for energy products were 2.7%. In the metropolitan area, the CPI-U exclusive of energy products increased by 3.0%, while nationally, inflation exclusive of energy products increased 2.7%. The New York Harbor spot price for conventional gasoline decreased by 11.1% from an average price of \$2.10 per gallon to an average price of \$1.87 per gallon between the fourth quarters of 2024 and 2025.

In its announcement on December 10th 2025, the Federal Open Market Committee ("FOMC") set its target for the Federal Funds rate at the 3.50% to 3.75% range. This is the sixth decline in the target rate range since September 18, 2024, when the FOMC reduced the target from a 5.25% to 5.50% range to a 4.75% to 5% range. Previously, FOMC actions decreased the range to 4.75% to 5% on September 18, 2024, decreased the range to 4.5% to 4.75% range on November 7, 2024, decreased the range to 4.25% to 4.5% on December 18, 2024, decreased the range to 4.0% to 4.25% on September 17, 2025, and decreased the range to 3.75% to 4% on October 29, 2025. In assessing the appropriate stance of monetary policy, the FOMC will continue to monitor the implications of incoming information for the economic outlook. The FOMC judges that reserve balances have declined to ample levels and will initiate purchases of shorter-term Treasury securities as needed to maintain an ample supply of reserves on an ongoing basis. The FOMC's assessments will consider a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

MRT collections in the fourth quarter of 2025 were higher than the fourth quarter of 2024 by \$16.9 million (18.2%). Average monthly receipts in the fourth quarter of 2025 were \$28.1 million (-44.2%) lower than the monthly average for 2006, just prior to the steep decline in Mortgage Recording Tax revenues during the

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Great Recession. MTA's Urban Tax receipts during the fourth quarter of 2025—which are derived from commercial real estate transactions and mortgage recording activity within New York City and can vary significantly from quarter to quarter based on the timing of exceptionally high-priced transactions—were \$17.6 million (17.2%) higher than receipts during the fourth quarter of 2024. Average monthly receipts in the fourth quarter of 2025 were \$35.3 million (-48.0%) lower than the monthly average for 2007, just prior to the steep decline in Urban

Results of Operations—Total revenues from fares, student and elderly fare reimbursements were \$5,687 in 2025, an increase of 18.2% from the prior year. Total operating expenses, including depreciation and amortization, pension, OPEB and environmental remediation, were \$119,081 in 2025, an increase of 12.3%.

Capital Program— The MTA has ongoing capital programs, which except for Bridges and Tunnels, are subject to the approval of the Metropolitan Transportation Authority Capital Program Review Board and are designed to improve public transportation in the New York Metropolitan area.

2025-2029 Capital Program – Capital programs totaling \$65.4 billion covering the years 2025-2029 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad, (2) the transit system operated by MTA New York City Transit (“NYCTA”) and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway were originally approved by the MTA Board on September 25, 2024. An amendment to increase the 2025-2029 Capital Programs to \$68.4 billion were approved by the MTA Board on May 28, 2025.

The last approved 2025-2029 Capital Programs provided \$68.4 billion in capital expenditures. The combined funding sources for the 2025–2029 MTA Capital Programs and the 2025-2029 MTA Bridges and Tunnels Capital Program, include \$31.5 billion in Payroll Mobility Tax new revenue source (MTA Capital Lockbox), \$9.7 billion in MTA bonds and PAYGO, \$14.0 billion in Federal funds, \$4.2 billion in State of New York funding, \$3.0 billion in City of New York funding, \$3.0 billion from additional MTA self-funding, and \$3.0 billion in MTA Bridges and Tunnels dedicated funds.

NYCTA's portion of the 2025-2029 Capital Program, which includes SIRTAA's portion of \$344, totals \$47.8 billion. As of December 31, 2025, \$3.5 billion has been encumbered under the five-year plan, of which approximately \$0.2 billion has been expended.

2020-2024 Capital Program – Capital programs totaling \$54.8 billion covering the years 2020-2024 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad, (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway were originally approved by the MTA Board on September 25, 2019. On December 15, 2021, the MTA Board approved an amendment to increase the 2020-2024 Capital Program by \$535 million to support the Penn Station Access project. On July 27, 2022, the MTA Board approved an amendment to increase the 2020-2024 Capital Program by \$108 million to reflect addition of new projects, additional support for existing projects and changes to existing project budgets. On October 30, 2024, the MTA Board approved an amendment to increase the 2020-2024 Capital Program by \$121 million received from MTA's capital funding partners to support Penn reconstruction, Interborough Express project, and Second Avenue Subway West. On October 29, 2025, the MTA Board approved an amendment to recognize additional federal funding for Penn Station Access, savings from the Congestion Pricing infrastructure project, and other practical changes that resulted in a net decrease to the program by \$131 million.

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The last approved 2020-2024 Capital Programs provided \$55.4 billion in capital expenditures. The combined funding sources for the 2020-2024 MTA Capital Programs and the 2020-2024 MTA Bridges and Tunnels Capital Program, include \$15 billion in Congestion Relief Zone (“CRZ”) Tolling Program sources, \$10 billion in new revenue sources, \$6.0 billion in MTA bonds and PAYGO, \$3.3 billion in MTA Bridges and Tunnels dedicated funds, \$14.7 billion in Federal funds, \$3.2 billion in State of New York funding, \$3.1 billion in City of New York funding, and \$177 million in other contributions.

NYCTA’s portion of the 2020-2024 Capital Program, which includes SIRTQA’s portion of \$455 million, totals \$34.0 billion. As of December 31, 2025, \$23.1 billion has been encumbered under the five-year plan, of which approximately \$10.2 billion has been expended. As of December 31, 2024, \$18.5 billion has been encumbered under the five-year plan, of which approximately \$6.7 billion has been expended.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The 2026 MTA Final Proposed Budget - November Financial Plan

The 2025 MTA November Financial Plan (the “November Plan” or “Plan”), which includes the 2025 November Forecast, the 2026 Final Proposed Budget and a Financial Plan for the years 2026 to 2029, updates the 2025 July Financial Plan (the “July Plan”), which included the 2025 Mid-Year Forecast and the 2026 Preliminary Budget.

Risks to MTA’s Financial Future Risks to the November Plan include:

The November Plan remains balanced through 2026 with deficits of \$160 in 2027, \$243 in 2028, and \$306 in 2029. In comparison, the July Plan was balanced through 2026, with deficits of \$345 in 2027, \$354 in 2028, and \$428 in 2029. The February Plan was also balanced through 2026 and included deficits of \$378 in 2027 and \$419 in 2028.

Compared with the July Plan, the November Plan is \$419 favorable over the Plan period. Plan-to-plan changes reflect Agency updates - including savings from new Operating Efficiencies, New Needs, Farebox and Toll Revenue, and other Agency reestimates - as well as Subsidy receipts and Debt Service expense re-forecasts.

The July Plan included additional farebox and toll revenues from proposed fare and toll rate and policy changes for implementation in January 2026. With MTA Board approval in September 2025, the additional revenue projected from these actions, which were represented below-the line in the July Plan, have been incorporated into Agency financial plans. Overall, farebox and toll revenues, compared with the July Plan, are \$20 favorable over the Plan period.

Compared with the July Plan, Debt Service expense is \$161 favorable.

The net cost of Paratransit service, which reflects paratransit service contracts and other expenses, Paratransit fare revenue, Urban Tax receipts dedicated to Paratransit, and City Subsidy for Paratransit, is \$11 higher than in the July Plan, driven primarily by higher service expenses due to increased ridership. While the City’s contribution to Paratransit is currently legislated at 80 percent of expenses, there is a contribution cap of 50 percent plus \$165. As a result, the City’s contribution is less than 80 percent and is further reduced each year as expenses continue to increase.

Other Agency baseline operating expenses are \$319 higher than in the July Plan. Major expense changes include Workers’ Compensation, FELA and Pension, which are \$378 unfavorable due to higher actuarial re-estimates, and Electric Power and Fuel, which are \$95 unfavorable due to rate and price increases. Health & Welfare expenses are \$532 favorable stemming from 2025 vacancy savings and higher prescription drug credits.

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From 2009 through 2022, the MTA identified and captured about \$3.2 billion in annually recurring savings. In 2023, the MTA committed to achieving an additional \$500 in annually recurring cost savings through operating efficiencies, which was attained by the end of 2025 with initiatives I-1 ranging from insourcing functions like cleaning, using reliability data to tailor maintenance frequencies, and standardizing work practices to improve productivity.

Savings targets from new operating efficiencies are being introduced in this Plan. Achievable savings of \$75 in 2026, growing to \$150 in 2027 and \$200 in 2028, are expected to reach a full value of \$250 in annual recurring operating savings by 2029. While the 2023 operating efficiencies focused primarily on operations at MTA New York City Transit, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bridges and Tunnels, new operating efficiencies will also include MTA Headquarters as shared services have recently been centralized as part of the MTA consolidation efforts to standardize practices and seize economies of scale. Initiatives have been identified to capture \$75 in savings for 2026 and subsequent years.

Revenues from Taxes and State and Local Subsidies are unchanged from the July Plan.

Consistent with prior Plans, this Plan proposes, effective March 2027 and March 2029, biennial fare and toll rate changes to generate a 4 percent yield increase in farebox and toll revenues. These proposals are projected to generate \$39 above the forecast in the July Plan.

The Plan also reflects re-timing of the Penn Station Access project. Full completion of the project, which extends Metro-North's New Haven Line to reach Penn Station with four new accessible stations in the Bronx, has experienced delays due to coordination issues with Amtrak for work on its right-of-way. The full completion of the project, originally scheduled for 2027, is now expected to be delayed until 2030. MTA is planning to provide about 30 percent of the original scheduled service to three of the four new Bronx stations. This interim plan, which is predicated on cooperation by Amtrak, will result in shifts in operating budget spending, lowering net costs by \$58 over the Plan period.

MTA expects a further delay in the reimbursement of direct COVID-related expenses through the Federal Emergency Management Agency ("FEMA"). In the July Plan, reimbursements of \$300 in 2025 and \$300 in 2026 were anticipated, while the February Plan assumed the reimbursement would be received earlier: \$250 in 2025, \$140 in 2025, and \$210 in 2026. In this Plan, the reimbursement is expected over the 2026 to 2028 period, with receipt of \$200 each year.

Tolling through the CRZ Tolling Program, previously referred to as Central Business District Tolling Program ("CBDTP"), began in January 2025. CRZ net revenue, dedicated to the 2020-2024 MTA Capital Program, is deposited into the MTA Capital Lockbox Fund.

The November Plan presents a balanced budget through 2026, with deficits of \$160 in 2027, \$243 in 2028 and \$306 in 2029.

Dedicated tax receipts. Almost 45 percent of operating revenues that are necessary to cover operating budget expenses are derived from dedicated taxes, and an economic slowdown or recession could adversely impact MTA's ability to cover costs.

FEMA COVID reimbursement. The MTA expects reimbursement through the FEMA for direct COVID-related expenses incurred during the pandemic. These reimbursements have already slipped beyond the anticipated date of receipt, and should these reimbursements not materialize, the Plan will be put into deficit by \$200 in 2026, and deficits will be \$200 higher in both 2027 and 2028.

Gaming license fee non-operating revenue. In December 2025, three high-profile casino projects got their final approval from New York State's gaming commission. The casino licenses provided fees of \$500 in December 2025 and \$1,000 in January of 2026, all of which were transferred to the MTA by the gaming commission. The Plan also assumes gaming tax revenues of \$600 in 2028 and \$200 in 2029.

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Approval and implementation of fare and toll yield increases. The Plan includes fare and toll rate increases proposed for March 2027 and March 2029. These increases are expected to generate \$1.22 billion over the Plan period.

Labor agreements. Major collective bargaining agreements expire over the course of the Plan period, and the Plan assumes annual 2% wage increases at the conclusion of existing agreements.

New York City paratransit reimbursements. The net cost of Paratransit service, which reflects paratransit service contracts and other expenses, Paratransit fare revenue, Urban Tax receipts dedicated to Paratransit, and New York City (“City”) Subsidy for Paratransit, continues to increase. Under current State law, the City’s responsibility for reimbursing paratransit expenses reduces from a cap of 50 percent plus \$165 to 50 percent in July 2027 through June 2030, when the State law requiring City contribution expires. Beginning in July 2030, City reimbursement would revert to City reimbursement being the lesser of one-third of net costs or twenty percent more than the prior year’s reimbursement. The Plan assumes a continuation of an 80 percent contribution from the City, and without an extension of State law maintaining the 80 percent reimbursement, deficits will increase.

More detailed information on the November Plan can be found in the MTA 2026 Final Proposed Budget - November Financial Plan 2026-2029 at www.MTA.info.

Labor Update

As of December 31, 2025, MTA Staten Island Railway had 404 employees, approximately 383 of whom are represented by five different unions (six bargaining units). No new labor agreements have been reached this year, and by the end of the final quarter, all agreements (which covered the 2019-2023 period) have expired. Going forward, the unions will therefore be looking for new agreement terms.

CONTACTING MTA CONTROLLER’S OFFICE

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

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY (Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (Amounts in thousands)

	Business-Type Activities	
	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	\$ 130	\$ 179
Receivables:		
New York City Department of Education	656	622
New York City operating recovery (Note 2)	72,404	42,347
Due from NYCTA (Note 12)	3,290	3,323
Due from MTA (Note 12)	9	10
MTA capital program funds receivable (Note 12)	1,218	598
Other	515	364
Net receivables	78,092	47,264
Materials and supplies—at average cost—net (Note 2)	2,976	2,640
Prepaid expense, and other current assets (Note 8)	984	540
Total current assets	82,182	50,623
NONCURRENT ASSETS:		
Capital assets (Note 5):		
Construction work-in progress	113,518	180,628
Other capital assets—net of accumulated depreciation and amortization	912,489	615,147
Total capital assets—net of accumulated depreciation and amortization	1,026,007	795,775
Other non-current receivables (Note 8)	49	69
Total assets	1,108,238	846,467
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pension (Note 6)	16,627	14,269
Related to OPEB (Note 7)	41,409	26,547
Total deferred outflows of resources	58,036	40,816
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,166,274	\$ 887,283

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY (Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (Amounts in thousands)

	Business-Type Activities	
	2025	2024
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	\$ 8,844	\$ 1,691
Accrued retroactive salaries and wages	3,694	1,917
Compensated absences (Note 10)	2,604	2,809
Accrued payroll taxes and related liabilities	994	1,873
Due to NYCTA (Note 12)	15,195	12,797
Due to MTA (Note 4 and 12)	49,976	28,638
Estimated liability arising from injuries to persons (Note 11)	7,468	6,922
Pollution remediation projects (Note 13)	202	300
Lease payable (Note 8)	189	735
Other	1,632	774
Total current liabilities	<u>90,798</u>	<u>58,456</u>
NONCURRENT LIABILITIES:		
Compensated absences (Note 10)	2,597	2,323
Net pension liability (Note 6)	28,638	32,749
Net OPEB liability (Note 7)	91,009	76,443
Estimated liability arising from injuries to persons (Note 11)	21,102	20,611
Pollution remediation projects (Note 13)	971	1,360
Lease payable (Note 8)	-	189
Total noncurrent liabilities	<u>144,317</u>	<u>133,675</u>
Total liabilities	<u>235,115</u>	<u>192,131</u>
DEFERRED INFLOWS OF RESOURCES:		
Related to pension (Note 6)	7,690	70
Related to OPEB (Note 7)	39,052	34,906
Related to leases (Note 8)	66	86
Total deferred inflows of resources	<u>46,808</u>	<u>35,062</u>
NET POSITION:		
Net investment in capital assets	1,015,067	785,975
Unrestricted	(130,716)	(125,885)
Total net position	<u>884,351</u>	<u>660,090</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,166,274</u>	<u>\$ 887,283</u>

See notes to financial statements.

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY (Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (Amounts in thousands)

	Business-Type Activities	
	2025	2024
OPERATING REVENUES:		
Fare revenue	\$ 3,636	\$ 3,865
Student fare reimbursement	2,017	915
Elderly fare reimbursement	34	33
Other	2,342	969
Total operating revenues	8,029	5,782
OPERATING EXPENSES:		
Salaries and wages	35,970	34,770
Health and welfare	10,789	6,451
Pensions	8,698	9,472
Other post-employment benefits	7,476	5,345
Other fringe benefits	2,481	1,239
Traction and propulsion power	6,528	5,316
Materials and supplies	2,465	3,539
Insurance	2,310	1,532
Public liability claims	221	7,231
Maintenance and other operating expenses	2,353	2,596
Professional service contracts	2,249	2,015
Pollution remediation projects	(471)	127
Depreciation and amortization	30,526	25,499
Other business expenses	7,486	923
Total operating expenses	119,081	106,055
OPERATING LOSS	(111,052)	(100,273)
NONOPERATING REVENUES—Operating assistance subsidies:		
New York State tax supported subsidy	8,439	7,829
New York State—18B Assistance	619	603
New York City—18B Assistance	619	603
NYC operating recovery subsidy (Note 2)	72,104	42,347
FEMA recovery	-	22
Total nonoperating revenues	81,781	51,404
Other nonoperating expenses—net	(1,900)	(2,065)
Net nonoperating revenues	79,881	49,339
LOSS BEFORE CAPITAL CONTRIBUTIONS	(31,171)	(50,934)
CAPITAL CONTRIBUTIONS—MTA contributions for capital projects	255,432	59,098
INCREASE IN NET POSITION	224,261	8,164
NET POSITION—Beginning of year	660,090	651,926
NET POSITION—End of year	\$ 884,351	\$ 660,090

See notes to financial statements.

