Metropolitan Transportation Authority

Audit Committee Meeting

May 2022

Committee Members

J. Barbas, Chair
D. Jones
R. Mujica, Jr.

Audit Committee Meeting

Monday, 5/23/2022
11:30 AM - 12:15 PM ET

MTA Board Room - 20th Floor
2 Broadway

1. PUBLIC COMMENTS

2. APPROVAL OF MINUTES
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3. AUDIT COMMITTEE WORK PLAN
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4. MANAGEMENT REVIEW OF MTA CONSOLIDATED FINANCIAL STATEMENTS
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6. 2021 INVESTMENT COMPLIANCE REPORT
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7. OPEN AUDIT RECOMMENDATIONS
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8. EXECUTIVE SESSION

MINUTES OF MEETING
AUDIT COMMITTEE OF THE BOARD
MONDAY, JANUARY 24, 2022 – 2:30 P.M.
RONAN BOARD ROOM – 20TH FLOOR
2 BROADWAY

The following were present (either in person or virtual):

<u>Honorable:</u>

Jamey Barbas	**Robert Linn**	**Frank Borelli, Jr.**
Robert Mujica, Jr.	**David Jones**	
M. Woods – MTA	**J. Patel – MTA**	**J. Strohmeyer – Deloitte**
L. Kearse – MTA	**J. McGovern – MTA**	

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1. PUBLIC COMMENTS PERIOD

There were two registered speakers: Jason Anthony and Charlton D'souza, President of Passengers United. Refer to the video recording of the meeting produced by the MTA and maintained in MTA records for the content of their statements. https://new.mta.info/transparency/board-and-committee-meetings/january-2022

2. APPROVAL OF MINUTES

The minutes of the October 18, 2021 Audit Committee meeting were approved.

3. AUDIT COMMITTEE WORK PLAN

There will be four meetings this year and the specific agenda items for each meeting can be found in the Audit Committee Book. The proposed Work Plan was included in the Committee materials in October and there are no suggested changes to the Work Plan.

A motion was made and seconded to accept the 2022 Work Plan.

4. INDEPENDENT ACCOUNTANT'S REVIEW REPORT – 3rd QUARTER 2021

Jill Strohmeyer (Deloitte) presented to the Committee the results of their review of the MTA's Consolidated Interim Financial Statements, as of, and for the nine-month period ended September 30, 2021. A review of interim financial information consists primarily of analytical procedures and inquiries of persons responsible for financial and accounting matters. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion on the financial statements. The quarterly financial statements are consistent with prior quarters and the accounting principles used in the preparation of these financial statements are also consistent with prior quarters and prior years. In addition, there were no accounting adjustments proposed by Deloitte as a result of their review procedures, and based on its review they are not aware of any material modifications that should be made to the interim financial statements in order for them to be in accordance with GAAP or accounting principles generally accepted in the United States.

A motion was made and seconded to accept the 3rd Quarter 2021 MTA Consolidated Financial Statements.

5. ERM UPDATE AND INTERNAL CONTROL GUIDELINES

Lamond Kearse (Chief Compliance Officer) referenced the presentation in the Committee Book focusing on the Executive Summary. He noted that for 2021 to date, Corporate Compliance has conducted a total of 1,182 Vulnerability or Risk Assessments on business processes across the MTA that are ranked high, very high, significant, or certain areas that represent a significant risk to the organization. They are now in the process of conducting Control Self Assessments which are basically a test of controls to determine if they are operating as intended. To date, they have done 1,341 Control Self Assessments (a 77% completion rate) and these completed assessments have a 99% pass rate. They expect to complete the remaining assessments very soon. As part of the Internal Control Program, they will be conducting two other assessments. Specifically, (1) a Fraud Risk Assessment for which they have decided to focus on revenue this year, and (2) a Point of Focus, which is also a requirement. As it relates to the Control Self-Assessment, when a control does not pass its assessment, a Remediation Plan is created. At this point in time, they have opened 24 Remediation Plans. Since the assessments are still ongoing, there is a possibility that the number of Remediation Plans may go up. The departments are actively working to resolve those deficiencies and to take corrective actions to remediate the issues. As it relates to the overall process, they have identified 1,967 risks in its overall risk inventory. Kearse noted that the risk inventory was a consolidation of various risks that had been identified post-transformation, therefore they believe that there is a chance of some duplication in that process. They are working to rectify that and to consolidate into a single risk library for the organization. At this point, there are 1,348 controls of which 1,274 controls (94%) are ranked high, very high or significant that have been entered into Archer. All modules in Archer are now operational and functioning. They continue to use Archer for many different functions including working with Cyber Security to enhance the system by including third-party risk management functionally. Also, they continue to monitor external risks, including COVID-19, Cyber Security, Post-Transformation Risk, as well as the migration of third-party risk data, and business continuity data from their current systems (or non-systems) into Archer.

6. COMPLIANCE WITH THE INTERNAL CONTROL ACT

With respect to the results of the All-Agency Internal Control Reports issued to the New York City Division of Budget as required by the Government Accountability, Audit and Internal Control Act, Kearse advised the Committee that the report is not ready yet, and noted that the report is not due until April. He noted that they expect to be done on time and added that the Control Self-Assessment must be completed before they can prepare the report. At this time, all indication is that there are no issues in terms of complying with the Internal Control Act and with Internal Control Standards.

7. OPEN AUDIT RECOMMENDATIONS

The Chief Compliance Officer (Lamond Kearse) briefed the Committee on the implementation status of prior audit recommendations. Kearse referenced the Committee Book and noted that there is a presentation on the audit recommendations issued by MTA Audit as well as recommendations driven by Control Self Assessments conducted by Compliance, that are six-months past their original implementation date. Kearse reminded the Committee members that recommendations are tracked using the technology RSA Archer and that they have fully integrated this process that now coordinates between management, Audit, and Compliance, which provides a higher level of accountability to the Audit Committee. He referenced a slide that showed the number of recommendations that are past due. While some are old, they have reason to believe that they have been in fact implemented. Nonetheless, as part of the new process the recommendations stay open until they can be verified by Audit and Compliance. At this point, there are 34 "high priority" open audit recommendations. Kearse noted that at the last Audit Committee he was asked to provide more details on open past due audit recommendations. In response, he referenced a hard-copy report that was issued to the members in attendance. He noted that this report is marked Confidential since it contains information and issues (such as employee discipline) that would be considered sensitive. Michele Woods (Auditor General) added that she would provide copies of this report to the two Committee members who were not in attendance today.

8. **<u>2021 AUDIT PLAN STATUS AND 2022 AUDIT PLAN</u>**

The Auditor General (Michele Woods) briefed the Committee on the activities and accomplishments in 2021. She first described that the mission of MTA Audit is to provide insightful, proactive and future-focused quality results, while promoting governance, considering risks and controls and identifying organizational improvements. Woods then thanked her Direct Reports: Darren Jurgens, Phyllis Richardson and Judy Beckford, as well as the entire audit staff for the results that were achieved in 2021. During the year, MTA Audit completed 82 operational and assurance audits and these audits identified 196 findings and the audit team made recommendations to improve internal controls and compliance with established processes, while reducing risk. MTA Audit identified potential cost savings and efficiency opportunities of $47 million, which included opportunities to reduce costs, avoid unnecessary expenditures, or otherwise enhance revenue collections. Also, a total of 164 audits were completed related to Capital Projects. This work included reviews of cost proposals, interim reviews, close out audits and audits of claims to ensure contract billings were appropriate. Third Party questioned costs were $15.9 million. A summary of each operational audit has been provided to the Audit Committee members as part of our Year-End Summary Report. The number of audits issued was impacted by ongoing vacancies within the department. There are currently 15 vacancies within the approved budgeted headcount of 61. Some of the significant operational audits this year included reviews of COVID Cleaning, the Medical Eligibility Follow-up review at NYCT, and various Timekeeping/Payroll audits at all of the agencies. Capital Contract auditors worked with project management to review additional work orders, claims and performed final audits of projects that were completed during the year. In 2013, with approval from the Audit Committee, the Sandy Oversight Committee was established in cooperation with the MTA IG, to perform independent Integrity Monitoring Services for those projects which received FTA Emergency Funding. The Sandy Audit Unit continued to perform assurance audits and results are reported to the FTA on a quarterly basis. Since this Unit was established in 2013, it has completed 140 projects, made 372 recommendations, with costs adjustments of approximately $6.2 million. As required by the grant funding agreement, MTA Audit will continue to perform audits of ongoing Sandy Projects, and have committed to follow up on all open recommendations until they are fully implemented. The Pension Quality Assurance function was established in 2013 at the request of HQ management. This group reviews the pension calculations of the Defined Benefit Plan for Metro-North, MTA Police, MTA Bus and LIRR's open and closed plans. They provide Pension Management with the results of their reviews daily, so that corrections can be made, prior to payments being processed. Quarterly reports summarizing the QA results are also provided to Pension Management to identify trends, and areas for reinstruction. In 2021, the Pension QA Group reviewed over 1,400 pension calculations and identified 296 errors with a financial impact of $3.5 million. With respect to the On-Board Program, the on-board team performed over 2,900 tests at both LIRR and Metro-North this year to ensure that conductors are collecting the correct fare and that they are in compliance with standard operating procedures. The results of these tests were reported to agency management who utilize the information in these tests to estimate the rate of fare not collected, and improper fair collection. Information from the observations also allows management the opportunity to adjust resources where needed.

The Auditor General then provided a brief summary of the proposed 2022 Audit Plan which has been discussed with each of the Agency Presidents and MTA Tower Leads. The foundation of the Audit Plan was developed through a formal risk assessment that is performed in accordance with the Institute of Internal Auditors Standards. The planning process began in September, and takes several months to complete, resulting in a comprehensive risk assessment, which is fully documented. Consistent with prior years, the risk assessment sources included financial data, an assessment of operations, control activities, and previous Audit Results. A total of 82 management interviews were conducted and identified 144 potential audits. Audit suggestions were prioritized, and a proposed audit plan was developed that includes 93 operational/assurance audits for 2022. The Auditor General met with the agency Presidents and Tower Leads to discuss and finalize the proposed plan, and adjustments were made as needed to ensure that the areas of greatest risk will have appropriate audit coverage. The Auditor General then referenced a slide in the Committee Book which is a snapshot of where the 93 audits are included in the 2022 Audit Plan. The slide is designed by Business Function: Service Delivery, Procurement, Capital Program, Finance, Revenue, Human Resources, Safety and Technology. Various audits were performed across the agencies in each of these areas and several of the audits will be done under Headquarters because of the consolidated functions. The Auditor General referenced a slide in the Committee Book that showed a visual representation of how the resources associated with assurance audits will be allocated during the year. The MTA HQ resource allocation is higher than prior years, primarily due to the increase of consolidated functions including Technology, which will cover all agencies. Another slide was referenced which was a representation of how audit staff resources will be allocated across functions. The Auditor General believes that this plan meets the challenge to provide a balance of audit coverage for the MTA and each of its agencies. With additional resignations and retirements this year, the current incumbent headcount is 47 (plus one additional vacancy which has occurred since the displayed chart was made). The impact on completion of the Audit Plan will be dependent on when MTA Audit can on board new staff to fill the current vacancies. The Auditor General received approval to hire from the vacancy control committee to maintain the budgeted staffing level of 61 which is already a thirty percent (30%) reduction from its approved headcount of 87 in 2019. The Auditor General believes that the current budgeted staffing level is appropriate to address the areas of risk identified for 2022, and to complete the plan including the support functions required by management. However, continued vacancies will impact the actual number of audits that MTA Audit is able to complete. In 2022, MTA Audit will focus its efforts to support the Transformation Initiatives of the MTA to improve efficiency and effectiveness of operations. MTA Audit will also continue to support agency wide operational goals with respect to Timekeeping and Overtime, and evaluate contractor performance. Lastly, MTA Audit will continue to coordinate audit activities with various external audit entities, and work with the Internal Control staff to ensure all recommendations are effectively implemented.

MTA Audit has worked with Procurement on a solicitation for the next independent auditor contract for the MTA and its agencies. Deloitte & Touche was selected via a competitively negotiated personnel service contract to serve as the Independent Auditor for the MTA and its agencies. The period of performance will be one year with an option to renew annually for six additional years. The period is January 1, 2022 through December 31, 2028. The contract was presented at the Finance Committee in a prior Committee meeting.

Committee member Robert Linn inquired about audit resource allocation, the reduction of staff, and whether the reduction in headcount included positions being picked up by other areas as a result of transformation. In response, Michele Woods noted that the headcount reduction occurred over the period of several years due to attrition at which time the MTA experienced a financial crisis and hiring freeze. Some of the reduction was due to retirements (and she noted that most executive management in the department retired) and others left to take jobs external to the MTA and some left to work in other MTA agencies. Woods added that she worked with the past Chairman to determine the appropriate number of staff under the new transformed MTA and believes that 61 is the appropriate headcount to effectively perform the required number of audits – given the consolidation of various functions. For the past two years she had approval from the Vacancy Control Board to hire. However, it been a challenge to hire since there have not been many applicants for the vacancies, and other candidates once identified have moved on.

A motion was made and seconded to accept the proposed Audit Plan for 2022.

A motion also was made and seconded to approve the award of the competitively negotiated personal services contract to Deloitte & Touche to serve as the Independent Auditor for MTA and its agencies. Prior to the vote, the Chair noted that Deloitte received the highest ranking by all members of the selection committee based on their experience in the public sector and their proposed workplan. The contract was presented to the Finance Committee for their approval in the prior Finance Committee meeting, however, the Audit Committee is also required as part of their Charter, to approve the Independent Auditor Contract.

9. INFORMATION TECHNOLOGY REPORT

Rafail Portnoy (Chief Technology Officer) briefed the Committee on the activities of MTA IT for the past year, including its accomplishments, strategies, and plans for the current year. He noted that the IT Department consists of a number of different functions and that they are in the process of refining the current representation of how IT is organized and they are going forward with four distinct areas of product: (1) Cyber Security, (2) IT Operations, (3) Enterprise Strategy and Architecture, and (4) the MTA Business Support Unit which consists of the IT Business Operations, Client Services, and Work Force Planning. Throughout these difficult times, MTA IT has provided unstoppable support for the MTA. All throughout the pandemic, they provided support to all the operating agencies including the Rail Control Center. In addition, MTA IT has continued its focus on information technology security which is their top priority. They have expanded its IT security coverage into operational technology networks in order to address threats that are common in this area. Portnoy also discussed its Capital Projects Unit which has partnered with MTA C&D in order to ensure that technology requirements are incorporated into its capital plans early on, so that they can take advantage of planning. They have identified a number of projects where IT help and expertise is needed, and has partnered with MTA C&D to address both immediate and future needs so that MTA IT can create a technology plan that follows the transformation of the MTA. Portnoy referenced a slide that listed several MTA IT 2021 accomplishments. One key accomplishment was the MNR Train Time App for the Apple Watch whereby MTA IT developed a stand-alone application that works directly on the Apple Watch. This application allows customers access to information such as scheduling, bookmarking, and occupancy of train cars. The work on the MNR Train Time and Passenger Crowding continues to be further refined and they now have gateways whereby both LIRR and MNR Train Crowding information goes right into Google, which allows customers to also access the same information via Google Maps. In regards to the LIRR Passenger Counting App, Portnoy noted that the way they get information from the trains at LIRR is slightly different than MNR. Nonetheless, MTA IT was able to pivot and cross train so that information from LIRR is now available to its passengers. MTA IT is also designing applications that are creating the cross functional integration between the systems to eliminate the need to perform separate work for both LIRR and MNR. Another app developed for internal use was the MTA Insight App which allows MTA employees to have access to their information at their fingertips. He noted that the MTA has a variety of different systems with different ages and that MTA IT was able to pull information from these older systems and provide this information to employees. Portnoy noted there are a large number of downloads and that these apps are very popular with MTA employees. In partnership with the MTA Emergency Response and Safety team, MTA IT has developed a full echo system for COVID-19 response, which includes a large variety of different applications. He commented that many people have found this information very useful.

For 2022, the main focus of MTA IT will be on a new project - Consolidation Modernization Standardization (CMS) which is focused on improving infrastructure, addressing obsolescence (which is also an IT security concern) and creating a standardized environment which is substantially cheaper and easier to operate. Portnoy noted that there will be a number of different activities relating to CMS that are planned over the next three years that focus specifically on infrastructure improvements. They will focus on Product Roadmap which will allow MTA IT to align with the business requirements. MTA IT is changing its existing model and will partner directly with business so that both parties can understand the business needs and the limitations of MTA IT (as far as personnel and capacity) so that they can plan together. Lastly, MTA IT will continue to focus on Cyber Security which is an enormous challenge and remains one of its highest priorities.

Committee member Robert Linn inquired about training being provided to the public to use such apps as Apple Watch; whether we know the percentage of customers using the apps; and, whether it could be expanded. In response, Portnoy replied that he did not know the answer but that it was something that he could discuss with the Human Resource Department and its partners within the Customer organization, and that maybe they could do something.

10. <u>MOTION TO ADJOURN</u>

Upon motion duly made and seconded, the Committee adjourned the meeting.

Respectfully submitted,

Michele B. Woods

Michele Woods
Auditor General

Metropolitan Transportation Authority

2022 AUDIT COMMITTEE WORK PLAN

I. RECURRING AGENDA ITEMS	Responsibility
Each Meeting:	
Approval of Minutes	Committee Chair & Members
Audit Work Plan	Committee Chair & Members
As Appropriate:	
Pre-Approval of Audit and Non-Auditing Services	Committee Chair & Members
Follow-Up Items	Auditor General
Status of Audit Activities	Auditor General/MTA IG/ CCO/CFO/ Controllers/External Auditor/
Executive Sessions	Committee Chair & Members

II. SPECIFIC AGENDA ITEMS

January 2022

Quarterly Financial Statements – 3rd Quarter 2021	External Auditor/CFOs/Controllers
Enterprise Risk Management Update and Internal Control Guidelines	Chief Compliance Officer
Compliance with the Internal Control Act	Chief Compliance Officer/Agency ICOs
2021 Audit Plan Status Report	Auditor General
2022 Audit Plan	Auditor General
Information Technology Report	Chief Technology Officer
Open Audit Recommendations	Agency ICOs/Chief Compliance Officer

May 2022

2021 Audited Financial Statements	External Auditor/CFOs/Controllers
Management's Review of Consolidated Financial Statements	Comptroller
Investment Compliance Report	External Auditor
Open Audit Recommendations	Agency ICOs/Chief Compliance Officer
Contingent Liabilities/Third Party Lawsuits (Executive Session)	General Counsels/External Auditor

July 2022

Quarterly Financial Statements – 1st Quarter 2022	External Auditor/CFOs
Pension Audits (2021)	External Auditor/Comptroller
Management's Review of Pension Audits	Comptroller
Single Audit Report	External Auditor/CFOs
Management Letter Reports	External Auditor/CFOs/Controllers
Review of MTA/IG's Office (FY 2021)	External Auditor
Enterprise Risk Management Update	Chief Compliance Officer
Ethics and Compliance Program	Chief Compliance Officer
Financial Interest Reports	Chief Compliance Officer
MTAAS 2022 Audit Plan Status Report	Auditor General
Open Audit Recommendations	Agency ICOs/Chief Compliance Officer

October 2022

Quarterly Financial Statements – 2nd Quarter 2022	External Auditor/CFOs
Appointment of External Auditors	Committee Chair & Members
Audit Approach Plans/Coordination	External Auditor
Review of Audit Committee Charter	CCO and Committee Chair
Security of Sensitive Data & Systems (Executive Session)	Chief Technology Officer
Open Audit Recommendations	Agency ICOs/Chief Compliance Officer
Annual Audit Committee Report	Committee Chair

2022 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 2022

Quarterly Financial Statements - 3rd Quarter 2021
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 2021.

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 and Agency Internal Control Officers 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 2021/2022 Audit Plans

i. 2021 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 2021.

ii 2022 Audit Plan
A discussion by Audit Services of the areas scheduled to be reviewed in 2022 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.

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.

Open Audit Recommendations
The MTA Chief Compliance Officer and Agency Internal Control Officers will report to the Committee on the status of audit recommendations previously accepted by their respective agency.

MAY 2022

2021 Financial Statements
The MTA public accounting firm will review the results and conclusions of their examination of the 2021 Financial Statements. The agency CFOs/Controllers 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 MTA Comptroller will present a management's review of the 2021 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 and Agency Internal Control Officers will report to the Committee on the status of audit recommendations previously accepted by their respective agency.

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 2022

Quarterly Financial Statements – 1st Quarter 2022
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 2022.

Pension Audits

i Management's Review of MTA-Managed/Controlled Pension Plan Financial Statements
The MTA Comptroller will present a management's review of the 2021 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 firms 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 external audit firm.

Review of the MTA Inspector General's Office
Representatives of MTA's public accounting firm will provide the results of their 2021 "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 Interest Reports (FIRs), including any known conflicts of interest.

MTAAS 2022 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 and Agency Internal Control Officers will report to the Committee on the status of audit recommendations previously accepted by their respective agency.

OCTOBER 2022

Quarterly Financial Statements – 2nd Quarter 2022
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 2022.

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 the 2022 year-end agency financial audits. 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 2020 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 and Agency Internal Control Officers 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 2022. 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.

MTA
CONSOLIDATED
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

MANAGEMENT'S REVIEW

AUDIT COMMITTEE MEETING

MAY 23, 2022

MTA CONSOLIDATED FINANCIAL STATEMENTS

- The MTA’s Financial Statements are prepared in conformity with Generally Accepted Accounting Principles in the United States (GAAP) using accounting standards established by the Government Accounting Standards Board (GASB). They include 5 sections as follows:

1. Managements’ Discussion & Analysis
2. The basic Financial Statements which include:
   - The Statement of Net Position
   - The Statement of Revenues, Expenses and Changes in Net Position
   - The Statement of Cash Flows
   - 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

NEW GASB ACCOUNTING STANDARDS

GASB #	Title	Effective Date
GASB 98	*The Annual Comprehensive Financial Report* establishes the term *annual comprehensive financial report* and its acronym ACFR. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.	Fiscal year 2021
GASB 87	*Leases* provides financial statement users with improved accounting and financial reporting for leases by governments. 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.	Fiscal year 2022

MTA CONSOLIDATED STATEMENT OF NET POSITION FOR YEARS ENDED 12/31/2021 & 12/31/2020

($'s in Millions)	DECEMBER 31, 2021	DECEMBER 31, 2020
ASSETS		
Cash & Investments	$ 14,487	$ 11,299
Accounts Receivables (Net)	4,703	783
Capital Assets (Net)	83,806	80,895
Other Assets	902	817
TOTAL ASSETS	103,898	93,794
DEFERRED OUTFLOWS OF RESOURCES	7,863	6,201
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	**$ 111,761**	**$ 99,995**
LIABILITIES		
Long-term debt	56,500	51,013
Post employment benefits other then pension	24,409	21,117
Net Pension Liability	4,899	8,359
Liability for injury claims	5,106	4,675
Other liabilities	6,850	7,283
TOTAL LIABILITIES	97,764	92,447
DEFERRED INFLOWS OF RESOURCES	4,758	2,565
NET POSITION	9,239	4,983
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	**$ 111,761**	**$ 99,995**

MTA CONSOLIDATED FINANCIAL STATEMENTS

ASSETS & DEFERRED OUTFLOWS

$'s in Millions	DECEMBER 31,		CHANGE	
	2021	2020	$	%
CASH & INVESTMENTS	$14,487	$11,299	$3,188	28%
RECEIVABLES	4,703	783	3,920	501%
CAPITAL ASSETS (NET)	83,806	80,895	2,911	4%
OTHER ASSETS	902	817	85	10%
TOTAL ASSETS	**$103,898**	**$93,794**	**$10,104**	11%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$7,863**	**$6,201**	**$1,662**	27%

- Cash & Investments increased $3,188 due primarily to issuance of $4.0 billion Grant Anticipation Notes in December 2021.
- Receivables increased $3,920 due primarily to an increase in federal receivable from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA”) of $3.5 billion.
- Capital assets increased $2,911 as a result of increased net capital additions of $5,847, offset by net accumulated depreciation of $2,936.
- Total deferred outflows of resources increased $1,662 due to the OPEB plan’s change in actuarial assumptions primarily as a result of the decrease in the applied discount rate.

MTA CONSOLIDATED FINANCIAL STATEMENTS

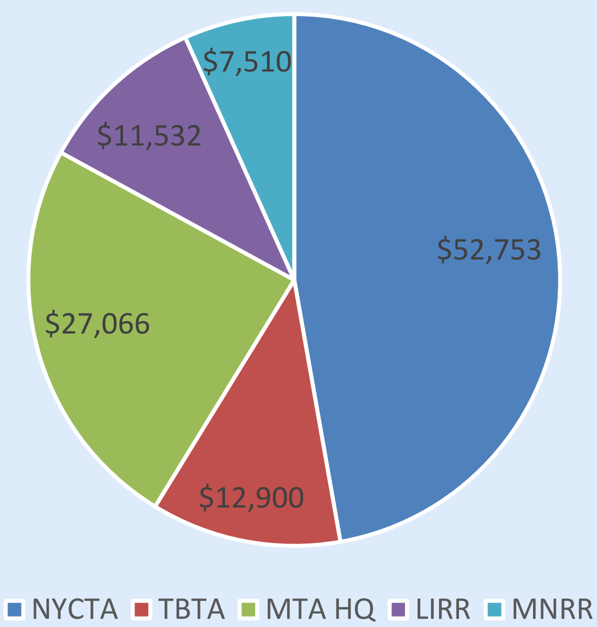
LIABILITIES & DEFERRED INFLOWS

$'s in Millions	DECEMBER 31,		CHANGE	
	2021	2020	$	%
LONG-TERM DEBT	$56,500	$51,013	$5,487	11%
OTHER POST EMPLOYMENT BENEFITS	24,409	21,117	3,292	16%
NET PENSION LIABILITIES	4,899	8,359	(3,460)	-41%
LIABILITIES FOR INJURY CLAIMS	5,106	4,675	431	9%
OTHER LIABILITIES	6,850	7,283	(433)	-6%
TOTAL LIABILITIES	**$97,764**	**$92,447**	**$5,317**	6%
TOTAL DEFERRED INFLOWS OF RESOURCES	**$4,758**	**$2,565**	**$2,193**	85%

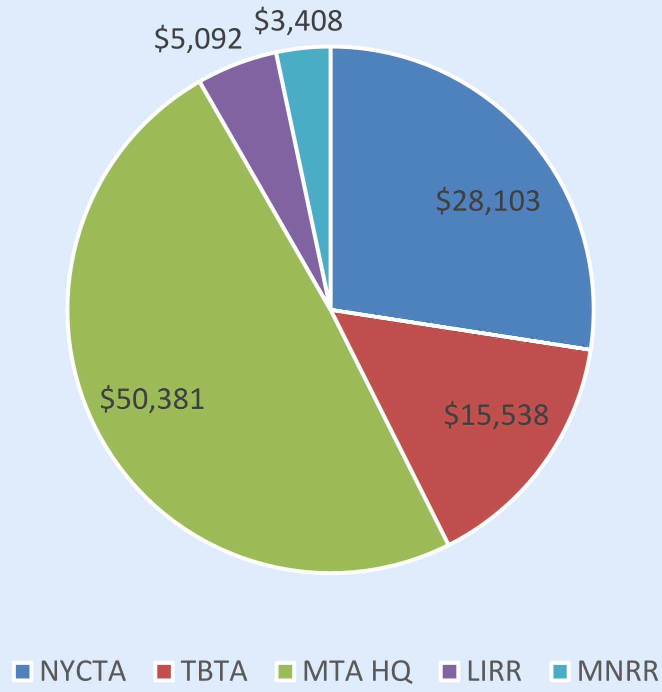
- Long-term debt increased $5,487 due primarily to the issuance of Grant Anticipation Notes in December 2021.
- OPEB liability increased $3,292 due to changes in actuarial assumptions primarily as a result of a decrease in the applied discount rate.
- Net Pension liability decreased $3,460 primarily due to changes in the actuarial calculation as a result of an increase in net plan investments.
- Liabilities for injury claims increased $431 due to an increase in the number and amount of claims.
- Total Deferred Inflows of resources increased $2,193 primarily due to the net difference between projected and actual earnings on NYCERS pension plan investments.

Assets & Liabilities by Agency

Total Assets and Deferred Outflows of Resources

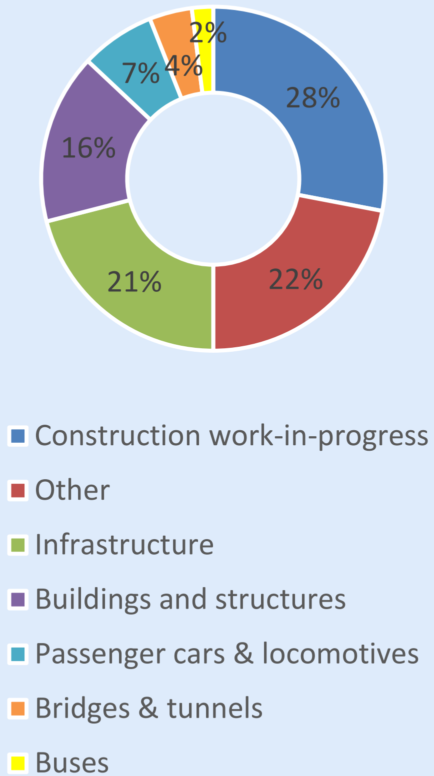


Total Liabilities and Deferred Inflows of Resources

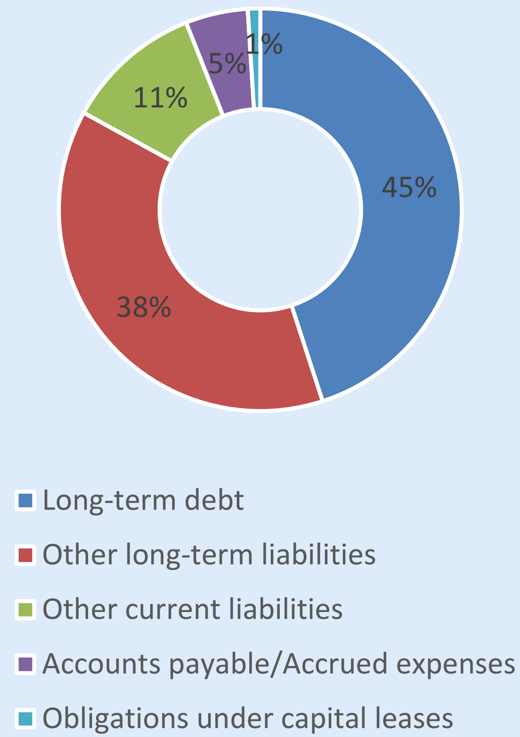


Capital Assets & Liabilities

Capital Assets



Total Liabilities



MTA CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

($'s in Millions)

	DECEMBER 31,		CHANGE	
	2021	**2020**	**$**	**%**
OPERATING REVENUES	$5,775	$4,728	$ 1,047	22%
OPERATING EXPENSES	(16,829)	(17,018)	189	1%
OPERATING DEFICIT	**(11,054)**	**(12,290)**	**1,236**	**10%**
SUBSIDIES & TAX REVENUES	13,427	10,962	2,465	22%
LESS: INTEREST EXPENSE	(1,813)	(1,722)	(91)	-5%
SURPLUS/(DEFICIT) BEFORE CAPITAL GRANTS & APPROPRIATIONS	**560**	**(3,050)**	**3,610**	**118%**
CAPITAL GRANTS & APPROPRIATIONS	3,696	3,582	114	3%
CHANGE IN NET POSITION	**4,256**	**532**	**3,724**	**700%**
NET POSITION - BEGINNING OF YEAR	4,983	4,451	532	12%
NET POSITION - END OF YEAR	**$9,239**	**$4,983**	**$4,256**	**85%**

MTA CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

($'s in Millions)	DECEMBER 31, 2021	DECEMBER 31, 2020	CHANGE $	CHANGE %
Net Cash from Operating Activities	$ (8,209)	$ (7,221)	$ (988)	-14%
Net Cash from Non-Capital Financing Activities	8,812	10,710	(1,898)	-18%
Net Cash from Capital & Related Financing Activities	2,596	655	1,941	296%
Net Cash from Investing Activities	(3,443)	(3,672)	229	6%
Net Change in Cash	(244)	472	(716)	-152%
Cash - Beginning of Year	1,026	554	472	85%
Cash - End of Year	**$ 782**	**$ 1,026**	**$ (244)**	**-24%**

- Net Cash from Non-Capital Financing Activities decreased $1,898 primarily due to the timing of the receipt of CRRSAA funds in 2021 versus the CARES Act funds in 2020.
- Net Cash from Capital & Related Financing Activities increased $1,941 primarily due to the issuance of Grant Anticipation Notes.

MTA CONSOLIDATED FINANCIAL STATEMENTS FOOTNOTES

1. Basis of Presentation
2. Significant Accounting Policies
3. Cash and Investments
4. Employee Benefits
5. Other Postemployment Benefits
6. Capital Assets
7. Long-Term Debt
8. Lease Transactions
9. Future Option
10. Estimated Liability Arising From Injuries To Persons
11. Commitments and Contingencies
12. Pollution Remediation Cost
13. Non-Current Liabilities
14. Novel Coronavirus (COVID-19)
15. Fuel Hedge
16. Condensed Component Unit Information
17. 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, 2021 and 2020
Required Supplementary Information,
Supplementary Information and
Independent Auditors' Report

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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, 2021 AND 2020

($ 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 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:

(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 New York State ("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 the City of New York.
- MTAHQ, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Staten Island Railway, FMTAC, MTA Capital Construction, and MTA Bus, 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 New York City.
- 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 New York City.

The MTA provides transportation services in the New York metropolitan area, operations of seven bridges and two tunnels within New York City and primary insurance coverage. The MTA engages in Business-Type Activities.

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

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

The financial results of the MTA are reported as consolidated financial statements.

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 Metropolitan Transportation Authority and its consolidated subsidiaries and affiliates (the "MTA" or "MTA Group") as of and for the years ended December 31, 2021 and 2020. 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, which 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, which 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, which 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 AND 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, 2021 and 2020. 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

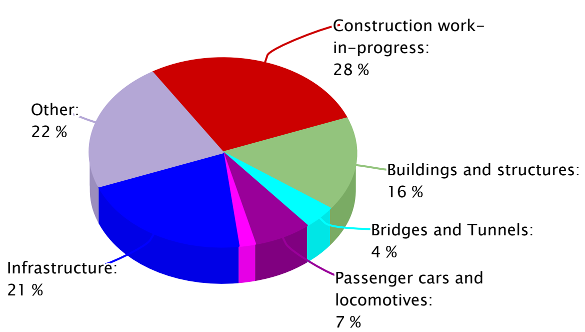
Capital assets include, but are not limited to: bridges, structures, tunnels, construction of buildings and the acquisition of buses, equipment, passenger cars, and locomotives.

Other 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.

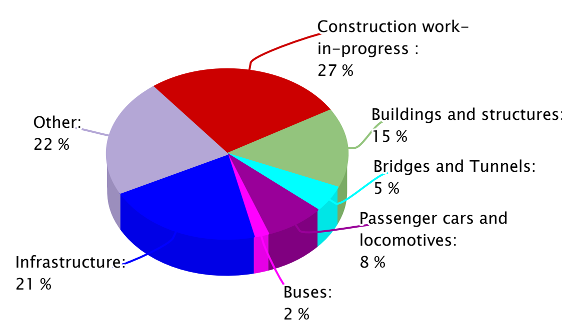
Deferred outflows of resources reflect: changes in fair market values of hedging derivative instruments that are determined to be effective, unamortized loss on refunding, deferred outflows from pension activities, and deferred outflows from OPEB activities.

(In millions)	December 31, 2021	December 31, 2020	December 31, 2019	Increase / (Decrease) 2021 - 2020	Increase / (Decrease) 2020 - 2019
Capital assets — net (see Note 6)	$ 83,806	$ 80,895	$ 77,502	$ 2,911	$ 3,393
Other assets	20,092	12,899	8,857	7,193	4,042
Total Assets	103,898	93,794	86,359	10,104	7,435
Deferred outflows of resources	7,863	6,201	5,300	1,662	901
Total assets and deferred outflows of resources	$ 111,761	$ 99,995	$ 91,659	$ 11,766	$ 8,336

Capital Assets, Net - December 31, 2021



Capital Assets, Net - December 31, 2020



Significant Changes in Assets and Deferred Outflows of Resources Include:

***December 31, 2021* versus December 31, 2020**

- Net capital assets increased at December 31, 2021 by $2,911 or 3.6%. There was an increase in construction in progress of $1,649, an increase in other capital assets of $1,313, an increase in buildings and structures of $1,225, an increase infrastructure of $1,155, an increase in bridges and tunnels of $195, an increase in buses of $182, an increase in passenger cars and locomotives of $127, and an increase in land of $1. This was offset by a net increase in accumulated depreciation of $2,936. 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:
  - Continued progress on the East Side Access, Second Avenue Subway and Number 7 Extension Project.
  - Infrastructure work including:
    - Repairs and improvements of all MTA Bridge and Tunnels' facilities.
    - Improvements to MTA Long Island Railroad's road-assets, replacement of signal power lines, various right-of-way enhancements and upgrades of radio communications.
    - Continued improvements to MTA Metro-North Railroad stations, tracks and structures, power rehabilitation of substations, and security.
    - Subway and bus real-time customer information and communications systems.
    - Continued structural rehabilitation and repairs of the ventilation system at various facilities.
  - Continued improvements made to the East River Tunnel Fire and Life Safety project for 1st Avenue, Long Island City and construction of three Montauk bridges.
  - Continued passenger station rehabilitations for Penn Station and East Side Access Passenger station.
  - 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 $7,193, or 55.8%. The major items contributing to this change include:
  - An increase in investments of $3,432 mainly due to proceeds received from the $4,000 issuance of Grant Anticipation Notes in December 2021.
  - An increase in current receivable of $3,881 primarily due to an increase in receivable from the federal government for the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") of $3.5 billion, an increase in State and regional mass transit taxes of $149, an increase in subsidies from New York City for MTA New York City Transit and MTA Bus of $75, an increase in Mortgage Recording Tax of $12,and a decrease in State and local operating assistance of $1. There was also a net increase in various current receivables of $123.
  - An increase in various other current assets of $41, primarily due to an increase in Derivative fuel hedge assets of $24.
  - An increase in non-current receivable of $84
  - A decrease in various other noncurrent assets of $1.
  - A decrease in cash of $244 from net cash flow activities.
- Deferred outflows of resources increased by $1,662, or 26.8%. This was due to an increase of $2,216 related to OPEB, primarily due to change in assumptions offset by a decrease in deferred outflows related to pensions of $347 based upon the most recent actuarial valuation report in accordance with GASB Statements No. 68, Accounting and Financial Reporting for Pensions, and GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. In addition, there was a decrease in the fair value of derivative instruments of $110 and a decrease in deferred outflows for unamortized losses on refundings of $97.

***December 31, 2020* versus December 31, 2019**

- Net capital assets increased at December 31, 2020 by $3,393 or 4.4%. This was due to an increase in other capital assets of $1,778, an increase in construction in progress of $1,617, an increase in buildings and structures of $1,300, an increase in infrastructure of $1,121, an increase in passenger cars and locomotives of $332, an increase in bridges and tunnels of $166, an increase in land of $25, and an increase in buses of $11. This was offset by a net increase in accumulated depreciation of $2,957. 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:
  - Continued progress on the East Side Access, Second Avenue Subway and Number 7 Extension Project.

- Infrastructure work including:
  - Repairs and improvements of all MTA Bridge and Tunnels' facilities.
  - Improvements to MTA Long Island Railroad's road-assets, replacement of signal power lines, various right-of-way enhancements and upgrades of radio communications.
  - Continued improvements to MTA Metro-North Railroad stations, tracks and structures, power rehabilitation of substations, and security.
  - Subway and bus real-time customer information and communications systems.
  - Continued structural rehabilitation and repairs of the ventilation system at various facilities.
- Continued improvements made to the East River Tunnel Fire and Life Safety project for 1st Avenue, Long Island City and construction of three Montauk bridges.
- Continued passenger station rehabilitations for Penn Station and East Side Access Passenger station.
- 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 $4,042 or 45.6%. The major items contributing to this change include:
  - An increase in investments of $3,699 mainly due to funds from the issuance of MTA Payroll Mobility Tax Bond Anticipation Notes, Series 2020A, in December 2020.
  - A decrease in current and non-current receivables of $116 primarily due to a decrease in subsidies from New York City for MTA New York City Transit and MTA Bus of $86, a decrease in State and local operating assistance of $34, an increase in Federal and State grants for capital projects of $7, an increase in State and regional mass transit taxes of $4. There was also a net decrease in various current and non-current receivables of $7.
  - A net decrease in various other current and noncurrent assets of $13, primarily due to a decrease in prepaid expenses of $15.
  - An increase in cash of $472 from net cash flow activities.
- Deferred outflows of resources increased by $901 or 17.0%. This increase in deferred outflows is primarily related to higher deferred outflows related to pensions of $710 due to changes in the actuarially determined calculations for the pension plans and an increase in deferred outflows related to OPEB activities of $280 due to changes in actuarial calculations for OPEB. There was also an increase in the fair value of derivative instruments of $75 and a decrease in deferred outflows for unamortized losses on refundings of $164.

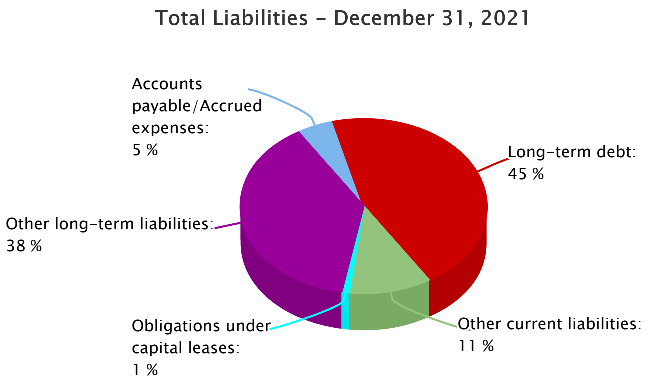
Total Liabilities and Deferred Inflows of Resources, Distinguishing Between Current Liabilities, Non-Current Liabilities and Deferred Inflows of Resources

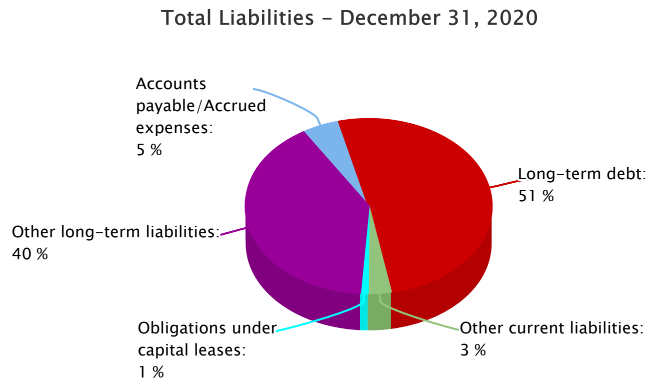
Current liabilities include: accounts payable, accrued expenses, current portions of long-term debt, capital lease obligations, pollution remediation liabilities, unredeemed fares and tolls, and other current liabilities.

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

Deferred inflows of resources reflect unamortized gains on refunding, pension related deferred inflows, and deferred inflows from OPEB activities.

(In millions)	December 31, 2021	December 31, 2020	December 31, 2019	Increase/(Decrease) 2021 - 2020	Increase/(Decrease) 2020 - 2019
Current liabilities	$ 15,491	$ 7,184	$ 7,494	$ 8,307	$ (310)
Non-current liabilities	82,273	85,263	77,085	(2,990)	8,178
Total liabilities	97,764	92,447	84,579	5,317	7,868
Deferred inflows of resources	4,758	2,565	2,629	2,193	(64)
Total liabilities and deferred inflows of resources	$ 102,522	$ 95,012	$ 87,208	$ 7,510	$ 7,804





Significant Changes in Liabilities and Deferred Inflows of Resources Include:

December 31, 2021 versus December 31, 2020

- Current liabilities increased by $8,307, or 115.6%. The net increase in current liabilities was primarily due to an increase in the current portion of long-term debt of $8,417 due mainly to the issuance of Grant Anticipation Notes of $4,000 in December 2021 which will mature on November 15, 2022, and the reclassification of the early retirement of $2,930 bond anticipation notes in 2022, in addition to the reclassification of $326 bonds from long-term to short-term maturing in 2022, an increase in other accrued expenses of $101, an increase of $68 in employee related accruals, an increase in interest payable of $43, an increase in the current portion obligations under capital leases (see Note 9) of $10, and a net increase in various other current liabilities of $27. This was offset by a decrease in accounts payable due to vendors of $113, a decrease in unearned premiums of $116, and a decrease in capital accruals of $130.
- Non-current liabilities decreased by $2,990, or 3.5%. This decrease was mainly due to:
  - A decrease in the non-current portion of long-term debt of $2,930 primarily due to the reclassification of early retirement of bond anticipation notes to current liability, as required by GASB Statement No. 62 (see Note 7).
  - A decrease in pension liability of $3,460, resulting from actuarial calculations as required by GASB Statement No. 68 (see Note 4).
  - A decrease in contract retainage payable of $63.
  - A decrease in other long-term liabilities of $74, due to higher employer social security taxes payments in 2021 that were accrued in 2020 under the payroll tax deferral relief offered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
  - An increase in estimated liability arising from injuries to persons (see Note 10) of $378 due to revised actuarial calculations of the workers' compensation reserve.
  - A decrease in derivative liability (see Note 8) of $110.
  - An increase in net OPEB liability of $3,292 due to changes in actuarial calculations for OPEB as required by GASB Statement No. 75 (see Note 5).
  - A net decrease in other various non-current liabilities of $23.
- Deferred inflows of resources increased by $2,193, or 85.5%, primarily due to an increase in deferred inflows related to pensions of $2,198 as a result of changes in the actuarially determined calculations for the pension plans as required by GASB Statement No. 68, an increase in deferred inflows related to OPEB of $2 due to changes in actuarial calculations for OPEB as required by GASB Statement No. 75, and a decrease in the gain on refunding of debt of $7.

December 31, 2020 versus December 31, 2019

- Current liabilities decreased by $310 or 4.1%. The net decrease in current liabilities was primarily due to a decrease in the current portion of long-term debt of $667 due mainly to the classification of bond anticipated notes retired by the proceeds of new long term debt issues as required by GASB Statement No. 62, a decrease in capital accruals of $243, a decrease in the current portion obligations under capital leases (see Note 9) of $10, a decrease in interest payable of $20, an increase of $297 in employee related accruals, an increase in unearned premiums of $264, an increase in accounts payable due to vendors of $48, an increase of $45 in accrued expenses, and in addition, there was a net decrease in various other current liabilities of $24.

- Non-current liabilities increased by $8,178 or 10.6%. This increase was mainly due to:
  - An increase in the non-current portion of long-term debt of $5,535 primarily due to the classification of bond anticipated notes and bonds retired by the proceeds of new long term debt issues as required by GASB Statement No. 62 (see Note 7) and new bonds issued in 2020.
  - An increase in pension liability of $775, resulting from actuarial calculations as required by GASB Statement No. 68 (see Note 4).
  - An increase in other long-term liabilities of $136, primarily due to the accruals of employer social security taxes. Payments are due in 2021 under the payroll tax deferral relief offered by the CARES Act.
  - An increase in estimated liability arising from injuries to persons (see Note 10) of $98 due to revised actuarial calculations of the workers' compensation reserve.
  - An increase in derivative liability (see Note 8) of $72.
  - An increase in net OPEB liability of $1,535 due to changes in actuarial calculations for OPEB as required by GASB Statement No. 75 (see Note 5).
  - A net increase in other various non-current liabilities of $27.
- Deferred inflows of resources decreased by $64 or 2.4%, primarily due to a decrease in deferred inflows related to pensions of $138 as a result of changes in the actuarially determined calculations for the pension plans as required by GASB Statement No. 68, an increase in deferred inflows related to OPEB of $56 due to changes in actuarial calculations for OPEB as required by GASB Statement No. 75, and an increase in the gain on refunding of debt of $18.

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

(In millions)	December 31, 2021	December 31, 2020	December 31, 2019	Increase/(Decrease) 2021 - 2020	Increase/(Decrease) 2020 - 2019
Net investment in capital assets	$ 29,946	$ 32,884	$ 31,147	$ (2,938)	$ 1,737
Restricted for debt service	1,039	480	554	559	(74)
Restricted for claims	220	287	219	(67)	68
Restricted for other purposes	1,346	1,184	1,207	162	(23)
Unrestricted	(23,312)	(29,852)	(28,676)	6,540	(1,176)
Total Net Position	$ 9,239	$ 4,983	$ 4,451	$ 4,256	$ 532

Significant Changes in Net Position Include:

***December 31, 2021* versus December 31, 2020**

At December 31, 2021, total net position increased by $4,256, or 85.4%, when compared with December 31, 2020. This change is a result of net non-operating revenues of $11,614 and appropriations, grants and other receipts externally restricted for capital projects of $3,696, which was offset by operating losses of $11,054.

The net investment in capital assets decreased by $2,938, or 8.9%. Funds restricted for debt service, claims and other purposes increased by $654, or 33.5% in the aggregate, mainly due to a $559 increase in funds restricted for debt service and an increase in funds restricted for other purposes of $162, which was offset by a decrease in funds restricted for claims of $67. Unrestricted net position increased by $6,540, or 21.9%.

***December 31, 2020* versus December 31, 2019**

At December 31, 2020, total net position increased by $532 or 12.0%, when compared with December 31, 2019. This change is a result of net non-operating revenues of $9,240 and appropriations, grants and other receipts externally restricted for capital projects of $3,582, and offset by operating losses of $12,290.

The net investment in capital assets increased by $1,737 or 5.6%. Funds restricted for debt service, claims and other purposes decreased by $29 or 1.5% in the aggregate, mainly due to a $74 decrease in funds restricted for debt service and a decrease in funds restricted for other purposes of $23, which was offset by an increase in funds restricted for claims of $68. Unrestricted net position decreased by $1,176 or 4.1%.

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

(In millions)	December 31, 2021	December 31, 2020	December 31, 2019	Increase/(Decrease) 2021 - 2020	2020 - 2019
Operating revenues					
Passenger and tolls	$ 5,218	$ 4,265	$ 8,422	$ 953	$ (4,157)
Other	557	463	621	94	(158)
Total operating revenues	5,775	4,728	9,043	1,047	(4,315)
Non-operating revenues					
Grants, appropriations and taxes	7,955	6,014	6,767	1,941	(753)
Other	5,485	4,961	980	524	3,981
Total non-operating revenues	13,440	10,975	7,747	2,465	3,228
Total revenues	19,215	15,703	16,790	3,512	(1,087)
Operating expenses					
Salaries and wages	6,204	6,246	6,309	(42)	(63)
Retirement and other employee benefits	2,264	3,054	3,125	(790)	(71)
Postemployment benefits other than pensions	1,865	1,677	1,613	188	64
Depreciation and amortization	3,152	3,011	2,870	141	141
Other expenses	3,344	3,030	3,626	314	(596)
Total operating expenses	16,829	17,018	17,543	(189)	(525)
Non-operating expenses					
Interest on long-term debt	1,813	1,722	1,556	91	166
Other net non-operating expenses	13	13	10	-	3
Total non-operating expenses	1,826	1,735	1,566	91	169
Total expenses	18,655	18,753	19,109	(98)	(356)
Loss before appropriations, grants and other receipts externally restricted for capital projects	560	(3,050)	(2,319)	3,610	(731)
Appropriations, grants and other receipts externally restricted for capital projects	3,696	3,582	2,817	114	765
Change in net position	4,256	532	498	3,724	34
Net position, beginning of year	4,983	4,451	3,953	532	498
Restatement of beginning net position -					
Net position, end of year	$ 9,239	$ 4,983	$ 4,451	$ 4,256	$ 532

Revenues and Expenses, by Major Source:

Years ended December 31, 2021 versus 2020

Total operating revenues increased by $1,047, or 22.1%. This was attributable to the increase in fare and toll revenues of $423 and $530, respectively, mainly due to the lifting of major travel restrictions of the Stay at Home Executive Order issued by New York State governor in March 2020 and a toll increase effective April 11, 2021. Other operating revenues increased by $94 when compared with the same period in 2020 due to higher advertising revenues and higher paratransit reimbursement subsidy.

- Total non-operating revenues increased by $2,465, or 22.5%.
  - The favorable variance of $1,941 in grants, appropriations, and taxes was primarily due to increases in tax-supported subsidies from New York State, New York City and local service areas. There was an increase in Metropolitan Mass Transportation Operating of $683, increase in Payroll Mobility Tax of $258, an increase in Internet Sales Tax of $85, an increase in Mansion Tax of $307, an increase in Mortgage Recording Tax subsidies of $195 due to greater mortgage transaction in MTA service area, an increase in Urban Tax subsidies of $160, an increase in MTA Aid Trust of $133, an increase in Operating Assistance of $78, an increase in Mass Transportation Trust Fund of $21, and an increase in New York City Assistance Fund $26. The increases were offset by a decrease in Build America Bond subsidy of $5.
  - Other non-operating revenues increased by $524 primarily due to an increase in funds from the Federal government's Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") of $104, an increase in subsidies from the Connecticut Department of Transportation for the MTA Metro-North Railroad of $36, an increase in other net non-operating revenues of $276, an increase in Station maintenance of $3, and an increase in subsidies from New York City of $105 for MTA Bus and MTA Staten Island Railway for the deficit funding requirement for MTA Bus.

- Labor costs decreased by $644, or 5.9%. The major changes within this category are:
  - Retirement and employee benefits decreased by $790 primarily due to changes in the actuarial valuation for pensions under GASB Statement No. 68.
  - Salaries and wages decreased by $42 mainly due to a decrease in headcount as a result of retirements and the sustained agency hiring freeze.
  - Postemployment benefits other than pensions increased by $188 due to changes in the actuarial valuation for OPEB.
- Non-labor operating costs increased by $455, or 7.5%. The variance was primarily due to:
  - An increase in claims arising from injuries to persons of $194 based on the most recent actuarial valuations.
  - An increase in depreciation of $141 due to more assets placed in service in the current year.
  - An increase in paratransit service contracts of $20 primarily due to increased ridership.
  - An increase in professional service contracts of $65 primarily due to changes in consulting service requirements.
  - An increase in electric power of $45 and fuel of $60 due to higher rates and consumption.
  - An increase in insurance of $31 due to changes in property and liability reserve requirements.
  - A decrease in material and supplies by $57, mainly due to revised maintenance and repairs requirements for transit and commuter systems.
  - A decrease in pollution remediation projects of $86 primarily due to identification of additional areas of exposure requiring environmental remediation in 2020.
  - A decrease in maintenance and other operating contracts by $4.
  - A net increase in other various expenses of $46 due to changes in operational requirements.
- Total net non-operating expenses increased by $91, or 5.2% primarily due to an increase in interest on long-term debt.
- Appropriations, grants and other receipts externally restricted for capital projects increased by $114, or 3.2%, mainly due to timing in the availability of Federal and State grants for capital projects.

Years ended December 31, 2020 versus 2019

- Total operating revenues decreased by $4,315 or 47.7%. The decrease was mainly due to the Stay At Home Executive Order issued by New York State governor in March in response to the COVID-19 pandemic. The decrease in fare revenue and toll revenue of $3,726 and $431, respectively, reflects the ongoing impact of the COVID-19 pandemic resulting in a sharp drop in utilization of services. Other operating revenues decreased by $158 when compared with the same period in 2019 due to lower advertising revenues and lower paratransit reimbursement subsidy.
- Total non-operating revenues increased by $3,228 or 41.7%.
  - The unfavorable variance of $753 in grants, appropriations, and taxes was primarily due to decreases in tax-supported subsidies from New York State, New York City and local service areas. There was a decrease in Payroll Mobility Tax of $59, a decrease in Metropolitan Mass Transportation Operating of $260, a decrease in Operating Assistance of $97, a decrease in Mass Transportation Trust Fund of $87, a decrease in Mortgage Recording Tax subsidies of $3, a decrease in New York Assistance Fund of $175, a decrease in Urban Tax subsidies of $288, and a decrease in MTA Aid Trust of $65. The decreases were offset by an increase in Internet Sales Tax of $175, and an increase in Mansion Tax of $106.
  - Other non-operating revenues increased by $3,981 primarily due to an increase in funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act of $4,010, an increase in subsidies from the Connecticut Department of Transportation for the MTA Metro-North Railroad of $120, an increase in other net non-operating revenues of $34, and an increase in Station maintenance of $3. The increases were offset by a decrease in subsidies from New York City of $186 for MTA Bus and MTA Staten Island Railway.
- Labor costs decreased by $70 or 0.6%. The major changes within this category are:
  - Retirement and employee benefits decreased by $71 primarily due to changes in the actuarial valuation for pensions under GASB Statement No. 68.
  - Salaries, wages and overtime decreased by $63 primarily due to fewer trains operating due to COVID-19.

  - Postemployment benefits other than pensions increased by $64 due to changes in the actuarial valuation for OPEB under GASB Statement No. 75.

- Non-labor operating costs decreased by $455 or 7.0%. The variance was primarily due to:
  - A decrease in claims arising from injuries to persons of $257 based on the most recent actuarial valuations.
  - A decrease in paratransit service contracts of $151 primarily due to less use of paratransit taxi expenses.
  - A decrease in decrease in material and supplies by $104, mainly due to revised maintenance and repairs requirements for transit and commuter systems.
  - A decrease in electric power of $59 and fuel of $71 due to changes in rates and consumption.
  - An increase in pollution remediation projects of $81 primarily due to higher areas of exposure requiring corrective work requirements.
  - An increase in maintenance and other operating contracts by $44.
  - An increase in depreciation of $141 due to more assets placed in service in the current year.
  - A decrease in insurance of $7 due to changes in property and liability reserve requirements.
  - A net decrease in other various expenses of $72 due to changes in operational requirements.
- Total net non-operating expenses increased by $169 or 10.8% primarily due to an increase in interest on long-term debt of $166 and an increase in other net non-operating expenses of $3.
- Appropriations, grants and other receipts externally restricted for capital projects increased by $765 or 43.3%, 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, 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 utilization through the fourth quarter of 2021 has rebounded past the depths experienced in 2020, with ridership up by 257.3 million trips (27.0%) over the 2020 ridership level. The first quarter of 2021 was down 296.4 million trips (57.4%) compared with the first quarter of 2020, since COVID-related ridership loss did not begin until the closing weeks of the first quarter of 2020. The second quarter of 2021 reflected gradual increases in ridership from the depths of the COVID pandemic and was up 231.1 million trips (410.1%) compared with the second quarter of 2020. The third quarter of 2021 was also favorable, up 177.3 million trips (117.5%) compared with the third quarter of 2020, and the fourth quarter was up 145.3 million trips (63.2%) compared with the fourth quarter of 2021. The effective shut-down in mid-March 2020 of the metropolitan area in response to the COVID-19 pandemic resulted in a severe decline in the utilization of MTA services that began to slowly improve as effective vaccinations became available and the region moved through State-mandated re-opening phases. During 2021 with vaccinations available, social distancing mandates were eased and the region began moving into a late-pandemic phase with businesses bringing back employees, restaurants and bars increasing seating capacity and cultural institutions reopened. Increases in infections and hospitalizations brought on by COVID-19 variants changed conditions during the latter part of the year and slowed the economic recovery. When compared with 2020, MTA New York City Transit subway ridership increased by 120.4 million trips (18.8%); the fourth quarter change from 2020 was an increase of 109.1 million trips (80.7%). MTA New York City Transit bus increased by 103.0 million trips (49.3%) in 2021, and by 18.7 million trips (27.4%) in the fourth quarter. MTA Long Island Rail Road ridership increased by 4.7 million trips (15.6%) in 2021, while increasing by 5.7 million trips (95.6%) during the fourth quarter, MTA Metro-North Railroad increased by 3.5 million trips (13.0%) in 2021, while increasing by 5.6 million trips (114.1%) during the fourth quarter; MTA Bus increased by 25.5 million trips (55.5%) in 2021, and by 5.9 million trips (39.5%) during the fourth quarter;, and MTA Staten Island Railway increased by 42 thousand trips (3.0%) in 2021, while increasing by 261 thousand trips (103.0%) during the fourth quarter. A note on bus ridership figures: From March 20, 2020 through the end of August 2020, entry onto most buses was only permitted through the rear bus door and fares were not collected, and in these instances, ridership was not counted. Vehicle traffic at MTA Bridges and Tunnels facilities in 2021 increased by 54.1 million crossings (21.4%) compared with crossings during 2020. In the fourth quarter, crossings were up 13.0 million (19.2%) compared with the fourth quarter of 2020. The 2019 New York State Budget approved congestion pricing in Manhattan south of 60th Street, which will likely impact ridership and vehicle crossings once implemented. While originally scheduled to go into effect in 2021, the MTA only received approval on March 30, 2021, after significant delays, by the Federal

Highway Administration to proceed with the Environmental Assessment which will allow for the final design and construction of the tolling infrastructure to proceed.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was higher in 2021 than in 2020 by 199.1 thousand jobs (4.9%). On a quarter-to-quarter basis, New York City employment gained 70.5 thousand jobs (1.7%), the sixth consecutive quarterly increase. These increases were preceded by the steep decline of 888.8 thousand jobs (19.0%) during the second quarter of 2020.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 6.9% in the fourth quarter of 2021, according to the most recent advance estimate released by the Bureau of Economic Analysis; in the third quarter of 2021, the revised RGDP increased 2.3 percent. The increase in fourth quarter real GDP reflected increases in private inventory investment, exports, personal consumption expenditures, and nonresidential fixed investment that were partly offset by decreases in both federal and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased. The increase in private inventory investment was led by retail and wholesale trade industries, with inventory investment by motor vehicle dealers the leading contributor for retail trade. The increase in exports reflected increases in both goods and services. The increase in exports of goods was widespread, led by consumer goods, industrial supplies and materials, and foods, feeds, and beverages, while the increase in exports of services was led by travel. The increase in personal consumption expenditures primarily reflected an increase in services, led by health care, recreation, and transportation. The increase in nonresidential fixed investment primarily reflected an increase in intellectual property products that was partly offset by a decrease in structures. The decrease in federal government spending primarily reflected a decrease in defense spending on intermediate goods and services. The decrease in state and local government spending reflected decreases in consumption expenditures (led by compensation of state and local government employees, notably education) and in gross investment (led by new educational structures). The increase in imports primarily reflected an increase in goods (led by non-food and non-automotive consumer goods, as well as capital goods). The acceleration in real GDP in the fourth quarter primarily reflected an upturn in exports, accelerations in private inventory investment and personal consumption expenditures, and smaller decreases in residential fixed investment and federal government spending that were partly offset by a downturn in state and local government spending. Additionally, imports accelerated.

The New York City metropolitan area's price inflation, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was lower than the national average in the fourth quarter of 2021, with the metropolitan area index increasing 4.6% while the national index increased 6.7% when compared with the fourth quarter of 2020. Regional prices for energy products increased 25.5%, while national prices of energy products rose 30.8%. In the metropolitan area, the CPI-U exclusive of energy products increased by 3.5%, while nationally, inflation exclusive of energy products increased 5.1%. The New York Harbor spot price for conventional gasoline increased substantially more, by 89.1%, from an average price of $1.25 per gallon to an average price of $2.36 per gallon between the fourth quarters of 2020 and 2021.