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY (Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (Amounts in thousands)

	Business-Type Activities	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts	\$ 5,701	\$ 3,471
Rent and other receipts	2,079	994
Payroll and related fringe benefits	(57,067)	(38,825)
Other operating expenses	<u>(16,065)</u>	<u>(15,255)</u>
Net cash used in operating activities	<u>(65,352)</u>	<u>(49,615)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES—Subsidies received	<u>51,678</u>	<u>57,727</u>
Net cash provided by noncapital financing activities	<u>51,678</u>	<u>57,727</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Receipts from leases	58	37
Payments for leases	(612)	(814)
Payments of subscription-based information technology arrangements	(648)	-
Capital project costs incurred for capital program	(8,338)	(4,834)
Purchase of capital assets	(1,497)	-
Interest paid	(2,025)	(2,328)
Payments on MTA Transportation bonds issued to fund capital assets	(1,094)	(268)
Reimbursement of capital project costs from MTA	<u>7,672</u>	<u>8,497</u>
Net cash (used in) provided by capital and related financing activities	<u>(6,484)</u>	<u>290</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in MTA investment pool	19,982	(8,432)
Interest and dividends on investment	<u>127</u>	<u>71</u>
Net cash used in (provided by) investing activities	<u>20,109</u>	<u>(8,361)</u>
NET (DECREASE) INCREASE IN CASH	(49)	41
CASH—Beginning of year	<u>179</u>	<u>138</u>
CASH—End of year	<u>\$ 130</u>	<u>\$ 179</u>

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY (Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Amounts in thousands)

	Business-Type Activities	
	2025	2024
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss before non-operating revenues and contributions	\$ (111,052)	\$ (100,273)
Adjustments to reconcile operating loss to net cash used in operating activities—depreciation and amortization	30,526	25,499
Changes in operating assets and liabilities:		
(Increase) decrease in receivable from New York City Department of Education	(34)	178
Decrease (Increase) in due from NYCTA	49	(1,520)
Decrease in receivable from MTA	1	5,595
(Increase) decrease in other receivables	(150)	290
(Increase) decrease in materials and supplies inventory	(336)	991
(Increase) decrease in prepaid expenses and other assets	(444)	8,877
(Increase) decrease in deferred outflows of resources related to pension	(2,358)	16,625
Increase in deferred outflows of resources related to OPEB	(14,862)	(6,061)
Increase in accounts payable and other accrued liabilities	6,817	71
Increase in accrued retroactive salaries and wages	1,776	1,035
Increase in compensated absences	69	400
(Decrease) increase in accrued payroll taxes and related liabilities	(879)	569
Decrease in net pension liability	(4,110)	(15,682)
Increase (decrease) in due to MTA	1,356	(569)
Increase in due to NYCTA	4,146	554
Increase (decrease) in other liability	858	(488)
Increase (decrease) in net OPEB liability	522	(3,061)
Increase in estimated liabilities arising from injuries to persons	1,038	7,225
Decrease (increase) in liability for pollution remediation payments	(471)	123
Increase (decrease) in deferred inflows of resources related to pension	7,620	(65)
Increase in deferred inflows of resources related to OPEB	14,566	10,072
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (65,352)</u>	<u>\$ (49,615)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital assets	\$ 255,432	\$ 59,098
Capital assets related liabilities	188	189
Interest expense for leases	(25)	-
Interest expense for SBITA	(3)	-
Interest income from leases	2	2
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ 255,594</u>	<u>\$ 59,289</u>

See notes to financial statements.

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY (Component Unit of the Metropolitan Transportation Authority)

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Amounts in thousands, except as noted)

1. BASIS OF PRESENTATION

Reporting Entity—The Staten Island Rapid Transit Operating Authority (“SIRTOA” or “Authority”) is a public benefit corporation, and a component unit of the Metropolitan Transportation Authority (“MTA”) organized pursuant to the New York State (“State”) Public Authorities Law. SIRTOA is part of the financial reporting group of the MTA and is included in the MTA consolidated financial statements. The MTA is a component unit of the State and is included in the State of New York’s Comprehensive Annual Financial Report as a public benefit corporation.

SIRTOA is operationally and legally independent of the MTA. SIRTOA enjoys certain rights typically associated with separate legal status. However, SIRTOA is included in the MTA’s consolidated financial statements as a blended component unit because of the MTA’s financial accountability and SIRTOA is under the direction of the MTA Board (a reference to “MTA Board” means the board of MTA and/or the boards of the Authority and other MTA component units that apply in the specific context, all of which are comprised of the same persons). Under accounting principles generally accepted in the United States of America (“GAAP”), the MTA is required to include SIRTOA in its consolidated financial statements.

SIRTOA operates and maintains the commuter rail service in Staten Island pursuant to an arrangement pending renewal of its Lease and Operating Agreement (“Operating Agreement”) with New York City (“The City”). The Operating Agreement provides that SIRTOA establishes fares required to make operations self-sustaining (as defined in the Operating Agreement), and pays its operating expenses and The City pays SIRTOA’s capital costs and operating deficits. The City has the option to terminate the Operating Agreement at any time.

SIRTOA requires and will continue to require substantial subsidies from various governmental sources to maintain its operations in the future. SIRTOA estimates that current fare levels and anticipated operating subsidy levels will provide sufficient revenue to meet operating expenses. Subsidies required for future years are presently being determined. If the funds made available to SIRTOA are not sufficient to meet its needs, SIRTOA must raise fares, curtail its services and operations or defer certain other expenditures (but not maintenance) to continue operating within the limits of the funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

SIRTOA applies Governmental Accounting Standards Board (“GASB”) Codification of Governmental Accounting and Financial Reporting Standards (“GASB Codification”) Section P80, *Proprietary Accounting and Financial Reporting*.

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New Accounting Standards—The Authority adopted the following GASB Statements for the year ended December 31, 2025:

GASB Statement No. 102, *Certain Risk Disclosures* (“GASB 102”). The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement defines concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal actions of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending.

After evaluating the criteria of GASB 102, the Authority concluded that the adoption of this Statement required the disclosure of certain risk factors that will have a substantial impact on the financial position, results of operations or cash flows of the Authority.

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

GASB Statement No.	GASB Accounting Standard	Required Year of Adoption
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

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

Net Position—SIRTOA follows the “business type” activity requirements of GASB Statement No. 34, *Basic Financial Statements-And Management’s Discussion and Analysis-For State and Local Governments*, which requires that resources be classified for accounting and reporting purposes into the following two net position categories:

- **Net Investment in Capital Assets**—Capital assets including right-of-use assets, net of accumulated depreciation and amortization, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- **Unrestricted**—Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by actions of management or the Board of Directors or may be otherwise limited by contractual agreements with outside parties.

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Capital Assets—Properties and equipment are carried at cost and are depreciated on a straight-line basis over their estimated useful lives. Expenses for maintenance and repairs are charged to operations as incurred. Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA having a minimum useful life of two years and having a cost of more than \$25 thousand. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. GASB 87, *Leases*, are classified as right-of-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. GASB 96, *Subscription-Based Information Technology Arrangement* are classified as intangible right-of-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementation costs, less any incentive received. Accumulated depreciation and amortization are reported as reductions of capital and right-to-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Right-to-use lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term.

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

Due from/to MTA and NYCTA—Due from/to MTA and NYCTA consists of reimbursements due from the MTA Capital Program for billed and unbilled charges relating to capital projects, farecards and intercompany operating receivables, and payable.

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

Materials and Supplies—Materials and supplies consist of new maintenance parts and supplies, and are recorded at weighted average cost, net of a reserve for obsolescence at December 31, 2025 and 2024 of \$731 and \$439, respectively.

Prepaid Expenses and Other Current Assets—SIRTOA prepaid \$0.6 million and \$0.5 million in risk management related insurance coverage in 2025 and 2024, respectively.

Leases—Per GASB Statement No. 87, *Leases* ("GASB 87"), certain lease agreements are classified as financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-of-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Lease receivables and liabilities are measured at the present value of payments expected to be made during the lease term, using an applicable discount rate stated or implicit in the lease and if not available, using incremental borrowing rate at the time of valuation. Lease assets and deferred inflows are amortized on a straight-line basis over the term of the lease.

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

Contributed Capital—Capital assets contributed by the MTA are recorded as capital contributions on the Statements of Revenues, Expenses, and Changes in Net Position. Contributed capital is recognized upon identification of capital costs to be funded by the MTA. Capital contributions for the years ended December 31, 2025 and 2024, consisted of the following (in thousands):

	2025	2024
Capital assets contributed by MTA from:		
Federal grants	\$ 240,112	\$ 19,267
Other than federal grants	16,414	40,099
Principal and interest payments on MTA Transportation bonds issued to fund capital assets	<u>(1,094)</u>	<u>(268)</u>
Total capital contributions	<u>\$ 255,432</u>	<u>\$ 59,098</u>

Revenue Recognition—Revenues from the sales of farecards are recognized as income as the farecards are used and are reported as operating income.

Subsidies—SIRTOA receives operating assistance subsidies under various New York State (the “State”) and City programs and from the proceeds of certain taxes instituted by the State for the benefit of NYCTA and SIRTOA. These subsidies are subject to annual appropriations by the governmental units and periodic approval of the tax subsidies.

SIRTOA’s policy is to record one year’s operating assistance subsidy in each fiscal year. Such subsidy is recorded as revenue as the funds are made available. NYCTA administers all tax-supported subsidies for SIRTOA on a formula amount determined by passenger ridership and vehicle revenue miles. The tax-supported subsidies are recognized as revenue based on the amount of tax collections reported by the State, which are allocable to SIRTOA pursuant to this formula. In 2025 and 2024, the MTA provided SIRTOA with budgeted amounts of operating assistance subsidies as required. The MTA did not make the funds available to SIRTOA before they were required to finance its operations.

Pursuant to a letter agreement between The City and MTA, The City has agreed to pay SIRTOA’s annual operating deficit, the difference between the actual operating costs and all revenues, including reimbursements, as an annual subsidy to SIRTOA. At December 31, 2025, SIRTOA recorded a NYC operating recovery receivable and subsidy revenue of \$72,404 and \$72,104, respectively, for the calendar year 2025. In 2025, SIRTOA received \$42,047 from The City for calendar year 2024 operating deficit. At December 31, 2024, SIRTOA recorded a NYC operating recovery receivable and subsidy revenue of \$42,347 and \$42,347, respectively, for the calendar year 2024. In 2024, SIRTOA received \$44,585 from The City for calendar year 2023 operating deficit.

In addition to operating and tax supported subsidies, SIRTOA receives expense reimbursement subsidies from The City and the MTA for the costs associated with various capital programs.

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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 SIRTOA’s operations (e.g., salaries, compensated absences, insurance, depreciation and amortization, etc.) are reported as operating expenses. All other expenses (e.g., interest on long-term debt, interest on leases, etc.) are reported as non-operating expenses.

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

Estimated Liability Arising From Injuries to Persons—SIRTOA establishes its liability to employees and to the general public based on independent actuarial estimates of future liability.

SIRTOA is self-insured up to certain per occurrence limits for liability claims arising from injuries to persons, excluding employees. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limit was \$2.3 million per occurrence. Claims arising on or after November 1, 2009, but before November 1, 2012 were subject to a \$2.6 million limit. Effective November 1, 2012, the retention limit was increased to \$3.0 million. Effective October 31, 2015, the retention limit was increased to \$3.2 million. Effective October 31, 2024, the retention limit was increased to \$11 million. Lower limits applied for claims arising prior to November 1, 2006. SIRTOA is self-insured for work-related injuries to employees. The annual cost associated with injuries to persons, other than employees, and damage to third-party property, is reflected in expenses as public liability claims in the accompanying consolidated statements of revenues, expenses and change in net position.

Compensated Absences—Per GASB Statement No. 101, *Compensated Absences*, SIRTOA has accrued the value (including certain salary-related payments) of vacation, sick, compensatory time and other leave benefits earned by employees to date for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means (if any). Unexpired benefits that are more than likely to be used or settled at separation of service are recognized in the financial statements according to timing of estimated payment.

Liability Insurance—First Mutual Transportation Assurance Company (“FMTAC”), an insurance captive subsidiary of MTA, provides a liability insurance program (aka “ELF”) that insures certain claims in excess of the agencies self-insured retention. The maximum amount that the ELF is responsible for arising out of any one occurrence and in the aggregate is the total assets of the ELF program available for claims, but in no event greater than \$50 million for all agencies and an additional \$10 million for NYCT. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2025 and 2024, the balance of the assets in this program was \$231.77 million and \$195.04 million, respectively.

MTA also maintains an All-Agency Excess Liability Insurance Policy (“ELP”), which is reinsured through FMTAC. The ELP affords the MTA Group coverage limits of \$342 million for a total limit of \$392 million (\$342 million excess of \$50 million).

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On March 1, 2025, the “nonrevenue fleet” automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for MTA Long Island Rail Road, MTA Staten Island Railway, MTA Police, MTA Metro-North Railroad, MTA Inspector General, MTA Construction & Development Company, and MTA Headquarters. The program limit is \$11 million per occurrence on a combined single limit with a \$1 million self-insured retention for each accident. A primary limit of \$1 million was procured through the commercial marketplace. Excess limits of \$9 million was procured through FMTAC.

Property Insurance—Effective May 1, 2025, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2025, 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 \$400 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, London, European, and Bermuda reinsurance markets for this coverage.

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

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of \$7.5 million per occurrence. In addition to the noted \$25 million per occurrence self-insured deductible, MTA self-insures above that deductible for \$29.577 million within the overall \$400 million per occurrence property program as follows: \$11.734 million (or 23.47%) of the primary \$50 million layer, plus \$11.734 million (or 23.47%) of the \$50 million excess \$50 million layer, plus \$6.109 million (or 12.22%) of the \$50 million excess \$100 million layer. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the \$400 million per occurrence noted above, FMTAC’s property insurance program has been expanded to include a further layer of \$100 million of fully collateralized storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 19, 2023 to April 30, 2026. The expanded protection is reinsured by MetroCat Re Ltd. 2023-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2023-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of “certified” losses, as covered by the Terrorism Risk Insurance Program Reauthorization Act (“TRIPRA”) of 2019. The remaining 20% of the Related Entities’ losses arising from an act of terrorism would be covered under the additional terrorism policy described below. No federal compensation will be paid unless the aggregate industry insured losses exceed a trigger of \$200 million. The United States government’s reinsurance is in place through December 31, 2027.

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any “certified” act of terrorism up to a maximum recovery of \$215 million for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the “certified” acts of terrorism insurance or (3) 100% of any “certified” terrorism loss which exceeds \$5 million and less than the \$200 million TRIPRA trigger up to a maximum recovery of \$200 million for any occurrence and in the annual aggregate.

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Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of \$255 million. Recovery under the terrorism policy is subject to a deductible of \$25 million per occurrence and \$75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed \$75 million future losses in that policy year are subject to a deductible of \$7.5 million. The terrorism coverages expire at midnight on May 1, 2028. In the event TRIPRA is not extended or renewed on or before January 1, 2028, then effective January 1, 2028, coverage will be limited to \$255 million for any one recurrence.

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

SIRTOA recognizes a proportionate share of the net pension liability for the qualified cost-sharing, multiple-employer pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the pension plan, as of the plan's measurement date. Changes in the net pension liability during the year are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the year incurred.

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

Postemployment Benefits Other Than Pensions—SIRTOA adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75") and GASB Statement No. 85, *Omnibus for the OPEB Plan*.

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

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

3. CASH

Bank balances are insured up to \$250 in the aggregate by the Federal Deposit Insurance Corporation ("FDIC") for each bank in which funds are deposited. The difference between the carrying amount and the bank balance for the years ended December 31, 2025 and 2024, is due to deposits in transit offset by any outstanding checks.

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At December 31, 2025 and 2024, cash consisted of (in thousands):

	2025		2024	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits ("FDIC")	<u>\$ 130</u>	<u>\$ 172</u>	<u>\$ 179</u>	<u>\$ 180</u>

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, SIRTOA will not be able to recover the value of its deposits. While SIRTOA does not have a formal deposit policy for custodial credit risk, New York State statutes govern SIRTOA's investment policies. SIRTOA's uninsured deposits are primarily held by commercial banks in the metropolitan New York area and are subject to the credit risks of those institutions.

4. MTA INVESTMENT POOL

The MTA, on behalf of SIRTOA, invests funds which are not immediately required for SIRTOA's operations, in securities permitted by the State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury, U.S. Treasury notes, and U.S. Treasury zero coupon bonds. All investments are held by the MTA's agent, in custody accounts, in the name of the MTA. SIRTOA records its position in the Pool based upon a net asset value derived from assets invested in the Pool plus all realized income and losses earned. SIRTOA's earnings from short-term investments were \$121 and \$71 for the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, SIRTOA had a negative investment pool balance of \$47,787 and \$27,805, respectively, as funds were used for working capital purposes to offset the timing of the NYC operating recovery subsidy. The \$47,787 and \$27,805 were included in the Due to MTA on the Statements of Net Position. See Note 12 to the financial statements.

5. CAPITAL ASSETS

Capital assets and improvements include all cars, vehicles, equipment and infrastructure of SIRTOA having a minimum useful life of two years and having a cost of more than \$25 thousand. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. GASB 87 are classified as right-to-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. GASB 96, SBITA are classified as intangible right-of-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementation costs, less any incentive received.