In its announcement on May 4, 2022, the Federal Open Market Committee ("FOMC") raised its target for the Federal Funds rate to the range of 0.75% to 1.00%. Previously, on March 16, 2022, the FOMC raised its target for the Federal Funds rate to the range of 0.25% to 0.50%. Prior to the March 16 increase, the Federal Funds rate target range was 0.00% to 0.25%, and was last changed on March 15, 2020, when it was reduced from a range of 1.50% to 1.75%. The FOMC cites the invasion of Ukraine by Russia as causing uncertainty for the US economy, creating additional upward pressure on inflation which will weigh on economic activity. Additionally, COVID-related lockdowns in China are likely to exacerbate supply chain disruptions. While economic activity edged down in the first quarter of 2022, household spending and fixed business investment remained strong. Job gains have been robust, and the national unemployment rate has declined substantially. Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices and broader price pressures. The FOMC seeks to achieve maximum employment and a 2 percent inflation rate over the longer run, and with appropriate firming of its monetary policy stance, the FOMC expects to achieve these goals. The FOMC also plans to begin, on June 1, reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The FOMC will continue to assess the economic outlook and is prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the FOMC's employment and inflation goals.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law and provided $4.0 billion in funding to the MTA, which assisted in covering operating losses through late July. The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") became law on December 27, 2020; the MTA received $4.1 billion from CRRSAA between in late December 2021 and January 2022. More recently, on March 11, 2021, the American Rescue Plan Act of 2021 ("ARPA") was signed in law, and MTA expects to receive $6.4 billion in aid from ARPA.

The influence of the Federal Reserve's monetary policy on the mortgage market is a matter of interest to the MTA, since variability of mortgage rates can affect the number of real estate transactions and thereby impact receipts from the Mortgage Recording Taxes ("MRT") and the Urban Taxes, two important sources of MTA revenue. While real estate transaction activity initially was severely impacted by social distancing and the economic disruption caused by the COVID-19 pandemic, demand for suburban residential real estate and historically low mortgage rates for refinancing resulted in strong MRT revenue. Mortgage Recording Tax collections in the fourth quarter of 2021 were higher than the fourth quarter of 2020 by $36.7 million (29.2%). Average monthly receipts in the fourth quarter of 2021 were $9.6 million (15.1%) 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 2021—which are based on 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 $45.1 million (56.1%) higher than receipts during the fourth quarter of 2020. Average monthly receipts in the fourth quarter of 2021 were $37.9 million (51.4%) 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, 2021, operating revenue increased by $533 as compared to the twelve months ended December 31, 2020.

The current year included a toll increase effective April 11, 2021. Total crossings in 2021 were 307.3 million versus 253.2 million crossings in 2020, an increase of 21.4%. Toll revenue for the year 2021 totaled $2,170, which was $530, or 32.3% higher than 2020.

MTA New York City Transit - Total revenue from fares was $2,347 in 2021, an increase of $336, or 16.7%, compared to 2020. Total operating expenses, including depreciation, other post-employment benefits and environmental remediation expenses, were $10,504 in 2021, a decrease of $582 or 5.2%.

MTA Long Island Rail Road – Total operating revenue for the year ended December 31, 2021 was $325, which was higher by $19 or 6.2% compared to the year ended December 31, 2020. For the same comparative period, operating expenses were higher by $66 or 3.3%, totaling $2,058 for the year ended December 31, 2021.

MTA Metro-North Railroad – For the year ended December 31, 2021, operating revenues totaled $283, an increase of $9, or 3.3%, compared to 2020. During the same period, operating expenses increased by $133, or 8.3%, to $1,733. Fare revenue for 2021 increased by 8.2% to $263 compared to 2020. Passenger fares accounted for 92.9% and 88.8% of operating revenues in 2020 and 2020, respectively. The remaining revenue represents collection of rental income from stores in and around passenger stations and revenue generated from advertising.

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 March 2016, the State appropriated $1.6 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, 2021 was $659.7 compared to $464.5 at December 31, 2020.

Capital Programs

At December 31, 2021, $7,856 had been committed and $1,472 had been expended for the 2020-2024 MTA Bridges and Tunnels Capital Program, $29,255 had been committed and $20,527 had been expended for the combined 2015-2019 MTA Capital Programs and the 2015-2019 MTA Bridges and Tunnels Capital Program, and $28,921 had been committed and $26,947 had been expended for the combined 2010-2014 MTA Capital Programs and the 2010-2014 MTA Bridges and Tunnels Capital Program, and $24,125 had been committed and $23,920 had been expended for the combined 2005-2009 MTA Capital Programs and the 2005-2009 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.

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 Capital Program Review Board ("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.

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 Central Business District tolling sources, $10,000 in new revenue sources, $9,792 in MTA bonds and PAYGO, $3,327 in MTA Bridges and Tunnels bonds, $10,696 in Federal funds, $3,000 in State of New York funding, $3,000 in City of New York funding, and $520 in other contributions.

2015-2019 Capital Program — Capital programs covering the years 2015-2019 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the "2015–2019 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 "2015–2019 Transit Capital Program") were originally approved by the MTA Board in September 2014. The capital programs were subsequently submitted to the Capital Program Review Board ("CPRB") in October 2014. This plan was disapproved by the CPRB, without prejudice, in October 2014.The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the "2015–2019 MTA Bridges and Tunnels Capital Program") was approved by the MTA Board in September 2014 and was not subject to CPRB approval.

On April 20, 2016, the MTA Board approved revised capital programs for the years covering 2015-2019. The revised capital programs provided for $29,456 in capital expenditures. On May 23, 2016, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems as submitted. The revised 2015-2019 MTA Bridges and Tunnels Capital Program, was approved by the MTA Board on April 20, 2016.On February 23, 2017, the MTA Board approved a revision to the CPRB portion of the capital programs for the years covering 2015-2019, adding $119 transferred from prior capital programs to support additional investment projects. On March 30, 2017, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems as submitted. On May 24, 2017, the MTA Board approved a full amendment to the 2015-2019 Capital Programs to reflect updated project estimates and rebalanced programs to address budgetary and funding needs of priority projects that include Second Avenue Subway Phase 2, MTA Long Island Rail Road regional mobility, station enhancement work, investments at Penn Station, and new Open Road Tolling at MTA Bridges and Tunnels. On July 31, 2017, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems totaling $29,517, as submitted. The revised 2015-2019 MTA Bridges and Tunnels Capital Program totaling $2,940, as approved by the MTA Board in May 2017, was not subject to CPRB approval. On December 13, 2017, the MTA Board approved an amendment adding $349 to the 2015-2019 Capital Program for the Transit system in support of the NYC Subway Action Plan. On April 25, 2018, the MTA Board approved a full amendment to increase the 2015-2019 Capital Programs to $33,270 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 May 31, 2018, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems totaling $30,334, as submitted. The revised 2015-2019 MTA Bridges and Tunnels Capital Program totaling $2,936, as approved by the MTA Board in April 2018, was not subject to CPRB approval. On September 25, 2019, the MTA Board approved a full amendment to increase the 2015-2019 Capital Programs to $33,913 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 totaling $30,977, as submitted. The revised 2015-2019 MTA Bridges and Tunnels Capital Program totaling $2,936, as approved by the MTA Board in September 2019, was not subject to CPRB approval.

By December 31, 2021, the revised 2015-2019 Capital Programs provided $33,913 in capital expenditures, of which $16,742 relates to ongoing repairs of, and replacements to, the transit system operated by MTA New York City Transit and MaBSTOA and the rail system operated by MTA Staten Island Railway; $6,096 relates to ongoing repairs of, and replacements to, the commuter system operated by MTA Long Island Rail Road and MTA Metro-North Railroad; $7,520 relates to the expansion of existing rail networks for both the transit and commuter systems to be managed by MTA Capital Construction; $243 relates to Planning and Customer Service; $376 relates to MTA Bus Company initiatives; and $2,936 in capital expenditures for ongoing repairs of, and replacements to, MTA Bridges and Tunnels facilities.

The combined funding sources for the revised 2015–2019 MTA Capital Programs and the 2015-2019 MTA Bridges and Tunnels Capital Program, include $8,474 in MTA bonds, $2,942 in MTA Bridges and Tunnels dedicated funds, $9,091 in State of New York funding, $7,421 in Federal funds, $2,667 in City of New York funding, $2,156 in pay-as-you-go ("PAYGO") capital, $943 from asset sale/leases, and $273 from other sources.

2010-2014 Capital Program — Capital programs covering the years 2010-2014 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the "2010–2014 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 "2010–2014 Transit Capital Program") were originally approved by the MTA Board in September 2009.The capital programs were subsequently submitted to the CPRB in October 2009.This plan was disapproved by the CPRB, without prejudice, in December 2009 allowing the State Legislature to review funding issues in their 2010 session. The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the "2010–2014 MTA Bridges and Tunnels Capital Program") was approved by the MTA Board in September 2009 and was not subject to CPRB approval. The MTA Board approved the revised plan for the Transit and Commuter systems on April 28, 2010 and CPRB approval of the five-year program of projects was obtained on June 1, 2010. The approved CPRB program fully funded only the first two years (2010 and 2011) of the plan, with a commitment to come back to CPRB with a funding proposal for the last three years for the Transit and Commuter Programs. On December 21, 2011, the MTA Board approved an amendment to the 2010-2014 Capital Program for the Transit, Commuter, and Bridges and Tunnels systems that fund the last three years of the program through a combination of self-help (efficiency improvements and real estate initiatives), participation by our funding partners, and innovative and pragmatic financing arrangements. On March 27, 2012, the CPRB deemed approved the amended 2010-2014 Capital Programs for the Transit and Commuter systems as submitted.

On December 19, 2012, the MTA Board approved an amendment to the 2010-2014 Capital Programs for the Transit, Commuter, and Bridges and Tunnels systems to add projects for the repair/restoration of MTA agency assets damaged as a result of Superstorm Sandy, which struck the region on October 29, 2012.On January 22, 2013, the CPRB deemed approved the amended 2010-2014 Capital Programs for the Transit and Commuter systems as submitted. On July 22, 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 in response to Superstorm Sandy.

On August 27, 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 select elements of the Disaster Recovery (Sandy) and MTA New York City Transit portions of the 2010-2014 Capital Programs, and a change in the funding plan. On September 3, 2014, the CPRB deemed approved the amended 2010-2014 Capital Programs for the Transit and Commuter systems as submitted.

In May 2017, the MTA Board approved an amendment to the 2010-2014 Capital Programs to reflect scope transfers and consolidation between the approved capital programs, and to reflect reductions to the MTA Superstorm Sandy capital projects to match current funding assumptions. This amendment, which provided $29,237 in capital expenditures for the Transit and Commuter systems, was deemed approved by the CPRB as submitted on July 31, 2017.The amended 2010-2014 MTA Bridges and Tunnels Capital Program, which provided $2,784 in capital expenditures, was not subject to CPRB approval. On September 25, 2019, the MTA Board approved an amendment to decrease the 2010-2014 Capital Programs to $31,704 reflecting administrative budget adjustments and updated project cost and timing assumptions. In February 21, 2020, the CPRB deemed approved the revised 2010-2014 Capital Programs for the Transit and Commuter systems totaling $28,917, as submitted. The revised 2010-2014 MTA Bridges and Tunnels Capital Program totaling $2,787, as approved by the MTA Board in September 2019, was not subject to CPRB approval.

By December 31, 2021, the 2010-2014 MTA Capital provided $31,704 in capital expenditures, of which $11,365 relates to ongoing repairs of, and replacements to, the transit system operated by MTA New York City Transit and MaBSTOA and the rail system operated by MTA Staten Island Railway; $3,925 relates to ongoing repairs of, and replacements to, the commuter system operated by MTA Long Island Rail Road and MTA Metro-North Railroad; $5,861 relates to the expansion of existing rail networks for both the transit and commuter systems to be managed by MTA Capital Construction; $254 relates to a multi-faceted security program including MTA Police Department; $223 relates to MTA Interagency; $297 relates to MTA Bus Company initiatives; $2,022 relates to the ongoing repairs of, and replacements to, MTA Bridges and Tunnels facilities; and $7,757 relates to Superstorm Sandy recovery/mitigation capital expenditures.

The combined funding sources for the CPRB-approved 2010–2014 MTA Capital Programs and 2010–2014 MTA Bridges and Tunnels Capital Program include $11,625 in MTA Bonds, $2,022 in MTA Bridges and Tunnels dedicated funds, $7,402 in Federal Funds, $132 in MTA Bus Federal and City Match, $719 from City Capital Funds, and $1,277 from other sources. Also included is $770 in State Assistance funds added to re-establish a traditional funding partnership. The funding strategy for Superstorm Sandy repair and restoration assumes the receipt of $6,697 in insurance and federal reimbursement proceeds (including interim borrowing by MTA to cover delays in the receipt of such proceeds), $171 in pay-as-you-go capital, supplemented, to the extent necessary, by external borrowing of up to $889 in additional MTA and MTA Bridges and Tunnels bonds.

2005-2009 Capital Program — Capital programs covering the years 2005-2009 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the "2005–2009 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 "2005–2009 Transit Capital Program") were originally approved by the MTA Board in April 2005 and subsequently by the CPRB in July 2005.The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the "2005–2009 MTA Bridges and Tunnels Capital Program") was approved by the MTA Board in April 2005 and was not subject to CPRB approval. The 2005–2009 amended Commuter Capital Program and the 2005–2009 Transit Capital program (collectively, the "2005–2009 MTA Capital Programs") were last amended by the MTA Board in July 2008.This latest 2005-2009 MTA Capital Program amendment was resubmitted to the CPRB for approval in July 2008, and was approved in August 2009.

As last amended by the MTA Board, the 2005–2009 MTA Capital Programs and the 2005–2009 MTA Bridges and Tunnels Capital Program, provided for $23,717 in capital expenditures. By December 31, 2021, the 2005-2009 MTA Capital Programs budget increased by $634 primarily due to the receipt of new American Recovery and Reinvestment Act ("ARRA") funds and additional New York City Capital funds for MTA Capital Construction work still underway. Of the $24,353 provided in capital expenditures, $11,515 relates to ongoing repairs of, and replacements to the transit system operated by MTA New York City Transit and MaBSTOA and the rail system operated by MTA Staten Island Railway; $3,723 relates to ongoing repairs of, and replacements to, the commuter system operated by MTA Long Island Rail Road and MTA Metro-North Railroad; $166 relates to certain interagency projects; $7,671 relates generally to the expansion of existing rail networks for both the transit and commuter systems to be managed by the MTA Capital Construction Company (including the East Side Access, Second Avenue Subway and No.7 subway line) and a security program throughout MTA's transit network; $1,127 relates to the ongoing repairs of, and replacements to, bridge and tunnel facilities operated by MTA Bridges and Tunnels; and $152 relates to capital projects for the MTA Bus.

The combined funding sources for the MTA Board-approved 2005–2009 MTA Capital Programs and 2005–2009 MTA Bridges and Tunnels Capital Program include $10,954 in MTA and MTA Bridges and Tunnels Bonds (including funds for LaGuardia Airport initiative), $1,450 in New York State general obligation bonds approved by the voters in the November 2005 election, $7,827 in Federal Funds, $2,838 in City Capital Funds, and $1,284 from other sources.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The 2021 November Financial Plan

The 2021 MTA November Financial Plan (the "November Plan" or "Plan"), which includes the 2021 November Forecast, the 2022 Final Proposed Budget and a Financial Plan for the years 2022 to 2025, updates the July Financial Plan. The Plan, as with all plans beginning with the 2020 July Plan, reflects the impact the novel coronavirus outbreak and the ensuing pandemic has had on the MTA Region. The MTA region has continued to make significant strides in the face of the COVID-19 pandemic. The rollout of highly effective COVID-19 vaccines, in combination with continued measures to control the spread of the virus, have resulted in many businesses and most government offices reopening at, or near, full capacity. Over the course of the year, ridership and traffic volumes have continued to gradually increase. Subway and bus service are scheduled at 100 percent of pre-pandemic levels with expectations of meeting that schedule daily, while the LIRR is providing service at approximately 85 percent of its pre-pandemic level and MNR is providing approximately 82 percent of pre-pandemic service.

The July Financial Plan projected year-end balances of $0 each year for 2021 through 2025. The most significant aspect of the July Plan was the inclusion of $6.5 billion in anticipated federal funding aid through the American Rescue Plan Act of 2021 (ARPA), which was signed into law by President Biden on March 11, 2021. The second significant development was the widespread availability of COVID-19 vaccinations. As vaccination rates increased, capacity restrictions on restaurants, bars, event venues and businesses were mostly removed, ridership on MTA services increased beyond the worst-case ridership recovery scenario developed by McKinsey & Company, instead tracking consistently with the midpoint between best-case and worst-case scenarios developed by McKinsey. Vehicular crossings on B&T facilities improved even quicker, tracking the best-case scenario developed by McKinsey. These improvements in ridership and traffic, and the improved recovery assumptions, were incorporated into the July Plan.

The July Plan also reflected a 6% toll rate increase that went into effect in mid-April, compared with a four percent increase that had been previously proposed; a four percent fare rate increase was deferred until November 2021, subject to MTA Board approval. The larger toll rate increase was expected to generate $175 million more than was expected under the four percent assumption. Other Agency re-estimates included $268 million in New Needs expenses, partially offset by an increase of $94 million from savings programs. Other Agency re-estimates were $71 million unfavorable.

The July Plan included two savings actions and deficit borrowing to help close budget gaps that existed even with federal funding from the CARES Act ($4 billion), CRRSAA ($4 billion), and ARPA ($6.5 billion). To achieve balance through 2025, the July Plan relied on the 2021 fare increase, along with the fare and toll increases proposed for 2023 and 2025, the two-year wage freeze, the guidelines based service adjustments to match anticipated demand, $14.5 billion in federal funding, and the use of $1.3 billion of deficit bonding proceeds.

Since the July Plan, ridership has slightly outpaced the Mid-Year Forecast, while traffic underperformed slightly, resulting in $133 million in additional farebox revenue and $9 million less from toll revenues through 2025. Despite these positive developments, ridership remains below pre-pandemic levels. As of the first week in November, ridership recovery as a percentage of pre-pandemic levels was 55 percent on Subways, 64 percent on Buses, 40 percent on SIR, 52 percent on LIRR and 48 percent on MNR. Traffic on B&T crossings was at 97 percent of the pre-pandemic crossing level. The McKinsey projections anticipate a "new normal" ridership level of between 82% and 91% of pre-pandemic levels by the first quarter of 2024, the result of continuation of hybrid work schedules, with fewer days per week traveling to an office location, increased online shopping at the expense of brick and mortar locations, slower return of tourism, and increases in alternative travel, such as walking and bicycling. B&T traffic is expected to fully recover to its pre-pandemic level by the second quarter of 2022.

In addition to farebox and toll revenue, Agency re-estimates include $454 million in New Needs expenses and savings program re-estimates which reduce savings by $302 million from the July Plan. New Needs requests in the November Plan fund initiatives to improve maintenance and operations, enhance IT infrastructure, invest in safety initiatives, improve communications and expand human resources capabilities to expedite critical maintenance and operations hiring. Among the major initiatives are: expansion of the all-electric bus fleet testing program as the MTA transitions to a fully zero-emissions fleet by 2040; additional service-providing staff at NYCT to respond to higher employee absences to ensure scheduled service can be provided; a dedicated auditing staff in the LIRR Signal Group to support recommendations that emerged from a yard derailment investigation; at MNR, twenty-year maintenance of its M-7 fleet and life extension of its M-3A fleet; increased ticket vending machine maintenance, trash removal and fire brigade/EMS coverage to support the opening of East Side Access; weekly employee COVID testing to conform with NY State mandates; the provision of mandated training to security sensitive employees; enhancements and upgrades to the MTA's Peoplesoft system to allow for increased functionality; a new crew dispatching and management system for the LIRR and MNR; and, additional MNR conductors to meet CDOT service requirements.

The 2021 fare increase, originally proposed to go into effect in March 2021, and then deferred until November 2021 in the July Plan, is now proposed to be implemented in July 2022. This timing change reduces the farebox revenue that is expected to be generated by $17 million in 2021 and $88 million in 2022.

Impacts from Global Coronavirus Pandemic

On March 12, 2020, the World Health Organization declared the current novel coronavirus ("COVID-19") outbreak to be a pandemic in the face of the global spread of the virus. By order of Governor Cuomo ("New York State on PAUSE"), effective March 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a severe decline in the utilization of MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, and MTA Bridge and Tunnel crossing traffic and toll revenues. Social distancing mandates has eased, and the region moved into a late-pandemic phase. A significant development has been the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID-19 were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15 after the State reached its goal of 70% of adults receiving at least a first dose of the vaccine. Ridership levels continue to show improvement, although ridership remains significantly below pre-pandemic levels. MTA New York City Subway resumed 24 hours a day service on May 17, 2021, after subway service was shut down overnight for over a year to allow for thorough disinfecting of the system and other enhancements. MTA Long Island Rail Road currently operates on an 87% pre-pandemic service level. MTA Metro-North Railroad currently operates on an 89% pre-pandemic service level during the week and 100% on weekends relative to pre-pandemic levels.

- ***Ridership and Traffic Update.*** Daily ridership on MTA facilities continues to be well-below 2019 levels. While ridership has been steadily increasing, March 31, 2022, ridership compared to the pre-pandemic equivalent day in 2019 is down 44 percent on the subways, 44 percent for bus (combined NYCT bus and MTA Bus Company), 46 percent on MTA Metro-North Railroad, and 43 percent on the MTA Long Island Rail Road. Traffic crossings at MTA Bridges and Tunnels facilities are nearly at pre-pandemic levels with toll revenues comprising approximately 12% of our operating budget net of bridge and tunnel operations and associated debt service.
- ***Federal Legislative Actions.*** Three major pieces of federal emergency legislation have provided and will provide incremental federal aid to the MTA. The first was the CARES Act, which was signed into law on March 27, 2020. The CARES Act, through the Federal Transit Administration's ("FTA") formula funding provisions provided $4.0 billion to MTA. The second major COVID-19 pandemic aid bill was the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA"), which became law on December 27, 2020. The MTA received $4.1 billion in aid from the CRRSAA between December 2021 ($0.6 billion) and January 2022 ($3.5 billion). The third major COVID-19 pandemic aid bill is the $1.9 trillion "American Rescue Plan Act of 2021 ("ARPA") which was signed into law by President Biden on March 11, 2021. On November 9, 2021, an agreement was reached on the allocation of the CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut. MTA is expected to receive approximately $6.1 billion in federal aid from ARPA in 2022, of which a total of $4.9 billion was received as of April 2022 for allocation among the agencies. In September of 2021, additional ARPA Assistance funding was made available to transit systems demonstrating additional pandemic associated needs. Details on the receipts and timing of the additional assistance are not yet available.
- ***FEMA Reimbursement.***. The MTA is eligible for Federal Emergency Management Agency ("FEMA") payments in addition to the CARES Act, CRRSAA and ARPA funding, which are expected to cover expenses related to the COVID-19 pandemic, over and above normal emergency costs that are not covered by other federal funding. An estimated $651.7 of direct COVID-19 related expenses incurred from the start of the pandemic through December 31, 2021, the cut-off date established by FEMA, was submitted by MTA to FEMA for reimbursement.

For additional information, refer to Note 14 to the MTA's Consolidated Financial Statements for more information regarding the impact from the COVID-19 pandemic.

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 $5.83 billion, including $1.599 billion allocated on September 22, 2014, through a competitive resiliency program. A total of $5.81 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 30, 2021, MTA has drawn down a total of $3.61 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.

All MTA-allocated Superstorm Sandy FTA emergency relief funding/grants have been executed.

Labor Update

In January 2020 the MTA Board approved a labor agreement in which the New York City Transit Authority/Manhattan and Bronx Surface Transit Operating Authority, together with MTA Bus Company, settled new terms with the Transport Workers Union, Local 100 ("TWU Local 100"). With this development, the MTA was poised to begin a new round of collective bargaining with nearly all its represented employees. The TWU Local 100 agreement, covering the period May 16, 2019 to May 15, 2023, would normally be considered a pattern-setting agreement that would establish parameters for future agreements with all other bargaining units. However, the havoc caused by the emergence in the second quarter of the COVID-19 virus in and around New York City posed numerous challenges, both logistical and financial, to the normal functions of the MTA. Collective bargaining was, as a practical consequence, deferred for most of 2020.

Since the resumption of labor negotiations in the first quarter of 2021, the MTA has sought labor agreements, both equitable and financially prudent, whose economic provisions would be patterned after those contained in the 2019-2023 TWU deal. Throughout the year, the MTA continued to pursue a collective bargaining strategy that would recognize both the dedication of our represented workforce and the significant financial uncertainty cast by COVID-19.

As previously reported, successful negotiations through the third quarter of 2021 produced labor agreements that covered more than 90% of represented employees at Long Island Railroad and more than 30% at Metro-North. These agreements awarded general wage increases of 2.0% and 2.25% for 2019 and 2020, respectively, truncating the four-year pattern established in the 2019-2023 TWU deal and deferring its later wage increases (2.5% for 2021 and 2.75% for 2022) until negotiations on further provisions could proceed with improved estimates of the long-term effects of COVID on MTA's finances. In the fourth quarter, several additional 2-Year labor agreements with identical economic provisions were approved by the MTA Board, increasing the number of union members at Metro-North who are covered by such agreements to more than 60% of the total represented population.

Additionally, and in parallel with this collective bargaining effort, throughout 2021 the MTA has been able to settle terms with several other unions that follow other recognized agreement patterns, including nearly 1,300 represented employees whose agreements-- having expired prior to 2019-- mirror the provisions of the 2017-2019 TWU agreement.

The following summarizes in greater detail the status of MTA's labor relations through December 31, 2021, including significant new agreements passed by the MTA Board in November and December.

MTA Long Island Rail Road – As of December 31, 2021, MTA Long Island Rail Road had approximately 6,983 employees. Approximately 6,155 of the railroad's employees are represented by 8 different unions in 19 bargaining units. Collective bargaining efforts in the first and second quarters of 2021 produced several agreements that were ratified and approved by the MTA Board in June. These agreements, reached separately with all MTA Long Island Rail Road unions other than the Brotherhood of Locomotive Engineers and a small group of Supervisors in the International Railway Supervisors Association, cover approximately 93% of the represented workforce at MTA Long Island Rail Road. Spanning the two-year period from April 16, 2019 through April 15, 2021, the agreements include identical provisions. They each award the same wage increases as the first two years of the current 4-year TWU Local 100 agreement: that is, 2.0% on the first day of the new agreement and an additional 2.25% one year later. They include no other financial terms. Because all the LIRR agreements passed by the Board in June span through April 2021, the railroad's represented population are seeking new terms going forward.

MTA Metro-North Railroad – Along with the labor agreements between Long Island Rail Road and most of its unions (described above), the June 2021 Board passed several virtually identical agreements between Metro-North and several of its unions. These 24-month agreements covered approximately 1,962 employees.[i]

In November, the railroad secured additional 2-year agreements (spanning 2019-2021) with 280 Machinists represented by the International Association of Machinists (IAM); with 210 employees in mechanical titles represented by the American Railway and Airway Supervisor Association (ARSA MoE); with 271 Signalmen and Maintainers, represented by the Association of Commuter Rail Employees, Division 166 (Signalmen); and with 26 Power Directors represented by the Association of Commuter Rail Employees, Division 37.

In December, the MTA Board ratified 2-year agreements, also spanning 2019-2021, with more than 1,000 additional union members of Metro-North who are represented by two separate bargaining units of the Association of Commuter Rail Employees, Division-1. These agreements cover 961 Conductors, Assistant Conductors and Hostlers, as well as 40 Yardmasters and Assistant Stationmasters. The November and December agreements all provide the first two wage increases present in the 2019 to 2023 TWU Local 100 pattern: a 2.0% general wage increase for 2019 and a 2.25% increase for 2021.

All the MTA Metro-North Railroad labor agreements passed in 2021 covered periods that had either lapsed or would lapse before the end of 2021. Hence, MTA Metro-North Railroad's represented population of approximately 5,115 employees will be seeking new agreement terms beyond 2021.

MTA Headquarters – As of December 30, 2021, nearly all the 3,400 represented MTA Headquarters' employees were under expired labor agreements. Labor agreements with MTA Police members of the Police Benevolent Association ("PBA") and of the Commanding Officers Association ("COA") expired in October 2018, and negotiations to establish new terms with these MTA Police unions, currently covering more than 1,000 employees, or around 31% of MTA Headquarters' represented population, were delayed by the circumstances surrounding the COVID-19 pandemic. Also, MTA Headquarters' agreements with the Transportation Communications unions ("TCU"), currently representing approximately 841 employees who work at MTA Headquarters, are all beyond term. These include IT employees of TCU Local 982, whose agreement expired on December 31, 2019; and Business Service Center, Pensions and Procurement employees, represented by TCU Local 643, whose agreement expired March 31, 2020.

MTA New York City Transit/Manhattan and Bronx Surface Transit Operating Authority -- MTA New York City Transit and MaBSTOA currently employ approximately 46,386 people, 44,681 of whom are represented by 12 unions with 19 bargaining units. Aside from the TWU Local 100 agreement, which covers approximately 37,000 employees, by the fourth quarter NYCT/MaBSTOA had settled terms with three separate bargaining units of TWU Local 106, whose agreements had expired prior to 2019 and whose new terms corresponded to the TWU Local 100 pattern established for that union's 2017-2019 round of bargaining. The agency had also reached a 2017-2019 pattern-based agreement for a small unit of supervisory employees represented by Special Inspectors Supervisors Employee Association (SISEA).

In November, the MTA Board passed an agreement with the Doctors Council, a small unit of the Service Employees International Union (SEIU), representing 15 Physicians and Deputy Medical Directors. The 45-month agreement was patterned after the 2017-2021 agreement between New York City and its Doctors Council bargaining unit.

In December, the MTA Board approved the implementation of a collective bargaining agreement between New York City Transit, the Manhattan and Bronx Surface Transit Operating Authority, MTA Bus Company, MTA Headquarters and the United Transit Leadership Organization (UTLO). The agreement with approximately 877 employees in first line managerial titles covers the period from July 1,2019 through December 31, 2021.

This was the first labor agreement with UTLO that has been brought before the MTA Board for approval, as the UTLO is relatively new among MTA's labor unions. Recognized in 2017 by the Public Employment Relations Board (PERB) as the representative of Superintendents, Deputy Superintendents and Assistant Superintendents within the NYCT/MTA Bus Department of Buses, the Department of Subways and various Support Departments, the UTLO consists of employees who were formerly non-represented managers. An initial agreement, covering the period from November 6, 2017 to June 30, 2019, had earlier provided for the equivalent general wage increases received by non-represented managers, and had also provided for the continuation of the benefits and working conditions they had been receiving as previously non-represented managers.

The agreement approved in December 2021 again awarded wage increases equivalent to those received by non-represented managers: (2.0% increases for both 2020 and 2021). Among its other provisions, the agreement also established compensation floors to address long-standing difficulties in the recruitment and retention of the titles now represented by UTLO. Unlike any of the other agreements reached in 2021, the new agreement with UTLO was not a pattern-follower.

In 2020, in response to the COVID-related necessity of delaying collective bargaining, the Amalgamated Transit Unions (Locals 726 and 1056), which represent approximately 3,400 operational employees at NYCT, began impasse mediation proceedings to compel a new agreement. The union sought delivery of a full four-year agreement matching the 2019-23 TWU pattern. In December, the Arbitrator of the case issued a decision that upholds the economic provisions of the full four-year TWU agreement. Accordingly, approximately 3,400 members of ATU's 1056 and 726 will receive annual wage increases, retroactive to 2019, of 2.0%, 2.25%, 2.50% and 2.75%. It remains to negotiate the other costs and savings of the TWU-based settlement.

Aside from TWU Local 100 and the ATU's, the vast majority of the remaining represented population at MTA New York City Transit will be seeking new agreement terms going forward.

MTA Bus Company – MTA Bus Company has 3,773 employees, approximately 3,618 of whom are represented by three different unions (now including UTLO) and five bargaining units. The largest of these is TWU Local 100, whose members were co-parties to the agreement approved by the MTA Board in January 2020 and whose current agreement will run through May 14, 2023.

As described above, in June the MTA Board had approved agreements with separate bargaining units of with TWU Local 106 ("TSO"), including approximately 304 employees in the MTA Bus Unit. That agreement spans from September 1, 2018 to December 31, 2020.

The operational employees represented by the Amalgamated Transit Union (Locals 1179 and 1181) were parties to the arbitration proceedings described above. As a result of the December ruling, they will also be covered by a TWU-based agreement that will run through October 31, 2023.

MTA Bridges and Tunnels – MTA Bridges and Tunnels has 1,,083 employees, approximately 761 of whom were represented by three different labor unions (four bargaining units). As of December 30, 2021, all MTA Bridges and Tunnels' labor agreements have expired. In July of 2020, the labor agreement with approximately 339 Maintainers, members of DC 37 Local 1931, expired. The most recent Memorandum of Understanding between the agency and the MTA Bridges and Tunnels Officers Benevolent Association ("BTOBA"), having been passed by the MTA Board in June 2019, expired shortly afterwards (in September of 2019), and its members remained without a successor agreement throughout 2020 and through the fourth quarter of 2021.Negotiations with the Superior Officers Benevolent Association ("SOBA") representing approximately 121 supervisory officers, which expired

March 14, 2012, have advanced to mediation. SOBA, at the time ineligible to seek binding interest arbitration, requested that the Public Employment Relations Board (PERB) appoint a fact-finder. This request was granted, and the parties, at year-end, awaited the conclusions of this endeavor. Finally, MTA Bridges and Tunnels' agreement with approximately 34 administrative and clerical employees represented by the American Federation of State, County and Municipal Employees, District Council 37, Local 1655 ("DC37 Local 1655") expired in the second quarter, on May 25, 2021.Like most represented employees at MTA, the represented population at MTA Bridges and Tunnels is seeking new agreements going forward.

MTA Staten Island Railway – During the fourth quarter of 2021, MTA Staten Island Railway had 340 employees, approximately 312 of whom were represented by four different unions. In December, the MTA Board approved a 2-year, TWU-patterned agreement with 25 members of the Transportation Communications Union. It awards general wage increases of 2.0% and 2.25% for 2019 and 2020, respectively, with no other financial terms. However, the agreement covers the twenty-four month period through April 16, 2021 and was expired upon ratification. Labor agreements with all three of the railway's other unions at the end of 2021 were also expired, and all represented employees at SIR will be seeking new terms going forward.

[i] The agreements were between MNR, on one hand, and the following unions: the American Railway and Airway Supervisor Association (ARSA MoW), the International Brotherhood of Teamsters (IBT, Local 808), the National Conference of Firemen and Oilers (NCFO), the Sheet Metal Workers International Association (SMWIA), the Transportation Communications union. Additionally, a 30.5-month agreement between MNR and the Association of Commuter Railroad Employees, Division 166 was passed by the Board in June. The union's previous agreement had expired prior to 2019, and the new ACRE 166 agreement corresponded to the 2017-2019 TWU bargaining pattern.

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(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF NET POSITION

AS OF DECEMBER 31, 2021 AND 2020

($ in millions)

	Business-Type Activities	
	December 31, 2021	**December 31, 2020**
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash unrestricted (Note 3)	$ 526	$ 782
Cash restricted (Note 3)	256	244
Unrestricted investments (Note 3)	6,111	3,600
Restricted investments (Note 3)	5,451	5,340
Restricted investments held under capital lease obligations (Notes 3 and 8)	151	99
Receivables:		
Station maintenance, operation, and use assessments	116	117
State and regional mass transit taxes	295	146
Mortgage Recording Tax receivable	63	51
State and local operating assistance	11	12
Other receivable from New York City and New York State	217	142
Due from Build America Bonds	1	1
Receivable from federal and state government	3,555	32
Other	713	550
Less allowance for doubtful accounts	(333)	(294)
Total receivables — net	4,638	757
Materials and supplies	675	667
Prepaid expenses and other current assets (Note 2)	173	140
Total current assets	17,981	11,629
NON-CURRENT ASSETS:		
Capital assets (Notes 6):		
Land and construction work-in-progress	23,673	22,023
Other capital assets (net of accumulated depreciation)	60,133	58,872
Unrestricted investments (Note 3)	1,001	251
Restricted investments (Note 3)	739	690
Restricted investments held under capital lease obligations (Notes 3 and 8)	252	293
Other non-current receivables	100	16
Receivable from New York State	10	10
Other non-current assets	9	10
Total non-current assets	85,917	82,165
TOTAL ASSETS	103,898	93,794
DEFERRED OUTFLOWS OF RESOURCES:		
Accumulated decreases in fair value of derivative instruments (Note 7)	384	494
Loss on debt refunding (Notes 7)	740	837
Deferred outflows related to pensions (Note 4)	2,706	3,053
Deferred outflows related to OPEB (Note 5)	4,033	1,817
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,863	6,201
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 111,761	$ 99,995

See notes to the consolidated financial statements.

(Continued)

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF NET POSITION

AS OF DECEMBER 31, 2021 AND 2020

($ in millions)

	Business-Type Activities	
	December 31, 2021	**December 31, 2020**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 378	$ 491
Accrued expenses:		
Interest	310	267
Salaries, wages and payroll taxes	574	558
Vacation and sick pay benefits	1,113	1,061
Current portion — retirement and death benefits	37	93
Current portion — estimated liability from injuries to persons (Notes 10)	544	491
Capital accruals	511	641
Accrued expenses	637	536
Other	499	464
Total accrued expenses	4,225	4,111
Current portion — loan payable (Note 7)	14	15
Current portion — long-term debt (Note 7)	9,960	1,543
Current portion — obligations under capital lease (Note 8)	14	4
Current portion — pollution remediation projects (Note 12)	29	29
Derivative fuel hedge liability (Note 15)	-	4
Unearned revenues	871	987
Total current liabilities	15,491	7,184
NON-CURRENT LIABILITIES:		
Net pension liability (Note 4)	4,899	8,359
Estimated liability arising from injuries to persons (Notes 10)	4,562	4,184
Net OPEB liability (Note 5)	24,409	21,117
Loan payable (Note 7)	82	94
Long-term debt (Notes 7)	46,540	49,470
Obligations under capital leases (Notes 8)	423	427
Pollution remediation projects (Note 12)	116	123
Contract retainage payable	416	479
Derivative liabilities (Note 7)	392	502
Other long-term liabilities	434	508
Total non-current liabilities	82,273	85,263
TOTAL LIABILITIES	97,764	92,447
DEFERRED INFLOWS OF RESOURCES:		
Gain on debt refunding	31	38
Deferred inflows related to pensions (Note 4)	2,994	796
Deferred inflows related to OPEB (Note 5)	1,733	1,731
TOTAL DEFERRED INFLOWS OF RESOURCES	4,758	2,565
NET POSITION:		
Net investment in capital assets	29,946	32,884
Restricted for debt service	1,039	480
Restricted for claims	220	287
Restricted for other purposes (Note 2)	1,346	1,184
Unrestricted	(23,312)	(29,852)
TOTAL NET POSITION	9,239	4,983
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 111,761	$ 99,995

See notes to the consolidated financial statements.

(Concluded)

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2021 AND 2020

($ in millions)

	Business-Type Activities	
	December 31, 2021	**December 31, 2020**
OPERATING REVENUES:		
Fare revenue	$ 3,048	$ 2,625
Vehicle toll revenue	2,170	1,640
Rents, freight, and other revenue	557	463
Total operating revenues	5,775	4,728
OPERATING EXPENSES:		
Salaries and wages	6,204	6,246
Retirement and other employee benefits	2,264	3,054
Postemployment benefits other than pensions (Note 5)	1,865	1,677
Electric power	430	385
Fuel	163	103
Insurance	26	(5)
Claims	431	237
Paratransit service contracts	346	326
Maintenance and other operating contracts	726	730
Professional service contracts	503	438
Pollution remediation projects (Note 12)	37	123
Materials and supplies	486	543
Depreciation (Note 2)	3,152	3,011
Other	196	150
Total operating expenses	16,829	17,018
OPERATING LOSS	(11,054)	(12,290)
NON-OPERATING REVENUES (EXPENSES):		
Grants, appropriations and taxes:		
Tax-supported subsidies — NYS:		
Mass Transportation Trust Fund subsidies	583	562
Metropolitan Mass Transportation Operating Assistance subsidies	2,247	1,564
Payroll Mobility Tax subsidies	2,019	1,761
MTA Aid Trust Account subsidies	381	248
Internet sales tax subsidies	345	260
Tax-supported subsidies — NYC and Local:		
Mortgage Recording Tax subsidies	660	465
Urban Tax subsidies	513	353
Mansion Tax	487	180
Other subsidies:		
Operating Assistance - 18-B program	410	332
Build America Bond subsidy	84	89
New York City Assistance Fund	226	200
Total grants, appropriations and taxes	$ 7,955	$ 6,014

See notes to the consolidated 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, 2021 AND 2020

($ In millions)

	Business-Type Activities	
	December 31, 2021	**December 31, 2020**
NON-OPERATING REVENUES (EXPENSES):		
Connecticut Department of Transportation	$ 292	$ 256
Subsidies paid to Dutchess, Orange, and Rockland Counties	(13)	(13)
Interest on long-term debt (Note 2)	(1,813)	(1,722)
Station maintenance, operation and use assessments	177	174
Operating subsidies recoverable from NYC	483	378
Federal Transit Administration reimbursement related to CRRSAA and the CARES Act COVID-19	4,114	4,010
Other net non-operating revenues	419	143
Net non-operating revenues	11,614	9,240
GAIN / (LOSS) BEFORE APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS	560	(3,050)
APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS	3,696	3,582
CHANGE IN NET POSITION	4,256	532
NET POSITION— Beginning of year	4,983	4,451
NET POSITION — End of year	$ 9,239	$ 4,983

See notes to the consolidated financial statements. (Concluded)

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

($ In millions)

	Business-Type Activities	
	December 31, 2021	December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts/tolls	$ 5,221	$ 4,191
Rents and other receipts	234	556
Payroll and related fringe benefits	(10,334)	(8,948)
Other operating expenses	(3,330)	(3,020)
Net cash used by operating activities	(8,209)	(7,221)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grants, appropriations, and taxes	7,946	6,446
Operating subsidies from CDOT	285	264
Subsidies paid to Dutchess, Orange, and Rockland Counties	(13)	(10)
Federal Transit Administration reimbursement related to COVID-19	594	4,010
Net cash provided by noncapital financing activities	8,812	10,710
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
MTA bond proceeds	1,648	5,031
MTA Bridges and Tunnels bond proceeds	3,595	750
MTA bonds refunded/reissued	(1,770)	(1,344)
MTA Bridges and Tunnels bonds refunded/reissued	-	(126)
MTA anticipation notes proceeds	4,000	4,985
MTA anticipation notes redeemed	(1,250)	(3,300)
MTA credit facility proceeds	720	995
MTA credit facility refunded	(1)	(525)
Capital lease payments and terminations	-	(15)
Federal and local grants	1,700	1,469
Other capital financing activities	1,641	1,727
Payment for capital assets	(5,270)	(5,855)
Debt service payments	(3,136)	(3,248)
Internet and Mansion Tax	719	111
Net cash provided by capital and related financing activities	2,596	655
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of long-term securities	(12,297)	(7,547)
Sales or maturities of long-term securities	10,604	5,650
Net purchases of short-term securities	(1,802)	(1,855)
Earnings on investments	52	80
Net cash used by investing activities	(3,443)	(3,672)
NET (DECREASE) / INCREASE IN CASH	(244)	472
CASH — Beginning of year	1,026	554
CASH — End of year	$ 782	$ 1,026

See notes to the consolidated financial statements. (Continued)

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

($ In millions)

	Business-Type Activities	
	December 31, 2021	**December 31, 2020**
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss (Note 2)	$ (11,054)	$ (12,290)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and amortization	3,152	3,010
Net increase in payables, accrued expenses, and other liabilities	887	3,221
Net (decrease) / increase in deferred outflows related to pensions	(347)	710
Net increase in deferred outflows related to OPEB	2,216	280
Net (decrease) / increase in deferred inflows related to pensions	(2,197)	138
Net decrease in deferred inflows related to OPEB	(3)	(56)
Net increase / (decrease) in net pension liability and related accounts	3,460	(776)
Net decrease in net OPEB liability and related accounts	(3,293)	(1,534)
Net (decrease) / increase in receivables	(1,012)	222
Net decrease in materials and supplies and prepaid expenses	(18)	(146)
NET CASH USED BY OPERATING ACTIVITIES	$ (8,209)	$ (7,221)
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:		
Noncash investing activities:		
Interest expense includes amortization of net (premium) / discount (Note 2)	$ 251	$ (206)
Noncash capital and related financing activities:		
Capital assets related liabilities	511	641
Capital leases related liabilities	437	431
Total Noncash capital and related financing activities	948	1,072
TOTAL NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES	$ 1,199	$ 866

See notes to the consolidated financial statements. (Concluded)

(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, 2021 AND 2020
($ In thousands)

	Fiduciary Activities	
	December 31, 2021	**December 31, 2020**
ASSETS:		
Cash	$ 39,379	$ 20,258
Receivables:		
Employee loans	29,552	30,744
Participant and union contributions	(20)	(6)
Investment securities sold	5,671	4,671
Accrued interest and dividends	4,883	4,438
Other receivables	3,770	21,784
Total receivables	43,856	61,631
Investments at fair value	10,072,837	9,009,691
Total assets	$ 10,156,072	$ 9,091,580
LIABILITIES:		
Accounts payable and accrued liabilities	$ 7,983	$ 5,777
Payable for investment securities purchased	14,759	8,780
Accrued benefits payable	24	115
Accrued postretirement death benefits (PRDB) payable	5,405	4,204
Accrued 55/25 Additional Members Contribution (AMC) payable	3,847	4,643
Other liabilities	1,691	353
Total liabilities	33,709	23,872
NET POSITION:		
Restricted for pensions	10,122,280	9,067,578
Restricted for postemployment benefits other than pensions	83	130
Total net position	10,122,363	9,067,708
Total liabilities and net position	$ 10,156,072	$ 9,091,580

See notes to the consolidated 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, 2021 AND 2020
($ In thousands)

	Fiduciary Activities	
	December 31, 2021	December 31, 2020
ADDITIONS:		
Contributions:		
Employer contributions	$ 1,362,952	$ 941,094
Implicit rate subsidy contribution	52,933	69,472
Member contributions	59,179	56,856
Total contributions	1,475,064	1,067,422
Investment income:		
Net appreciation in fair value of investments	703,525	39,569
Dividend income	456,821	76,709
Interest income	19,039	27,059
Less:		
Investment expenses	86,296	60,561
Investment income, net	1,093,089	82,776
Other additions:		
Total additions	2,568,153	1,150,198
DEDUCTIONS:		
Benefit payments and withdrawals	1,462,633	1,339,727
Implicit rate subsidy payments	52,933	69,472
Transfer to other plans	473	(645)
Administrative expenses	4,459	4,725
Total deductions	1,520,498	1,413,279
Net increase / (decrease) in fiduciary net position	1,047,655	(263,081)
NET POSITION:		
Restricted for Benefits:		
Beginning of year	9,074,708	9,330,789
End of year	$ 10,122,363	$ 9,067,708

See notes to the consolidated financial statements.

(A Component Unit of the State of New York)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

($ 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 financial statements are of the Metropolitan Transportation Authority ("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 City of New York.
- MTAHQ, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Staten Island Railway, FMTAC, MTA Capital Construction, and MTA Bus, 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 New York City.
- 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 New York City.

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 Comptroller, 2 Broadway, 16th Floor, New York, New York 10004.

Although the MTA Group collects fares for the transit and commuter service, they provide and receive revenues from other sources, such as the leasing out of real property assets, and the licensing of advertising. Such revenues, including forecast-increased revenues from fare increases, are not sufficient to cover all operating expenses associated with such services. Therefore, to maintain a balanced budget, the members of the MTA Group providing transit and commuter service rely on operating surpluses transferred from MTA Bridges and Tunnels, operating subsidies provided by NYS and certain local governmental entities in the MTA commuter district, and service reimbursements from certain local governmental entities in the MTA commuter district and from the State of Connecticut. Non-operating subsidies to the MTA Group for transit and commuter service for the year ended December 31, 2021 and 2020 totaled $8.0 billion and $6.0 billion, respectively.

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 Railroad Company Plan for Additional Pensions (“Additional Plan”)
  - Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA Plan”)
  - Metro-North Commuter Railroad Company Cash Balance Plan (“MNR Cash Balance Plan”)
- Other Employee Benefit Trust Funds
  - MTA Other Postemployment Benefits Plan (“OPEB” 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. 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, 2021:

GASB Statement No. 98, The Annual Comprehensive Financial Report, requires that the term comprehensive annual financial report be replaced with annual comprehensive financial report and that the acronym CAFR be replaced with ACFR. The requirements of this Statement are effective for fiscal years ending after December 15, 2021, with early application encouraged. The adoption of this Statement did not have an 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
87	*Leases*	2022
91	*Conduit Debt Obligations 2021*	2022
92	*Omnibus 2020*	2022
93	*Replacement of Interbank Offered Rates*	2022
94	*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*	2023
96	*Subscription-based Information Technology Arrangements*	2023

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, 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, 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 for Other Purposes – This category is classified within net position and includes net investments restricted for capital leases and MTA Bridges and Tunnels necessary reconstruction reserve.

Investments — The MTA Group's 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. FMTAC's investment policies comply with New York State Comptroller guidelines and New York State Department of Insurance guidelines.

Investments expected to be utilized within a year of December 31st have been classified as current assets in the consolidated financial statements.

In accordance with the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, investments are recorded on the consolidated statement 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 statement of revenues, expenses and changes in net position. Fair values have been determined using quoted market values at December 31, 2021 and 2020.

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, 2021 and 2020 of $213 and $206, respectively.

Prepaid Expenses and Other Current Assets — Prepaid expenses and other current assets reflect advance payment of insurance premiums as well as farecard media related with ticket machines, WebTickets and AirTrain tickets.

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. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the present value of net minimum lease payments at the inception of the lease. Accumulated depreciation and amortization are reported as reductions of capital 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. Capital lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less.

Pollution remediation projects —Pollution remediation costs have been expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (See Note 12). 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.

Federal Transit Administration CARES Act — On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act, also known as the CARES Act, was signed into law in response to the economic fallout of the COVID-19 pandemic. The CARES Act through the Federal Transit Administration's ("FTA") formula funding provisions provided the MTA with $4.010 billion of operating assistance. More detailed information about the CARES Act is presented in Note 14 to the consolidated financial statements.

Coronavirus Response and Relief Supplemental Appropriations Act of 2021 — On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") was signed into law in response to the economic fallout of the COVID-19 pandemic. CRRSAA, through the FTA's formula funding provision provided the MTA with $4.1 billion of operating assistance. Additional information about the CRRSAA is presented in Note 14 to the consolidated financial statements.

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 taxes 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, 2021, the MTA paid to Dutchess, Orange and Rockland Counties the 2020 excess amounts of MRT-1 and MRT-2 totaling $8.3.
- 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 New York State Tax Department, are to be distributed to the Metropolitan Transportation Authority. This tax is imposed on certain employers and self-employed individuals engaging in business within the metropolitan commuter transportation district which includes New York City, 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 district; September 1, 2009 for Public school districts and January 1, 2009 for individuals.

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 the City of New York 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.

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 Metropolitan Mass Transportation Operating Assistance Fund ("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 NYS, to the extent of the appropriation.

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.

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

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

The Congestion Zone Surcharges do not apply to transportation services administered by or on behalf of MTA, including paratransit services.

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

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

- **General Transportation Account** - Funds in this account may be used exclusively for funding the operating and capital costs of MTA. In each case, funds may be used for various operations and capital needs or for debt service and reserve requirements.

Dedicated Revenues - In April 2019, the approved 2019-2020 New York State Budget enacted legislation that included new, dedicated revenue streams for the MTA. The additional sources of revenue include a Central Business District Tolling Program. The Central Business District Tolling Program will assess a toll for vehicles entering the Central Business District, defined as south of 60th Street in Manhattan, but will exclude vehicles traveling on the FDR Drive or the West Side Highway, which includes the Battery Park underpass and or any surface roadway portion of the Hugh L. Carey Tunnel that connects to West Street. The Federal Highway Administration has provided MTA guidance to proceed with an environmental assessment, which will allow for the congestion pricing program to proceed.

The enacted State Budget also included provisions for a new Real Property Transfer Tax Surcharge (referred to as the "Mansion Tax") on high-priced residential property sales in New York City and an Internet Marketplace Sales Tax. The Mansion Tax went into effect on July 1, 2019 and increases the transfer tax on a sliding scale by a quarter percent starting at $2, with a combined top rate of 4.15%, on the sale of New York City residential properties valued at $25 or above. The Internet Marketplace Sales Tax went into effect on June 1, 2019 and requires internet marketplace providers to collect and remit sales tax from out of state retailers on their sites that have gross receipts exceeding $300,000 (dollars) and delivering more than one hundred sales into New York State in the previous four quarters. The sales tax will be collected at the normal rate of 4% plus local sales tax.

The proceeds from the Central Business District Tolling Program, the Internet Marketplace Sales Tax and the Real Property Transfer Tax Surcharge will be deposited into the MTA's Central Business District Tolling Program capital lock box and may only be used to support financing of the 2020-2024 Capital Program.

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. The audits of 2020 and 2019 billings are still open.

Reimbursement of Expenses — The cost of operating and maintaining the passenger stations of the Commuter Railroads in NYS is assessable by the MTA to New York City 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, New York City ceased reimbursing the MTA for the full costs of the free/reduced fare program for students. Beginning in 1996, New York State and New York City each began paying $45 per annum to the MTA toward the cost of the program. In 2009, New York State reduced their $45 reimbursement to $6.3. Beginning in 2010, New York State increased their annual commitment to $25.3 while New York City's annual commitment remained at $45. These commitments have been met by both New York State and New York City for both 2020 and 2021. For the year ended December 31, 2021, the MTA received $90.3 from New York State and New York City combined, which include $5.0 due from New York State and $15.0 due from New York City both for the year 2020.

Prior to April 1995, New York City 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 New York City Police Department, New York City 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 New York City Police Department at New York City'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 New York City. MTA New York City Transit received approximately $2.1 and $3.4 for the years ended December 31, 2021 and 2020, respectively, from New York City for the reimbursement of 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, 2021 and 2020 were $23.4 and $21.0, respectively. The amounts recovered for the years ended December 31, 2021 and 2020 were approximately $15.2 and $13.6, 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 New York City 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. New York City 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 New York City for the preceding calendar year. Fare revenues and New York City reimbursement aggregated approximately $235.3 in the year ended December 31, 2021, and $180.6 in the year ended December 31, 2020. Total paratransit expenses, including paratransit service contracts, were $415.6 and $404.3 in 2021 and 2020, 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, 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, operates a liability insurance program ("ELF") that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limits are: $8 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road, and MTA Metro-North Railroad; $2.3 for MTA Long Island Bus and MTA Staten Island Railway; and $1.6 for MTAHQ and MTA Bridges and Tunnels. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limits are: $9 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $2.6 for MTA Long Island Bus and MTA Staten Island Railway; and $1.9 for MTAHQ and MTA Bridges and Tunnels. Effective November 1, 2012, the self-insured retention limits for ELF were increased to the following amounts: $10 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $3 for MTA Staten Island Railway; and $2.6 for MTAHQ and MTA Bridges and Tunnels. Effective October 31, 2015, the self-insured retention limits for ELF were increased to the following amounts: $11 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $3.2 for MTA Staten Island Railway, MTAHQ and MTA Bridges and Tunnels. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50. The retrospective portion contains the same insurance agreements, participant retentions, and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Group entities above their specifically assigned self-insured retention with a limit of $50 per occurrence with a $50 annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2021, the balance of the assets in this program was $192.67.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $357.5 for a total limit of $407.5 ($357.5 excess of $50). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50.

On March 1, 2021, 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 per occurrence deductible. Primary limits of $6 were procured through the commercial marketplace. Excess limits of $5 were procured through FMTAC. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

On March 1, 2021, the "Access-A-Ride" automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for the MTA New York City Transit's Access-A-Ride program, including the contracted operators. This policy provides $1 per occurrence limit excess of a $2 self-insured retention.

On December 15, 2021, FMTAC renewed the primary coverage on the Station Liability and Force Account liability policies $11 per occurrence loss for MTA Metro-North Railroad and MTA Long Island Rail Road.

Property Insurance — Effective May 1, 2021, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2021, 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 $500 per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 per occurrence. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $500 per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of $100 of fully collateralized earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 12, 2020 to April 30, 2023. The expanded protection is reinsured by MetroCat Re Ltd. 2020-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2020-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index value.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 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 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 occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $215. Recovery under the terrorism policy is subject to a deductible of $25 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. The terrorism coverages expire at midnight on May 1, 2023.

Pension Plans — In accordance with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, 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 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 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, 2021, restricted cash represents $256 received by the MTA from the State of New York and New York City for the Subway Action Plan and other capital projects.

Cash, including deposits in transit, consists of the following at December 31, 2021 and 2020 (in millions):

	2021		2020	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
FDIC insured or collateralized deposits	$ 281	$ 280	$ 572	$ 570
Uninsured and not collateralized	501	482	454	437
Total Balance	$ 782	$ 762	$ 1,026	$ 1,007

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 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 statues 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 generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The MTA had the following recurring fair value measurements as of December 31, 2021 and 2020 (in millions):

Investments by fair value level	**December 31, 2021**	**Fair Value Measurements**		**December 31, 2020**	**Fair Value Measurements**	
		Level 1	**Level 2**		**Level 1**	**Level 2**
Debt Securities:						
U.S. treasury securities	$ 10,695	$ 10,327	$ 368	$ 8,537	$ 8,261	$ 276
U.S. government agency	325	-	325	503	-	503
Commercial paper	1,615	-	1,615	245	-	245
Asset-backed securities	23	-	23	41	-	41
Commercial mortgage-backed securities	166	-	166	150	-	150
Foreign bonds	20	20	-	27	27	-
Corporate bonds	135	135	-	193	193	-
U.S. treasury securities	197	197	-	200	200	-
U.S. government agency	141	76	65	145	78	67
Repurchase agreements	274	274	-	119	119	-
Equity securities	1	1	-	-	-	-
Total investments by fair value level	13,592	$ 11,030	$ 2,562	10,160	$ 8,878	$ 1,282
Capital leases	113			113		
Total Investments	$ 13,705			$ 10,273		

Investments classified as Level 1 of the fair value hierarchy, totaling $11,030 and $8,878 as of December 31, 2021 and 2020, 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.

U.S. Government agency securities totaling $390 and $570, U.S. treasury securities totaling $368 and $276, commercial paper totaling $1,615 and $245, asset-backed securities totaling $23 and $41, and commercial mortgage-backed securities totaling $166 and $150, as of December 31, 2021 and 2020, 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 lease transactions described in Note 8, 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 capital lease obligations, are either insured or registered and held by the MTA or its agent in the MTA's name. Investments restricted for capital lease obligations 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 capital lease obligations. Investments had weighted average yields of 1.14% and 1.67% for the years ended December 31, 2021 and 2020, respectively.

Credit Risk — At December 31, 2021 and 2020, 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, 2021	Percent of Portfolio	December 31, 2020	Percent of Portfolio
A-1+	$ 45	0%	$ 202	2%
A-1	1,615	12%	245	2%
AAA	303	2%	310	3%
AA+	65	1%	67	1%
AA	29	0%	42	0%
A	72	1%	118	1%
A-	147	1%	163	2%
BBB	60	0%	68	1%
Not rated	286	2%	130	1%
U.S. Government	10,969	81%	8,815	87%
Total	13,591	100%	10,160	100%
Equities and capital leases	114		113	
Total investment	$ 13,705		$ 10,273	

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. While the MTA does not have a formal policy for interest rate risk, New York State statutes govern the MTA's investment policy. 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.

	December 31, 2021		December 31, 2020	
(In millions)	**Fair Value**	**Duration (in years)**	**Fair Value**	**Duration (in years)**
U.S. treasury securities	$ 10,697	5.14	$ 8,537	3.33
U.S. government agency	324	5.67	503	4.99
Tax benefit lease investments	337	-	345	-
Repurchase agreement	274	-	119	-
Commercial paper	1,615	-	245	-
Asset-backed securities [(1)]	23	3.83	41	2.36
Commercial mortgage-backed securities [(1)]	166	4.29	150	4.24
Foreign bonds [(1)]	20	7.08	27	7.06
Corporates [(1)]	135	6.92	193	6.12
Total fair value	13,591		10,160	
Modified duration		4.32		3.25
Equities [(1)]	1		-	
Investments with no duration reported	113		113	
Total investments	$ 13,705		$ 10,273	

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

MTA is a public benefit corporation established under the New York 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 (i.e. $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 New York State 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. EMPLOYEE BENEFITS

Pensions — The MTA Related Groups sponsor and participate in several defined benefit pension plans for their employees, the Long Island Railroad Company Plan for Additional Pensions (the "Additional Plan"), the Manhattan and Bronx Surface Transit Operating Authority Pension Plan (the "MaBSTOA 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 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. Additional Plan —

The Additional Plan is a single-employer defined benefit pension plan that provides retirement, disability and survivor benefits to members and beneficiaries. The Additional Plan covers MTA Long Island Rail Road employees hired effective July 1, 1971 and prior to January 1, 1988. The Additional Plan's activities, including establishing and amending contributions and benefits are administered by the Board of Managers of Pensions. The 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 Additional Plan is a closed plan.

The Board of Managers of Pensions 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 or the designee of a member of the Board of Managers. The Additional Plan for Additional Pensions may be amended by action of the MTA Board. The 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, Long Island Rail Road, Controller, 93-02 Sutphin Boulevard – mail code 1421, Jamaica, New York 11435.

2. MaBSTOA Plan —

The MaBSTOA Plan is a multi-employer defined benefit retirement plan administered by MTA New York City Transit covering employees of MaBSTOA and MTA Headquarters. Prior to January 1, 2020, this was a single employer defined benefit retirement plan covering only MaBSTOA employees. Employees of MaBSTOA and MTA Headquarters are specifically excluded from participating in the New York City Employees' Retirement System (NYCERS). The Plan provides retirement as well as death, accident and disability benefits. Effective January 1, 1999, in order to afford managerial and non-represented MaBSTOA employees the same pension rights as like title employees in the Transit Authority, membership in the MaBSTOA Plan is optional.

The Board of Administration, established in 1963, determines the eligibility of employees and beneficiaries for retirement and death benefits. The MaBSTOA Plan assigns authority to the MaBSTOA Board to modify, amend or restrict the MaBSTOA Plan or to discontinue it altogether, subject, however, to the obligations under its collective bargaining agreements. The Board is composed of five members: two representatives from the Transport Workers Union, Local 100 ("TWU") and three employer representatives. The MaBSTOA Plan is a fiduciary component unit of the 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 MTA Comptroller, 2 Broadway, 15th Floor, New York, New York, 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 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 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 and is not subject to the provisions of ERISA.

The MTA Board of Trustees appoints a Board of Managers of Pensions consisting of five individuals who may, but need not, be officers or employees of the company. The Board of Managers control and manage the operation and administration of the MNR Cash Balance Plan's activities, including establishing and amending contributions and benefits.