Accumulated depreciation and amortization are reported as reductions of fixed assets and right-to-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Right-to-use lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term.

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Capital and right-of-use assets at January 1, 2024, December 31, 2024 and December 31, 2025 consisted of the following (in thousands):

	January 1, 2024	Additions/ Reclassifications	Deletions/ Reclassifications	December 31, 2024	Additions/ Reclassifications	Deletions/ Reclassifications	December 31, 2025
Capital assets not being depreciated— construction work-in-progress	\$ 154,836	\$ 56,853	\$ (31,061)	\$ 180,628	\$257,143	\$ (324,253)	\$ 113,518
Total capital assets not being depreciated	<u>154,836</u>	<u>56,853</u>	<u>(31,061)</u>	<u>180,628</u>	<u>257,143</u>	<u>(324,253)</u>	<u>113,518</u>
Capital assets being depreciated:							
Track	144,593	6,023	-	150,616	5,404	-	156,020
Structures	79,351	-	-	79,351	-	-	79,351
Cars	28,773	-	(1,984)	26,789	257,484	(1,984)	282,289
Shops and yard	216,997	4,873	-	221,870	618	-	222,488
Stations	366,131	28,306	-	394,437	57,100	-	451,537
Signals	11,131	-	-	11,131	-	-	11,131
Vehicles	3,514	90	-	3,604	5,594	(27)	9,171
Equipment and other	14,808	1	-	14,809	1,020	-	15,829
Total capital asset being depreciated	<u>865,298</u>	<u>39,293</u>	<u>(1,984)</u>	<u>902,607</u>	<u>327,220</u>	<u>(2,011)</u>	<u>1,227,816</u>
Less accumulated depreciation:							
Track	(24,863)	(3,779)	-	(28,642)	(3,949)	-	(32,591)
Structures	(50,965)	(1,523)	-	(52,488)	(1,524)	-	(54,012)
Cars	(25,425)	(311)	1,984	(23,752)	(4,568)	1,984	(26,336)
Shops and yard	(29,787)	(8,337)	-	(38,124)	(8,236)	-	(46,360)
Stations	(111,226)	(10,075)	-	(121,301)	(10,715)	-	(132,016)
Signals	(7,488)	(237)	-	(7,725)	(237)	-	(7,962)
Vehicles	(3,197)	(197)	-	(3,394)	(197)	27	(3,564)
Equipment and other	(13,094)	(129)	-	(13,223)	(177)	-	(13,400)
Total accumulated depreciation	<u>(266,045)</u>	<u>(24,588)</u>	<u>1,984</u>	<u>(288,649)</u>	<u>(29,603)</u>	<u>2,011</u>	<u>(316,241)</u>
Total capital assets being depreciated—net	<u>599,253</u>	<u>14,705</u>	<u>-</u>	<u>613,958</u>	<u>297,617</u>	<u>-</u>	<u>911,575</u>
Capital assets—net	<u>754,089</u>	<u>71,558</u>	<u>(31,061)</u>	<u>794,586</u>	<u>554,760</u>	<u>(324,253)</u>	<u>1,025,093</u>
Right of use assets being amortized:							
Leased buildings and structures	3,413	-	-	3,413	-	-	3,413
Subscription-based IT arrangements	-	-	-	-	648	-	648
Total right of use assets being amortized	<u>3,413</u>	<u>-</u>	<u>-</u>	<u>3,413</u>	<u>648</u>	<u>-</u>	<u>4,061</u>
Less accumulated amortization: right-of-use assets							
Leased buildings and structures	(1,313)	(911)	-	(2,224)	(891)	-	(3,115)
Subscription-based IT arrangements	-	-	-	-	(32)	-	(32)
Total accumulated amortization	<u>(1,313)</u>	<u>(911)</u>	<u>-</u>	<u>(2,224)</u>	<u>(923)</u>	<u>-</u>	<u>(3,147)</u>
Right of use assets being amortized—net	<u>2,100</u>	<u>(911)</u>	<u>-</u>	<u>1,189</u>	<u>(275)</u>	<u>-</u>	<u>914</u>
Total capital assets, including right of use assets—net of depreciation and amortization	<u>\$ 756,189</u>	<u>\$ 70,647</u>	<u>\$ (31,061)</u>	<u>\$ 795,775</u>	<u>\$554,485</u>	<u>\$ (324,253)</u>	<u>\$ 1,026,007</u>

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6. EMPLOYEE BENEFITS

Pension Plan—SIRTOA participates in a defined benefit pension plan for their employees, the Metropolitan Transportation Authority Defined Benefit Plan (the “MTA Defined Benefit Plan”). A brief description of the pension plan follows:

Plan Description—The MTA Defined Benefit Pension Plan (the “MTA Plan” or the “Plan”) is a cost sharing, multiple-employer pension plan. The Plan covers certain MTA Long Island Rail Road nonrepresented employees hired after December 31, 1987, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 23, 1983, MTA Police, MTA Long Island Rail Road represented employees hired after December 31, 1987, certain MTA Metro-North Railroad represented employees, MTA Staten Island Railway represented and nonrepresented employees and certain employees of the MTA Bus Company. MTA Long Island Rail Road, MTA Metro-North Railroad, MTA, MTA Staten Island Railway (“SIRTOA”) and MTA Bus contribute to the MTA Plan, which offers distinct retirement, disability retirement, and death benefit programs for their covered employees and beneficiaries.

The MTA Defined Benefit Plan is administered by the Board of Managers of Pensions which is comprised of the Chairman of the MTA, MTA Chief Financial Officer, MTA Director of Labor Relations and the agency head of each participating Employer. The MTA Plan may be amended by the action of the MTA Board.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to MTA, Deputy Chief, Controller’s Office, 2 Broadway, New York, NY 10004.

Benefits Provided

Pension Benefits—Retirement benefits are paid from the Plan to covered SIRTOA employees as service retirement allowances or early retirement allowances. A participant is eligible for a service retirement allowance upon termination if the participant satisfied both age and service requirement. A participant is eligible for an early retirement allowance upon termination if the participant has attained age fifty-five and completed at least ten years of credited service. Terminated participants with five or more years of credited service who are eligible for a deferred vested benefit are not eligible to receive a service retirement allowance or early retirement allowance. Upon retirement, the member’s vested retirement benefit from the Plan will be calculated on the Final Average Salary (“FAS”), defined as the highest average compensation over any three consecutive years.

Death Benefits—In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after ten years of credited service for covered SIRTOA employees. The disability retirement allowance for represented covered SIRTOA employees is calculated based on the participant’s credited service and FAS but not less than $\frac{1}{3}$ of FAS. Death benefits are paid to the participant’s beneficiary in the event of the death of a covered SIRTOA employee after completion of one year of credited service. Moreover, an accidental death benefit is payable for the death of a participant who is a covered SIRTOA employee and dies as the result of an on-the-job accidental injury.

Death benefits are paid to the participant’s beneficiary in the event of the death of a covered SIRTOA employee after completion of one year of credited service. The death benefit payable is calculated based on a multiple of a participant’s salary based on years of credited service up to three years and is reduced beginning at age sixty-one. There is also a post-retirement death benefit which, in the 1st year of retirement, is equal to 50% of the pre-retirement death benefit amount, whichever is greater, 25% the 2nd year and 10% of the death benefit payable at age 60 for the 3rd and later years.

Retirement benefits establishment and changes for representative employees are collectively bargained and must be ratified by the respective union and the MTA Board. For nonrepresented employees, retirement benefits establishment and changes are presented to the MTA Board and must be accepted and approved by the MTA Board.

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Contributions and Funding Policy—SIRTOA’s contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the Plan are recognized in the period in which the contributions are due. SIRTOA employees contribute 3% of salary except for represented employees hired on or after June 1, 2010 who contribute 4%. For SIRTOA employees, contributions are not required after the completion of ten years of credited service.

The actual employer contributions for the years ended December 31, 2025 and 2024, were \$7,546 and \$7,447, respectively.

On January 17, 2023 and January 24, 2023, MTA prepaid the 2023 and 2024 projected Actuarially Determined Contributions (“ADCs”) for MTA-sponsored plans. The SIRTOA proportionate share of the prepayments for the MTA Defined Benefit Plan Additional Plan was \$16,510 of which \$7,915 and \$8,595 were amortized in 2024 and 2023, respectively.

Net Pension Liability—SIRTOA’s net pension liability reported at December 31, 2025 and 2024 were measured as of December 31, 2024 and December 31, 2023, respectively. The total pension liability for the Plan was determined as of the actuarial valuation dates of January 1, 2024 and 2023, respectively. The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by the Plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the Plan; and investments are reported at fair value.

Actuarial Assumptions—The total pension liabilities in actuarial valuation dates were determined using the following actuarial assumptions:

Valuation Date	January 1, 2024	January 1, 2023
Investment rate of return	6.5% per annum—net of investment expenses	6.5% per annum—net of investment expenses
Salary increases	Varies by years of employment, and employee group	Varies by years of employment, and employee group
Inflation	2.25%	2.25%
Cost-of-living adjustments	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.

Mortality—The actuarial assumptions used in the January 1, 2024 and January 1, 2023 valuations for the MTA plans are based on experience of all MTA members reflecting mortality improvements on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee.

Pre-retirement: Based on experience of all MTA-sponsored pension plan members from January 1, 2015–December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.

Post-retirement Healthy Lives: Assumption utilized 97% of RP-2000 Healthy Annuitant mortality table for males with Blue Collar adjustments and 100% of the rates from the RP-2000 Healthy Annuitant mortality table for females.

Post-retirement Disabled Lives: RP-2014 Disabled Annuitant mortality table for males and females.

Expected Rate of Return on Investments—The long-term expected rate of return on pension plan investments was 6.50% for both 2024 and 2023. The rate was determined using a building-block method in which best-estimate ranges of expected future real rates of return (“RROR”) (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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The target asset allocation of each of the funds and the expected RROR for each of the asset classes are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
US core fixed income	15.50 %	2.36 %
US treasury bonds	2.00	1.85
US inflation-indexed bonds	2.00	1.93
US high yield bonds	3.50	4.04
Private credit	8.00	6.48
US large cap equity	23.00	3.33
US small cap equity	4.50	6.82
Foreign developed equity	10.50	6.91
Emerging markets equity	3.00	9.29
Emerging markets small cap equity	1.00	9.62
Private real estate property—core	5.00	5.93
Private equity	8.00	10.37
Infrastructure-public	3.00	5.92
Commodities	3.00	3.38
Hedge funds—multistrategy	8.00	4.13
Assumed inflation—mean		2.30
Assumed inflation—standard deviation		1.46
Portfolio nominal mean return		7.77
Portfolio standard deviation		12.25
Long term expected rate of return selected by MTA		6.50

Discount Rate—The discount rate used to measure the total pension liability of the MTA Plan was 6.50% for both 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable and that the employer contributions will be made at the rate determined by the Plan’s actuary. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

SIRTOA’s Proportion of Net Pension Liability—The following table presents SIRTOA’s proportionate share of the net pension liability of the MTA Plan at the measurement date of December 31, 2024 and 2023 and the proportion percentage of the net pension liability of the Plan allocated to SIRTOA (amounts in thousands):

	December 31, 2024	December 31, 2023
SIRTOA’s proportion of the net pension liability	1.83 %	1.90 %
SIRTOA’s proportionate share of the net pension liability	\$ 28,638	\$ 32,749

SIRTOA’s proportion of the respective Plan’s net pension liability was based on actual required contributions of the participating employer for the fiscal year-end.

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Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate—

The following table presents SIRTOA's proportionate share of the net pension liability calculated using the discount rate for the MTA Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the actual discount rate used for each measurement date (in thousands):

	December 31, 2024			December 31, 2023		
	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Net pension liability	<u>\$ 48,749</u>	<u>\$ 28,638</u>	<u>\$ 12,091</u>	<u>\$ 52,411</u>	<u>\$ 32,749</u>	<u>\$ 16,246</u>

Pension Expense, Deferred Outflows of Resources and Deferred Inflow of Resources Related to

Pension—For the years ended December 31, 2025 and 2024, SIRTOA recognized pension expense of \$8,698 and \$9,472, respectively, related to the Plan.

For the years ended December 31, 2025 and 2024, SIRTOA reported deferred outflows of resources and deferred inflows of resources for the Plan as follows (in thousands):

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,102	\$ 6	\$ 3,640	\$ 70
Net difference between projected and actual earnings on pension plan investments	-	1,373	3,350	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	6,311	285	-
Changes in actuarial assumptions	4,979	-	6,994	-
Employer contribution to plan subsequent to the measurement date of net pension liability	<u>7,546</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 16,627</u>	<u>\$ 7,690</u>	<u>\$ 14,269</u>	<u>\$ 70</u>

The annual differences between the projected and actual earnings on investments are amortized over a 5-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience, changes in proportion and differences between employer contributions and proportionate share of contributions, and annual difference due to changes in actuarial assumptions are amortized over an 8.3-year close period beginning the year in which the deferred amount occurs.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at December 31, 2025 will be recognized as pension expense as follows (in thousands):

**Year Ending
December 31**

2026	\$ 2,113
2027	2,911
2028	(923)
2029	(871)
2030	(375)
Thereafter	<u>(1,464)</u>
Total	<u>\$ 1,391</u>

Section 401(k) Plan—SIRTOA’s employees may participate in the MTA’s deferred compensation plan established in accordance with Internal Revenue Code Section 401(k). The plan was established in 1988 and is currently available to all employees. All amounts of compensation deferred under the plan, and all income attributable to such compensation, are solely the property of the participants. Accordingly, no amounts are reflected in the accompanying financial statements for the 401(k) Plan. SIRTOA is not required to, and did not, make any contributions to the Plan in 2025 and 2024.

7. OTHER POSTEMPLOYMENT BENEFITS

SIRTOA participates in a defined benefit other postemployment benefits (“OPEB”) plan for its employees, the Metropolitan Transportation Authority Retiree Welfare Benefits Plan (“OPEB Plan”). A description of the Plan follows:

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

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

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

The separate annual financial statements of the OPEB Plan may be obtained by writing to MTA, Deputy Chief, Controller’s Office, 2 Broadway, New York, NY 10004.

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

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SIRTOA participates in the New York State Health Insurance Program (“NYSHIP”) and provides medical and prescription drug benefits, including Medicare Part B reimbursements, to many of its retirees. NYSHIP offers a Preferred Provider Organization (“PPO”) plan and several Health Maintenance Organization (“HMO”) plans. Represented employees who retired as of March 1, 2010, June 1, 2010 or January 1, 2013, depending on the union, do not participate in NYSHIP. These benefits are provided either through a self-insured health plan, a fully insured health plan or an HMO.

The NYSHIP financial report can be obtained by writing to NYS Department of Civil Service, Employee Benefits Division, Alfred E. Smith Office Building, 805 Swan Street, Albany, NY 12239.

OPEB Plan Eligibility—To qualify for benefits under the OPEB Plan, a former employee of SIRTOA must:

- (a) have retired;
- (b) be receiving a pension;
- (c) have at least 10 years of credited service as a member of the MTA Defined Benefit Plan; and
- (d) have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members). A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

Surviving Spouse and Other Dependents

- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of retired managers and certain non-represented retired employees.
- Represented retired employees must follow the guidelines of their collective bargaining agreements regarding continued health coverage for a surviving spouse or domestic partner and surviving dependents. The surviving spouse coverage continues until spouse is eligible for Medicare for represented employees of MTA Staten Island Railway, retiring on or after:
 - March 2015 for Transportation Communication Union; and
 - December 16, 2015 for United Transportation Union and American Train Dispatchers Association.

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

Contributions—SIRTOA is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the “pay-as-you-go” (“PAYGO”) amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years ended December 31, 2025 and 2024, SIRTOA paid \$3,625 and \$4,457 of PAYGO to the OPEB Plan, respectively. The PAYGO amounts included an implicit rate subsidy adjustment of \$0 for both the years ended December 31, 2025 and 2024.

The discount rate estimates investment earnings for assets earmarked to cover retiree health benefits. Under GASB 75, the discount rate depends on the nature of underlying assets for funded plans. Since the amount of benefits paid in 2024 and 2023 exceeded the current market value of the assets, a depletion date is assumed to occur immediately. Therefore, the discount rate is set equal to the municipal bond index. The MTA elected the Bond Buyer 20-Bond General Obligation Index. As a result, the discount rates as of December 31, 2024 and 2023, the measurement dates, are 4.08% and 3.26%, respectively.

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Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore are partially subsidized by the active employees. As shown in the following table, for the years ended December 31, 2024 and 2023, the employer made a cash payment for retiree healthcare of \$0 for both years, as part of the employer's payment for active-employee healthcare benefits. For purposes of GASB 75, this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees' underlying age-adjusted, retiree benefit costs (in thousands).