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 Comptroller, 2 Broadway, 15th Floor, New York, New York, 10004. These statements are also available at www.mta.info.

4. MTA Defined Benefit Plan —

The MTA Defined Benefit Pension Plan (the "MTA Plan" or the "Plan") is a cost sharing, multiple-employer defined benefit pension plan. The 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 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. The MTA Plan, including benefits and contributions, may be amended by action of the MTA Board. The MTA Defined Benefit 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 Comptroller, 2 Broadway, 15th Floor, New York, New York, 10004 or at www.mta.info.

5. NYCERS —

NYCERS 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 section of the The City's Comprehensive Annual Financial Report ("CAFR").

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 New York State Comptroller's Office administers the NYSLERS' plan. The net position of NYSLERS is held in the New York State 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.

NYSLERS is included in New York State's financial report as a pension trust fund. The report can be accessed on the New York State 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. Additional Plan —

Pension Benefits — An employee who retires under the 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 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 and Disability Benefits — Participants who become disabled after accumulating 10 years of credited service and who meet the requirements as described in the Additional Plan receive a disability benefit. Disability pension benefits are calculated based on the participant's qualifying service and a percentage of final average compensation reduced by the full amount of benefit under the Federal Railroad Retirement Act. 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 nonrepresented employees, amendments must be approved by the MTA Board.

2. MaBSTOA Plan —

The MaBSTOA Plan provides retirement as well as death, accident, and disability benefits. The benefits provided by the MaBSTOA 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 Plan to provide for incorporation of this benefit.

Tier 1 —

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

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

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

Ordinary Death Benefits — 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 55/25Plan 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, 57/25Plan 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 5% per year, to a maximum reduction of 50%. Accumulated regular member contributions with interest and one-half of accumulated additional member contributions with interest are also payable. Upon retirement, the post-retirement benefit is reduced by 50% and reduced an additional 25% after completion of one year of retirement. After completion of two years of retirement, the benefit equals 10% of the pre-retirement benefit in force at age 60.

Tier 6 —

Eligibility and Benefit Calculation: 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 10 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 Final Average Salary ("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 63/10 Plan must be at least age 63 with the completion of at least 10 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 63/10 Plan, ordinary and accidental disability benefits, are provided after 10 years of credited service for ordinary disability benefit. 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 63/10 Plan, the pre-retirement ordinary death benefit is equal to a lump sum of annual salary times the lesser of completed years of service and 3. After age 60, the benefit is reduced 5% per year, to a maximum reduction of 50%. Accumulated regular member contributions with interest and one-half of accumulated additional member contributions with interest are also payable. Upon retirement, the post-retirement benefit is reduced by 50% and reduced an additional 25% after completion of one year of retirement. After completion of two years of retirement, the benefit equals 10% of the pre-retirement benefit in force at age 60.

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 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 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 Plan

Pension Benefits — Retirement benefits are paid from the Plan to covered 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 upon termination 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 15 years. Certain represented employees of the MTA Long Island Rail Road and the MTA Metro-North Railroad are eligible for an early retirement allowance upon termination if the participant has attained age 60 and completed at least 5 years of credited service, or has attained age 55 and completed at least 30 years of credited service. 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.

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.

Retirement benefits are paid from the 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.

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.

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 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 final average salary ("FAS") but not less than ⅓ 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 ⅓ of FAS; (b) performance of duty, which is payable if a participant is disabled in the performance of duty and is ½ 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 ¾ 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.

Pre -1988 MTA Long Island Rail Road participants who become disabled after accumulating 10 years of credited service and who meet the requirements as described in the Plan may be eligible to receive a disability benefit. Disability pension benefits are based on the participant's qualified service and a percentage of final average compensation reduced by the full amount of the disability benefit under the Federal Railroad Retirement Act. 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, 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 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 nonrepresented 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 final average salary period from 3 to 5 years.

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.

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 final average salary 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 final average salary 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. Final average salary 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 final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary 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 final average salary 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 final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary 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. Final average salary 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 final average salary 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 10 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 final average salary 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 final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary 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. Final average salary is the average of the wages earned in the five highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10% greater than the average of the previous four years.

Disability Benefits— Generally, disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan. Ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service. For all eligible Tier 1 and Tier 2 members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The 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 cost-of-living adjustment 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 cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment 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 cost-of-living 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, 2020 and January 1, 2019, the dates of the most recent actuarial valuations, membership data for the following pension plans are as follows:

Membership at:	**January 1, 2020**				
	MNR Cash Balance Plan	**Additional Plan**	**MaBSTOA Plan**	**MTA Defined Benefit Plan**	**TOTAL**
Active Plan Members	2	34	8,795	18,960	27,791
Retirees and beneficiaries receiving benefits	24	5,483	5,944	11,468	22,919
Vested formerly active members not yet receiving benefits	15	19	1,040	1,519	2,593
Total	41	5,536	15,779	31,947	53,303

Membership at:	**January 1, 2019**				
	MNR Cash Balance Plan	**Additional Plan**	**MaBSTOA Plan**	**MTA Defined Benefit Plan**	**TOTAL**
Active Plan Members	2	49	9,087	19,074	28,212
Retirees and beneficiaries receiving benefits	25	5,626	5,779	11,249	22,679
Vested formerly active members not yet receiving benefits	15	20	1,023	1,481	2,539
Total	42	5,695	15,889	31,804	53,430

Contributions and Funding Policy

1. Additional 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 Long Island Railroad's Board of Managers of Pensions (1.5% in 2020 and 2019), 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 Long Island Railroad's Board of Managers of Pensions (1.5% in 2020 and 2019).

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

2. MaBSTOA Plan —

The contribution requirements of MaBSTOA Plan members are established and may be amended only by the MaBSTOA Board in accordance with Article 10.01 of the MaBSTOA 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:

i. Tier 1 and 2 - Basic Plans;

ii. Tier 3 and 4 - 55 and 25 Plan;

iii. Tier 3 and 4 - Regular 62 and 5 Plan;

iv. Tier 4 - 57 and 5 Plan

v. Tier 6 - 55 and 25 Special Plan

vi. Tier 6 - Basic 63 and 10 Plan

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

In March 2012, pursuant to Chapter 18 of the Laws of 2012, individuals joining NYCERS or the MaBSTOA Pension Plan on or after April 1, 2012 are subject to the provisions of Tier 6. The highlights of Tier 6 include:

- Increases in employee contribution rates. The rate varies depending on salary, ranging from 3% to 6% of gross wages. Contributions are made until retirement or separation from service.
- The retirement age increases to 63 and includes early retirement penalties, which reduce pension allowances by 6.5 percent for each year of retirement prior to age 63.
- Vesting after 10 years of credited service; increased from 5 years of credited service under Tier 3 and Tier 4.
- Adjustments of the Pension Multiplier for calculating pension benefits (excluding Transit Operating Employees): the multiplier will be 1.75% for the first 20 years of service, and 2% starting in the 21st year; for an employee who works 30 years, their pension will be 55% of Final Average Salary under Tier 4, instead of 60% percent under Tier 4.
- Adjustments to the Final Average Salary Calculation; the computation changed from an average of the final 3 years to an average of the final 5 years. Pensionable overtime will be capped at $15,000 dollars per year plus an inflation factor.
- Pension buyback in Tier 6 will be at a rate of 6% of the wages earned during the period of buyback, plus 5% compounded annually from the date of service until date of payment.

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

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 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 million 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, 2020 valuation, there is no unfunded accrued liability and the actuarially determined contribution is $0.

4. MTA Defined Benefit 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 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 Plan:

Effective January 1, 1994, covered MTA Metro-North Railroad and MTA Long Island Railroad 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 Railroad 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 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 30 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 Railroad represented employees who first became eligible to be MTA 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 Long Island Railroad 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, depending on their collective bargaining agreements, 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. 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. Represented employees at Baisley Park, College Point, Eastchester, Far Rockaway, JFK, LaGuardia and Yonkers Depots contribute $29.06 (whole dollars) per week; Spring Creek represented employees contribute $32.00 (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. (Note: the dollar figures in this paragraph are in dollars, not in millions of dollars).

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 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.

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.

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 plans 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, 2021 and 2020 are as follows:

Year-ended December 31,	**2021**	**2020**
($ in millions)	Actual Employer Contributions	Actual Employer Contributions
Additional Plan	$ 70.6	$ 68.7
MaBSTOA Plan	156.2	159.5
MNR Cash Balance Plan	- *	- *
MTA Defined Benefit Plan	396.1	394.0
NYCERS	842.2	882.7
NYSLERS	16.3	14.5
Total	$ 1,481.4	$ 1,519.4

*MNR Cash Balance Plan's actual employer contribution for the years ended December 31, 2021 and 2020 was $0 thousand and $0 thousand, respectively.

Net Pension Liability

The MTA's net pension liabilities for each of the pension plans reported at December 31, 2021 and 2020 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.

Pension Plan	Plan Measurement Date	Plan Valuation Date	Plan Measurement Date	Plan Valuation Date
Additional Plan	December 31, 2020	January 1, 2020	December 31, 2019	January 1, 2019
MaBSTOA Plan	December 31, 2020	January 1, 2020	December 31, 2019	January 1, 2019
MNR Cash Balance Plan	December 31, 2020	January 1, 2020	December 31, 2019	January 1, 2019
MTA Defined Benefit Plan	December 31, 2020	January 1, 2020	December 31, 2019	January 1, 2019
NYCERS	June 30, 2021	June 30, 2020	June 30, 2020	June 30, 2019
NYSLERS	March 31, 2021	April 1, 2020	March 31, 2020	April 1, 2019

Pension Plan Fiduciary Net Position

Detailed information about the fiduciary net position of the Additional Plan, MaBSTOA Plan, MNR Cash Balance Plan, MTA Defined Benefit 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:

	Additional Plan		MaBSTOA Plan		MNR Cash Balance Plan	
Valuation Date:	**January 1, 2020**	**January 1, 2019**	**January 1, 2020**	**January 1, 2019**	**January 1, 2020**	**January 1, 2019**
Investment Rate of Return	6.50% per annum, net of investment expenses.	6.50% per annum, net of investment expenses.	6.50% per annum, net of investment expenses.	6.50% per annum, net of investment expenses.	3.00% per annum, net of investment expenses.	3.50% per annum, net of investment expenses.
Salary Increases	3.00%	3.00%	Reflecting general wage, merit and promotion increses of 3.5% to 4.0% for operating and non-operating employees per year. Larger increases are assumed in the first 5 years of a member's career.	Reflecting general wage, merit and promotion increases of 3.5% for operating employees and 4.0% for non- operating employees per year. Larger increases are assumed in the first 5 years of a member's career.	Not applicable	Not applicable
Inflation	2.25%; 3.25% for Railroad Retirement Wage Base.	2.25%; 3.25% for Railroad Retirement Wage Base.	2.25%.	2.25%.	2.25%.	2.25%.
Cost-of Living Adjustments	Not applicable	Not applicable	1.35% per annum.	1.35% per annum.	Not applicable	Not applicable

	MTA Defined Benefit Plan		NYCERS		NYSLERS	
Valuation Date:	**January 1, 2020**	**January 1, 2019**	**June 30, 2020**	**June 30, 2019**	**April 1, 2020**	**April 1, 2019**
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 expenses.	7.00% per annum, net of expenses.	5.90% per annum, including inflation, net of investment expenses.	6.80% per annum, including inflation, net of investment expenses.
Salary Increases	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.	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.	4.4% in ERS, 6.2 % in PFRS	4.2% in ERS, 5.0% in PFRS
Inflation	2.25%; 3.25% for Railroad Retirement Wage Base.	2.25%; 3.25% for Railroad Retirement Wage Base.	2.50%	2.50%	2.70%	2.50%
Cost-of Living Adjustments	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees.	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees.	1.40% per annum.	1.30% per annum.

Mortality

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

The actuarial assumptions used in the January 1, 2020 and 2019 valuations for the MTA plans are based on an experience study covering the period from January 1, 2006 to December 31, 2011. The mortality assumption used in the January 1, 2020 and 2019 valuations are based on an experience study for all MTA plans covering the period from January 1, 2011 to December 31, 2015. 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: The MTA plans utilized RP-2000 Employee Mortality Table for Males and Females with Blue collar adjustments.

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, 2020 and 2019 valuation was the RP-2014 Disabled Annuitant mortality table for males and females. This assumption was not applicable for the 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 Administrative Code of the City of New York ("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 2019 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-2018 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, 2021 and April 1, 2020 valuations are based on the results of an actuarial experience study for the period April 1, 2010 through March 31, 2015. The annuitant mortality rates are based on the April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2019 used April 1,2020 – March 31, 2015 System experience, mortality improvements based on the Society of Actuaries' Scale MP-2018.

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
Additional Plan	December 31, 2020	6.50%
MaBSTOA Plan	December 31, 2020	6.50%
MNR Cash Balance Plan	December 31, 2020	3.00%
MTA Defined Benefit Plan	December 31, 2020	6.50%
NYCERS	June 30, 2021	7.00%
NYSLERS	March 31, 2021	5.90%

For the Additional Plan, MaBSTOA Plan, MNR Cash Balance Plan, MTA Defined Benefit 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:

	Additional Plan		MaBSTOA Plan	
Asset Class	**Target Asset Allocation**	**Long - Term Expected Real Rate of Return**	**Target Asset Allocation**	**Long - Term Expected Real Rate of Return**
US Core Fixed Income	9.00%	0.78%	9.00%	0.78%
US Long Bonds	1.00%	1.82%	1.00%	1.82%
US Bank / Leveraged Loans	7.00%	2.73%	7.00%	2.73%
US Inflation-Indexed Bonds	2.00%	-0.07%	2.00%	-0.07%
US High Yield Bonds	4.00%	3.84%	4.00%	3.84%
Emerging Markets Bonds	2.00%	4.19%	2.00%	4.19%
US Large Caps	12.00%	3.93%	12.00%	3.93%
US Small Caps	6.00%	5.11%	6.00%	5.11%
Foreign Developed Equity	12.00%	5.74%	12.00%	5.74%
Emerging Markets Equity	5.00%	7.53%	5.00%	7.53%
Global REITs	1.00%	5.65%	1.00%	5.65%
Private Real Estate Property	4.00%	3.85%	4.00%	3.85%
Private Equity	9.00%	9.02%	9.00%	9.02%
Commodities	1.00%	2.26%	1.00%	2.26%
Hedge Funds - MultiStrategy	16.00%	2.99%	16.00%	2.99%
Hedge Funds - Event-Driven	6.00%	3.16%	6.00%	3.16%
Hedge Funds - Equity Hedge	3.00%	3.42%	3.00%	3.42%
	100.00%		100.00%	
Assumed Inflation - Mean		2.25%		2.25%
Assumed Inflation - Standard Deviation		1.65%		1.65%
Portfolio Nominal Mean Return		6.44%		6.44%
Portfolio Standard Deviation		11.47%		11.47%
Long Term Expected Rate of Return selected by MTA		**6.50%**		**6.50%**

	MTA Defined Benefit Plan		MNR Cash Balance Plan	
Asset Class	**Target Asset Allocation**	**Long - Term Expected Real Rate of Return**	**Target Asset Allocation**	**Long - Term Expected Real Rate of Return**
US Core Fixed Income	9.00%	0.78%	100.00%	0.45%
US Long Bonds	1.00%	1.82%	-	-
US Bank / Leveraged Loans	7.00%	2.73%	-	-
US Inflation-Indexed Bonds	2.00%	-0.07%	-	-
US High Yield Bonds	4.00%	3.84%	-	-
Emerging Markets Bonds	2.00%	4.19%	-	-
US Large Caps	12.00%	3.93%	-	-
US Small Caps	6.00%	5.11%	-	-
Foreign Developed Equity	12.00%	5.74%	-	-
Emerging Markets Equity	5.00%	7.53%	-	-
Global REITs	1.00%	5.65%	-	-
Private Real Estate Property	4.00%	3.85%	-	-
Private Equity	9.00%	9.02%	-	-
Commodities	1.00%	2.26%		
Hedge Funds - MultiStrategy	16.00%	2.99%	-	-
Hedge Funds - Event-Driven	6.00%	3.16%	-	-
Hedge Funds - Equity Hedge	3.00%	3.42%	-	-
	100.00%		100.00%	
Assumed Inflation - Mean		2.25%		2.25%
Assumed Inflation - Standard Deviation		1.65%		1.65%
Portfolio Nominal Mean Return		6.44%		2.70%
Portfolio Standard Deviation		11.47%		3.85%
Long Term Expected Rate of Return selected by MTA		**6.50%**		**3.00%**

	NYCERS		NYSLERS	
Asset Class	**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	27.00%	7.10%	32.00%	4.05%
International Public Market Equities	0.00%	0.00%	15.00%	6.30%
Developed Public Market Equities	12.00%	7.20%	0.00%	0.00%
Emerging Public Market Equities	5.00%	9.00%	0.00%	0.00%
Fixed Income	30.50%	1.80%	23.00%	0.00%
Private Equities	8.00%	11.30%	10.00%	6.75%
Alternatives (Real Assets, Hedge Funds)	0.00%	0.00%	3.00%	5.95%
Real Estate	7.50%	6.90%	9.00%	4.95%
Infrastructure	4.00%	6.00%	0.00%	0.00%
Absolute Return Strategies	0.00%	0.00%	0.00%	0.00%
Opportunistic Portfolio	6.00%	7.10%	3.00%	4.50%
Cash	0.00%	0.00%	1.00%	0.50%
Credit	0.00%	0.00%	4.00%	3.63%
	100.00%		100.00%	
Assumed Inflation - Mean		2.50%		2.70%
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,	**Discount Rate**			
	2021		**2020**	
Pension Plan	**Plan Measurement Date**	**Rate**	**Plan Measurement Date**	**Rate**
Additional Plan	December 31, 2020	6.50%	December 31, 2019	6.50%
MaBSTOA Plan	December 31, 2020	6.50%	December 31, 2019	6.50%
MNR Cash Balance Plan	December 31, 2020	3.00%	December 31, 2019	3.50%
MTA Defined Benefit Plan	December 31, 2020	6.50%	December 31, 2019	6.50%
NYCERS	June 30, 2021	7.00%	June 30, 2020	7.00%
NYSLERS	March 31, 2021	5.90%	March 31, 2020	6.80%

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 – Additional Plan, MaBSTOA Plan, MNR Cash Balance Plan and the MTA Defined Benefit Plan

Changes in the MTA's net pension liability for the Additional Plan, MaBSTOA Plan, MNR Cash Balance Plan and the MTA Defined Benefit Plan for the year ended December 31, 2021, based on the December 31, 2020 measurement date, and for the year ended December 31, 2020, based on the December 31, 2019 measurement date, were as follows:

	Additional Plan			MaBSTOA 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, 2019	$ 1,411,570	$ 840,460	$ 571,110	$ 4,122,934	$ 3,300,268	$ 822,666
Changes for fiscal year 2020:						
Service Cost	453	-	453	95,514	-	95,514
Interest on total pension liability	86,918	-	86,918	266,588	-	266,588
Effect of economic /demographic (gains) or losses	10,428	-	10,428	(720)	-	(720)
Benefit payments	(152,046)	(152,046)	-	(237,930)	(237,930)	-
Administrative expense	-	(612)	612	-	(244)	244
Member contributions	-	140	(140)	-	24,709	(24,709)
Net investment income	-	4,024	(4,024)	-	60,327	(60,327)
Employer contributions	-	68,724	(68,724)	-	159,486	(159,486)
Balance as of December 31, 2020	$ 1,357,323	$ 760,690	$ 596,633	$ 4,246,386	$ 3,306,616	$ 939,770

	Additional Plan			MaBSTOA 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, 2018	$ 1,411,144	$ 819,317	$ 591,827	$ 3,811,124	$ 2,844,402	$ 966,722
Changes for fiscal year 2019:						
Service Cost	621	-	621	89,814	-	89,814
Interest on total pension liability	93,413	-	93,413	265,454	-	265,454
Effect of economic /demographic (gains) or losses	13,455	-	13,455	9,011	-	9,011
Effect of assumption changes or inputs	50,191	-	50,191	168,752	-	168,752
Benefit payments	(157,254)	(157,254)	-	(221,221)	(221,221)	-
Administrative expense	-	(718)	718	-	(220)	220
Member contributions	-	249	(249)	-	23,552	(23,552)
Net investment income	-	116,092	(116,092)	-	447,365	(447,365)
Employer contributions	-	62,774	(62,774)	-	206,390	(206,390)
Balance as of December 31, 2019	$ 1,411,570	$ 840,460	$ 571,110	$ 4,122,934	$ 3,300,268	$ 822,666

	MNR Cash Balance Plan			MTA Defined Benefit 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, 2019	$ 448	$ 455	$ (7)	$ 6,510,686	$ 4,784,224	$ 1,726,462
Changes for fiscal year 2020:						
Service Cost	-	-	-	213,494	-	213,494
Interest on total pension liability	14	-	14	427,672	-	427,672
Effect of economic / demographic (gains) or losses	10	-	10	92,019	-	92,019
Effect of assumption changes or inputs	11	-	11	-	-	-
Benefit payments	(105)	(105)	-	(293,836)	(293,836)	-
Administrative expense	-	3	(3)	-	(3,660)	3,660
Member contributions	-	-	-	-	32,006	(32,006)
Net investment income	-	32	(32)	-	99,045	(99,045)
Employer contributions	-	9	(9)	-	394,986	(394,986)
Balance as of December 31, 2020	$ 378	$ 394	$ (16)	$ 6,950,035	$ 5,012,765	$ 1,937,270

	MNR Cash Balance Plan			MTA Defined Benefit 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, 2018	$ 479	$ 471	$ 8	$ 5,488,490	$ 4,024,480	$ 1,464,010
Changes for fiscal year 2019:						
Service Cost	-	-	-	173,095	-	173,095
Interest on total pension liability	18	-	18	387,193	-	387,193
Effect of economic / demographic (gains) or losses	4	-	4	35,935	-	35,935
Effect of assumption changes or inputs	-	-	-	690,958	-	690,958
Benefit payments	(53)	(53)	-	(264,985)	(264,985)	-
Administrative expense	-	(3)	3	-	(3,408)	3,408
Member contributions	-	-	-	-	31,504	(31,504)
Net investment income	-	40	(40)	-	651,919	(651,919)
Employer contributions	-	-	-	-	344,714	(344,714)
Balance as of December 31, 2019	$ 448	$ 455	$ (7)	$ 6,510,686	$ 4,784,224	$ 1,726,462

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

The following presents the MTA's net pension liability calculated for the Additional Plan, MaBSTOA Plan, MNR Cash Balance Plan and the MTA Defined Benefit 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, 2020**			**December 31, 2019**		
	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
	(in thousands)			(in thousands)		
Additional Plan	$ 702,167	$ 596,633	$ 504,666	$ 682,677	$ 571,110	$ 474,087
MaBSTOA Plan	1,421,343	939,771	531,498	1,293,875	822,666	422,759
MTA Defined Benefit Plan	2,812,063	1,937,271	1,200,642	2,551,551	1,726,462	1,031,686

	1% Decrease (2.0%)	Discount Rate (3.0%)	1% Increase (4.0%)	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
	(in whole dollars)			(in whole dollars)		
MNR Cash Balance Plan	$ 7,343	$ (15,852)	$ (36,311)	$ 17,379	$ (6,494)	$ (27,526)

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, 2020 and June 30, 2019 actuarial valuations, rolled forward to June 30, 2020 and June 30, 2019, respectively, and the proportion percentage of the aggregate net pension liability allocated to the MTA:

	NYCERS	
	June 30, 2021	June 30, 2020
	($ in thousands)	
MTA's proportion of the net pension liability	22.218%	24.420%
MTA's proportionate share of the net pension liability	$ 1,424,952	$ 5,147,445

The following table presents the MTA's proportionate share of the net pension liability of NYSLERS based on the April 1, 2021 and April 1, 2020 actuarial valuations, rolled forward to March 31, 2021 and March 31, 2020, respectively, and the proportion percentage of the aggregate net pension liability allocated to the MTA:

	NYSLERS	
	March 31, 2021	March 31, 2020
	($ in thousands)	
MTA's proportion of the net pension liability	0.314%	0.346%
MTA's proportionate share of the net pension liability	$ 313	$ 91,524

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, 2021 and 2020 and to NYSLERS for the plan's fiscal year-end March 31, 2021 and 2020, 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, 2020**			**June 30, 2019**		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
NYCERS	$ 7,695,327	$ 5,147,445	$ 2,997,039	$ 6,997,746	$ 4,536,510	$ 2,458,418

Measurement Date:	**March 31, 2020**			**March 31, 2019**		
	1% Decrease (5.8%)	Discount Rate (6.8%)	1% Increase (7.8%)	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
NYSLERS	$ 167,973	$ 91,524	$ 21,115	$ 106,997	$ 24,472	$ (44,854)

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

For the years ended years ended December 31, 2021 and 2020, the MTA recognized pension expense related to each pension plan as follows (in $ thousands):

	December 31,	
Pension Plan	**2021**	**2020**
Additional Plan	$ 50,360	$ 108,956
MaBSTOA Plan	140,280	155,021
MNR Cash Balance plan	7	13
MTA Defined Benefit Plan	413,652	360,465
NYCERS	(47,824)	785,011
NYSLERS	8,189	32,944
Total	**$ 564,664**	**$ 1,442,410**

For the years ended years ended December 31, 2021 and 2020, the MTA reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows (in $ thousands):

For the Year Ended December 31, 2021	Additional Plan		MaBSTOA Plan		MNR Cash Balance Plan		MTA Defined Benefit 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	$ -	$ -	$ 17,004	$ 3,896	$ -	$ -	$ 218,415	$ 13,714
Changes in assumptions	-	-	121,560	-	-	-	535,702	17,580
Net difference between projected and actual earnings on pension plan investments	27,816	-	57,062	-	-	19	72,382	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-	-	-	78,760	78,760
Employer contributions to the plan subsequent to the measurement of net pension liability	70,553	-	156,204	-	-	-	396,144	-
Total	$ 98,369	$ -	$ 351,830	$ 3,896	$ -	$ 19	$ 1,301,403	$ 110,054

For the Year Ended December 31, 2021	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	$ 365,770	$ 164,835	$ 3,822	$ -	$ 605,011	$ 182,445
Changes in assumptions	1,318	176,775	57,548	1,085	716,128	195,440
Net difference between projected and actual earnings on pension plan investments	-	2,091,098	-	89,908	157,260	2,181,025
Changes in proportion and differences between contributions and proportionate share of contributions	55,095	353,104	3,424	2,823	137,279	434,687
Employer contributions to the plan subsequent to the measurement of net pension liability	451,816	-	16,284	-	1,091,001	-
Total	$ 873,999	$ 2,785,812	$ 81,078	$ 93,816	$ 2,706,679	$ 2,993,597

For the Year Ended December 31, 2020	**Additional Plan**		**MaBSTOA Plan**		**MNR Cash Balance Plan**		**MTA Defined Benefit 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	$ -	$ -	$ 23,101	$ 14,237	$ -	$ -	$ 177,115	$ 17,059
Changes in assumptions	-	-	147,353	-	-	-	617,371	27,347
Net difference between projected and actual earnings on pension plan investments	-	16,072	-	100,798	-	4	-	146,073
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-	-	-	74,933	74,933
Employer contributions to the plan subsequent to the measurement of net pension liability	68,723	-	159,486	-	-	-	393,961	-
Total	$ 68,723	$ 16,072	$ 329,940	$ 115,035	$ -	$ 4	$ 1,263,380	$ 265,412

For the Year Ended December 31, 2020	**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	$ 518,473	$ 232,185	$ 5,386	$ -	$ 724,075	$ 263,481
Changes in assumptions	2,169	152,466	1,842	1,591	768,735	181,404
Net difference between projected and actual earnings on pension plan investments	244,467		46,920	-	291,387	262,947
Changes in proportion and differences between contributions and proportionate share of contributions	108,400	13,841	3,287	-	186,620	88,774
Employer contributions to the plan subsequent to the measurement of net pension liability	445,974	-	14,533	-	1,082,677	-
Total	$ 1,319,483	$ 398,492	$ 71,968	$ 1,591	$ 3,053,494	$ 796,606

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.

	Recognition Period (in years)		
Pension Plan	**Differences between expected and actual experience**	**Changes in proportion and differences between employer contributions and proportionate share of contributions**	**Changes in actuarial assumptions**
Additional Plan	1.00	N/A	1.00
MaBSTOA Plan	6.80	N/A	6.80
MNR Cash Balance Plan	1.00	N/A	1.00
MTA Defined Benefit Plan	8.60	8.60	8.60
NYCERS	6.04	6.04	6.04
NYSLERS	5.00	5.00	N/A

For the years ended December 31, 2021 and 2020, $1,091.0 and $1,082.7 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, 2022 and December 31, 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2021 will be recognized as pension expense as follows:

	Additional Plan	**MaBSTOA Plan**	**MNR Cash Balance plan**	**MTA Defined Benefit Plan (in thousands)**	**NYCERS**	**NYSLERS**	**Total**
Year Ending December 31:							
2022	$ 5,306	$ 34,070	$ (4)	$ 121,675	$ (587,273)	$ (4,659)	$ (430,885)
2023	15,907	70,407	(4)	175,015	(556,670)	(1,630)	(296,975)
2024	(2,921)	9,373	(8)	82,812	(483,728)	(5,029)	(399,501)
2025	9,524	57,140	(3)	146,542	(643,865)	(17,704)	(448,366)
2026	-	20,804	-	104,257	(88,453)	-	36,608
Thereafter	-	(64)	-	164,904	(3,640)	-	161,200
	$ 27,816	$ 191,730	$ (19)	$ 795,205	$ (2,363,629)	$ (29,022)	$ (1,377,919)

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.

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 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 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 $19,500 dollars or $26,000 dollars for those over age 50 for the year ended December 31, 2020.

The two Plans offer the same array of investment options to participants. Eligible participants in 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 and Development
- MTA Bus

Matching Contributions - MTA Bus on behalf of certain MTA Bus employees, MTA Metro-North Railroad on behalf of certain MNR employees who opted-out of participation in the MTA Defined Benefit Pension Plan and MTA on behalf of certain represented MTA Business Service Center 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 shall not exceed 3% of the member's base pay. MTA Bus also makes 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 – MNR 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 MNR members vest in these employer contributions as set forth below:

Years of Service	Vested Percentage
Less than 5	0%
5 or more	100%

MTA Headquarters - 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.

MTA Headquarters – 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.

MTA Headquarters – Business Services - Effective January 1, 2011, all newly hired MTA Business Services Center employees represented by the Transportation Communications Union are eligible to receive a matching contribution up to a maximum of 3% of the participant's compensation. A participant's right to the balance in his or her matching contributions 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 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 – Non vested contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses.

	December 31, 2021	**December 31, 2020**
	(In thousands)	
Employer 401K contributions	$ 4,103	$ 4,103

5. 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 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 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, 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 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 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 the MTA are members of the following pension plans: the MTA Defined Benefit Plan, the Additional Plan, the MNR Cash Balance Plan, the MaBSTOA 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 MTA 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 must:

i. have retired;

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

iii. have at least 10 years of credited service as a member of NYCERS, NYSLERS, the MTA Defined Benefit Plan, the Additional Plan, the MaBSTOA 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:
  - 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").
- 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, 2019, the date of the most recent actuarial valuation, the following classes of employees were covered by the benefit terms:

	Number of Participants
Active plan members	73,588
Inactive plan members currently receiving benefit payments	46,994
Inactive plan members entitled to but not yet receiving benefit payments	186
Total	120,768

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, 2021 and 2020, the MTA paid $813.9 and $391.5 of PAYGO to the OPEB Plan, respectively. In addition, the OPEB Plan paid $337.6 in OPEB benefits in 2020. The PAYGO amounts include an implicit rate subsidy adjustment of $53 and $69.5 for the years ended December 31, 2021 and 2020, respectively. There were no additional prior year implicit rate subsidy adjustments for the year ended December 31, 2021.

During 2012, the MTA funded $250 into the Trust and an additional $50 during 2013. There have been no further contributions made to the Trust. The investment trust was liquidated in 2020 covering a portion of the year's benefit payments resulting in lower contributions than the payments for the year.

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, 2020 and December 31, 2019, the measurement dates, are 2.12% and 2.74%, 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, 2020 and 2019, the employer made a cash payment for retiree healthcare of $69,472 and $70,138, 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)	**2020 Retirees**	**2019 Retirees**
Total blended premiums	$655,269	$660,539
Employment payment for retiree healthcare	69,472	70,138
Net Payments	$724,741	$730,677

(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, 2019. Update procedures were used to roll forward the total OPEB liability to December 31, 2020 and December 31, 2019, 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, 2019	July 1, 2019
Measurement date	December 31, 2020	December 31, 2019
Discount rate	2.12%, net of expenses	2.74%, net of expenses
Inflation	2.25%	2.50%
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.50%
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

Healthcare Cost Trend — The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, healthcare reform provisions including changes due to H.R. Bill 1865, separately for NYSHIP and self-insured benefits administered by MTA New York City Transit. These assumptions are combined with long-term assumptions for dental and vision benefits of an annual trend of 3.5% plus Medicare Part B reimbursements of an annual trend of 4.5%, but not more than projected medical and pharmacy trends. The self-insured trend is applied directly for represented employees of MTA New York City Transit, MTA Staten Island Railway and MTA Bus.

This valuation reflects updated healthcare-related assumptions, including changes due to H.R. Bill 1865 Further Consolidated Appropriations Act, 2020, which repealed the Cadillac Tax on health plans. This change decreased the MTA's OPEB liability by $742.0 million as of the valuation date July 1, 2019 and reporting year-ended December 31, 2020 for GASB 75, using a discount rate of 4.10%.

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

	NYSHIP		TBTA		Self-Insured	
Fiscal Year	**< 65**	**> = 65**	**< 65**	**> = 65**	**< 65**	**> = 65**
2020	6.80%	5.90%	6.20%	4.00%	6.50%	5.10%
2021	6.20%	5.70%	5.80%	4.00%	6.10%	5.10%
2022	5.70%	5.40%	5.50%	4.60%	5.60%	5.10%
2023	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%
2024	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%
2025	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2026	5.00%	5.00%	5.00%	4.90%	5.00%	5.00%
2027	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%
2028	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%
2029	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%
2039	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%
2049	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2059	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%
2069	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%
2079	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
2089	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
2099	4.00%	4.00%	4.00%	4.00%	4.00%	4.40%

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 4.0% for medical and pharmacy costs.

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

Preretirement — RP-2000 Employee Mortality Table for Males and Females with blue-collar adjustments. No blue-collar adjustments were used for management members of MTAHQ.

Postretirement Healthy Lives — 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. No blue collar or percentage adjustments were used for management members of MTAHQ.

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

(3) Net OPEB Liability

At December 31, 2021 and 2020, the MTA reported a net OPEB liability of $24,409 and $21,117, respectively. The MTA's net OPEB liability was measured as of the OPEB Plan's fiscal year-ends of December 31, 2020 and December 31, 2019, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019 and rolled forward to December 31, 2020.

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.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
U.S. cash	BAML 3-Month T-Bill	100.00%	-0.54%
Assumed Inflation - Mean			2.25%
Assumed Inflation - Standard Deviation			1.65%
Portfolio Nominal Mean return			1.73%
Portfolio Standard Deviation			1.20%
Long Term Expected Rate of Return selected by MTA			**2.12%**

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, 2020 of 2.12%.

Changes in Net OPEB Liability — Changes in the MTA's net OPEB liability for the year ended December 31, 2020 based on the December 31, 2019 measurement date, and for the year ended December 31, 2019, based on the December 31, 2018 measurement date, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
		(in thousands)	
Balance as of December 31, 2019	$ 21,531,473	$ 414,827	$ 21,116,646
Changes for the year:			
Service Cost	1,097,051	-	1,097,051
Interest on total OPEB liability	610,160	-	610,160
Effect of economic/demographic gains or losses	(43,890)	-	(43,890)
Effect of assumptions changes or inputs	1,939,528	-	1,939,528
Benefit payments	(724,741)	(724,741)	-
Employer contributions	-	387,371	(387,371)
Net investment income	-	(77,118)	77,118
Administrative expenses	-	(209)	209
Net changes	2,878,108	(414,697)	3,292,805
Balance as of December 31, 2020	$ 24,409,581	$ 130	$ 24,409,451

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
		(in thousands)	
Balance as of December 31, 2018	$ 19,933,888	$ 351,380	$ 19,582,508
Changes for the year:			
Service Cost	928,573	-	928,573
Interest on total OPEB liability	840,532	-	840,532
Effect of plan changes	-	-	0
Effect of economic/demographic gains or losses	247,871	-	247,871
Effect of assumptions changes or inputs	311,286	-	311,286
Benefit payments	(730,677)	(730,677)	-
Employer contributions	0	730,677	(730,677)
Net investment income	0	63,647	(63,647)
Administrative expenses	0	(200)	200
Net changes	1,597,585	63,447	1,534,138
Balance as of December 31, 2019	$ 21,531,473	$ 414,827	$ 21,116,646

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 ($ in thousands):

Measurement Date:		**December 31, 2020**	
	1% Decrease (1.12%)	**Discount Rate (2.12%)**	**1% Increase (3.12%)**
Net OPEB liability	$28,098,117	$24,409,451	$21,392,425

Measurement Date:		**December 31, 2019**	
	1% Decrease (1.74%)	**Discount Rate (2.74%)**	**1% Increase (3.74%)**
Net OPEB liability	$24,232,661	$21,116,646	$18,552,646

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, 2020		
	1% Decrease	Healthcare Cost Current Trend Rate*	1% Increase
Net OPEB liability	$20,595,637	$24,409,451	$29,295,102

Measurement Date:	December 31, 2019		
	1% Decrease	Healthcare Cost Current Trend Rate*	1% Increase
Net OPEB liability	$18,031,859	$21,116,646	$25,019,480

*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, 2021 and 2020, the MTA recognized OPEB expense of $1.87 billion and $1.68 billion, respectively.

At December 31, 2021 and 2020, the MTA reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows ($ in thousands)**:**

	December 31, 2021		December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 192,919	$ 50,007	$ 225,359	$ 14,158
Changes of assumptions	2,353,287	1,070,351	814,808	1,313,612
Net difference between projected and actual earnings on OPEB plan investments	60,552	-	-	17,409
Changes in proportion and differences between contributions and proportionate share of contributions	612,892	612,892	385,488	385,488
Employer contributions to the plan subsequent to the measurement of net OPEB liability	813,195	-	391,529	-
Total	**$ 4,032,845**	**$ 1,733,250**	**$ 1,817,184**	**$ 1,730,667**

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 8.1-year closed period, beginning the year in which the deferred amount occurs.

For the years ended December 31, 2021 and 2020, $813.2 and $391.5 were reported as deferred outflows of resources related to OPEB. This amount includes both 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 ended December 31, 2022 and December 31, 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2021 will be recognized in OPEB expense as follows:

Year ending December 31:	2022	$ 195,627
	2023	200,902
	2024	192,305
	2025	125,462
	2026	204,708
	Thereafter	567,395
		$ 1,486,399

6. 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. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the present value of net minimum lease payments at the inception of the lease.

Accumulated depreciation and amortization are reported as reductions of fixed assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Capital lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Capital assets consist of the following at December 31, 2019, December 31, 2020 and December 31, 2021 (in millions):

	Balance December 31, 2019	Additions / Reclassifications	Deletions / Reclassifications	Balance December 31, 2020	Additions / Reclassifications	Deletions / Reclassifications	Balance December 31, 2021
Capital assets not being depreciated:							
Land	$ 223	$ 25	$ -	$ 248	$ 2	$ 1	$ 249
Construction work-in-progress	20,158	7,145	5,528	21,775	5,956	4,307	23,424
Total capital assets not being depreciated	20,381	7,170	5,528	22,023	5,958	4,308	23,673
Capital assets being depreciated:							
Buildings and structures	19,559	1,328	28	20,859	1,650	425	22,084
Bridges and tunnels	4,226	166	-	4,392	195	-	4,587
Equipment:							
Passenger cars and locomotives	13,872	332	-	14,204	151	24	14,331
Buses	3,677	41	30	3,688	317	135	3,870
Infrastructure	27,728	1,121	-	28,849	1,177	22	30,004
Other	26,613	1,799	21	28,391	1,325	12	29,704
Total capital assets being depreciated	95,675	4,787	79	100,383	4,815	618	104,580
Less accumulated depreciation:							
Buildings and structures	7,944	557	3	8,498	601	18	9,081
Bridges and tunnels	833	38	-	871	40	-	911
Equipment:							
Passenger cars and locomotives	7,342	411	-	7,753	413	22	8,144
Buses	1,969	261	30	2,200	251	134	2,317
Infrastructure	10,913	861	14	11,760	1,054	23	12,791
Other	9,553	883	7	10,429	793	19	11,203
Total accumulated depreciation	38,554	3,011	54	41,511	3,152	216	44,447
Total capital assets being depreciated - net	57,121	1,776	25	58,872	1,663	402	60,133
Capital assets - net	$ 77,502	$ 8,946	$ 5,553	$ 80,895	$ 7,621	$ 4,710	$ 83,806

In 2021, MTA Long Island Rail Road obtained legal title to a newly constructed rail yard on its property in accordance to an agreement with the developer. The agreement provides for the developer to construct a rail yard for MTA Long Island Rail Road to store and service trains in a new location in exchange for development rights. A gain of $266.6 for the fair market value of the assets were recognized at the date of conveyance.

In December 2021, MTA obtained legal title to the wireless telecommunications equipment installed on its property according to the network license agreement entered into with the licensee. The license agreement provides for the licensee to construct, operate, and maintain the wireless network. This asset was transferred by MTA to MTA Long Island Rail Road as a non-cash capital contribution recorded at $27.3 representing the fair market value at the date of conveyance. In addition, in December 2021, MTA obtained legal title to work in process wireless telecommunications equipment to be installed on its property according to the network license agreement entered into with the licensee. The work in process assets were transferred by MTA to MTA Long Island Rail Road as a non-cash capital contribution recorded at $33.2 representing the fair market value at the date of conveyance.

In December 2021, MTA obtained legal title to the wireless telecommunications equipment installed on the MTA New York City Transit Authority's property according to the network license agreement that MTA entered into with the licensee. The license agreement provides for the licensee to construct, operate, and maintain the wireless network. This asset was transferred by MTA to the MTA New York City Transit Authority as a non-cash capital contribution recorded at $73.3 representing the fair market value at the date of conveyance.

Capital assets acquired prior to April 1982 for MTA New York City Transit were funded primarily by New York City with capital grants made available to MTA New York City Transit. New York City 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 New York City in the event the MTA determines such property is unnecessary for its corporate purpose. With respect to MTA Metro-North Rail Road, 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. At December 31, 2021 and 2020, these securities, which are not included in these financial statements, totaled $153.1 and $117.4, respectively, and had a market value of $130.2 and $80.1, respectively.

7. LONG-TERM DEBT

(In millions)	Original Issuance	December 31, 2020	Issued	Retired	December 31, 2021
MTA:					
Transportation Revenue Bonds					
1.43%-5.15% due through 2057	$ 43,786	$ 24,701	$ 1,415	$ 2,166	$ 23,950
Bond Anticipation Notes*					
1.33% due through 2023	23,635	9,536	4,720	1,252	13,004
Dedicated Tax Fund Bonds					
1.86%-4.89% due through 2057	11,149	4,857	110	286	4,681
	78,570	39,094	6,245	3,704	41,635
Net unamortized bond premium	-	1,403	122	367	1,158
	78,570	**40,497**	**6,367**	**4,071**	**42,793**
TBTA:					
General Revenue Bonds					
1.81%–4.18% due through 2047	18,121	8,040	365	240	8,165
Payroll Mobility Tax Senior Lien Obligations					
1.36%-2.02% due through 2051	2,464	0	2,464	0	2,464
Subordinate Revenue Bonds					
3.13%-5.34% due through 2032	4,066	867	-	72	795
Bond Anticipation Notes					
0.69% due through 2025	193	-	193	0	193
	24,844	8,907	3,022	312	11,617
Net unamortized bond premium	-	676	578	81	1,173
	24,844	**9,583**	**3,600**	**393**	**12,790**
MTA Hudson Rail Yards Trust:					
MTA Hudson Rail Yards Trust Obligations					
1.88%–2.65% due through 2056	1,220	845	-	15	830
Net unamortized bond premium	-	88	-	1	87
	1,220	**933**	**-**	**16**	**917**
Total	**$ 104,634**	**$ 51,013**	**$ 9,967**	**$ 4,480**	**$ 56,500**
Current portion**		$ 1,543			$ 9,960
Long-term portion		$ 49,470			$ 46,540

* Includes draws on a $800 taxable revolving credit agreement with JPMorgan Chase Bank, National Association, which is active through August 24, 2022, and a $400 taxable revolving credit agreement with Bank of America, National Association, which is active through August 24, 2022. Draws under the JPMorgan Chase Agreement and the Bank of America agreement are evidenced by revenue anticipation notes ("RANs"). As of December 31, 2021 and 2020, the outstanding RAN was $1,196 and $477, respectively.

** As a result of certain MTA issuances of Bonds and Bond Anticipation Notes, the current portion of the BANs that were reclassified as long term were $0 and $831, as of December 31, 2021 and 2020, respectively.

(In millions)	Original Issuance	December 31, 2019	Issued	Retired	December 31, 2020
MTA:					
Transportation Revenue Bonds					
1.43%-5.15% due through 2057	$ 42,665	$ 21,650	$ 4,750	$ 1,699	$ 24,701
Bond Anticipation Notes*					
1.33% due through 2023	18,915	7,508	5,853	3,825	9,536
Dedicated Tax Fund Bonds					
1.86%-4.89% due through 2057	11,039	5,024	-	167	4,857
	72,619	34,182	10,603	5,691	39,094
Net unamortized bond premium	-	1,648	243	488	1,403
	72,619	**35,830**	**10,846**	**6,179**	**40,497**
TBTA:					
General Revenue Bonds					
1.81%–4.18% due through 2047	17,756	7,782	624	366	8,040
Subordinate Revenue Bonds					
3.13%-5.34% due through 2032	4,066	936	-	69	867
	21,822	8,718	624	435	8,907
Net unamortized bond premium	-	618	129	71	676
	21,822	**9,336**	**753**	**506**	**9,583**
MTA Hudson Rail Yards Trust:					
MTA Hudson Rail Yards Trust Obligations					
1.88%–2.65% due through 2056	1,220	872	163	190	845
Net unamortized bond premium	-	107	-	19	88
	1,220	**979**	**163**	**209**	**933**
Total	**$ 95,661**	**$ 46,145**	**$ 11,762**	**$ 6,894**	**$ 51,013**
Current portion**		$ 2,210			$ 1,543
Long-term portion		$ 43,935			$ 49,470

* Includes draws on a $800 taxable revolving credit agreement with JPMorgan Chase Bank, National Association, which is active through August 24, 2022, and a $400 taxable revolving credit agreement with Bank of America, National Association, which is active through August 24, 2022. Draws under the JPMorgan Chase Agreement and the Bank of America agreement are evidenced by revenue anticipation notes (“RANs”). As of December 31, 2020 and 2019, the outstanding RAN was $477 and $8, respectively.

** As a result of certain MTA issuances of Bonds and Bond Anticipation Notes, the current portion of the BANs that were reclassified as long term were $831 and $2,200, as of December 31, 2020 and 2019, respectively. In addition, on February 16, 2021, MTA effectuated a $8 early mandatory redemption of a portion of the Hudson Rail Yards Trust Obligations, Series 2020A. As a result, $8 was reclassified from long-term to current as of December 31, 2020.

MTA Transportation Revenue Bonds — Prior to 2021, MTA issued sixty-eight Series of Transportation Revenue Bonds secured under its General Resolution Authorizing Transportation Revenue Obligations adopted on March 26, 2002 in the aggregate principal amount of $36,256. The Transportation Revenue Bonds are MTA's special obligations payable solely from transit and commuter systems revenues and certain state and local operating subsidies.

On February 12, 2021, MTA issued $700 of Transportation Revenue Bonds, Series 2021A. Proceeds from the transaction were used to finance existing approved transit and commuter projects. The Series 2021A bonds were issued as $495 of Transportation Revenue Green Bonds, Subseries 2021A-1 and $205 Transportation Revenue Bonds, Subseries 2021A-2. The Subseries 2021A-1 and Subseries 2021A-2 bonds were issued as tax-exempt fixed rate with final maturities of November 15, 2050 and November 15, 2043, respectively.

On March 31, 2021, MTA effectuated mandatory tenders and remarketed $50 of Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002D-2a-1 because its current interest period was set to expire by its terms. The Subseries 2002D-2a-1 of bonds were remarketed in Term Rate Mode as Secured Overnight Financing Rate ("SOFR") Tender Notes with a purchase date of April 1, 2024 and with an interest rate of 67% of SOFR plus 0.55%.

On April 1, 2021, MTA effectuated a mandatory tender and remarketed $66.700 of Transportation Revenue Variable Rate Refunding Bonds, Subseries 2020B-1 because the Continuing Covenant Agreement ("CCA"), between MTA and PNC Bank, National Association, was expiring by its terms. The CCA associated with Subseries 2020B-1 was replaced with an irrevocable direct-pay LOC issued by PNC Bank, National Association. The LOC will expire on April 1, 2022.

On April 1, 2021 and April 6, 2021, MTA effectuated mandatory tenders and remarketed $100 of Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002D-2b and $50 of Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002D-2a-2, respectively, because their respective current interest periods were set to expire by their terms. The aforementioned Subseries of bonds were remarketed in Term Rate Mode as Secured Overnight Financing Rate Tender Notes as follows:

Quantity	Subseries	Delivery Date	Purchase Date	Interest Rate
100	2002D-2b	April 1, 2021	April 1, 2024	67% of SOPR plus 0.55%
50	2002D-2a-2	April 6, 2021	April 1, 2026	67% of SOPR plus 0.80%

On June 30, 2021, MTA effectuated a mandatory tender and remarketed $29.145 of MTA Transportation Revenue Variable Rate Refunding Bonds, Series 2002G-1f and $125.350 of MTA Transportation Revenue Variable Rate Refunding Bonds, Subseries 2005D-1 because their current interest rate periods were expiring by their terms. The Subseries 2002G-1f bonds were remarketed in Term Rate Mode as Secured Overnight Financing Rate ("SOFR") Notes with a final maturity of November 1, 2026, and with an interest rate of 67% of SOFR plus 0.43%. The Subseries 2005D-1 bonds were remarketed in Term Rate Mode as SOFR Tender Notes with a purchase date of April 1, 2024, and with an interest rate of 67% of SOFR plus 0.33%.

On August 18, 2021, MTA effectuated a mandatory tender and remarketed $83.600 MTA Transportation Revenue Variable Rate Refunding Bonds, Subseries 2005E-1 and $62.700 MTA Transportation Revenue Variable Rate Refunding Bonds, Subseries 2005E-3 because their irrevocable direct-pay Letter of Credits (LOCs) with PNC Bank, National Association were expiring by their terms and were substituted with an irrevocable direct-pay LOC issued by Barclays Bank. The new LOC will expire on August 18, 2025. The Subseries 2005E-1 and 2005E-3 bonds were combined and redesignated as Subseries 2005E-1.

On August 18, 2021, MTA effectuated a mandatory tender and remarketed $77.400 Transportation Revenue Variable Rate Bonds, Subseries 2015E-1 and $70.400 MTA Transportation Revenue Variable Rate Bonds, Subseries 2015E-4 because their irrevocable direct-pay LOCs with U.S. Bank National Association and PNC Bank, National Association, respectively, were expiring by their terms and were substituted with an irrevocable direct-pay LOC issued by Barclays Bank. The new LOC will expire on August 18, 2025. The Subseries 2015E-1 and 2015E-4 bonds were combined and redesignated as Subseries 2015E-1.

On October 15, 2021, MTA extended both of its irrevocable direct-pay Letters of Credit issued by TD Bank, N.A. that are associated with Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002G-1g and Transportation Revenue Variable Rate Refunding Bonds, Subseries 2012G-2 for three years to November 1, 2024.

On November 22, 2021, MTA extended its irrevocable direct-pay Letter of Credit issued by Bank of America, N.A. that is associated with Transportation Revenue Variable Rate Bonds, Subseries 20005E-2 for two years to December 8, 2023.

MTA Bond Anticipation Notes — From time to time, MTA issues Transportation Revenue Bond Anticipation Notes in accordance with the terms and provisions of the General Resolution described above in the form of commercial paper 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 MTAHQ to periodically (at least each five years) refund its bond anticipation notes with bonds.

MTA Revenue Anticipation Notes — On January 9, 2014, MTA closed a $350 revolving working capital liquidity facility with the Royal Bank of Canada which is expected to remain in place until July 7, 2017.Draws on the facility will be taxable, as such this facility is intended to be used only for operating needs of MTA and the related entities. On January 31, 2017, MTA drew down $200 of its $350 Revolving Credit Agreement with the Royal Bank of Canada, which was entered into on January 1, 2014.The purpose of the draw was to retire Transportation Revenue Bond Anticipation Notes, Subseries 2016A-2. The $200 draw-down plus accrued interest was repaid on March 31, 2017.

On August 24, 2017, MTA entered into a $350 taxable Revenue Anticipation Note facility, (the "2017A RAN"), with JPMorgan Chase Bank, National Association. An initial draw of $3.5 was made at closing. This balance will remain throughout the duration of the agreement. The 2017A RAN is available to be used by MTA for any corporate purpose as needed and is structured as a revolving loan facility. The RAN expires on August 24, 2022.

On August 14, 2018, MTA amended the 2017A RAN to (1) correct the designation of the facility to Transportation Revenue Anticipation Notes, Series 2017 (the "Series 2017 RANs") and (2) increase the maximum amount of the Series 2017 RANs authorized to be issued by $350, for a maximum principal amount of $700 at any one-time outstanding. To maintain the 1% draw on the line of credit throughout the duration of the agreement, an additional $3.5 draw was made on August 14, 2018.

On August 16, 2019, the Revenue Anticipation Note facility with JPMorgan Chase was amended, increasing the line of credit to $800.To maintain the 1% draw on the line of credit throughout the duration of the agreement, an additional $1 draw was made on August 16, 2019.

On August 16, 2019, MTA entered into a $200 taxable revolving credit agreement with Bank of America, National Association ("BANA") that is active through August 24, 2022.Draws under the BANA Agreement will be evidenced by RANs. Funds may be used for operational or capital purposes.

On March 20, 2020, MTA drew down the remaining $792 of its $800 Revolving Credit Agreement with JPMorgan Chase Bank National Association and $200 of its Revolving Credit Agreement with Bank of America National Association.

On April 22, 2020, MTA drew down $2.5 of its taxable Revolving Credit Agreement with Bank of America National Association.

On May 22, 2020, MTA entered into a $950 taxable term credit agreement with JPMorgan Chase Bank National Association, as administrative agent, and Industrial and Commercial Bank of China Limited, New York Branch, and Bank of China, New York Branch, collectively as lenders. Funds drawn from this credit agreement may be used for operational or capital purposes. The credit agreement is active through May 22, 2022.

On July 23, 2020, the Urban Development Corporation (dba "Empire State Development" or "ESD"), on behalf of the State of New York, issued its State Personal Income Tax Revenue Bonds, Series 2020C ("ESD Series 2020C Bonds").A portion of the proceeds of the ESD Series 2020C Bonds, $1.1 billion, were applied to the retirement of certain short-term notes issued by MTA on behalf of the existing $7.3 billion commitment of NYS toward the MTA's 2015-2019 Capital Program. The proceeds were applied as follows: (i) $413.517, plus interest, to retire Transportation Revenue Anticipation Notes, Series 2020A ("Series 2020A RANs"), (ii) $104.672, plus interest, to retire Transportation Revenue Anticipation Notes, Series 2020B ("Series 2020B RANs"), and (iii) $600, plus interest, to retire Transportation Revenue Bond Anticipation Notes, Series 2019E.

MTA State Service Contract Bonds — Prior to 2021, MTA issued two Series of State Service Contract Bonds secured under its State Service Contract Obligation Resolution adopted on March 26, 2002, in the aggregate principal amount of $2,395. Currently, there are no outstanding bonds. The State Service Contract Bonds are MTA's special obligations payable solely from certain payments from the State of New York under a service contract.

MTA Dedicated Tax Fund Bonds — Prior to 2021, MTA issued twenty-two Series of Dedicated Tax Fund Bonds secured under its Dedicated Tax Fund Obligation Resolution adopted on March 26, 2002, in the aggregate principal amount of $9,769. The Dedicated Tax Fund Bonds are MTA's special obligations payable solely from monies held in the Pledged Amounts Account of the MTA Dedicated Tax Fund. State law requires that the MTTF revenues and MMTOA revenues (described above in Note 2 under "Nonoperating Revenues") be deposited, subject to appropriation by the State Legislature, into the MTA Dedicated Tax Fund.

On March 18, 2021, MTA effectuated a mandatory tender and remarketed $110.325 of Dedicated Tax Fund Bonds, Subseries 2002B-1 because the irrevocable direct-pay Letter of Credit (LOC) issued by The Bank of Tokyo-Mitsubishi UFJ, Ltd. was expiring by its terms. The Subseries 2002B-1 bonds were remarketed as fixed rate tax-exempt bonds with a final maturity of November 1, 2022.

MTA Certificates of Participation — Prior to 2021, 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 executed and delivered three Series of Certificates of Participation in the aggregate principal amount of $807 to finance certain building and leasehold improvements to an office building at Two Broadway in Manhattan occupied principally by MTA New York City Transit, MTA Bridges and Tunnels, MTA Construction and Development, and MTAHQ. The Certificates of Participation represented proportionate interests in the principal and interest components of Base Rent paid severally, but not jointly, in their respective proportionate shares by MTA New York City Transit, MTA, and MTA Bridges and Tunnels, pursuant to a Leasehold Improvement Sublease Agreement.

MTA Bridges and Tunnels General Revenue Bonds — Prior to 2021, MTA Bridges and Tunnels issued thirty-four Series of General Revenue Bonds, secured under its General Resolution Authorizing General Revenue Obligations adopted on March 26, 2002, in the aggregate principal amount of $13,774.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 21, 2021, MTA effectuated a mandatory tender and remarketed $187.200 of Triborough Bridge and Tunnel Authority General Revenue Variable Rate Refunding Bonds, Subseries 2005B-2 as $93.600 Subseries 2005B-2a and $93.600 Subseries 2005B-2b because the irrevocable direct-pay Letter of Credit (LOC) issued by Citibank, N.A. was expiring by its terms. The LOC associated with Subseries 2005B-2 was replaced with an irrevocable direct-pay LOC issued by State Street Bank that will expire on January 21, 2026.The Subseries 2005B-2a and Subseries 2005B-2b bonds will each be supported separately by the LOC issued by State Street Bank.

On February 1, 2021, MTA effectuated a mandatory tender and remarketed $104.700 of Triborough Bridge and Tunnel Authority General Revenue Variable Rate Refunding Bonds, Subseries 2005B-4a because its current interest rate period was expiring by its terms. The Subseries 2005B-4a bonds were remarketed in Term Rate Mode as Secured Overnight Financing Rate (SOFR) Tender Notes with a purchase date of February 1, 2024, and with an interest rate of 67% of SOFR plus 0.38%.

On March 31, 2021, MTA issued $400 of Triborough Bridge and Tunnel Authority General Revenue Bonds, Series 2021A. Proceeds from the transaction were used to finance existing approved bridge and tunnel capital projects. The Series 2021A bonds were issued as fixed rate tax-exempt bonds with a final maturity of November 15, 2056.

On October 27, 2021, MTA effectuated a mandatory tender and remarketed $111.175 of Triborough Bridge and Tunnel Authority General Revenue Variable Rate Bonds, Series 2002F because its irrevocable direct-pay Letter of Credit issued by Citibank, N.A. was expiring by its terms, and $53.005 of Triborough Bridge and Tunnel Authority General Revenue Bonds, Subseries 2008B-2 because its current interest rate period was expiring by its terms. The Series 2002F bonds were remarketed as fixed rate tax-exempt bonds with a final maturity of November 1, 2032. The Subseries 2008B-2 bonds were remarketed as fixed rate tax-exempt bonds with a final maturity of November 15, 2027.

MTA Bridges and Tunnels Subordinate Revenue Bonds — Prior to 2021, MTA Bridges and Tunnels issued twelve Series of Subordinate Revenue Bonds secured under its 2001 Subordinate Revenue Resolution Authorizing Subordinate Revenue Obligations adopted on March 26, 2002, in the aggregate principal amount of $4,066.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 preceding paragraph.

MTA Bridges and Tunnels Second Subordinate Bond Anticipation Notes — On June 10, 2021, MTA issued $192.835 of Triborough Bridge and Tunnel Authority Second Subordinate Bond Anticipation Notes, Series 2021A.Proceeds from the transaction will be used to finance costs related to the design, build, and installation of infrastructure, tolling systems and allowable implementation expenses necessary for the operation of the Central Business District Tolling Program. The Series 2021A notes were issued as fixed rate tax-exempt notes with a final maturity of November 1, 2025.

MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Bonds — On May 5, 2021, MTA issued $1,238.210 of Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2021A.The Series 2021A bonds were issued as $633.535 Subseries 2021A-1; $356.225 Subseries 2021A-2; and $248.450 Subseries 2021A-3.The Subseries 2021A-1 bonds were issued as fixed rate tax-exempt bonds with a final maturity of May 15, 2051. The Subseries 2021A-2 bonds were issued as tax-exempt mandatory tender bonds with purchase dates of May 15th in 2024, 2026, and 2028.The Subseries 2021A-3 bonds were issued as fixed rate federally taxable bonds with a final maturity of May 15, 2040. Proceeds from the transaction were used to retire $800 Transportation Revenue Bond Anticipation Notes, Subseries 2018B-2 and to refund $630.747 Transportation Revenue Bonds, Series 2015X.

On August 31, 2021, MTA issued $369.195 of Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2021B.Proceeds from the transaction were used to retire $450.000 Transportation Revenue Bond Anticipation Notes, Subseries 2018C-2.The Series 2021B bonds were issued as $241.580 Subseries 2021B-1 and $127.615 Subseries 2021B-2. The Subseries 2021B-1 bonds were issued as fixed rate tax-exempt bonds with a final maturity of May 15, 2056. The Subseries 2021A-2 bonds were issued as tax-exempt mandatory tender bonds with a purchase date of May 15, 2026.

On September 30, 2021, MTA issued $853.628 of Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2021C. Proceeds from the transaction were used to finance existing approved transit and commuter projects and to refund: $78.995 MTA Transportation Revenue Bonds, Series 2011C; $9.665 MTA Transportation Revenue Bonds, Series 2011D; $69.495 MTA Transportation Revenue Bonds, Series 2015D-1; and $48.485 MTA Transportation Revenue Bonds, Series 2016B.The refunding resulted in a net present value savings of $27.286 million or 13.20% of the par amount of the refunded bonds. The Series 2021C bonds were issued as: $316.680 Subseries 2021C-1a; $75.000 Subseries 2021C-1b; $177.274 Subseries 2021C-2; and $284.675 Subseries 2021C-3.The Subseries 2021C-1a bonds were issued as fixed rate tax-exempt bonds with a final maturity of May 15, 2051. The Subseries 2021C-1b bonds were issued as tax-exempt mandatory tender bonds with a purchase date of May 15, 2026.The Subseries 2021C-2 bonds were issued as $165.525 fixed rate tax-exempt Current Interest Bonds and $11.749 fixed rate tax-exempt Capital Appreciation Bonds with a final maturity of May 15, 2036. The Subseries 2021C-3 bonds were issued as fixed rate tax-exempt bonds with a final maturity of May 15, 2051.