	2024 Retirees	2023 Retirees
Blended and Age-adjusted Premium		
Total blended premiums	\$ 4,457	\$ 3,346
Employment payment for retiree healthcare	-	-
Net payments	<u>\$ 4,457</u>	<u>\$ 3,346</u>

Net OPEB Liability—SIRTOA's proportionate share of the OPEB Plan's net OPEB liability reported at December 31, 2025 and 2024 was measured as of the OPEB Plan's fiscal year-end of December 31, 2024 and 2023, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2023, and rolled forward to December 31, 2024. The total OPEB liability used to calculate the net OPEB liability as of December 31, 2023 was determined by an actuarial valuation date of July 1, 2023, and rolled forward to December 31, 2023. SIRTOA's proportion of the net OPEB liability was based on a projection of SIRTOA's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. The following table presents the SIRTOA's proportionate share of the net OPEB liability and corresponding proportion percentage at the measurement date (in thousands):

	December 31, 2024	December 31, 2023
SIRTOA's proportion of the net OPEB liability	0.472 %	0.379 %
SIRTOA's proportionate share of the net OPEB liability	\$ 91,009	\$ 76,443

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 OPEB Plan. Investments are reported at fair value based on quoted market prices or net asset value.

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

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

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The total OPEB liability was determined by actuarial valuations performed on July 1, 2023. Update procedures were used to roll forward the total OPEB liability to December 31, 2024 and 2023, the measurement dates, respectively. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

	2024	2023
Valuation date	July 1, 2023	July 1, 2023
Measurement date	December 31, 2024	December 31, 2023
Discount rate	4.08%	3.26%
Inflation	2.30%	2.31%
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.25%
Salary increases	Varies by years of service and differs for members of the various Pension Plans	Varies by years of service and differs for members of the various Pension Plans
Investment rate of return	4.25%	4.25%

Salary Scale—Non-represented employee salaries are assumed to increase in accordance with the following schedule for the measurement date December 31, 2024:

Years of Service	Rate of Increase
0–1	8.00%
2	7.00%
3	6.50%
4	5.50%
5	5.00%
6	4.90%
7	4.80%
8	4.70%
9	4.60%
10	4.50%
11	4.25%
12	4.00%
13	3.75%
14	3.50%
15+	3.25%

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Represented employee salaries are assumed to increase in accordance with the following schedule for the measurement date December 31, 2024:

Years of Service	Rate of Increase
0–1	12.50%
2	11.50%
3–4	10.00%
5	6.00%
6	4.25%
7	4.00%
8	3.75%
9	3.50%
10+	3.25%

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

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Healthcare Cost Trend Rates—The following lists illustrative rates for the NYSHIP and self-insured trend assumptions for the measurement date December 31, 2024:

Trend from Year Ending	NYSHIP		Self-Insured	
	< 65	>=65	< 65	>=65
2023	9.5 %	22.9 %	6.6 %	19.8 %
2024	0.8	0.9	3.6	3.7
2025	6.3	6.6	5.4	5.0
2026	5.7	6.0	5.3	5.1
2027	5.2	5.4	5.1	5.1
2028	5.1	5.3	5.0	5.0
2029	4.9	5.1	4.8	4.9
2030	4.8	4.9	4.7	4.7
2031	4.6	4.7	4.6	4.6
2032	4.5	4.5	4.5	4.5
2033	4.3	4.3	4.3	4.3
2034–2039	4.1	4.1	4.1	4.1
2040–2048	4.1	4.1	4.1	4.1
2049	4.1	4.2	4.1	4.2
2050	4.1	4.2	4.1	4.2
2051–2064	4.2	4.2	4.2	4.2
2065–2066	4.1	4.1	4.1	4.1
2067–2068	4.0	4.0	4.0	4.0
2069	3.9	3.9	3.9	3.9
2070	3.9	3.9	3.9	3.9
2071	3.8	3.8	3.8	3.8
2072–2073	3.8	3.8	3.8	3.8
2074–2079	3.7	3.7	3.7	3.7
2080–2089	3.7	3.7	3.7	3.7
2090+	3.7	3.7	3.7	3.7

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date is based on the ultimate rates, which are 3.7% for NYSHIP costs and 3.7% for self-insured medical and pharmacy costs.

Mortality—All mortality rates (except accidental death for active police members) are projected on a generational basis using the SOA Improvement Scale MP-2021. As generational tables, they reflect mortality improvement both before and after the measurement date. The post-retirement mortality assumption is based on an experience analysis covering the period from January 1, 2015 to December 31, 2020 for the MTA-sponsored pension plans. The mortality rates vary by employee type.

For the Authority, the mortality rates are based on the Pri.H-2012(BC) Mortality Table, headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 97%.

DRAFT

Expected Rate of Return on Investments—The best-estimate range for the long-term expected rate of return was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions as of December 31, 2024 are as follows:

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
US cash	BAML 3-Mon Tbill	1.50%	0.94%
US short	Bloomberg US Govt/Credit	98.50%	1.98%
Assumed inflation-mean			2.30%
Assumed inflation-standard deviation			1.46%
Portfolio nominal mean return			4.27%
Portfolio standard deviation			2.68%
Long-term expected rate of return selected by MTA			4.25%

Discount Rate—The OPEB 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 OPEB 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 OPEB 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, 2024 and 2023 of 4.08% and 3.26%, respectively.

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

	December 31, 2024			December 31, 2023		
	1% Decrease (3.08%)	Discount Rate (4.08%)	1% Increase (5.08%)	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Proportionate share of the net OPEB liability	<u>\$ 105,318</u>	<u>\$ 91,009</u>	<u>\$ 81,643</u>	<u>\$ 87,751</u>	<u>\$ 76,443</u>	<u>\$ 67,503</u>

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

	December 31, 2024			December 31, 2023		
	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
Proportionate share of the net OPEB liability	<u>\$ 78,705</u>	<u>\$ 91,009</u>	<u>\$ 109,507</u>	<u>\$ 65,606</u>	<u>\$ 76,443</u>	<u>\$ 90,556</u>

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

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OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—
For the years ended December 31, 2025 and 2024, SIRTOA recognized OPEB expense of \$7,476 and \$5,407, respectively, which represents its proportionate share of the Plan's OPEB expense.

The annual differences between the projected and actual earnings on investments are amortized over a 5 year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience, changes in assumptions and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over a 7.6-year close period, beginning the year in which the deferred amount occurs.

At December 31, 2025 and 2024, SIRTOA reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows (in thousands):

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,209	\$ 10,740	\$ 1,073	\$ 10,138
Differences in actuarial assumptions	7,935	19,092	8,179	12,628
Net difference between projected and actual earnings	-	43	22	-
Changes in proportion and differences in employer contributions	28,640	9,177	12,816	12,140
Employer contributions to the plan subsequent to the measurement	<u>3,625</u>	<u>-</u>	<u>4,457</u>	<u>-</u>
Total	<u>\$ 41,409</u>	<u>\$ 39,052</u>	<u>\$ 26,547</u>	<u>\$ 34,906</u>

For the years ended December 31, 2025 and 2024, \$3,625 and \$4,457, respectively, were reported as deferred outflows of resources related to OPEB resulting from SIRTOA's contributions subsequent to the measurement date. The amount of \$3,625 will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2025 will be recognized in OPEB expense as follows (in thousands):

**Year Ending
December 31**

2026	\$ (1,136)
2027	(1,377)
2028	221
2029	(937)
2030	(567)
Thereafter	<u>2,528</u>
Total	<u>\$ (1,268)</u>

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8. LEASES

SIRTOA entered into various lease agreements that convey control of the right to use other entities' nonfinancial assets. Lease receivables and lease liabilities are measured at the present value of payments expected to be received during the lease term, using SIRTOA's incremental borrowing rate at the time of valuation ranging from 2.41% to 2.56% if an applicable stated or implicit rate is not available. The lease liability was reduced as payments were made, and an outflow of resources for interest on the liability was recognized. The lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

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

As Lessor—SIRTOA leases its right of way to other entities. These leases have terms between 1 year to 9 years, with payments required monthly, quarterly, semi-annually, or annually. As of December 31, 2025, the remaining lease terms are between 1 and 5 years.

In addition, SIRTOA also receives payments for variable leases and operating expenses associated with spaces that are not included in the measurement of lease receivable.

The total amount of inflows of resources recognized for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Lease revenue	\$ 19	\$ 24
Interest revenue	2	2
Other variable revenue	-	-

The balance of lease receivables as of December 31, 2025 and 2024 are as follows (in thousands):

	2025	2024
Lease receivables—current*	\$ 19	\$ 19
Lease receivables—noncurrent	<u>49</u>	<u>69</u>
Total lease receivables	<u>\$ 68</u>	<u>\$ 88</u>

*Lease receivables—current is included in prepaid expense, and other current assets in the Statements of Net Position.

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A summary of activity in lease receivable for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 88	\$ 108
Additions/remeasurements	(22)	3
Receipts/interest	<u>2</u>	<u>(23)</u>
Balance—end of year	68	88
Less current portion	<u>(19)</u>	<u>(19)</u>
Lease receivable noncurrent	<u>\$ 49</u>	<u>\$ 69</u>

SIRTOA recognized \$0 revenue associated with residual value guarantees and termination penalties for each of the years ended December 31, 2025 and 2024.

The principal and interest requirements to maturity for the lease receivable subsequent to December 31, 2025, are as follows (in thousands):

Year Ending December 31	Principal	Interest	Total
2026	\$ 19	\$ 2	\$ 21
2027	20	1	21
2028	15	1	16
2029	<u>14</u>	<u>-</u>	<u>14</u>
Total	<u>\$ 68</u>	<u>\$ 4</u>	<u>\$ 72</u>

As Lessee—SIRTOA leases include building, office space, and snow removal equipment from other entities. These leases have terms of 3 years, with payments required monthly, quarterly or annually. As of December 31, 2025 the remaining lease terms are between 1 year to 2 years.

The amount of lease expenses recognized for variable payment not included in the measurement of lease liability were \$0 and \$33 for the years ended December 31, 2025 and 2024, respectively. SIRTOA recognized \$0 expense attributable to residual value guarantees and termination penalties for each of the years ended December 31, 2025 and 2024.

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A summary of activity in lease liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 924	\$ 1,650
Additions/remmeasurements	-	-
Payments/interest	<u>(735)</u>	<u>(726)</u>
Balance—end of year	189	924
Less current portion	<u>(189)</u>	<u>(735)</u>
Lease liability noncurrent	<u>\$ -</u>	<u>\$ 189</u>

The principal and interest requirements to maturity for the lease liability subsequent to December 31, 2025, are as follows (in thousands):

Year Ending December 31	Principal	Interest	Total
2026	<u>\$ 189</u>	<u>\$ 1</u>	<u>\$ 190</u>
Total	<u>\$ 189</u>	<u>\$ 1</u>	<u>\$ 190</u>

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

SIRTOA entered into various SBITA that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time. A right-to-use intangible subscription asset is set up with a corresponding subscription liability measured at the present value of payments during the subscription term, using SIRTOA's incremental borrowing rate at the time of valuation ranging from 4.15% to 4.36% if an applicable stated or implicit rate is not available.

The initial measurement of MTA SIRTOA subscription asset and lease liability was as of January 1, 2025. The subscription liability was reduced as payments were made, and an outflow of resources for interest on the liability was recognized. The subscription asset is amortized on a straight-line basis over the subscription term.

SIRTOA's SBITA include software licenses, cloud data storage, hosting applications, security platforms and others. These subscriptions have terms between 1 year to 5 years, with payments required monthly, quarterly, or annually. As of December 31, 2025, the remaining subscriptions terms are between 1 year to 5 years. The amount of subscription expense recognized for variable payments not included in the measurement of lease liability was \$0 for the year ended December 31, 2025. SIRTOA recognized \$0 expense attributable to termination penalties and impairment for year ended December 31, 2025.

DRAFT

A summary of activity in SBITA liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ -	\$ -
Additions/remeasurements	648	-
Payments/interest	<u>(648)</u>	<u>-</u>
Balance—end of year	-	-
Less current portion	<u>-</u>	<u>-</u>
Lease liability noncurrent	<u>\$ -</u>	<u>\$ -</u>

There is no principal and interest requirements to maturity for the SBITA liabilities subsequent to December 31, 2025.

10. COMPENSATED ABSENCES

SIRTOA provides employee benefits for vacation, compensatory time, sick, and other leave days. Certain leave that has not been used are recorded as compensated absences liabilities if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Short-term liability is recorded based on average usage or applicable leave expiration, while long-term liability is recorded for leave that accumulates and is carried forward to a future reporting period during which it may be used for time off or otherwise paid or settled at separation of service, or according to timing as provided for in the policy or collective bargaining agreement.

A summary of activity indicated as net increase or decrease in compensated absences liability for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	2025	2024
Balance—beginning of year	\$ 5,132	\$ 4,732
Net adjustment	<u>69</u>	<u>400</u>
Balance—end of year	5,201	5,132
Less current portion	<u>(2,604)</u>	<u>(2,809)</u>
Compensated absences liability noncurrent	<u>\$ 2,597</u>	<u>\$ 2,323</u>

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11. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

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

A summary of activity in estimated liability, as computed by actuaries, arising from injuries to persons, including employees, and damage to third-party property, for the years ended December 31, 2025 and 2024, is as follows (in thousands):

	2025	2024
Balance—beginning of year	\$ 27,533	\$ 20,308
Activity during the year:		
Current year claims and changes in estimates	2,035	7,660
Claims paid	<u>(998)</u>	<u>(435)</u>
Balance—end of year	28,570	27,533
Less current portion	<u>(7,468)</u>	<u>(6,922)</u>
Estimated liability arising from injuries to person non-current	<u>\$ 21,102</u>	<u>\$ 20,611</u>

12. RELATED PARTY TRANSACTIONS

SIRTOA receives support services from the MTA in the areas of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, most of which are charged back to SIRTOA through intercompany billings. The MTA also provides funding for SIRTOA's capital investments via MTA debt issuance and federal capital grant pass-throughs. SIRTOA recognizes funds contributed for the purchase of capital assets as contributed capital in the statements of revenues, expenses, and changes in net position. The MTA also provides short-term loans, as required, to supplement SIRTOA's working capital needs.

SIRTOA has intercompany transactions with NYCTA related to farecard settlements, service agreements, shared operating contracts and other operating receivables and payables. State and City tax—supported subsidies received by SIRTOA from NYCTA to support operations are recorded as nonoperating revenues.

The resulting receivables and payables from the above transactions are recorded in Due to/from MTA, MTA capital program funds receivable, and Due to/from NYCTA, included in the accompanying statements of net position. Related party transactions consisted of the following at December 31, 2025 and 2024 (in thousands):

	2025		2024	
	Receivable	(Payable)	Receivable	(Payable)
Due from/(to) MTA	\$ 9	\$ (49,976)	\$ 10	\$ (28,638)
MTA capital program funds receivable	1,218	-	598	-
Due from/(to) NYCTA	<u>3,290</u>	<u>(15,195)</u>	<u>3,323</u>	<u>(12,797)</u>
Total MTA and NYCTA	<u>\$ 4,517</u>	<u>\$ (65,171)</u>	<u>\$ 3,931</u>	<u>\$ (41,435)</u>

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13. POLLUTION REMEDIATION PROJECTS

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* an operating expense provision and corresponding liability measured at its current value using the expected cash flow method is recognized when an obligatory event occurs (see Note 2 to financial statements). Pollution remediation obligations are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. SIRTOA does not expect any recoveries of cost that would have a material effect on the recorded obligations.

A summary of the activity in pollution remediation liability at December 31, 2025 and 2024, were as follows (in thousands):

	2025	2024
Balance—beginning of year	\$ 1,660	\$ 1,537
Activity during the year:		
Change in estimates	(471)	127
Payments	<u>(16)</u>	<u>(4)</u>
Balance—end of year	1,173	1,660
Less current portion	<u>(971)</u>	<u>(300)</u>
Pollution remediation liability non-current	<u>\$ 202</u>	<u>\$ 1,360</u>

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

14. CONTINGENCIES

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

15. CERTAIN RISK DISCLOSURES

Operating and Capital Program Funding Risks - SIRTOA performs a public service of providing essential passenger transportation within New York City. Substantial deficits result from providing these services and SIRTOA expects that such deficits will continue in the foreseeable future. Funding for SIRTOA's operations and capital needs is provided by New York City and MTA, which obtains the required funds from state subsidies, and federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to SIRTOA on a discretionary basis. The continuance of SIRTOA's operations has been, and will continue to be, dependent upon the receipt of adequate funds from MTA and New York City to subsidize operating deficits.

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Concentration of Workforce Covered by Collective Bargaining Agreement and Continuation of the Negotiation of Affordable Labor Contracts - The transportation services provided by SIRTOA, as well as related maintenance and support services, are labor intensive. A substantial portion of SIRTOA employees are represented by labor unions. Consequently, a major portion of SIRTOA's expenses consists of the costs of salaries, wages and fringe benefits for employees and retirees, and achieving affordable wage settlements impacts SIRTOA's financial position. SIRTOA is committed to negotiating affordable collective bargaining agreements with its unions. Failure to reach agreements with labor unions, or failure to negotiate affordable labor contracts could have a significant adverse impact on the budgets of SIRTOA.

16. SUBSEQUENT EVENTS

As of _____, 2026, there were no materially significant subsequent events.