MTA Payroll Mobility Tax Bond Anticipation Notes - On December 17, 2020, MTA issued $2,907.280 of MTA Payroll Mobility Tax Bond Anticipation Notes, Series 2020A pursuant to a Note Purchase Agreement, between MTA and Municipal Liquidity Facility LLC. Proceeds from the transaction were used to finance COVID-19 Lost Revenues and Increased Costs of the MTA agencies and TBTA. The Series 2020A notes were issued as fixed rate tax-exempt notes with a final maturity of December 15, 2023.

MTA Hudson Rail Yards Trust Obligations — The MTA Hudson Rail Yards Trust Obligations, Series 2016A ("Series 2016A Obligations") were executed and delivered on September 22, 2016 by Wells Fargo Bank National Association, as Trustee ("Trustee"), to (i) retire the outstanding Transportation Revenue Bond Anticipation Notes, Series 2016A of the MTA, which were issued to provide interim financing of approved capital program transit and commuter projects, (ii) finance approved capital program transit and commuter projects of the affiliates and subsidiaries of the MTA, (iii) fund an Interest Reserve Requirement in an amount equal to one-sixth (1/6) of the greatest amount of Interest Components (as hereinafter defined) in the current or any future year, (iv) fund a portion of the Capitalized Interest Fund requirement, and (v) finance certain costs of issuance.

Pursuant to the Financing Agreement (as hereinafter defined), the MTA has agreed to pay to, or for the benefit of, the Trustee the "MTA Financing Agreement Amount," consisting of principal and interest components. The Series 2016A Obligations evidence the interest of the Owners thereof in such MTA Financing Agreement Amount payable by the MTA pursuant to the Financing Agreement. The principal amount of the Series 2016A Obligations represent the principal components of the MTA Financing Agreement Amount ("Principal Components") and the interest represent the interest components of the MTA Financing Agreement Amount ("Interest Components").The Series 2016A Obligations (and the related Principal Components and Interest Components) are special limited obligations payable solely from the Trust Estate established under the MTA Hudson Rail Yards Trust Agreement, dated as of September 1, 2016 ("Trust Agreement"), by and between the MTA and the Trustee.

The Trust Estate consists principally of (i) the regularly scheduled rent, delinquent rent or prepaid rent ("Monthly Ground Rent") to be paid by Ground Lease Tenants (the tenants under the Western Rail Yard Original Ground Lease and each Severed Parcel Ground Lease of the Eastern Rail Yard) of certain parcels being developed on and above the Eastern Rail Yard and Western Rail Yard portions of the John D.Caemmerer West Side Yards ("Hudson Rail Yards") currently operated by The Long Island Rail Road Company ("LIRR"), (ii) monthly scheduled transfers from the Capitalized Interest Fund during the limited period that the Monthly Ground Rent is abated under the applicable Ground Lease, (iii) payments made by the Ground Lease Tenants if they elect to exercise their option to purchase the fee interest in such parcels ("Fee Purchase Payments"), (iv) Interest Reserve Advances and Direct Cost Rent Credit Payments (collectively "Contingent Support Payments") made by the MTA, (v) rights of the MTA to exercise certain remedies under the Ground Leases and (vi) rights of the Trustee to exercise certain remedies under the Ground Leases and the Fee Mortgages.

Pursuant to the Interagency Financing Agreement, dated as of September 1, 2016 ("Financing Agreement"), by and among the MTA, New York City Transit Authority, Manhattan and Bronx Surface Transit Operating Authority, LIRR, Metro-North Commuter Railroad Company, and MTA Bus Company (collectively, the "Related Transportation Entities"), and the Trustee, the MTA has agreed to pay to the Trustee the MTA Financing Agreement Amount with moneys provided by the Financing Agreement Payments (which are principally the revenues within the Trust Estate) and Interest Reserve Advances. The MTA has established a deposit account with Wells Fargo Bank, National Association, as depositary ("Depositary"), and the MTA will direct all Ground Lease Tenants to make Monthly Ground Rent and Fee Purchase Payments (payments made by the Ground Lease Tenants if they elect to exercise their option to purchase the fee interest in such parcels) directly to the Depositary, which deposits will be transferred daily to the Trustee. In addition, in the event the MTA elects to exercise certain Authority Cure Rights upon the occurrence of a Ground Lease Payment Event of Default or is required to make certain Direct Cost Rent Credit Payments, the MTA will make all payments relating to defaulted and future Monthly Ground Rent directly to the Depositary.

On July 15, 2019, MTA effectuated the early mandatory redemption of a portion of the MTA Hudson Rail Yards Trust Obligations, Series 2016A maturing on November 15, 2046 in the Principal Component of $68.This is due to the payment of Fee Purchase Payments in connection with three commercial condominium units to be owned and occupied by Wells Fargo and KKR.

On September 21, 2020, Moody's Investors Services downgraded Hudson Rail Yard Trust Obligations from A2 to A3 and assigned the Hudson Rail Yard Trust Obligations with a Negative Outlook.

Refer to Note 8 for further information on Leases.

MTA Grant Anticipation Notes - On December 9, 2021, MTA issued $4,000.000 of Grant Anticipation Notes, Series 2021A. Proceeds from the transaction were used to reimburse MTA for certain operating expenses and lost revenues since January 20, 2020, due to the COVID-19 public health emergency. The Series 2021A Notes were priced as fixed rate federally taxable notes with a final maturity of November 15, 2022.

Debt Limitation — The New York State 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 $90,100 compared with issuances totaling approximately $40,600. 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, the 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.

At December 31, 2021 and 2020, the following amounts of MTA bonds, which have been refunded, remain valid debt instruments and are secured solely by and payable solely from their respective irrevocable trusts.

(In millions)	December 31, 2021	December 31, 2020
MTA Transit and Commuter Facilities:		
Transit Facilities Revenue Bonds	$ 104	$ 127
Commuter Facilities Revenue Bonds	102	126
MTA Bridges and Tunnels:		
General Purpose Revenue Bonds	458	539
Special Obligation Subordinate Bonds	59	74
Total	$ 723	$ 866

For the year ended December 31, 2021, MTA refunding transactions increased aggregate debt service payments by $66 and provided an economic gain of $44. For the year ended December 31, 2020, MTA refunding transactions increased aggregate debt service payments by $162 and provided an economic gain of $111. Details of bond refunding savings for December 31, 2021 and December 31, 2020 are as follows:

Refunding Bonds Issued in 2021 (In millions)	Series	Date issued	Par value Refunded	Debt Service Savings (Increase)
MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Bonds	PMT 2021A	5/5/2021	$ 631	$ (103)
	PMT 2021C	9/30/2021	207	37
Total Bond Refunding Savings			$ 838	$ (66)

Refunding Bonds Issued in 2020 (In millions)	Series	Date issued	Par value Refunded	Debt Service Savings (Increase)
Transportation Revenue Bonds				
	TRB 2020A-2	1/16/2020	$ 163	$ (56)
	TRB 2020B	3/27/2020	274	(49)
Total Bond Refunding Savings			$ 437	$ (105)

For the year ended December 31, 2021, the accounting loss on bond refundings totaled $2. For the year ended December 31, 2020, the accounting loss on bond refundings totaled $22.

Unamortized gains and losses related to bond refundings were as follows:

		December 31, 2019		(Gain)/ loss on refunding		2020 amortization		December 31, 2020		(Gain)/ loss on refunding		Current year amortization		December 31, 2021
MTA:														
Transportation Revenue Bonds	$	570	$	(22)	$	(105)	$	443	$	2	$	(58)	$	387
State Service Contract Bonds		(12)		-		-		(12)		-		-		(12)
Dedicated Tax Fund Bonds		222		-		(16)		206		-		(17)		189
		780		(22)		(121)		637		2		(75)		564
TBTA:														
General Revenue Bonds		192		-		(17)		175		-		(21)		154
Subordinate Revenue Bonds		29		-		(4)		25		-		(3)		22
		221		-		(21)		200		-		(24)		176
Total	**$**	**1,001**	**$**	**(22)**	**$**	**(142)**	**$**	**837**	**$**	**2**	**$**	**(99)**	**$**	**740**

Debt Service Payments — Future principal and interest debt service payments at December 31, 2021 are as follows (in millions):

	MTA				MTA BRIDGES AND TUNNELS				Debt Service			
Year		**Principal**		**Interest**		**Principal**		**Interest**		**Principal**		**Interest**
2022	$	9,630	$	1,426	$	330	$	501	$	9,960	$	1,927
2023		5,066		1,352		375		485		5,441		1,837
2024		945		1,209		376		467		1,321		1,676
2025		966		1,107		599		448		1,565		1,555
2026		1,044		1,021		418		420		1,462		1,441
2032-2036		5,837		4,452		2,388		1,786		8,225		6,238
2037-2041		5,643		3,582		1,775		1,375		7,418		4,957
2042-2046		4,925		2,546		1,508		1,028		6,433		3,574
2047-2051		3,863		1,438		1,566		711		5,429		2,149
2052-2056		3,618		619		1,748		324		5,366		943
2057-2062		905		124		534		62		1,439		186
Thereafter		23		1		-		-		23		1
								-		-		-
	$	42,465	$	18,877	$	11,617	$	7,607	$	54,082	$	26,484

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 2011B* — 3.542% 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.
- *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 2014D-2* — 4.00% per annum plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2015A-2*— 4.00% per annum plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2015E* — 4.00% per annum.

- *Dedicated Tax Fund Bonds, Series 2002B* — 4.00% per annum on Subseries 2002B-1; and 4.00% per annum plus the current fixed floating rate note spread.
- *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.
- *Dedicated Tax Fund Refunding Bonds, Subseries 2008B-3a and 2008B-3c*— 4.00% per annum plus the current fixed floating rate note spread.
- *MTA Bridges and Tunnels Subordinate Refunding Bonds, Series 2000ABCD* — 6.08% 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.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2001C* — 4.00% per annum.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2001B* — 4.00% per annum plus the current fixed floating rate note spread.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2002F* — 5.404% and 3.076% per annum taking into account the interest rate swaps and 4.00% per annum on portions not covered by the interest rate swaps.
- *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 2008B-2* — 4.00% per annum 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 ("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, 2021 are as follows (in millions):

Year	Principal	Interest	Total
2022	$ 15	$ 2	$ 17
2023	12	2	14
2024	11	2	13
2025	11	1	12
2026	9	1	10
2027-2031	32	3	35
2032-2036	5	0	5
2037-2041	1	0	1
Total	$ 96	$ 11	$ 107

Current portion	$ 14
Long-term portion	82
Total NYPA Loans Payable	$ 96

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.

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 payable to the federal government every five years. No accruals or payments were made during the years ended December 31, 2021 and 2020.

Liquidity Facility — MTA and MTA Bridges and Tunnels have entered into several Standby Bond Purchase Agreements ("SBPA") and Letter of Credit Agreements ("LOC") as listed on the table below.

Resolution	Series	Swap	Provider (Insurer)	Type of Facility	Exp. Date
Transportation Revenue	2002G-1g	Y	TD Bank, N.A.	LOC	11/1/2024
Transportation Revenue	2005D-2	Y	Helaba	LOC	11/10/2022
Transportation Revenue	2005E-1	Y	Barclays Bank	LOC	8/18/2025
Transportation Revenue	2005E-2	Y	Bank of America, N.A.	LOC	12/8/2023
Transportation Revenue	2012A-2	N	Bank of Montreal	LOC	6/2/2022
Transportation Revenue	2012G-1	Y	Barclays Bank	LOC	10/31/2023
Transportation Revenue	2012G-2	Y	TD Bank, N.A.	LOC	11/1/2024
Transportation Revenue	2015E-1	N	Barclays Bank	LOC	8/18/2025
Transportation Revenue	2015E-3	N	Bank of America, N.A.	LOC	9/2/2022
Dedicated Tax Fund	2008A-1	Y	TD Bank, N.A.	LOC	6/13/2022
MTA Bridges and Tunnels General Revenue	2001C	Y	State Street	LOC	6/26/2023
MTA Bridges and Tunnels General Revenue	2003B-1	N	Bank of America, N.A.	LOC	1/21/2022
MTA Bridges and Tunnels General Revenue	2005A	Y	Barclays Bank	LOC	1/24/2024
MTA Bridges and Tunnels General Revenue	2005B-^{2}	Y	State Street	LOC	1/21/2026
MTA Bridges and Tunnels General Revenue	2005B-^{3}	Y	State Street	LOC	6/26/2023
MTA Bridges and Tunnels General Revenue	2005B-4c	Y	U.S. Bank National Association	LOC	5/26/2022
MTA Bridges and Tunnels General Revenue	2018E	N	Bank of America, N.A.	LOC	12/12/2022

Derivative Instruments — 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/ 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, 2021 and 2020, classified by type, and the changes in fair value of such derivative instruments from the year ended December 31, 2020 are as follows (in $ millions):

Derivative Instruments - Summary Information as of December 31, 2021

Bond Resolution Credit	Underlying Bond Series	Type of Derivative	Cash Flow or Fair Value Hedge	Effective Methodology	Trade/Hedge Association Date	Notional Amount	Fair Value
Cashflow Hedges							
MTA Bridges and Tunnels Senior Revenue Bonds	2018E & 2003B (Citi 2005B)	Libor Fixed Payer	Cash Flow	Synthetic Instrument/ Dollar Offset	6/2/2005	$ 187.200	$ (30.789)
MTA Bridges and Tunnels Senior Revenue Bonds	2005B-2,3,4	Libor Fixed Payer	Cash Flow	Synthetic Instrument	6/2/2005	561.600	(92.368)
MTA Bridges and Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	19.775	(2.043)
MTA Bridges and Tunnels Senior Revenue Bonds	2001C (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	12/5/2016	9.000	(0.963)
MTA Dedicated Tax Fund Bonds	2008A	Libor Fixed Payer	Cash Flow	Synthetic Instrument	3/8/2005	281.450	(37.600)
MTA Transportation Revenue Bonds	2002D-2	Libor Fixed Payer	Cash Flow	Synthetic Instrument	7/11/2002	200.000	(62.934)
MTA Transportation Revenue Bonds	2005D & 2005E	Libor Fixed Payer	Cash Flow	Synthetic Instrument	9/10/2004	317.660	(60.799)
MTA Transportation Revenue Bonds	2012G	Libor Fixed Payer	Cash Flow	Synthetic Instrument	12/12/2007	355.525	(82.754)
MTA Transportation Revenue Bonds	2002G-1 (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	81.065	(4.481)
MTA Transportation Revenue Bonds	2011B (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	91.135	(13.305)
					Total	$ 2,104.410	$ (388.036)

Derivative Instruments - Summary Information as of December 31, 2020

Bond Resolution Credit	Underlying Bond Series	Type of Derivative	Cash Flow or Fair Value Hedge	Effective Methodology	Trade/Hedge Association Date	Notional Amount	Fair Value
Cashflow Hedges							
MTA Bridges and Tunnels Senior Revenue Bonds	2002F & 2003B (Citi 2005B)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	6/2/2005	$ 188.300	$ (41.775)
MTA Bridges and Tunnels Senior Revenue Bonds	2005B-2,3,4	Libor Fixed Payer	Cash Flow	Synthetic Instrument	6/2/2005	564.900	(125.326)
MTA Bridges and Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	21.780	(3.072)
MTA Bridges and Tunnels Senior Revenue Bonds	2005C (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	12/5/2016	10.000	(1.435)
MTA Dedicated Tax Fund Bonds	2008A	Libor Fixed Payer	Cash Flow	Synthetic Instrument	3/8/2005	301.970	(53.228)
MTA Transportation Revenue Bonds	2002D-2	Libor Fixed Payer	Cash Flow	Synthetic Instrument	7/11/2002	200.000	(72.611)
MTA Transportation Revenue Bonds	2005D & 2005E	Libor Fixed Payer	Cash Flow	Synthetic Instrument	9/10/2004	334.360	(75.150)
MTA Transportation Revenue Bonds	2012G	Libor Fixed Payer	Cash Flow	Synthetic Instrument	12/12/2007	355.950	(98.730)
MTA Transportation Revenue Bonds	2002G-1 (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	97.215	(7.984)
MTA Transportation Revenue Bonds	2011B (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	92.455	(18.768)
					Total	$ 2,166.930	$ (498.079)

	Changes In Fair Value		Fair Value at December 31, 2021		
	Classification	Amount (in millions)	Classification	Amount (in millions)	Notional (in millions)
Government activities					
Cash Flow hedges:					
Pay-fixed interest rate swaps	Deferred outflow of resources	$110.043	Debt	$(388.036)	$2,104.410

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, 2021).

Metropolitan Transportation Authority						
Related Bonds	Notional Amount as of 12/31/21	Effective Date	Maturity Date	Terms	Counterparty and Ratings(S&P / Moody's / Fitch)	Fair Value as of 12/31/21
TRB 2002D-2	$ 200.000	01/01/07	11/01/32	Pay 4.45%; receive 69% 1M LIBOR	JPMorgan Chase Bank, NA (A+ / Aa2 / AA)	$ (62.934)
TRB 2005D & 2005E	238.245	11/02/05	11/01/35	Pay 3.561%; receive 67% 1M LIBOR	UBS AG (A+ / Aa3 / AA-)	(45.599)
TRB 2005E	79.415	11/02/05	11/01/35	Pay 3.561%; receive 67% 1M LIBOR	AIG Financial Products (1) (BBB+ / Baa2 / BBB+)	(15.200)
TRB 2012G	355.525	11/15/12	11/01/32	Pay 3.563%; receive 67% 1M LIBOR	JPMorgan Chase Bank, NA (A+ / Aa2 / AA)	(82.754)
DTF 2008A	281.450	03/24/05	11/01/31	Pay 3.3156%; receive 67% 1M LIBOR	Bank of New York Mellon (AA- / Aa2 / AA)	(37.600)
Total	$ 1,154.635					$ (244.087)

1 Guarantor: American International Group, Inc., parent of AIG Financial Products.

MTA Bridges and Tunnels						
Related Bonds	Notional Amount as of 12/31/21	Effective Date	Maturity Date	Terms	Counterparty and Ratings (S&P / Moody's / Fitch)	Fair Value as of 12/31/21
TBTA 2018E & 2003B	$ 187.200	07/07/05	01/01/32	Pay 3.076%; receive 67% 1M LIBOR	Citibank, N.A. (A+ / Aa3 / A+)	$ (30.789)
TBTA 2005B-2	187.200	07/07/05	01/01/32	Pay 3.076%; receive 67% 1M LIBOR	JPMorgan Chase Bank, NA (A+ / Aa2 / AA)	(30.789)
TBTA 2005B-3	187.200	07/07/05	01/01/32	Pay 3.076%; receive 67% 1M LIBOR	BNP Paribas North America (A+ / Aa3 / AA-)	(30.789)
TBTA 2005B-4	187.200	07/07/05	01/01/32	Pay 3.076%; receive 67% 1M LIBOR	UBS AG (A+ / Aa3 / AA-)	(30.789)
TRB 2002G-1 & 2011B TBTA 2005A & 2001C [2]	100.487 [3]	04/01/16	01/01/30	Pay 3.52%; receive 67% 1M LIBOR	U.S. Bank N.A. (AA- / A1 / AA-)	(10.396) [3]
TRB 2002G-1 & 2011B TBTA 2005A & 2001C [2]	100.488 [3]	04/01/16	01/01/30	Pay 3.52%; receive 67% 1M LIBOR	Wells Fargo Bank, N.A. (A+ / Aa2 / AA-)	(10.397) [3]
Total	$ 949.775					$ (143.949)

1 Guarantor: BNP Paribas.

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 TBTA is responsible for 10.3% of the transaction.

4 On October 27, 2021 the 2002F bonds were changed to fixed-rate mode and a portion of the Citi swap was reassigned to the 2018E bonds.

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LIBOR: London Interbank Offered 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, 2021, 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, 2021, 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	A+	Aa2	AA	$742,725	35.29%
UBS AG	A+	Aa3	AA-	425,445	20.22
The Bank of New York Mellon	AA-	Aa2	AA	281,450	13.37
Citibank, N.A.	A+	Aa3	A+	187,200	8.90
BNP Paribas US Wholesale Holdings, Corp.	A+	Aa3	AA-	187,200	8.90
U.S. Bank National Association	AA-	A1	AA-	100,487	4.78
Wells Fargo Bank, N.A.	A+	Aa2	AA-	100,488	4.77
AIG Financial Products Corp.	BBB+	Baa2	BBB+	79,415	3.77
Total				**$2,104,410**	**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.	BelowBaa2 (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 into under the same ISDA Master Agreement. Under the terms of these agreements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the amounts so that a single sum will be owed by, or owed to, the non-defaulting party.

Rollover Risk. 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 then 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, Series 2011B (swaps with U.S. Bank/Wells Fargo)	November 1, 2041	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, 2021, the aggregate mid-market valuation of the MTA's swaps subject to collateral posting agreements was $216.4; 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, 2021, the aggregate mid-market valuation of MTA Bridges and Tunnels' swaps subject to collateral posting agreements was $145.5; 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 highest 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, 2021	Variable-Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2022	63.3	42.6	(4.4)	101.5
2023	65.7	40.1	(4.1)	101.7
2024	68.2	37.5	(3.8)	101.9
2025	70.8	34.8	(3.4)	102.1
2026	63.6	32.0	(3.1)	92.4
2027-2031	617.0	351.7	(10.5)	958.3
2032-2036	370.8	156.3	(2.0)	525.2
2037-2041	99.6	11.6	(0.3)	111.0

MTA Bridges and Tunnels (in millions)				
Year Ended December 31, 2021	Variable-Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2022	27.6	34.9	(6.8)	55.7
2023	28.6	33.8	(6.8)	55.6
2024	57.2	31.5	(6.4)	82.3
2025	30.4	30.3	(6.4)	54.3
2026	31.5	29.1	(6.3)	54.3
2027-2031	543.0	95.3	(22.8)	615.5
2032-2036	184.1	3.0	(0.1)	187.0
2037-2041	-	1.0	-	1.0

8. LEASE TRANSACTIONS

Leveraged Lease Transactions: Qualified Technological Equipment — On December 19, 2002, the MTA entered into four sale/leaseback transactions whereby MTA New York City Transit transferred ownership of certain MTA New York City Transit qualified technological equipment ("QTE") relating to the MTA New York City Transit automated fare collection system to the MTA. The MTA sold that equipment to third parties and the MTA leased that equipment back from such third parties. Three of those four leases were terminated early and are no longer outstanding. The fourth lease contains the option for the MTA to exercise a fixed-price purchase option in 2022 for the equipment or to continue to make lease payments until the lease expires in 2026 at which time the MTA may elect to purchase the equipment or return the equipment to the third-party owner.

Under the terms of the outstanding sale/leaseback agreement the MTA initially received $74.9, which was utilized as follows: The MTA paid $52.1 to an affiliate of the lender to the third party, which affiliate has the obligation to pay to MTA an amount equal to the rent obligations under the lease attributable to the debt service on the loan from the third party's lender. The MTA also purchased U.S. Treasury debt securities in amounts and with maturities, which are expected to be sufficient to pay the remainder of the regularly scheduled lease rent payments under the lease and the purchase price due upon exercise by the MTA of the related purchase option if exercised.

Leveraged Lease Transaction: 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.

Leveraged Lease Transactions: 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, MTAHQ 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 U.S. 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 September 16, 2008, the MTA learned that American International Group, Inc. was downgraded to a level that under the terms of the transaction documents for the sale/leaseback transaction that closed on September 29, 2003, the MTA was required to replace or restructure the applicable Equity Payment Undertaking Agreement provided by AIG Financial Products Corp. and guaranteed by American International Group, Inc. On December 17, 2008, MTA terminated the Equity Payment Undertaking Agreement provided by AIG Financial Products Corp. and guaranteed by American International Group, Inc. and provided replacement collateral in the form of U.S .Treasury strips. REFCO debt security that was being held in pledge was released to MTA. On November 6, 2008, the MTA learned that Ambac Assurance Corp., the provider of the credit enhancement that insures the MTA's contingent obligation to pay a portion of the termination values upon an early termination in both the September 25, 2003 and September 29, 2003 transactions, was downgraded to a level that required the provision of new credit enhancement facilities for each lease by December 21, 2008.

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, 2021, the fair value of total collateral funds was $39.4.

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. From time to time, additional collateral has been required to be added such that the total market value of the securities being held as additional collateral are expected to be sufficient to pay the remainder of the regularly scheduled lease rent payments under the lease. As of December 31, 2021, the fair value of total collateral funds was $55.5.

MTA Hudson Rail Yards Ground Leases – 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 Long Island Railroad Company ("LIRR") 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. The Hudson Rail Yards is a rectangular area of approximately 26-acres bounded by 10th Avenue on the east, 12th Avenue on the west, 30th Street on the south and 33rd Street on the North. The Hudson Rail Yards is divided into the Eastern Rail Yards ("ERY") and the Western Rail Yards ("WRY"). In 2008, the MTA selected a development team led by the Related Companies, L.P to develop a commercial, residential and retail development on the ERY and the WRY.

To undertake the development of the Hudson Rail Yards, the MTA entered into two 99-year ground leases ("Balance Leases") for the airspace above a limiting plane above the tracks (from 31st to 33rd Streets) and the area where there are no rail tracks (from 30th to 31St Streets) within the boundary of the Hudson Rail Yards ("Ground Leased Property"), one for the ERY beginning December 3, 2012 (the "ERY Balance Lease") and the other for the WRY beginning December 3, 2013 (the "WRY Balance Lease"). The Balance Leases do not encumber the railroad tracks, which will continue to be used for transportation purposes. Each Ground Lease Tenant on the ERY Balance Lease and the WRY Balance Lease has the option to purchase fee title to the Ground Leased Property at any time following completion of construction of the building on the Ground Leased Property.

The ERY Balance Lease was terminated and substituted with separate Severed Parcel Ground Leases, each dated as of April 10, 2013, and entered into between the MTA, as landlord, and a special purpose entity controlled by Related-Oxford, as

Ground Lease Tenants. Several of the Ground Lease Tenants under the Severed Parcel Ground Leases have exercised their options to purchase fee title, as well as numerous condominium owners in residential buildings.

The WRY Balance Lease is between the MTA and a special purpose entity controlled by Related-Oxford demising the WRY and is also expected to be severed into separate parcels as development progresses.

The Severed Parcel Ground Leases in the ERY, fee title for which has not been purchased, and the WRY Balance Lease (until any severed parcel ground leases are purchased) are pledged as security for the Series 2016A Hudson Yards Trust Obligations.

The following ground leases also do not provide a source of payment or security for the Series 2016A Hudson Yards Trust Obligations:

- the ground lease demising the Culture Shed, which does not pay any Monthly Ground Rent, and
- the ground lease demising the Open Space Severed Parcel which does not pay any Monthly Ground Rent.

The MTA has classified the ERY and WRY Ground Leases as operating leases. If at the inception of the ground leases, the leases meet one or more of the following four criteria, the lease should be classified as a capital lease. Otherwise, it should be classified as an operating lease. The ERY and WRY Ground Leases did not meet one or more of the following criteria:

i. the lease transfers ownership of the property to the lessee by the end of the lease term.

ii. the lease contains a bargain purchase option.

iii. the lease term is equal to 75 percent or more of the estimated economic life of the leased property.

iv. the present value at the beginning of the lease term of the minimum lease payments, equals or exceeds 90 percent of the excess of the fair value of the leased property to the lessor at the inception of the lease over any related investment tax credit retained by and expected to be realized by the lessor.

Minimum rent receipts for ERY and WRY Ground Leases are as follows as of December 31, 2021:

Year	ERY	WRY	Total
2022	9	33	42
2023	10	33	43
2024	10	36	46
2025	10	36	46
2026	10	36	46
Thereafter	3,955	14,245	18,200
Total	**$4,004**	**$14,419**	**$18,423**

Other 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 Two Broadway in lower Manhattan. The triple-net-lease has an initial stated term of approximately 50 years, with the right to extend the lease for two successive 15-year periods at a rental of at least 95% of fair market rent. Remaining payments under the lease approximate $1.0 billion. Under the subleases, the lease is apportioned as follows: MTA New York City Transit, 68.7%, MTA, 21%; and MTA Bridges and Tunnels, 10.3%. However, the involved agencies have agreed to sub-sublease space from one another as necessary to satisfy actual occupancy needs. The agencies will be responsible for obligations under the lease based on such actual occupancy percentages. Actual occupancy percentages at December 31, 2021, 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 49.8%, 7.4% and 42.8%, respectively. MTAs' sublease is for a year-to-year term, automatically extended, except upon the giving of a non-extension notice by MTA. The lease is comprised of both operating and capital elements, with the portion of the lease attributable to the land recorded as an operating lease, and the portion of the lease attributable to the building recorded as a capital lease. The total annual rental payments over the initial lease term are $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, and MTAHQ.

MTA reflected a capital lease obligation, as of December 31, 2021 and 2020, of $245 and $241, respectively. The MTA made rent payments of $28 and $28 for the years ended December 31, 2021 and 2020, respectively. 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. During 2021, the total of the rental payments charged to MTA New York City Transit and MTA Bridges and Tunnels was $7.16 and $2.22 less, respectively, than the lease payment made by MTA on behalf of MTA New York City Transit and MTA Bridges and Tunnels.

The adjusted capital lease for the aforementioned building is being amortized over the remaining life of the lease. The cost of the building and related accumulated amortization at December 31, 2021 and 2020, is as follows (in millions):

	December 31, 2021	December 31, 2020
Capital lease - building	$196	$196
Less accumulated amortization	(102)	(99)
Capital lease - building - net	$94	$97

On April 8, 1994, the MTA amended its lease for the Harlem/Hudson line properties, including Grand Central Terminal. This amendment initially extends the lease term, previously expiring in 2031, an additional 110 years and, pursuant to several other provisions, an additional 133 years. In addition, the amendment grants the MTA an option to purchase the leased property after the 25th anniversary of the amended lease, subject to the owner's right to postpone such purchase option exercise date for up to an additional 15 years if the owner has not yet closed the sale, transfer or conveyance of an aggregate amount of 1,000,000 square feet or more of development rights appurtenant to Grand Central Terminal and the associated zoning lots. The amended lease comprises both operating (for the lease of land) and capital (for the lease of buildings and track structure) elements.

On February 28, 2020, the MTA exercised its right to purchase Grand Central Terminal for $33. Both the operating and capital leases were removed from the balance sheet and the building will now be depreciated as an asset.

In August 1988, the MTA entered into a 99-year lease agreement with Amtrak for Pennsylvania Station. This agreement, with an option to renew, is for rights to the lower concourse level and certain platforms.

The $45 paid to Amtrak by the MTA under this agreement is included in other assets. This amount is being amortized over 30 years.

Total rent expense under operating leases approximated $72.5 and $70.0 for the years ended December 31, 2021 and 2020, respectively.