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REQUIRED SUPPLEMENTARY INFORMATION

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SIRTOA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IN THE
MTA DEFINED BENEFIT PENSION PLAN AT DECEMBER 31
(Amounts in thousands)

Plan Measurement Date (December 31)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
SIRTOA's proportion of the net pension liability	1.83%	1.90 %	1.93 %	2.00 %	2.05 %	2.07 %	2.09 %	2.12 %	2.19 %	2.15 %
SIRTOA's proportionate share of the net pension liability	\$ 28,638	\$ 32,749	\$ 48,431	\$ 33,493	\$ 39,714	\$ 35,738	\$ 29,304	\$ 20,029	\$ 22,778	\$ 27,605
SIRTOA's actual covered-employee payroll	\$ 31,456	\$ 37,665	\$ 26,539	\$ 24,609	\$ 25,210	\$ 24,730	\$ 24,343	\$ 23,461	\$ 28,235	\$ 19,779
SIRTOA's proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	91.04 %	86.95 %	182.49 %	136.10 %	157.53 %	144.51 %	120.38 %	85.37 %	80.67 %	139.57 %
Plan fiduciary net position as a percentage of the total pension liability	82.01 %	79.17 %	68.14 %	77.45 %	72.13 %	73.48 %	73.33 %	79.87 %	71.82 %	70.44 %

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SIRTOA'S CONTRIBUTIONS TO THE MTA DEFINED BENEFIT PENSION
PLAN FOR THE YEARS ENDED DECEMBER 31
(Amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 7,546	\$ 7,447	\$ 7,915	\$ 7,802	\$ 7,887	\$ 8,055	\$ 7,244	\$ 6,930	\$ 6,719	\$ 6,360
Actual employer contribution	<u>7,546</u>	<u>-</u>	<u>16,510</u>	<u>7,802</u>	<u>7,887</u>	<u>8,055</u>	<u>7,244</u>	<u>7,876</u>	<u>6,132</u>	<u>5,885</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 7,447</u>	<u>\$ (8,595)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (946)</u>	<u>\$ 587</u>	<u>\$ 475</u>
Covered payroll	<u>\$ 34,472</u>	<u>\$ 31,456</u>	<u>\$ 37,665</u>	<u>\$ 26,539</u>	<u>\$ 24,609</u>	<u>\$ 25,210</u>	<u>\$ 24,730</u>	<u>\$ 24,343</u>	<u>\$ 23,461</u>	<u>\$ 28,235</u>
Contribution as a % of covered payroll	<u>21.89 %</u>	<u>- %</u>	<u>43.83 %</u>	<u>29.40 %</u>	<u>32.05 %</u>	<u>31.95 %</u>	<u>29.29 %</u>	<u>32.36 %</u>	<u>26.14 %</u>	<u>20.84 %</u>

Notes to Schedule of SIRTOA's Contributions to Pension Plan:

Significant methods and assumptions used in calculating the actuarially determined contributions of an employer's proportionate share in a Cost Sharing, Multiple-Employer pension plan, the MTA Defined Benefit Plan, are presented as notes to the schedule.

Changes of Benefit Terms

There were no changes of benefit terms in the January 1, 2024 funding valuation.

Changes of Assumptions

There were no changes of benefit assumptions in the January 1, 2024 funding valuation.

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SIRTTOA'S PROPORTIONATE SHARE OF THE NET OPEB
LIABILITY IN THE MTA OPEB PLAN AT DECEMBER 31
(In thousands)

Plan Measurement Date (December 31)	2024	2023	2022	2021	2020	2019	2018	2017
SIRTTOA's proportion of the net OPEB liability								
SIRTTOA's proportionate share of the net OPEB liability	\$ 91,009	\$ 76,443	\$ 79,504	\$ 90,274	\$ 79,821	\$ 68,705	\$ 79,906	\$ 69,429
SIRTTOA's covered payroll	\$ 31,456	\$ 37,665	\$ 26,539	\$ 24,609	\$ 25,210	\$ 24,730	\$ 24,343	\$ 20,061
SIRTTOA's proportionate share of the net OPEB liability as a percentage of its covered payroll	289.32 %	202.95 %	299.57 %	366.83 %	316.62 %	277.82 %	328.25 %	346.09 %
Plan fiduciary net position as a percentage of the total OPEB liability	6.82 %	6.36 %	0.05 %	0.0%	0.0%	1.93 %	1.76 %	1.79 %

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

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
((Component Unit of the Metropolitan Transportation Authority))

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SIRTOA'S CONTRIBUTIONS TO THE OPEB PLAN AND NOTES TO SCHEDULE OF SIRTOA'S CONTRIBUTION TO THE OPEB PLAN FOR THE YEARS ENDED DECEMBER 31
(Amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Actual employer contribution ⁽¹⁾	<u>3,625</u>	<u>\$ 4,457</u>	<u>\$ 3,346</u>	<u>\$ 2,999</u>	<u>\$ 2,868</u>	<u>\$ 1,720</u>	<u>\$ 2,492</u>	<u>\$ 2,820</u>	<u>\$ 2,226</u>
Contribution deficiency (excess)	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Covered payroll	\$ 34,472	\$ 31,456	\$ 37,665	\$ 26,539	\$ 24,610	\$ 25,210	\$ 24,730	\$ 24,343	\$ 20,061
Actual contribution as a percentage of covered payroll	10.52 %	14.17 %	8.88 %	11.30 %	11.65 %	6.82 %	10.08 %	11.58 %	11.10 %

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of \$0, \$0, \$0, \$0, \$146, \$250 \$283, and 287, for the years ended December 31, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017, respectively.

Notes to Schedule of SIRTQA's Contribution to the OPEB Plan:

Methods and Assumptions Used to Determine Contribution Rates:

Measurement date	December 31, 2024	December 31, 2023
Discount rate	4.08%	3.26%
Inflation	2.30%	2.31%
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	4.25%	4.25%

Changes of Benefit Terms: In the July 1, 2023 valuation, there were no changes to the benefit terms.

Changes of Assumptions: In the July 1, 2023 actuarial valuation, there were updates in healthcare trend assumptions, demographics, and economic assumptions.

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

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First Mutual Transportation Assurance Company

(Component Unit of the Metropolitan
Transportation Authority)

Financial Statements as of and for the
Years Ended December 31, 2025 and 2024,
and Independent Auditor's Report

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

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-8
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024:	
Statements of Net Position	9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows	11
Notes to Financial Statements	12-24

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

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands, except as noted)

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction—The following is a narrative overview and analysis of the financial activities of the First Mutual Transportation Assurance Company (the “Company” or “FMTAC”) as of and for the years ended December 31, 2025 and 2024. This discussion and analysis are intended to serve as an introduction to the Company’s financial statements which have the following components: (1) Management’s Discussion and Analysis (“MD&A”), (2) Financial Statements and (3) Notes to the Financial Statements.

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

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

The Statements of Revenues, Expenses and Changes in Net Position show how the Company’s net position changed during each year and accounts for all of the revenues and expenses, measures the success of the Company’s operations from an accounting perspective over the past year, and can be used to determine how the Company has funded its costs.

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

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

FINANCIAL REPORTING ENTITY

On December 5, 1997, the Metropolitan Transportation Authority (“MTA”) began its operation of its newly incorporated captive insurance company, FMTAC. FMTAC was created by the MTA to engage in the business of acting as a pure captive insurance company under Section 7005, Article 70 of the Insurance Law and Section 1266 Subdivision 5 of the Public Authorities Law of the State of New York.

FMTAC's mission is to continue, develop, and improve the insurance and risk management needs as required by the MTA. The MTA is a component unit of the State of New York.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in the Company's financial position as of December 31, 2025 and 2024. Additionally, examinations of major economic factors that have contributed to these changes are provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are extracted from the Company's financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America.

(In thousands)	As of December 31,			Increase/(Decrease)	
	2025	2024	2023	2025-2024	2024-2023
ASSETS:					
Current assets	\$ 291,626	\$ 448,075	\$ 360,091	\$ (156,449)	\$ 87,984
Noncurrent assets	<u>947,456</u>	<u>827,268</u>	<u>857,470</u>	<u>120,188</u>	<u>(30,202)</u>
Total assets	<u>\$1,239,082</u>	<u>\$1,275,343</u>	<u>\$1,217,561</u>	<u>\$ (36,261)</u>	<u>\$ 57,782</u>

Significant Changes in Assets

December 31, 2025 versus December 31, 2024

Total assets decreased by \$36,261 or 2.8%, from December 31, 2024 to December 31, 2025. The fluctuation in the total assets of FMTAC was the result of decreases in premium receivables and reinsurance recoverable which was partially offset by increases in cash and cash equivalents and investments. Cash and cash equivalents increased due to timing of receipts. The increase in investments was due to market fluctuations along with reinvestment of interest and dividend income received during the year. Premium receivable decreased due to timing of the collection of OCIP premiums receipts and reinsurance recoverable decreased due to the receipt of recoverable balances due to the Company, from the reinsurance carriers.

December 31, 2024 versus December 31, 2023

Total assets increased by \$57,782 or 4.7%, from December 31, 2023 to December 31, 2024. The fluctuation in the total assets of FMTAC was the result of increases in cash and cash equivalents and investments, which was partially offset by decreases in premium receivables and reinsurance recoverable. Cash and cash equivalents increased due to timing of receipts. The increase in investments was due to market fluctuations. Premium receivable decreased due to timing of the collection of excess loss fund ("ELF") premiums receipts and reinsurance recoverable decreased due to the receipt of recoverable balances due to the Company, from the reinsurance carriers.

(In thousands)	As of December 31,			Increase/(Decrease)	
	2025	2024	2023	2025-2024	2024-2023
Liabilities and restricted net position:					
Current liabilities	\$ 347,656	\$ 467,663	\$ 340,460	\$ (120,007)	\$127,203
Noncurrent liabilities	<u>660,248</u>	<u>615,677</u>	<u>602,337</u>	<u>44,571</u>	<u>13,340</u>
Total liabilities	1,007,904	1,083,340	942,797	(75,436)	140,543
Restricted net position	<u>231,178</u>	<u>192,003</u>	<u>274,764</u>	<u>39,175</u>	<u>(82,761)</u>
Total liabilities and net position	<u>\$1,239,082</u>	<u>\$1,275,343</u>	<u>\$1,217,561</u>	<u>\$ (36,261)</u>	<u>\$ 57,782</u>

Significant Changes in Liabilities

December 31, 2025 versus December 31, 2024

Total liabilities from December 31, 2024 to December 31, 2025 decreased by \$75,436 or 7.0%. The decrease in liabilities is due to a decrease in unearned premiums and losses payable, which was partially offset by an increase in loss and loss adjustment expense reserves. The decrease in unearned premiums was primarily due to the earning of the OCIP premium with no new OCIP premiums written in 2025 and the increase in loss and loss adjustment expense reserves was primarily due to increase in reserves on the ELF program.

December 31, 2024 versus December 31, 2023

Total liabilities from December 31, 2023 to December 31, 2024 increased by \$140,543 or 14.9%. The increase in liabilities is due to an increase in unearned premiums and loss and loss adjustment expense reserves, which was partially offset by a decrease in ceded premiums payable. The increase in unearned premiums was primarily due to additional premium written for OCIP and to the increase in loss and loss adjustment expense reserves was primarily due to increase in reserves on the ELF program. The decrease in ceded premiums payable was due to installments paid on multi-year property program.

Significant Changes in Net Position

December 31, 2025 versus December 31, 2024

In 2025, the restricted net position increase of \$39,175 is comprised of operating revenues of \$177,358 plus non-operating revenue of \$71,368 less operating expenses of \$209,551.

December 31, 2024 versus December 31, 2023

In 2024, the restricted net position decrease of \$82,761 is comprised of operating revenues of \$141,208 plus non-operating revenue of \$29,871 less operating expenses of \$253,840.

Condensed Statements of Revenues, Expenses and Changes in Net Position

(In thousands)	2025	2024	2023	Increase/(Decrease)	
				2025–2024	2024–2023
Operating revenues	\$177,358	\$141,208	\$112,996	\$ 36,150	\$ 28,212
Operating expenses	<u>209,551</u>	<u>253,840</u>	<u>78,823</u>	<u>(44,289)</u>	<u>175,017</u>
Operating (loss) income	(32,193)	(112,632)	34,173	80,439	(146,805)
Non-operating income (loss)	<u>71,368</u>	<u>29,871</u>	<u>47,962</u>	<u>41,497</u>	<u>(18,091)</u>
Change in net position	39,175	(82,761)	82,135	121,936	(164,896)
Restricted net position— Beginning of year	<u>192,003</u>	<u>274,764</u>	<u>192,629</u>	<u>(82,761)</u>	<u>82,135</u>
Restricted net position— End of year	<u>\$231,178</u>	<u>\$192,003</u>	<u>\$274,764</u>	<u>\$ 39,175</u>	<u>\$ (82,761)</u>

Operating Revenues—Operating revenues between 2024 and 2025 increased by \$36,150 or 25.6%. The increase is primarily due to an increase in earned premium for the ELF, Non-Revenue, and OCIP casualty programs. Earned premium for OCIP casualty programs are based on completion of the project construction.

Operating revenues between 2023 and 2024 increased by \$28,212 or 25.0%. The increase is primarily due to an increase in earned premium for the ELF and OCIP casualty programs. Earned premium for OCIP casualty programs are based on completion of the project construction.

Operating Expenses—Operating expenses between 2024 and 2025 decreased by 17.4%, or \$44,289. The decrease was primarily due to a decrease in losses incurred related to the ELF program as compared to 2024.

Operating expenses between 2023 and 2024 increased substantially by 222.0%, or \$175,017. The increase was primarily due to an increase in losses incurred related to the ELF program.

Non-Operating Income—Non-operating income between 2024 and 2025 increased by 138.9%, or \$41,497. This is a result of an increase in interest and realized gain income along with unrealized gains on investments held by FMTAC.

Non-operating income between 2023 and 2024 decreased by 37.7%, or \$18,091. This is a result of an increase in interest and realized gain income, which was partially offset by unrealized losses on investments held by FMTAC.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Results of Operations—Operating as a pure captive insurance company domiciled in the State of New York requires that all business plans and changes to said plans be reviewed and approved by the New York Insurance Department. As of December 31, 2025 and 2024, all programs administered by FMTAC have been reviewed and approved.

As of December 31, 2025 and 2024, FMTAC received its annual loss reserve certification. The actuary determined that reserves recorded by FMTAC were adequate and no adjustments were deemed necessary.

U.S. Insurance Market—The United States Property/Casualty industry recorded a \$60.9 billion net underwriting gain in 2025, almost tripling the \$22.1 billion gain posted in the previous year, according to a new AM Best report, as 6.0% growth in net earned premiums while incurred losses and loss adjustment expenses declined, due in part to muted catastrophe losses during 2025. Based on data from companies whose 2025 annual statutory statements were received as of March 9, 2026, the industry's combined ratio improved by 3.0 percentage points to 92.2%, with an estimated catastrophe loss impact of 7.6 points on the 2025 combined ratio, down from an estimated 8.8 points in 2024. With earned net investment income increasing 9.0% from the prior-year period, driving a pre-tax operating income increase of 43.0% to \$153.1 billion. A 72.0% reduction in net realized capital gains (driven primarily by a combined \$60.0 billion decline at three Berkshire Hathaway companies) in 2025 contributed to the industry's net income declining nearly 10% from the prior year to \$150.9 billion.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

MTA Long Island Rail Road— On October 8, 2016, work being performed on the LIRR track in the vicinity of **New Hyde Park Station** resulted in a train derailment. Numerous passengers and several employees were injured. There has been a total of 72 claims related to this accident 57 passenger injuries, 8 employee injuries and the remaining are property damage claims. The derailment caused damage to three passenger cars, the track area and the track equipment involved. To date, 33 lawsuits have been filed against LIRR, of which 29 have been resolved. MTA LIRR has paid out the entire \$11 million FMTAC Force Account retention limit in expenses and settlements and \$11 million has impacted the ELF program. The current outstanding reserves are \$7.9 million and there are 4 open lawsuits.

MTA Long Island Rail Road—On January 4, 2017, an LIRR Far Rockaway Line train struck a bumper block at the **Atlantic Terminal–Brooklyn Station**, resulting in 173 injury claims, including 11 employee FELA claims. All claims have now been resolved and paid except for one. LIRR has paid out the entire \$11 million and \$19.7 million has impacted the ELF program. The court must sign the Infant Compromise Order for the one remaining claim before the settlement payment can be issued. The current outstanding reserve is \$200 thousand.

NYCTA Bicycle Case— On April 10, 2016, at approximately 3pm, the 23-years old Robert Liciaga, rode his bicycle through a cordoned-off constructions site beneath an elevated subway line and was struck by a rotted cross tie which was dropped into a designated "drop zone." Plaintiff sustained severe and permanent injuries and is confined to a long-term facility. A Kings County Supreme Court jury found MTA NYCT 100% liable and awarded Plaintiff \$110 million. The trial judge reduced the pain and suffering award after post-trial motions were made thereby reducing the total award to \$69 million. Settlement was reached for \$65 million. FMTAC has contributed \$31 million toward the settlement.

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

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

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

STATEMENTS OF NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (In thousands)

	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 3)	\$ 169,538	\$ 168,369
Investments (Note 4)	58,194	71,069
Funds held by reinsurer (Note 5)	6,656	8,418
Premiums receivable due from affiliates (Note 7)	50,264	145,036
Reinsurance recoverable	-	49,381
Interest income receivable (Note 4)	6,974	5,802
Total current assets	<u>291,626</u>	<u>448,075</u>
NONCURRENT ASSETS:		
Investments (Note 4)	938,713	822,025
Premiums receivable due from affiliates (Note 7)	4,295	-
Reinsurance recoverable	3,678	4,613
Owner Controlled Insurance Programs asset	770	630
Total noncurrent assets	<u>947,456</u>	<u>827,268</u>
TOTAL ASSETS	<u><u>\$1,239,082</u></u>	<u><u>\$1,275,343</u></u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Unearned premiums	\$ 201,772	\$ 250,698
Ceded premium payable	4,411	5,989
Loss and loss adjustment expense liability (Note 6)	116,039	108,346
Reinsurance recoverable liability (Note 6)	-	49,381
Losses payable	24,162	50,481
Due to affiliates	969	2,126
Accrued expenses	303	642
Total current liabilities	<u>347,656</u>	<u>467,663</u>
NONCURRENT LIABILITIES:		
Loss and loss adjustment expense liability (Note 6)	653,879	609,344
Reinsurance recoverable liability (Note 6)	3,678	4,613
Ceded premium payable	2,691	1,720
Total noncurrent liabilities	<u>660,248</u>	<u>615,677</u>
Total liabilities	1,007,904	1,083,340
RESTRICTED NET POSITION	<u>231,178</u>	<u>192,003</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$1,239,082</u></u>	<u><u>\$1,275,343</u></u>

See notes to financial statements.

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In thousands)

	2025	2024
OPERATING REVENUES:		
Gross premiums written	\$ 204,632	\$ 231,792
Premiums ceded	(76,771)	(57,034)
Change in unearned premiums	<u>49,497</u>	<u>(33,550)</u>
Total operating revenues	<u>177,358</u>	<u>141,208</u>
OPERATING EXPENSES:		
Loss and loss adjustment	206,532	246,367
Underwriting	(1,855)	1,550
General and administrative	<u>4,874</u>	<u>5,923</u>
Total operating expenses	<u>209,551</u>	<u>253,840</u>
OPERATING LOSS	<u>(32,193)</u>	<u>(112,632)</u>
NON-OPERATING INCOME—Net investment income	<u>71,368</u>	<u>29,871</u>
Total non-operating income	<u>71,368</u>	<u>29,871</u>
CHANGE IN NET POSITION	39,175	(82,761)
RESTRICTED NET POSITION—Beginning of year	<u>192,003</u>	<u>274,764</u>
RESTRICTED NET POSITION—End of year	<u>\$ 231,178</u>	<u>\$ 192,003</u>

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In thousands)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Premiums and other receipts	\$ 217,331	\$ 199,408
Payments for claims and other operating expenses	<u>(182,544)</u>	<u>(120,597)</u>
Net cash provided by operating activities	<u>34,787</u>	<u>78,811</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(674,728)	(682,750)
Sales and maturities of investments	599,875	637,556
Proceeds from earnings on investments	<u>41,235</u>	<u>35,035</u>
Net cash used in investing activities	<u>(33,618)</u>	<u>(10,159)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,169	68,652
CASH AND CASH EQUIVALENTS—Beginning of year	<u>168,369</u>	<u>99,717</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 169,538</u>	<u>\$ 168,369</u>
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (32,193)	\$(112,632)
Adjustments to reconcile to net cash provided by operating activities:		
Net (decrease)/increase in accounts payable, accrued expenses and other liabilities	(74,278)	140,543
Net decrease in receivables	<u>141,258</u>	<u>50,900</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 34,787</u>	<u>\$ 78,811</u>

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In thousands, except as noted)

1. BASIS OF PRESENTATION

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

FMTAC is operationally and legally independent of the MTA. FMTAC enjoys certain rights typically associated with separate legal status. However, FMTAC is included in the MTA’s consolidated financial statements as a blended component unit because of the MTA’s financial accountability, and FMTAC is under the direction of the MTA Board (a reference to “MTA Board” means the board of MTA and/or the boards of the FMTAC and other MTA component units that apply in the specific context, all of which are comprised of the same persons). Under accounting principles generally accepted in the United States of America (“GAAP”), the MTA is required to include FMTAC in its consolidated financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Cash and Cash Equivalents—Includes highly liquid investments with a maturity of three months or less when purchased such as money market funds. Money market funds are stated at amortized cost, which approximates fair value.

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

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

Operating Revenues

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

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

Operating Expenses

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

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

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

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

3. CASH AND CASH EQUIVALENTS

On December 31, 2025, and 2024, cash and cash equivalents consisted of (in thousands):

	2025		2024	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits	\$ 250	\$ 250	\$ 250	\$ 250
Loss escrows	30,133	30,133	21,720	21,720
Uninsured deposits	<u>139,155</u>	<u>139,155</u>	<u>146,399</u>	<u>146,399</u>
	<u>\$ 169,538</u>	<u>\$ 169,538</u>	<u>\$ 168,369</u>	<u>\$ 168,369</u>

The Company is required to set aside funds in escrow accounts that are used to settle claims on behalf of the Company. The account balances of the loss escrow are \$30,133 and \$21,720 as of December 31, 2025, and 2024, respectively.

The Company invested additional funds as described in Note 4.

4. INVESTMENTS

The fair value and cost basis of investments consist of the following at December 31, 2025 and 2024 (in thousands):

	2025		2024	
	Fair Value	Cost	Fair Value	Cost
Funds for claim payments	\$ 638,611	\$ 650,309	\$ 542,352	\$ 575,574
Security trust funds	<u>358,296</u>	<u>356,303</u>	<u>350,742</u>	<u>361,584</u>
	<u>\$ 996,907</u>	<u>\$1,006,612</u>	<u>\$893,094</u>	<u>\$937,158</u>

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

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

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

All investments are recorded on the Statements of Net Position at fair value and all investment income, including changes in the fair value of investments, is reported as revenue/(expense) on the Statements of Revenues, Expenses and Changes in Net Position. Fair values have been determined using quoted market values as of December 31, 2025 and 2024.

The yield to maturity rate was 4.06% for the year ended December 31, 2025, and 4.78% for the year ended December 31, 2024. For the year ended December 31, 2025, the Company had realized gains of

\$34,623 and had unrealized gains of \$30,567. For the year ended December 31, 2024, the Company had realized gains of \$28,237 and had unrealized losses of \$2,282. Additional investment income was earned from the RCAMP investments and the money market fund. Income from these sources were \$6,178 and \$3,916 for the years ended December 31, 2025, and 2024, respectively.

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

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the Company's investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Listed below are the recurring fair value measurements as of December 31, 2025, and 2024. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors for those securities.

(In thousands)	2025		2025			
	Fair Value	Duration (Years)	Total	Fair Value Measurements		
Investment Type				Level 1	Level 2	Level 3
Treasury ⁽¹⁾	\$ 460,946	4.73	\$ 460,946	\$ -	\$ 460,946	\$ -
Agency ⁽²⁾	130,713	4.62	130,713	-	130,713	-
Asset backed securities	69,251	2.73	69,251	-	69,251	-
Commercial mortgage backed Securities	181,737	4.43	181,737	-	181,737	-
Foreign bonds	18,843	5.20	18,843	18,843	-	-
Corporate bonds	<u>142,377</u>	5.61	<u>142,377</u>	<u>142,377</u>	<u>-</u>	<u>-</u>
Total	1,003,867		1,003,867	<u>\$ 161,220</u>	<u>\$ 842,647</u>	<u>\$ -</u>
Less accrued interest	<u>(6,960)</u>		<u>(6,960)</u>			
Total investments	<u>\$ 996,907</u>		<u>\$ 996,907</u>			

Including but not limited to:

⁽¹⁾ U.S. Treasury Notes

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

(In thousands)	2024		2024			
Investment Type	Fair Value	Duration (Years)	Fair Value Measurements			
			Total	Level 1	Level 2	Level 3
Treasury ⁽¹⁾	\$ 400,911	4.34	\$ 400,911	\$ -	\$ 400,911	\$ -
Agency ⁽²⁾	126,220	5.57	126,220	-	126,220	-
Asset backed securities	61,094	2.77	61,094	-	61,094	-
Commercial mortgage backed securities	183,954	4.70	183,954	-	183,954	-
Foreign bonds	10,183	6.51	10,183	10,183	-	-
Corporate bonds	<u>116,534</u>	5.49	<u>116,534</u>	<u>116,534</u>	-	-
Total	898,896		898,896	<u>\$ 126,717</u>	<u>\$ 772,179</u>	<u>\$ -</u>
Less accrued interest	<u>(5,802)</u>		<u>(5,802)</u>			
Total investments	<u>\$ 893,094</u>		<u>\$ 893,094</u>			

Including but not limited to:

⁽¹⁾ U.S. Treasury Notes

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

Credit Risk—At December 31, 2025, the following credit quality rating has been assigned by a nationally recognized rating organization (in thousands):

Quality Rating	Fair Value	Percentage of Fixed Income Portfolio
AAA	\$ 113,313	11.3 %
AA	224,574	22.4
A	96,761	9.6
BBB	46,395	4.6
Not rated	<u>50,724</u>	<u>5.1</u>
Credit risk debt securities	531,767	53.0
U.S. Government Notes	<u>472,100</u>	<u>47.0</u>
Total fixed income securities	1,003,867	<u>100.0 %</u>
Less accrued interest	<u>(6,960)</u>	
Total investments	<u>\$ 996,907</u>	

Credit Risk—At December 31, 2024, the following credit quality rating has been assigned by a nationally recognized rating organization (in thousands):

Quality Rating	Fair Value	Percentage of Fixed Income Portfolio
AAA	\$ 315,262	35.1 %
AA	19,920	2.2
A	74,718	8.3
BBB	45,096	5.0
Not rated	<u>46,832</u>	<u>5.2</u>
Credit risk debt securities	501,828	55.8
U.S. Government Notes	<u>397,068</u>	<u>44.2</u>
Total fixed income securities	898,896	<u>100.0 %</u>
Less accrued interest	<u>(5,802)</u>	
Total investments	<u>\$ 893,094</u>	

5. INSURANCE PROGRAMS

Property Program—Effective May 1, 2025, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, FMTAC directly insures property damage claims of the other MTA Group entities in excess of a \$25,000 per occurrence deductible, subject to an annual \$75,000 aggregate as well as certain exceptions summarized below. The total program is \$500,000 per occurrence covering property of the related entities collectively through self-insured and reinsured in the domestic and offshore marketplaces. Losses occurring after the annual aggregate is exceeded are subject to a deductible of \$7,500 per occurrence. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage. FMTAC's property insurance program has been expanded to include a further layer of \$100,000 of fully collateralized storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 19, 2023 to April 30, 2026. An additional \$25,000 of fully collateralized storm surge coverage was added for a period of July 1, 2024 to May 31, 2025. The program is a Catastrophic Bond reinsured by MetroCat Re Ltd. 2023-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based storm surge reinsurance. The MetroCat Re Ltd. 2023-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values.

Terrorism Program—Effective May 1, 2025, FMTAC renewed the terrorism program. Commencing May 1, FMTAC directly insures certified terrorism claims of the other MTA Group entities in excess of a \$25,000 per occurrence self-insured retention, subject to an annual \$75,000 aggregate as well as certain exceptions summarized below. The total program is \$1,075,000 per occurrence covering property of the related entities collectively. FMTAC is reinsured in the domestic, London, and European marketplaces for this coverage. Losses occurring after the retention aggregate is exceeded are subject to a deductible of \$7,500 per occurrence. The direct and reinsurance policies are effective from May 1, 2025 to May 1, 2028.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of “certified” losses in 2025, as covered by the Terrorism Risk Insurance Act (“TRIA”) of 2019 (originally introduced in 2002). Under the 2020 extension, terrorism acts sponsored by both foreign and domestic organizations are covered. The remaining 20% of MTA Group losses arising from an act of terrorism would be covered under the additional terrorism policy described below. Additionally, no federal compensation will be paid unless the aggregate industry insured losses exceed \$200,000 (“trigger”) for 2025. There were no certified losses by the United States Government in 2025 that exceeded the trigger. In December 2020, the United States government’s reinsurance of TRIA was extended until December 31, 2027.

To supplement the reinsurance to FMTAC through the 2019 Terrorism Risk Insurance Program Reauthorization Act (“TRIPRA”) program, FMTAC obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any “certified” act of terrorism in 2024 and 2025—up to a maximum recovery of \$215,000 for any one occurrence and in the annual aggregate, (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the 20% “certified” acts of terrorism insurance in 2024 and 2025 or (3) 100% of any “certified” terrorism loss which exceeds \$5,000 and less than the \$200,000 TRIPRA trigger—up to a maximum recovery of \$200,000 for any occurrence and in the annual aggregate.

Excess Loss Fund (“ELF”)—On October 31, 2003, the Company assumed the existing ELF program on both a retrospective and prospective basis. The retrospective portion contains the same insurance agreements, participant retentions and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. The coverage limit will remain \$50,000 per occurrence or the proceeds of the program whichever is less. On a prospective basis, effective October 31, 2003, the Company issued insurance policies indemnifying the MTA, its subsidiaries and affiliates above their specifically assigned Self-Insured Retention with a limit of \$50,000 per occurrence with \$50,000 annual aggregate. Effective October 31, 2024, the Company issued insurance policies indemnifying the New York City Transit Authority with a limit of \$10,000 excess of \$50,000 per occurrence with \$10,000 annual aggregate which is in excess of their specifically assigned Self-Insured Retention. The balance of the ELF, \$77,000 was transferred to and invested by the Company in order to secure any claims assumed from the ELF, as well as to capitalize the prospective programs and insure current and future claims. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. Effective October 31, 2025, FMTAC directly provides an All-Agency Excess Liability Policy to the MTA and its subsidiaries and affiliates. With the exception of one carrier, the limits are fully reinsured in the domestic, London, European and Bermuda marketplaces. The limits include claims arising from acts of terrorism.

Stations and Force Liability—Effective December 15, 2025, the Company renewed its direct insurance for the first \$11,000 per occurrence losses for Long Island Rail Road Company (“LIRR”) and Metro-North Commuter Railroad Company (“MNCR”) with no aggregate stop loss protection.

All Agency Protective Liability—The Company issued a policy to cover MTA’s All Agency Protective Liability Program (“AAPL”), which is designed to protect the MTA and its agencies against the potential liability arising from independent contractors working on capital and noncapital projects. Effective June 1, 2025, the net retention to the Company is \$2,000 per occurrence. The Company also issued a policy for \$9,000 excess of \$2,000 per occurrence with an \$18,000 annual aggregate.

Paratransit—Effective March 1, 2025, the Company renewed with the MTA, a self-insured retention reimbursement policy for the auto liability on the New York City Transit (“NYCT”) Paratransit operations. The Company is responsible for the first \$3,000 per occurrence. Effective March 1, 2026, the Company renewed with the MTA, a self-insured retention reimbursement policy for the New York City Transit (“NYCT”) Paratransit operations. The Company is responsible for \$3,000 per occurrence.

Non-Revenue—Effective March 1, 2025, the Company restructured its non-revenue auto liability policy with the MTA’s non-revenue fleet program. The Company is responsible for \$9,000 per occurrence of every claim excess of the \$1,000 per occurrence of the commercial insurance program. The commercial insurance program is excess of the MTA’s \$1,000 self-insured funding program. Effective March 1, 2026, the Company renewed with the MTA, the non-revenue auto liability policy with the MTA’s non-revenue fleet program. The Company is responsible for \$9,000 per occurrence of every claim excess of the \$1,000 per occurrence of the commercial insurance program. The commercial insurance program is excess of the MTA’s \$1,000 self-insured funding program.

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

OCIP (asset)/liability consists of the following on December 31, 2025 and 2024 (in thousands):

	2025	2024
NYCT structures lines	\$ 532	\$ 532
LIRR/MNCR 2000–2004 Capital Improvement Program	(2,461)	(2,461)
NYCT 2000–2004 line structures/shops, yards and depots Capital Improvements Program	(2,126)	(2,082)
NYCT 2000–2004 stations and escalators/elevators Capital Improvements Program	(797)	(782)
LIRR/MNR 2005–2009 Capital Improvement Program	(21)	(21)
CCC Second Ave. Subway	<u>4,103</u>	<u>4,184</u>
OCIP (asset)	<u>\$ (770)</u>	<u>\$ (630)</u>

The activity of all funds held by the OCIP reinsurer consists of the following for 2025 and 2024 (in thousands):

	2025	2024
Funds held by OCIP insurers—beginning of year	\$ 8,418	\$ 8,181
Interest income	346	398
Security releases	1,969	-
Claims payments	<u>139</u>	<u>161</u>
Funds held by OCIP reinsurer	<u>\$ 6,656</u>	<u>\$ 8,418</u>

OCIPs Covering 2000–2004 Capital Program—The Company entered into three agreements with AIG covering portions of the 2000–2004 MTA Capital Program effective October 1, 2000: (1) LIRR/MNCR 2000–2004 capital improvement program; (2) NYCT 2000–2004 lines structures/shops, yards and depots capital improvement program; and (3) NYCT 2000–2004 stations and escalators/elevators capital improvement program. The combined collateral requirements are \$86,094, which consists of \$10,385 for the LIRR/MNCR OCIP, \$52,709 for the NYCT 2000–2004 lines structures/shops, yards and depots capital improvement program and \$23,000 for the NYCT 2000–2004 stations and escalators/elevators capital improvement program. The collateral posted by the Company to secure its reimbursement of the insurer’s payments is invested by the insurer with interest returning to the Company at a guaranteed annual rate of return. The Company earned \$53 and \$72 during the years ended December 31, 2025 and 2024, respectively. The interest earned will be used to make the Contractor Safety Incentive program payments to contractors with favorable loss experience. Any monies not used to pay losses or utilized for the Contractor Safety Incentive Program will be returned to the agencies at the end of the OCIPs. There were claim payments of \$58 and \$87 and withdrawals of \$469 and \$0 during the years ended December 31, 2025 and 2024, respectively.

OCIP-LIRR/MNCR 2005–2009 Capital Improvement Projects—Effective June 1, 2006, the Company entered into a new OCIP insurance program for LIRR/MNCR for capital projects in the 2005–2009 MTA Capital Program. Like the other programs, the interest income generated from the funds being held will be used to pay Contractor Safety Incentive program payments. The Company has earned \$17 and \$18 in interest income during the years ended December 31, 2025 and 2024, respectively. There were no withdrawals from the Company during the years ended December 31, 2025 and 2024, respectively.

Second Avenue Subway Project—Effective January 31, 2007, the Company entered into an OCIP program for the \$2,500,000 Second Avenue Subway Project. This is a multi-year agreement with AIG covering Workers’ Compensation and General Liability for the Third-Party contractors, MTA and all its subsidiaries up to \$500,000. This OCIP, like the others, requires the Company to post collateral for all losses related to workers’ injuries. In 2025 and 2024, \$5,324 and \$6,629 has been set aside to cover this exposure, respectively. During 2025 and 2024, the Company earned \$276 and \$308 in interest, respectively, with receipts (withdrawals) of \$(1,580) and \$75 in 2025 and 2024, respectively.

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

the first \$1,900 from General Liability.

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

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

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

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

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

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

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

MTA 2023–2029 Mini RFP Program #2 —Effective September 30, 2023, the Company entered into a multi-year agreement with Liberty Mutual Insurance Company and the MTA. The Company will hold the collateral and loss funding for the first \$750 per occurrence resulting from Workers' Compensation and the first \$3,000 from General Liability losses until September 30, 2029.

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

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

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

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

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

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

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

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

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

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

On June 30, 2022, the Company wrote a builders risk deductible reimbursement policy with the MTA for the Mini RFP #1 project with limits of \$250 per occurrence with a \$25 contractor deductible per claim. The policy will expire on June 30, 2028.

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

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

On September 30, 2023, the Company wrote a builders risk deductible reimbursement policy with the MTA for the Mini OCIP #2 project with limits of \$250 per occurrence with a \$50 contractor deductible per claim. The policy will expire on October 1, 2029.

On September 1, 2024, the Company wrote a builders risk excess flood policy with the MTA for the Penn Station Access Project with limits of \$25,000 per occurrence and in aggregate excess of the \$50,000 underlying builders risk coverage. The policy will expire on July 29, 2027.

6. LOSS AND LOSS ADJUSTMENT EXPENSES AND REINSURANCE

The following schedule presents changes in the loss and loss adjustment expense liabilities during 2025 and 2024 (in thousands):

	2025	2024
Loss and loss adjustment expense liability at January 1	\$ 771,684	\$ 662,939
Reinsurance recoverable at January 1	<u>(53,994)</u>	<u>(73,766)</u>
Net balance – beginning of year	717,690	589,173
Loss and loss adjustment expenses	206,532	246,367
Payments attributable to insured events of both the current and prior years	<u>(154,304)</u>	<u>(117,850)</u>
Net balance – end of year	769,918	717,690
Plus reinsurance recoverable	<u>3,678</u>	<u>53,994</u>
Loss and loss adjustment expense liability – end of year	773,596	771,684
Less current portion	<u>116,039</u>	<u>157,727</u>
Long-term liability	<u>\$ 657,557</u>	<u>\$ 613,957</u>

DRAFT

7. RELATED PARTY TRANSACTIONS

The Company provides insurance coverage for the MTA and its component units. The premium revenue from related parties during the period and receivable for the years ended December 31, 2025 and 2024, was as follows (in thousands):

	2025		2024	
	Receivable	Earned	Receivable	Earned
LIRR	\$ 18,836	\$ 23,182	\$ 16,651	\$ 18,869
MNCR	2,835	3,399	2,920	2,915
MTA	<u>32,888</u>	<u>150,777</u>	<u>125,465</u>	<u>119,424</u>
	<u>\$ 54,559</u>	<u>\$ 177,358</u>	<u>\$ 145,036</u>	<u>\$ 141,208</u>

Included in General and Administrative expenses for the years ended December 31, 2025 and 2024, respectively, are amounts the MTA charged of \$4,262 and \$5,521, respectively, to FMTAC for risk management services provided to the Company of which \$968 and \$2,126 remain as a liability at December 31, 2025 and 2024, respectively.

8. NYCTA BICYCLE CASE

NYCTA Bicycle Case— On April 10, 2016, at approximately 3pm, the 23-years old Robert Liciaga, rode his bicycle through a cordoned-off constructions site beneath an elevated subway line and was struck by a rotted cross tie which was dropped into a designated “drop zone.” Plaintiff sustained severe and permanent injuries and is confined to a long-term facility. A Kings County Supreme Court jury found MTA NYCT 100% liable and awarded Plaintiff \$110 million. The trial judge reduced the pain and suffering award after post-trial motions were made thereby reducing the total award to \$69 million. Settlement was reached for \$65 million. FMTAC has contributed \$31 million toward the settlement.

9. SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through [REDACTED], to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2025. As of [REDACTED], there were no subsequent events that required recognition or disclosure.

* * * * *

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority

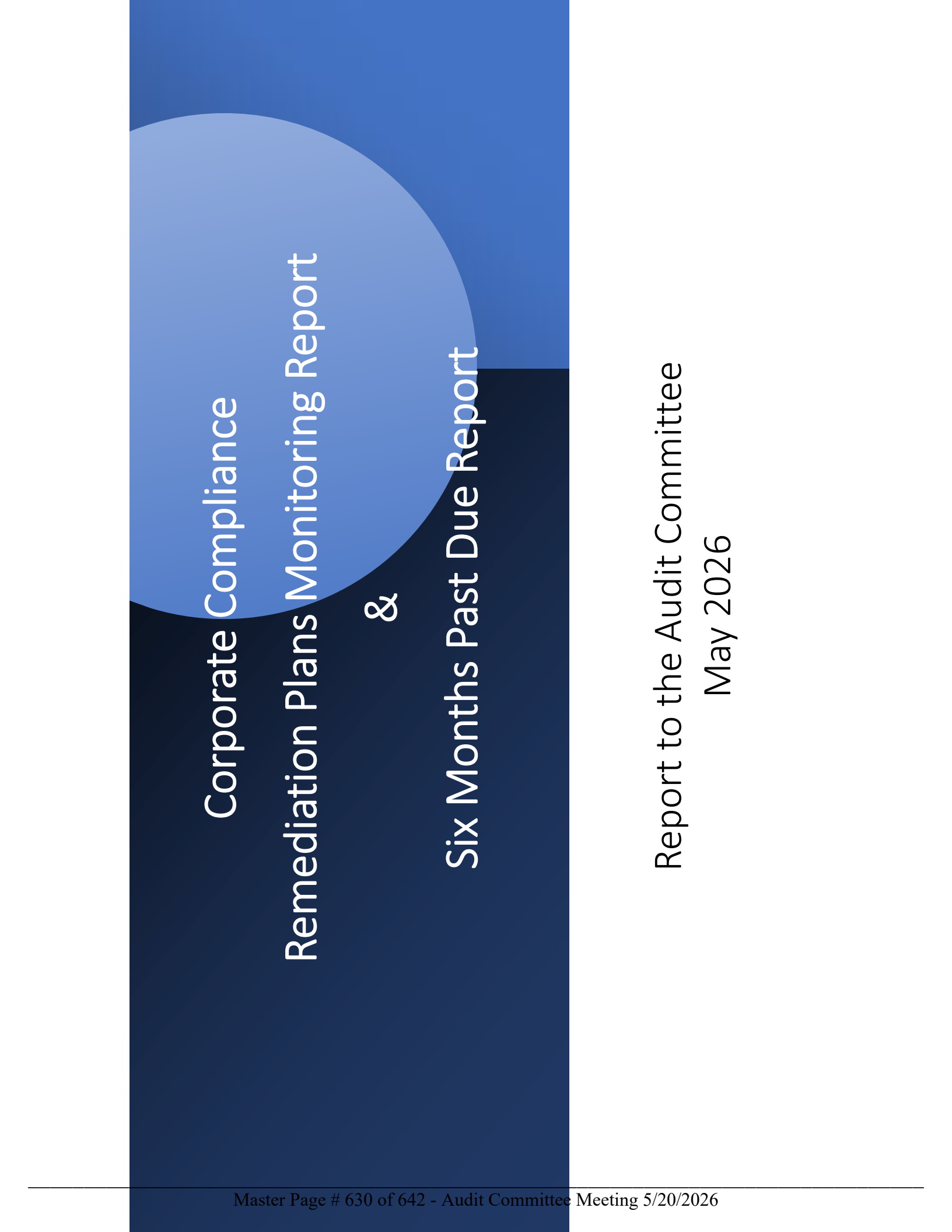
Dear Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the business-type activities of the Metropolitan Transportation Authority (the "Authority"), a component unit of the State of New York, which comprise the statement of net position as of December 31, 2025, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2026 which expresses an unmodified opinion on those financial statements and includes emphasis-of-matter paragraphs regarding Authority requiring significant subsidies from other governmental entities.

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

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

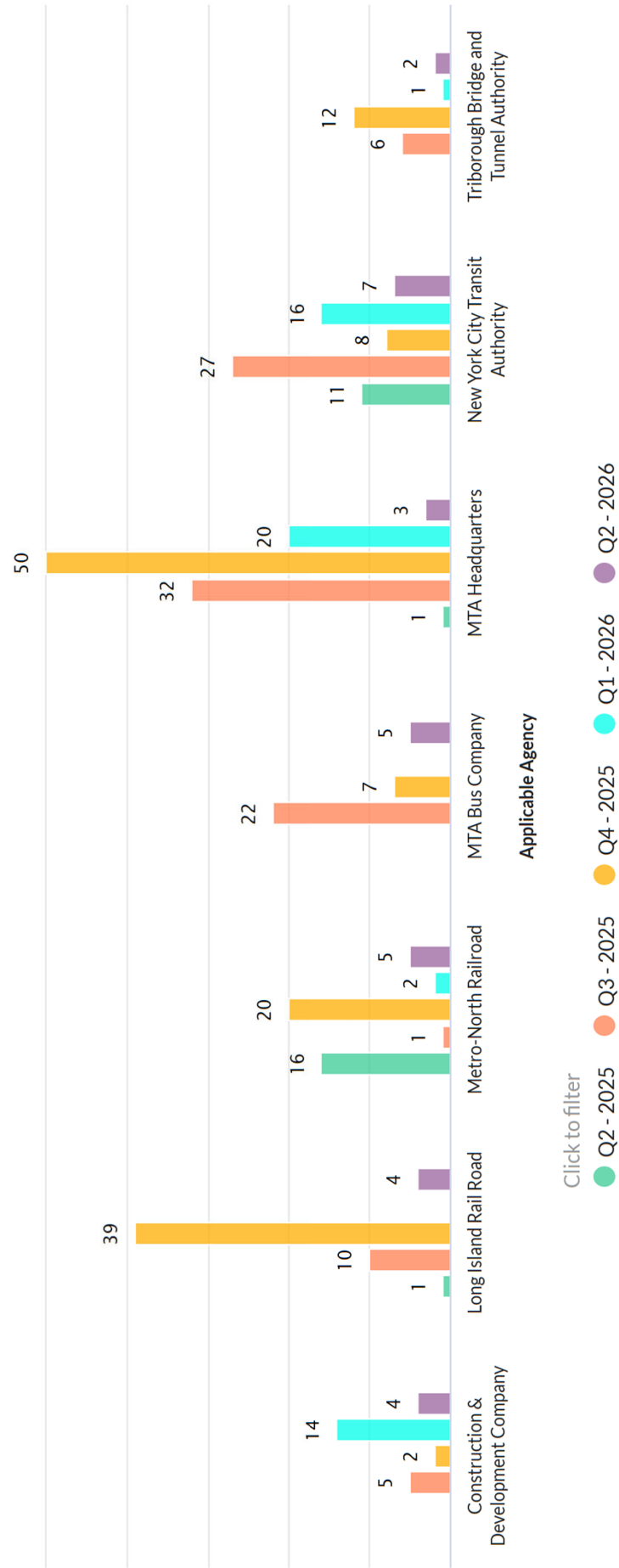
June 17, 2026



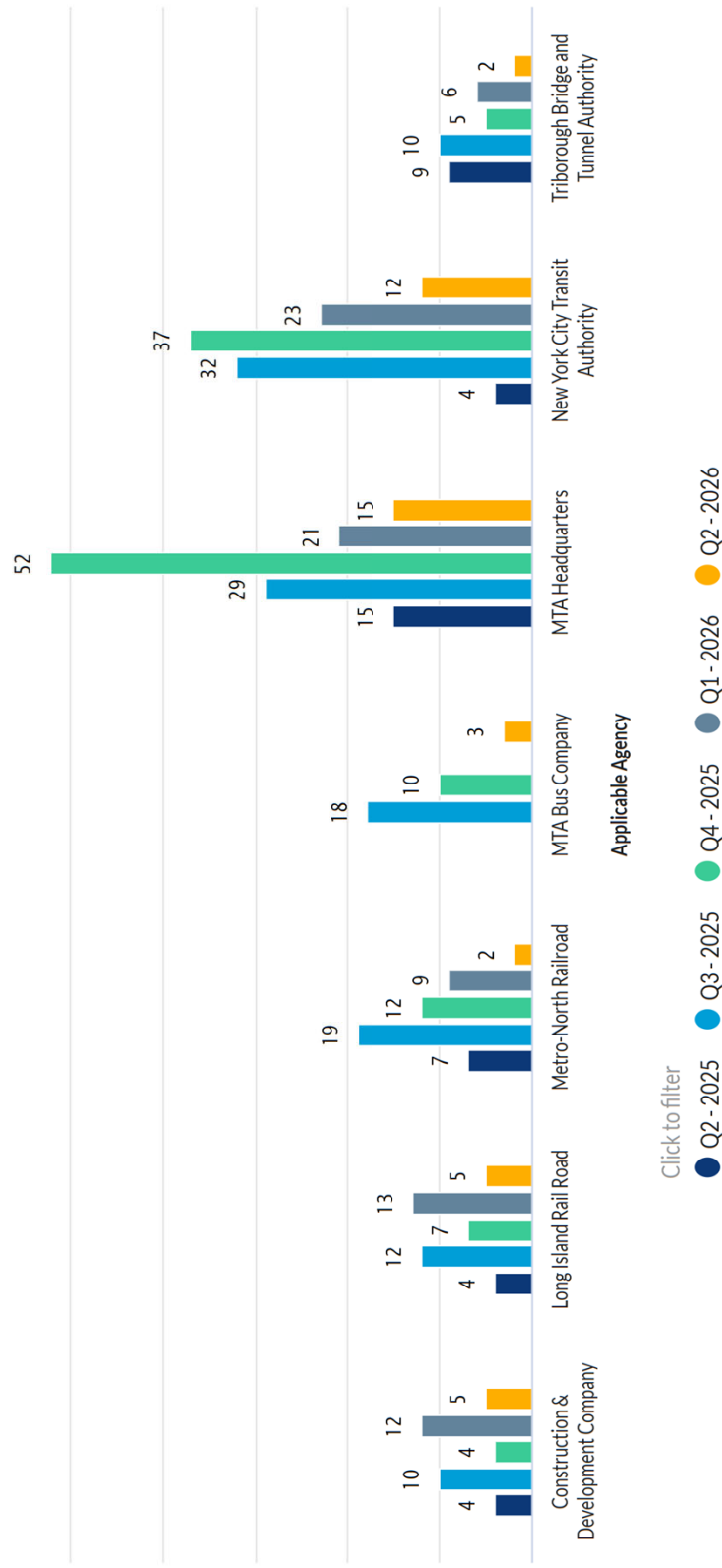
Corporate Compliance Remediation Plans Monitoring Report & Six Months Past Due Report

Report to the Audit Committee
May 2026

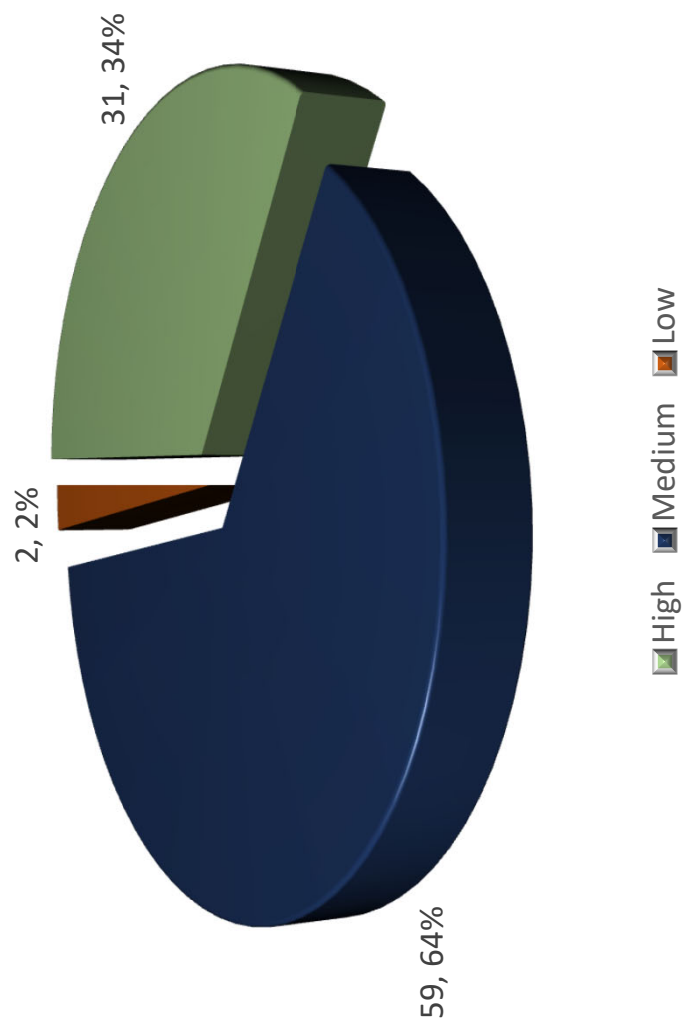
Remediation Plans: Opened by Quarter



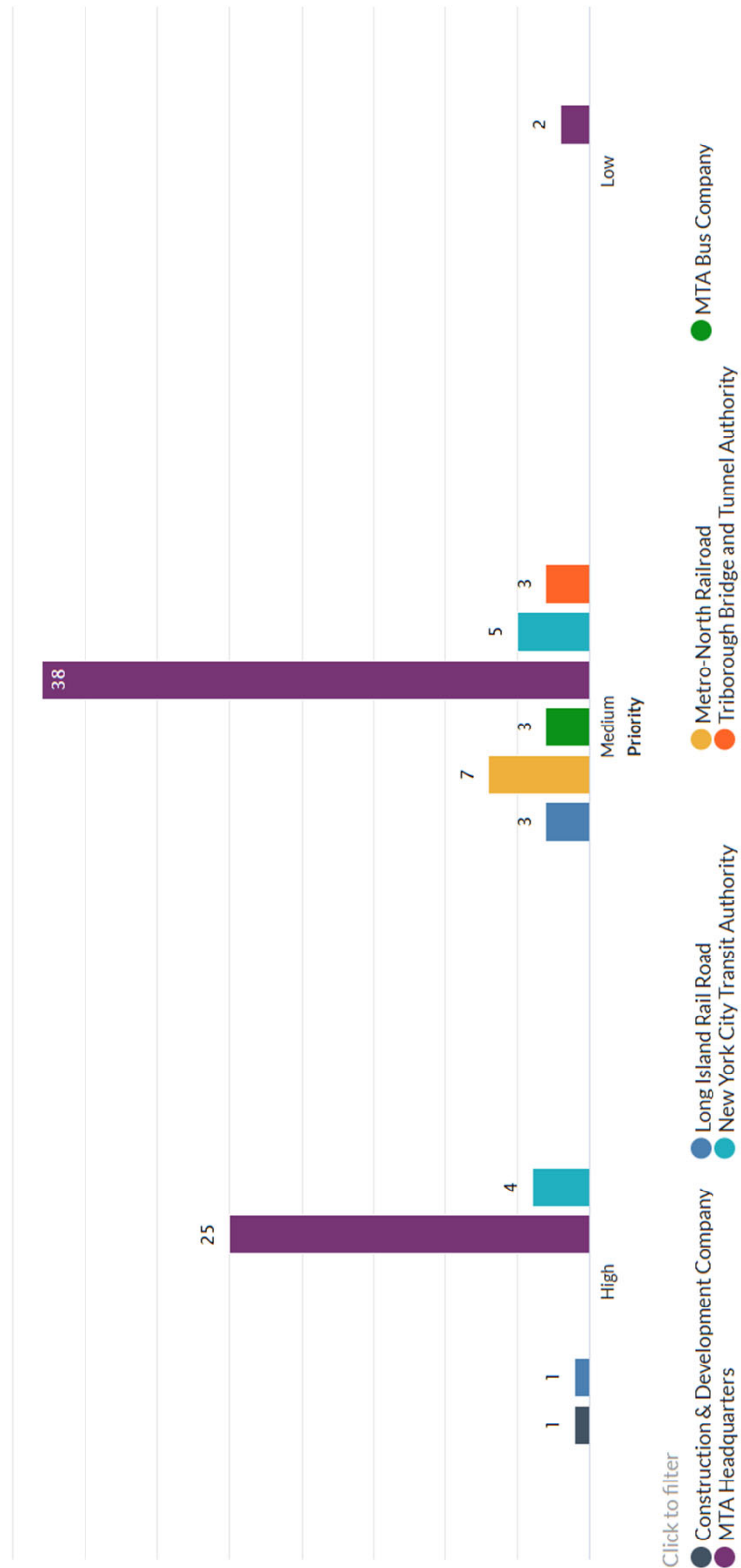
Remediation Plans: Closed by Quarter



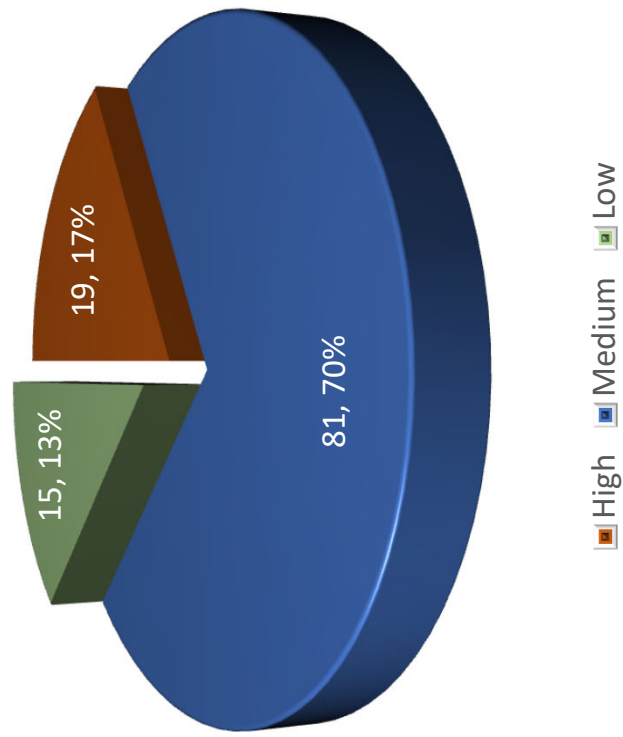
Remediation Plans: Implemented Awaiting Closure



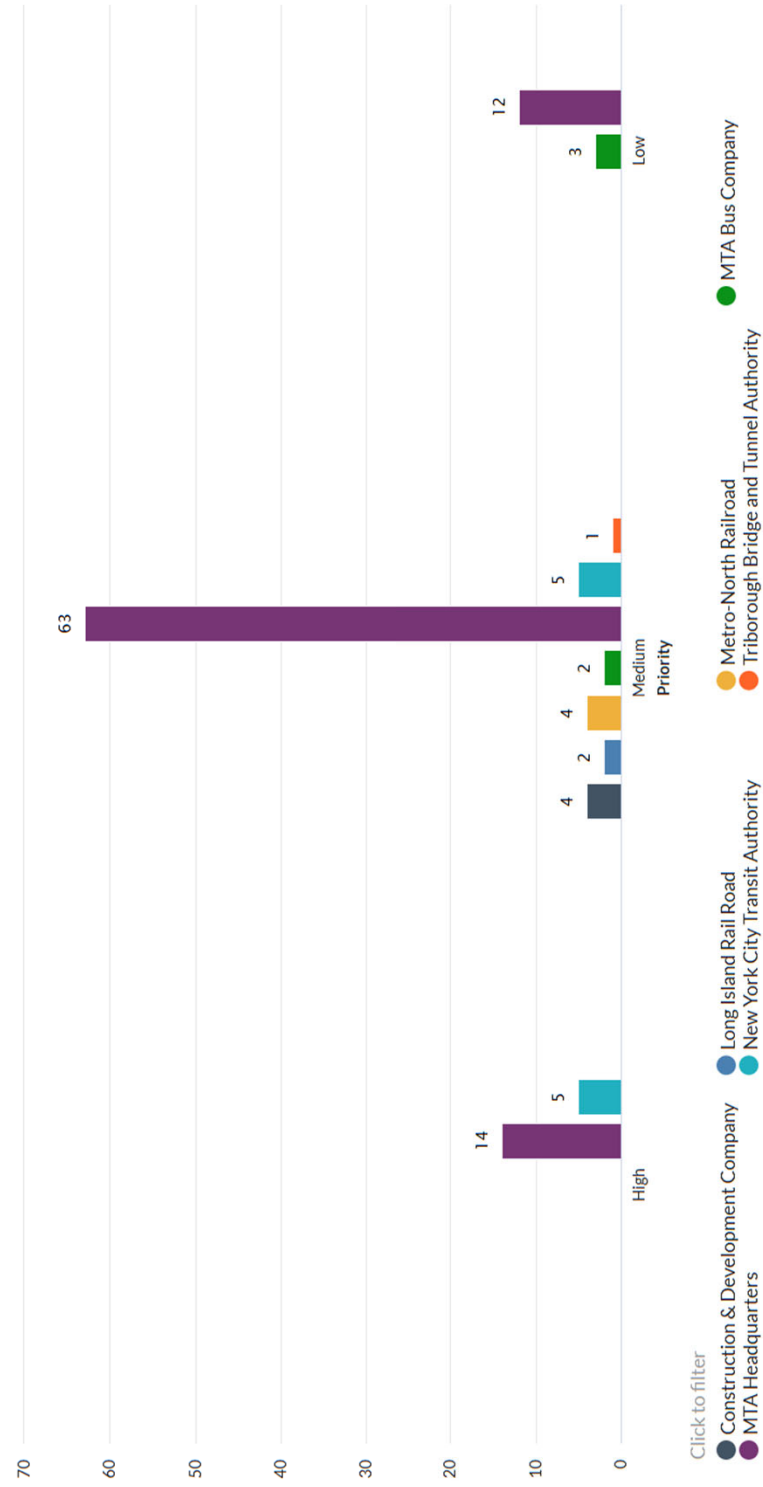
Remediation Plans: Implemented Awaiting Closure by Agency & Priority



Remediation Plans Six Months Past Due by Priority



Remediation Plans Six Months Past Due by Agency & Priority





MTA IT

CTO Update to the Board

Technology Delivery Transformation

Raf Portnoy, CTO, MTA IT

05/20/2026

MTA IT transitioned its technology model to align directly with the business units, transforming solution delivery to be led by internal tech resources

- New model has effectively positioned MTA IT to develop and deploy business-supporting applications faster, more reliable and in direct partnerships with MTA HQ departments and operating agencies
- Reduced reliance on external consultants
- Reduced vacancy rate from 15-18% to rolling 5-6%

Fare Evasion / E-Citations (Transit)

Scope: Develop a solution to support fare evasion enforcement on Buses that replaces handwritten Notice Of Violations with an iOS app for issuance, Bluetooth printing, and back-end integrations into a centralized ticket management database

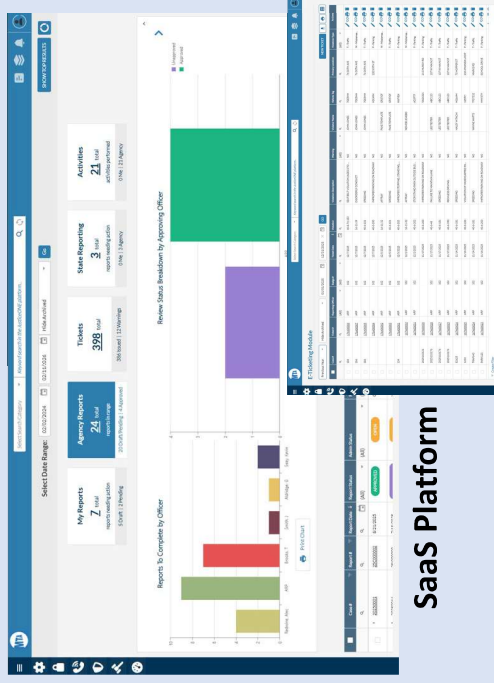
Achievements:

Hardware/Software Upgrade

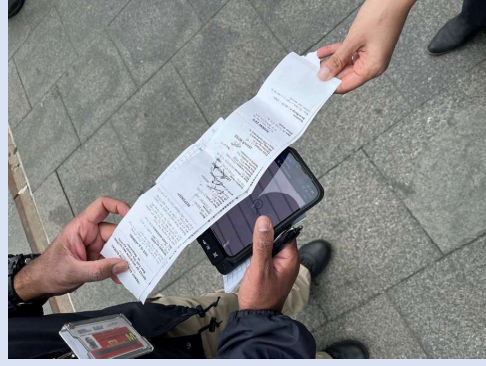
- Implement handheld device to fully digitize ticket issuance
- Enabled real citation issuance / ticket printing
- Enable real time recidivism lookup (near term future functionality)



iOS e-Citation App



SaaS Platform



Railroads New Fare Payment System

Scope: Update and standardize how MNR and LIRR sell tickets, replace old ticket machines, reduce credit-card security requirements, and build a modern technology ecosystem, that will support all future revenue-related operations

Achievements:

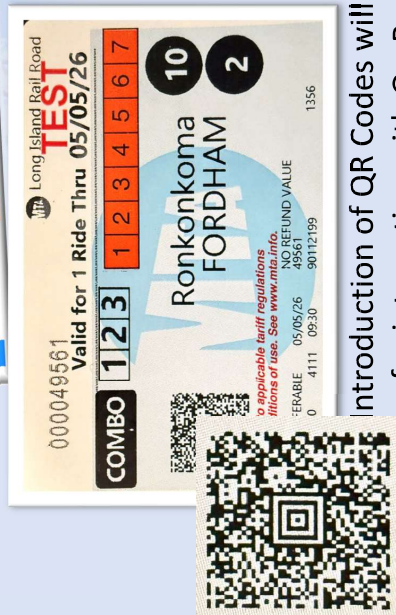
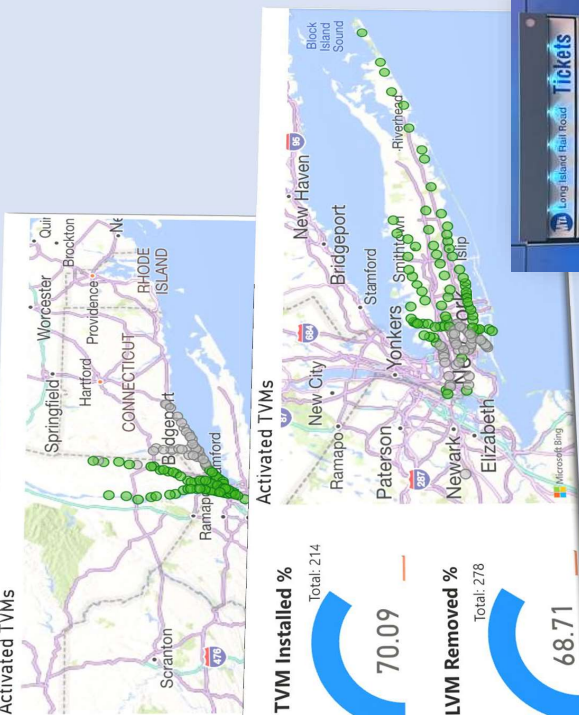
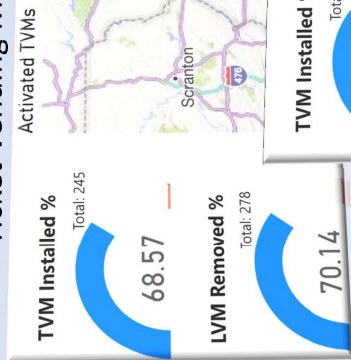
Hardware/Software Upgrade

- Consolidated into a single application for MNR & LIRR
- Single IT Team to support maintenance for both railroads
- Lower Cost of Ownership
- Reduced technical integrations
- Migrated from On-Premise servers to AWS Cloud Architecture

Unify/Merge Tariff for MNR & LIRR

- Reduced maintenance overhead for fare increases
- Introduced cross-selling of LIRR & MNR ticket products
- Introduced QR Codes on paper ticket products

Ticket Vending Machine Deployment



Introduction of QR Codes will allow for integration with On-Board Applications for gathering ticket usage data and reducing fare evasion

On-Board Sales & Validation Device (OSVD)

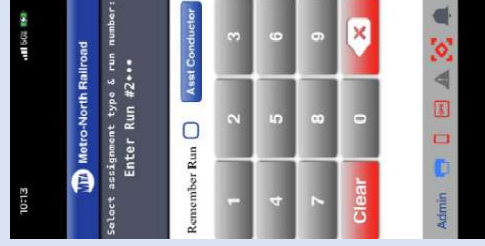
Scope:

Replace the old handheld ticket machines with modern, off-the-shelf Apple iPhone devices and moving credit-card processing to a new provider so the MTA has fewer security requirements. The new OSVD system runs one shared app for onboard ticket sales, validation, and receipts—replacing the separate systems used today and bringing them together into a single, streamlined platform built by MTA IT

Achievements:

Hardware/Software Upgrade

- Upgrade, Modernize & Standardize all conductor 'onboard' handheld devices.
- Enabled EMV chip/contactless credit/debit including Apple Pay & Google Pay
- Replaced non-supported gateway for credit/debit processing



New MTA Transit App

Scope: Develop a solution to enhance ridership experience across subways and buses

Achievements:

Software Upgrade

- Zero-tap information
- Nearby arrivals, right now
- Personalized map with live bus locations
- Zero-tap information
- Nearby arrivals, right now
- Spanish language support
- Station Modeling, transfers
- Screen reader on iOS, Android