At December 31, 2021, the future minimum lease payments under non-cancelable leases are as follows (in millions):

Years	Operating	Capital
2022	$ 70	$ 74
2023	69	18
2024	71	20
2025	70	20
2026	71	20
2027–2031	358	119
2032–2036	349	567
2037–2041	262	164
2042–2046	280	181
2047–2051	86	57
Future minimum lease payments	$ 1,686	1,240
Amount representing interest		(803)
Total present value of capital lease obligations		437
Less current present value of capital lease obligations		14
Noncurrent present value of capital lease obligations		$ 423

Capital Leases Schedule

For the Year Ended December 31, 2021
(in millions)

Description	December 31, 2020	Increase	Decrease	December 31, 2021
Sumitomo	$ 15	$ -	$ -	$ 15
Met Life	6	1	-	7
Met Life Equity	19	-	-	19
Bank of New York	22	-	-	22
Bank of America	33	2	-	35
Bank of America Equity	16	-	-	16
Sumitomo	18	1	5	14
Met Life Equity	61	3	-	64
Grand Central Terminal & Harlem Hudson				
2 Broadway Lease Improvement	182	3	-	185
2 Broadway	59	1	-	60
Total MTA Capital Lease	431	$ 11	$ 5	437
Current Portion Obligations under Capital Lease	4			14
Long Term Portion Obligations under Capital Lease	$ 427			$ 423

Capital Leases Schedule

For the Year Ended December 31, 2020
(in millions)

Description	December 31, 2019	Increase	Decrease	December 31, 2020
Sumitomo	$ 15	$ -	$ -	$ 15
Met Life	6	-	-	6
Met Life Equity	19	-	-	19
Bank of New York	22	-	-	22
Bank of America	42	-	9	33
Bank of America Equity	16	-	-	16
Sumitomo	24	-	6	18
Met Life Equity	58	3	-	61
Grand Central Terminal & Harlem Hudson				
Railroad Lines	13	-	13	-
2 Broadway Lease Improvement	179	3	-	182
2 Broadway	58	1	-	59
Total MTA Capital Lease	$ 452	$ 7	$ 28	$ 431
Current Portion Obligations under Capital Lease	14			4
Long Term Portion Obligations under Capital Lease	$ 438			$ 427

9. 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.

10. 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, 2021 and 2020 is presented below (in millions):

	December 31, 2021	December 31, 2020
Balance - beginning of year	$ 4,675	$ 4,587
Activity during the year:		
Current year claims and changes in estimates	823	520
Claims paid	(392)	(432)
Balance - end of year	5,106	4,675
Less current portion	(544)	(491)
Long-term liability	$ 4,562	$ 4,184

See Note 2 for additional information on MTA's liability and property disclosures.

11. COMMITMENTS AND CONTINGENCIES

The MTA Group monitors its properties for the presence of pollutants and/or hazardous wastes and evaluates its exposure with respect to such matters. When the expense, if any, to clean up pollutants and/or hazardous wastes is estimable it is accrued by the MTA (see Note 12).

Management has reviewed with counsel all actions and proceedings pending against or involving the MTA Group, 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 be material to the financial position, results of operations, or cash flows of the MTA.

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 there have been some questioned costs in recent years, ultimate repayments required of the MTA have been infrequent.

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 will entail 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"), the Long Island Rail Road and Metro-North Commuter Railroad (the "Train Hall"), as well as retail and commercial space (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 "TIFIA Loan"), with 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 TIFIA Loan are being used to pay for costs of the construction of the Train Hall. The TIFIA Loan is secured by a mortgage on the Train Hall property. The principal and interest on the 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 September, 2030 and is thereafter calculated based upon the assessed value of the properties as determined by the City. The TIFIA Loan is further supported by a TIFIA Debt Service Reserve Account, which is funded in an amount equal to the sum of the highest aggregate TIFIA debt service amounts that will become due and payable on any two consecutive semi-annual payment dates in a five-year prospective period.

Simultaneously with the execution of the TIFIA Loan Agreement, the JSA was entered into by and among the MTA, the TIFIA Lender, ESD, and Manufacturers and Traders Trust Company (as Pilot trustee). 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 moneys 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 TIFIA Loan has been paid in full and (c) foreclosure by the TIFIA Lender under the Mortgage (as defined in the TIFIA Loan Agreement).

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 LIRR 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 TIFIA Loan Agreement 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 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 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 semi-annual 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") whereby 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 State of New York (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.

12. 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 $37 and $123 for the years ended December 31, 2021 and 2020, respectively. A summary of the activity in pollution remediation liability at December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Balance at beginning of year	$ 152	$ 151
Current year expenses/changes in estimates	37	123
Current year payments	(44)	(122)
Balance at end of year	145	152
Less current portion	29	29
Long-term liability	$ 116	$ 123

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.

13. NON-CURRENT LIABILITIES

Changes in the activity of non-current liabilities for the years ended December 31, 2021 and 2020 are presented below:

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021
Non-current liabilities:							
Contract retainage payable	$ 406	$ 24	$ -	430	$ -	$ (14)	$ 416
Other long-term liabilities	376	-	(4)	372	62	-	434
Total non-current liabilities	**$ 782**	**$ 24**	**$ (4)**	**$ 802**	**$ 62**	**$ (14)**	**$ 850**

14. NOVEL CORONAVIRUS (COVID-19)

On March 12, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in the face of the global spread of the virus. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China, and has since spread globally, including to the United States and to New York State. On March 7, 2020, Governor Cuomo declared a Disaster Emergency in the State of New York. On March 13, 2020, President Trump declared a national state of emergency as a result of the COVID-19 pandemic. By order of Governor Cuomo ("New York State on PAUSE"), effective March 22, 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The PAUSE order was lifted on May 15, 2020 for five New York regions that met the requirements to start opening. However, a new order was signed by Governor Cuomo on May 15, 2020 extending the PAUSE to June 13, 2020 for New York City, Long Island, and the Hudson Valley. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a sharp decline in the utilization of MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, and MTA Bridge and Tunnel crossing traffic and toll revenues. A significant development has been the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID-19 were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15 after the State reached its goal of 70% of adults receiving at least a first dose of the vaccine. MTA has seen ridership steadily improve since the low point of ridership during the pandemic in 2020; however, the surge from the Omicron variant in mid-December has slowed ridership growth.

Coronavirus Aid, Relief and Economic Security Ac ("CARES Act'). The CARES Act is a $2.2 trillion economic stimulus bill passed by Congress and signed into law by the President on March 27, 2020 in response to the economic fallout of the COVID-19 pandemic in the United States. The CARES Act through the Federal Transit Administration's ("FTA") formula funding provisions provided approximately $4 billion to MTA. Funding was provided at a 100 percent Federal share, with no local match required, and is available to support operating, and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders. On May 8, 2020, the FTA approved MTA's initial grant application of $3.9 billion. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 in additional formula grant allocations to MTA for a CARES Act grant total of $4.0 billion. As of December 31, 2020, a total of $4.0 billion was released to MTA for operating assistance that occurred from January 20, 2020, through July 31, 2020.The MTA has received all CARES Act funding as provided in the first congressional relief package.

Federal Reserve Bank of New York's Municipal Liquidity Facility LLC ("MLF"). Due to the COVID-19 pandemic, the Federal Reserve established the MLF in April 2020 as a source of emergency financing by being available to purchase up to $500 billion of short-term notes from state and local governments and certain public entities to ensure they had access to credit during the COVID-19 pandemic. MTA was able to utilize the MLF twice before the MLF window closed at the end of December 2020. On August 26, 2020, MTA directly placed with the MLF $450.72 Transportation Revenue BANs, Series 2020B, which were issued to retire existing Transportation Revenue BANs maturing on September 1, 2020.The MTA subsequently retired the MLF $450.72 Transportation Revenue BANs, Series 2020B, with an issuance of Dedicated Tax Funds bonds on March 1, 2022. MTA issued into the MLF a second time by directly placing $2.907 billion Payroll Mobility Tax BANs issued for working capital on December 17, 2020. The $2.907 billion MLF loan matures in 2023.

Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA"). On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA") that includes $900 billion for various COVID-19 economic relief programs to address hardships caused by the coronavirus pandemic and a $1.4 trillion government funding package to fund the government through September 30, 2021.Included in the legislation is $45 billion in financial assistance to the transportation industry, including $16 billion for another round of airline employee and contractor payroll support: $14 billion for transit; $10 billion for highways; $2 billion for intercity buses; $2 billion for airports; and $1 billion for Amtrak. The MTA received $4.1 billion in aid from the CRRSAA between December 2021 ($0.6 billion) and January 2022 ($3.5 billion). Release of such funds by the FTA was awaiting agreement of the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut which was made on November 9, 2021. This federal relief is expected to offset operating deficits in 2021.

American Rescue Plan Act ("ARPA"). On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 ("ARPA"). The $1.9 trillion package is intended to combat the COVID-19 pandemic, including the public health and economic impacts. The package includes $30 billion of direct federal aid to transportation agencies. Release of such funds was awaiting agreement on the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut which was made on November 9, 2021. The MTA expects to receive initially $6.1 billion in aid from ARPA in 2022. In September of 2021, Additional Assistance funding was made available to transit systems demonstrating additional pandemic associated needs. Details on the receipts and timing of the additional assistance is not yet available.

Federal Emergency Management Agency ("FEMA") Reimbursement. The MTA is eligible for FEMA payments which are expected to cover expenses related to the COVID-19 pandemic, over and above normal emergency costs that are not covered by other federal funding. An estimated $651.7 of direct COVID-19 related expenses incurred from the start of the pandemic through December 31, 2021, the cut-off date established by FEMA, was submitted by MTA to FEMA for reimbursement.

15. 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	BOA_ Merrill	Goldman Sachs	Cargill	Macquarie Energy LLC	Goldman Sachs	BOA_Merrill	Macquarie Energy LLC	Goldman Sachs
Trade Date	1/30/2020	2/25/2020	3/24/2020	4/30/2020	5/27/2020	6/30/2020	7/28/2020	8/27/2020
Effective Date	1/1/2021	2/1/2021	3/1/2021	4/1/2021	5/1/2021	6/1/2021	7/1/2021	8/1/2021
Termination Date	12/31/2021	1/31/2022	2/28/2022	3/31/2022	4/30/2022	5/31/2022	6/30/2022	7/31/2022
Price/Gal	$1.7100	$1.6750	$1.3473	$1.1800	$1.2640	$1.3685	$1.4200	$1.4340
Original Notional Quantity	2,839,808	2,841,331	2,819,772	2,819,762	2,819,768	2,819,748	2,819,761	2,819,736

Counterparty	Goldman Sachs	Goldman Sachs	BOA_ Merrill	JPMorgan	JPMorgan	Goldman Sachs	JPMorgan	Goldman Sachs
Trade Date	9/29/2020	10/27/2020	11/30/2020	12/29/2020	1/26/2021	2/23/2021	3/31/2021	4/29/2021
Effective Date	9/1/2021	10/1/2021	11/1/2021	12/1/2021	1/1/2022	2/1/2022	3/1/2022	4/1/2022
Termination Date	8/31/2022	9/30/2022	10/31/2021	11/30/2022	12/31/2022	1/31/2023	2/28/2023	3/31/2023
Price/Gal	$1.3145	$1.3120	$1.4615	$1.5355	$1.6051	$1.7845	$1.8072	$1.9360
Original Notional Quantity	2,862,960	2,825,162	2,841,038	2,826,765	2,862,779	2,826,759	2,826,761	2,826,752

Counterparty	BOA_ Merrill	Goldman Sachs	JPMorgan	BOA_ Merrill	BOA_ Merrill	BOA_ Merrill	Cargill	Goldman Sachs
Trade Date	6/2/2021	6/29/2021	7/27/2021	8/31/2021	9/29/2021	10/25/2021	11/30/2021	12/28/2021
Effective Date	5/1/2022	6/1/2022	7/1/2022	8/1/2022	9/1/2022	10/1/2022	11/1/2022	12/1/2022
Termination Date	4/30/2023	5/31/2023	6/30/2023	7/31/2023	8/31/2023	9/30/2023	10/31/2023	11/30/2023
Price/Gal	$2.0495	$2.0610	$2.0505	$2.0345	$2.1459	$2.2879	$2.0100	$2.2227
Original Notional Quantity	2,826,757	2,826,738	2,826,751	2,826,725	2,826,740	2,826,749	2,826,751	2,826,765

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, 2021, the total outstanding notional value of the ULSD contracts was 52.1 million gallons with a positive fair market value of $23.4. 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).

16. CONDENSED COMPONENT UNIT INFORMATION

The following tables present condensed financial information for MTA's component units (in millions).

December 31, 2021	MTA	Metro - North Railroad	Long Island Railroad	New York City Transit Authority	Triborough Bridge and Tunnel Authority	Eliminations	Consolidated Total
Current assets	$ 15,828	$ 232	$ 249	$ 638	$ 1,836	$ (802)	$ 17,981
Capital assets	13,561	6,096	9,889	46,653	7,607	-	83,806
Other Assets	15,908	-	-	1	3	(13,801)	2,111
Intercompany receivables	681	333	348	1,815	2,874	(6,051)	-
Deferred outflows of resources	1,912	849	1,046	3,646	580	(170)	7,863
Total assets and deferred outflows of resources	**$ 47,890**	**$ 7,510**	**$ 11,532**	**$ 52,753**	**$ 12,900**	**$ (20,824)**	**$ 111,761**
Current liabilities	$ 11,838	$ 362	$ 272	$ 2,140	$ 938	$ (59)	$ 15,491
Non-current liabilities	39,017	2,797	4,463	22,361	13,763	(128)	82,273
Intercompany payables	5,245	117	22	-	595	(5,979)	-
Deferred inflows of resources	447	132	335	3,602	242	-	4,758
Total liabilities and deferred inflows of resources	**$ 56,547**	**$ 3,408**	**$ 5,092**	**$ 28,103**	**$ 15,538**	**$ (6,166)**	**$ 102,522**
Net investment in capital assets	$ (33,917)	$ 6,085	$ 9,866	$ 46,407	$ 1,739	$ (234)	$ 29,946
Restricted	2,346	-	-	-	1,606	(1,347)	2,605
Unrestricted	22,914	(1,983)	(3,426)	(21,757)	(5,983)	(13,077)	(23,312)
Total net position	**$ (8,657)**	**$ 4,102**	**$ 6,440**	**$ 24,650**	**$ (2,638)**	**$ (14,658)**	**$ 9,239**
For the year ended December 31, 2021							
Fare revenue	$ 142	$ 263	$ 296	$ 2,347	$ -	$ -	$ 3,048
Vehicle toll revenue	-	-	-	-	2,170	-	2,170
Rents, freight and other revenue	53	20	29	468	24	(37)	557
Total operating revenue	**195**	**283**	**325**	**2,815**	**2,194**	**(37)**	**5,775**
Total labor expenses	1,239	1,069	1,245	6,545	235	-	10,333
Total non-labor expenses	598	354	354	1,861	215	(38)	3,344
Depreciation	84	310	459	2,098	201	-	3,152
Total operating expenses	**1,921**	**1,733**	**2,058**	**10,504**	**651**	**(38)**	**16,829**
Operating (deficit) surplus	**(1,726)**	**(1,450)**	**(1,733)**	**(7,689)**	**1,543**	**1**	**(11,054)**
Subsidies and grants	581	292	-	584	9	16	1,482
Tax revenue	6,505	-	-	3,796	739	(3,805)	7,235
Interagency subsidy	1,037	590	2,323	464	-	(4,414)	-
Interest expense	(1,461)	-	(1)	(2)	(355)	6	(1,813)
Other	(2,292)	357	621	3,181	2	2,841	4,710
Total non-operating revenues (expenses)	**4,370**	**1,239**	**2,943**	**8,023**	**395**	**(5,356)**	**11,614**
Loss before appropriations	2,644	(211)	1,210	334	1,938	(5,355)	560
Appropriations, grants and other receipts externally restricted for capital projects	(1,012)	545	-	2,492	(2,133)	3,804	3,696
Change in net position	1,632	334	1,210	2,826	(195)	(1,551)	4,256
Net position, beginning of year	(10,289)	3,768	5,230	21,824	(2,443)	(13,107)	4,983
Net position, end of year	$ (8,657)	$ 4,102	$ 6,440	$ 24,650	$ (2,638)	$ (14,658)	$ 9,239
For the year ended December 31, 2021							
Net cash (used by) / provided by operating activities	$ (1,695)	$ (1,135)	$ (1,348)	$ (6,015)	$ 1,784	$ 200	$ (8,209)
Net cash provided by / (used by) non-capital financing activities	7,140	1,235	1,340	6,633	1,591	(9,127)	8,812
Net cash (used by) / provided by capital and related financing activities	(2,855)	(56)	8	(1,043)	(561)	7,103	2,596
Net cash (used by) / provided by investing activities	(2,546)	(50)	-	433	(3,104)	1,824	(3,443)
Cash at beginning of period	471	23	5	20	507	-	1,026
Cash at end of period	**$ 515**	**$ 17**	**$ 5**	**$ 28**	**$ 217**	**$ -**	**$ 782**

December 31, 2020	MTA	Metro-North Railroad	Long Island Railroad	New York City Transit Authority	Triborough Bridge and Tunnel Authority	Eliminations	Consolidated Total
Current assets	$ 9,615	$ 242	$ 236	$ 522	$ 1,053	$ (39)	$ 11,629
Capital assets	12,839	5,828	8,844	46,134	7,250	-	80,895
Other Assets	14,346	-	-	1	4	(13,081)	1,270
Intercompany receivables	1,828	191	253	642	791	(3,705)	-
Deferred outflows of resources	1,878	591	692	2,690	565	(215)	6,201
Total assets and deferred outflows of resources	**$ 40,506**	**$ 6,852**	**$ 10,025**	**$ 49,989**	**$ 9,663**	**$ (17,040)**	**$ 99,995**
Current liabilities	$ 3,681	$ 377	$ 331	$ 2,013	$ 840	$ (58)	$ 7,184
Non-current liabilities	44,846	2,361	3,883	23,713	10,651	(191)	85,263
Intercompany payables	1,902	142	119	1,026	495	(3,684)	-
Deferred inflows of resources	366	204	462	1,413	120	-	2,565
Total liabilities and deferred inflows of resources	**$ 50,795**	**$ 3,084**	**$ 4,795**	**$ 28,165**	**$ 12,106**	**$ (3,933)**	**$ 95,012**
Net investment in capital assets	$ (29,660)	$ 5,814	$ 8,817	$ 45,884	$ 2,466	$ (437)	$ 32,884
Restricted	1,795	-	-	-	589	(433)	1,951
Unrestricted	17,576	(2,046)	(3,587)	(24,060)	(5,498)	(12,237)	(29,852)
Total net position	**$ (10,289)**	**$ 3,768**	**$ 5,230**	**$ 21,824**	**$ (2,443)**	**$ (13,107)**	**$ 4,983**
For the year ended December 31, 2020							
Fare revenue	$ 98	$ 243	$ 272	$ 2,012	$ -	$ -	$ 2,625
Vehicle toll revenue	-	-	-	-	1,640	-	1,640
Rents, freight and other revenue	52	31	34	365	21	(40)	463
Total operating revenue	**150**	**274**	**306**	**2,377**	**1,661**	**(40)**	**4,728**
Total labor expenses	1,231	997	1,230	7,265	254	-	10,977
Total non-labor expenses	436	334	348	1,750	202	(40)	3,030
Depreciation	78	269	414	2,070	180	-	3,011
Total operating expenses	**1,745**	**1,600**	**1,992**	**11,085**	**636**	**(40)**	**17,018**
Operating (deficit) surplus	**(1,595)**	**(1,326)**	**(1,686)**	**(8,708)**	**1,025**	**-**	**(12,290)**
Subsidies and grants	820	256	-	507	9	(350)	1,242
Tax revenue	4,616	-	-	2,055	440	(1,718)	5,393
Interagency subsidy	451	498	1,991	176	-	(3,116)	-
Interest expense	(1,389)	-	-	(18)	(335)	20	(1,722)
Other	(572)	318	508	2,840	3	1,230	4,327
Total non-operating revenues (expenses)	**3,926**	**1,072**	**2,499**	**5,560**	**117**	**(3,934)**	**9,240**
Loss before appropriations	2,331	(254)	813	(3,148)	1,142	(3,934)	(3,050)
Appropriations, grants and other receipts externally restricted for capital projects	(268)	562	-	998	(469)	2,759	3,582
Change in net position	2,063	308	813	(2,150)	673	(1,175)	532
Net position, beginning of the year	(12,352)	3,460	4,417	23,974	(3,116)	(11,932)	4,451
Net position, end of year	$ (10,289)	$ 3,768	$ 5,230	$ 21,824	$ (2,443)	$ (13,107)	$ 4,983
For the year ended December 31, 2020							
Net cash (used in) / provided by operating activities	$ (1,114)	$ (1,050)	$ (1,217)	$ (5,419)	$ 1,244	$ 335	$ (7,221)
Net cash provided by / (used in) non-capital financing activities	8,795	1,130	1,227	6,484	(499)	(6,427)	10,710
Net cash (used in) / provided by capital and related financing activities	(861)	(94)	(12)	(1,064)	(330)	3,016	655
Net cash provided by / (used in) investing activities	(6,661)	-	-	(30)	(57)	3,076	(3,672)
Cash at beginning of year	312	37	7	49	149	-	554
Cash at end of year	**$ 471**	**$ 23**	**$ 5**	**$ 20**	**$ 507**	**$ -**	**$ 1,026**

17. SUBSEQUENT EVENTS

On January 19, 2022, MTA effectuated a mandatory tender and remarketed $96.335 of Triborough Bridge and Tunnel Authority General Revenue Variable Rate Bonds, Subseries 2003B-1 because its irrevocable direct-pay Letter of Credit (LOC) issued by Bank of America, N.A. was expiring by its terms and was substituted with an irrevocable direct-pay LOC issued by U.S. Bank, N.A. The new LOC will expire on January 17, 2025. U.S. Bancorp will serve as remarketing agent.

On January 25, 2022, MTA executed a 2,826,779 gallon ultra-low sulfur diesel fuel hedge with Goldman Sachs & Co./J Aron at an all-in price of $2.362 (whole dollars) per gallon. The hedge covers the period from January 2023 through December 2023.

On February 1, 2022, MTA effectuated a mandatory tender and remarketed $32.475 of Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002G-1h and $50.000 Transportation Revenue Variable Rate Bonds, Subseries 2012A-3 because their respective current interest rate periods were expiring by their terms. The Subseries 2002G-1h and Subseries 2012A-3 bonds were remarketed in Term Rate Mode as Secured Overnight Financing Rate (SOFR) Notes as follows:

Quantity	Subseries	Purchase Date	Maturity Date	Interest Rate
$13.725	2002G-1h	N/A	November 1, 2023	67% of SOPR plus 0.40%
$18.750	2002G-1h	N/A	November 1, 2026	67% of SOPR plus 0.60%
$50.000	2012A-3	April 1, 2026	November 15, 2042	67% of SOPR plus 0.65%

On January 19, 2022, MTA effectuated a mandatory tender and remarketed $96.335 MTA Triborough Bridge and Tunnel Authority General Revenue Variable Rate Bonds, Subseries 2003B-1 (“the Subseries 2003B-1 Bonds”). The Subseries 2003B-1 Bonds were converted from the Term Rate Mode to the Weekly Mode. MTA obtained an irrevocable direct-pay letter of credit to support the payment of principal and of interest.

On January 20, 2022, the State Senate confirmed the appointments of Janno Lieber as MTA Board Chair and Chief Executive Officer (“CEO”) and Elizabeth Velez to the Board. On January 20, 2022, MTA Board Chair and CEO Janno N. Lieber named Kevin Willens as MTA Chief Financial Officer, replacing Robert Foran who retired effective December 31, 2021.

On February 1, 2022, MTA effectuated a mandatory tender and remarketed $82.475 Transportation Revenue Variable Rate Bonds, Subseries 2002G-1h (“the Subseries 2002G-1h Bonds”) and 2012A-3 (“the Subseries 2012A-3 Bonds”). The Subseries 2002G-1h Bonds and the Subseries 2012A-3 Bonds were converted to the Term Rate Mode.

On February 10, 2022, MTA issued $592.680 of Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2022A. Proceeds from the transaction were used to retire $750.000 Dedicated Tax Fund Bond Anticipation Notes, Series 2019A. The Series 2022A bonds were issued as fixed rate tax-exempt bonds with a final maturity of May 15, 2057.

On February 28, 2022, MTA executed a 2,826,759 gallon ultra-low sulfur diesel fuel hedge at an all-in price of $2.5015 (whole dollars) per gallon. The hedge covers the period from February 2023 through January 2024.

On March 1, 2022, MTA issued $378 MTA Dedicated Tax Fund Bonds, Series 2022A (“the Series 2022A Bonds”) with maturity dates every November 15th, from year 2032 through 2052. The Series 2022A Bonds were issued to (i) retire the MTA’s outstanding Transportation Revenue Bond Anticipation Notes, Series 2020B and (ii) pay certain financing, legal and miscellaneous expenses.

On March 24, 2022, MTA effectuated a mandatory tender and remarketed $82.660 Transportation Revenue Variable Rate Refunding Bonds, Subseries 2020B-2 (“the Subseries 2020B-2 Bonds”). The Subseries 2020B-2 Bonds were converted from the Term Rate Mode to the Weekly Mode. MTA obtained an irrevocable direct-pay letter of credit to support the payment of principal and of interest.

On March 31, 2022, MTA executed a 2,826,761 gallon ultra-low sulfur diesel fuel hedge at an all-in price of $2.7469 (whole dollars) per gallon. The hedge covers the period from March 2023 through February 2024.

On April 28, 2022, MTA executed a 2,826,752 gallon ultra-low sulfur diesel fuel hedge at an all-in price of $2.8675 (whole dollars) per gallon. The hedge covers the period from April 2023 through March 2024.

On May 12, 2022, MTA issued $927.950 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2022C. Proceeds from the transaction were used to (i) retire the outstanding MTA Transportation Revenue Bond Anticipation Notes, Subseries B-1, and (ii) pay certain financing, legal, and miscellaneous expenses.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans

($ in thousands)

	Additional Plan						
Plan Measurement Date (December 31):	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total pension liability:							
Service cost	$ 453	$ 621	$ 1,057	$ 1,874	$ 2,752	$ 3,441	$ 3,813
Interest	86,918	93,413	97,611	101,477	104,093	106,987	110,036
Effect of economic / demographic (gains) or losses	10,428	13,455	213	1,890	15,801	6,735	-
Effect of assumption changes or inputs	-	50,191	-	-	-	-	-
Benefit payments and withdrawals	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)	(156,974)
Net change in total pension liability	(54,247)	426	(60,684)	(54,476)	(35,947)	(39,908)	(43,125)
Total pension liability—beginning	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251	1,602,159	1,645,284
Total pension liability—ending (a)	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251	1,602,159
Plan fiduciary net position:							
Employer contributions	68,724	62,774	59,500	76,523	81,100	100,000	407,513
Nonemployer contributions	-	-	-	145,000	70,000	-	-
Member contributions	140	249	333	760	884	1,108	1,304
Net investment income	4,023	116,092	(31,098)	112,614	58,239	527	21,231
Benefit payments and withdrawals	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)	(156,974)
Administrative expenses	(612)	(718)	(1,180)	(1,070)	(611)	(1,218)	(975)
Net change in plan fiduciary net position	(79,771)	21,143	(132,010)	174,110	51,019	(56,654)	272,099
Plan fiduciary net position—beginning	840,460	819,317	951,327	777,217	726,198	782,852	510,753
Plan fiduciary net position—ending (b)	760,688	840,460	819,317	951,327	777,217	726,198	782,852
Employer's net pension liability—ending (a)-(b)	$ 596,635	$ 571,110	$ 591,827	$ 520,501	$ 749,087	$ 836,053	$ 819,307
Plan fiduciary net position as a percentage of the total pension liability	55.97%	59.54%	58.06%	64.64%	50.92%	46.48%	48.86%
Covered payroll	$ 5,174	$ 7,236	$ 13,076	$ 20,500	$ 29,312	$ 39,697	$ 43,267
Employer's net pension liability as a percentage of covered payroll	11531.41%	7892.62%	4526.06%	2539.03%	2555.56%	2106.09%	1893.61%

Note: Information was not readily available for periods prior to 2014. This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans (continued)

($ in thousands)

	MaBSTOA Plan						
Plan Measurement Date (December 31):	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total pension liability:							
Service cost	$ 95,514	$ 89,814	$ 86,979	$ 84,394	$ 82,075	$ 77,045	$ 72,091
Interest	266,588	265,454	256,084	246,284	236,722	232,405	223,887
Effect of economic / demographic (gains) or losses	(720)	9,011	5,412	11,826	13,784	(68,997)	-
Effect of assumption changes or inputs		168,752	-	6,347	-	-	-
Differences between expected and actual experience		-	-	-	-	-	(1,596)
Benefit payments and withdrawals	(237,930)	(221,221)	(213,827)	(209,122)	(187,823)	(179,928)	(175,447)
Net change in total pension liability	123,452	311,810	134,648	139,729	144,758	60,525	118,935
Total pension liability—beginning	4,122,934	3,811,124	3,676,476	3,536,747	3,391,989	3,331,464	3,212,529
Total pension liability—ending (a)	4,246,386	4,122,934	3,811,124	3,676,476	3,536,747	3,391,989	3,331,464
Plan fiduciary net position:							
Employer contributions	159,486	206,390	205,433	202,684	220,697	214,881	226,374
Member contributions	24,709	23,552	21,955	19,713	18,472	16,321	15,460
Net investment income	60,326	447,365	(87,952)	350,186	212,260	(24,163)	105,084
Benefit payments and withdrawals	(237,930)	(221,221)	(213,827)	(209,122)	(187,823)	(179,928)	(175,447)
Administrative expenses	(244)	(220)	(196)	(208)	(186)	(88)	(74)
Net change in plan fiduciary net position	6,347	455,866	(74,587)	363,253	263,420	27,023	171,397
Plan fiduciary net position—beginning	3,300,268	2,844,402	2,918,989	2,555,736	2,292,316	2,265,293	2,093,896
Plan fiduciary net position—ending (b)	3,306,616	3,300,268	2,844,402	2,918,989	2,555,736	2,292,316	2,265,293
Employer's net pension liability—ending (a)-(b)	$ 939,770	$ 822,666	$ 966,722	$ 757,487	$ 981,011	$ 1,099,673	$ 1,066,171
Plan fiduciary net position as a percentage of the total pension liability	77.87%	80.05%	74.63%	79.40%	72.26%	67.58%	68.00%
Covered payroll	$ 802,100	$ 786,600	$ 776,200	$ 749,666	$ 716,527	$ 686,674	$ 653,287
Employer's net pension liability as a percentage of covered payroll	117.16%	104.59%	124.55%	101.04%	136.91%	160.14%	163.20%

Note: Information was not readily available for periods prior to 2014. This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans **(continued)**

($ in thousands)

	MNR Cash Balance Plan						
Plan Measurement Date (December 31):	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total pension liability:							
Interest	$ 14	$ 18	$ 20	$ 21	$ 24	$ 29	$ 32
Effect of economic / demographic (gains) or losses	10	4	(11)	12	(15)	(10)	-
Effect of assumption changes or inputs	11	-	-	-	-	18	-
Benefit payments and withdrawals	(105)	(53)	(58)	(71)	(77)	(113)	(88)
Net change in total pension liability	(70)	(31)	(49)	(38)	(68)	(76)	(56)
Total pension liability—beginning	448	479	528	566	634	710	766
Total pension liability—ending (a)	378	448	479	528	566	634	710
Plan fiduciary net position:							
Employer contributions	9	-	5	-	23	18	-
Net investment income	32	40	1	20	16	6	41
Benefit payments and withdrawals	(105)	(53)	(58)	(71)	(77)	(113)	(88)
Administrative expenses	3	(3)	-	-	-	3	(3)
Net change in plan fiduciary net position	(61)	(16)	(52)	(51)	(38)	(86)	(50)
Plan fiduciary net position—beginning	455	471	523	574	612	698	748
Plan fiduciary net position—ending (b)	394	455	471	523	574	612	698
Employer's net pension liability—ending (a)-(b)	$ (16)	$ (7)	$ 8	$ 5	$ (8)	$ 22	$ 12
Plan fiduciary net position as a percentage of the total pension liability	104.23%	101.45%	98.33%	99.05%	101.41%	96.53%	98.36%
Covered payroll	$ 277	$ 278	$ 268	$ 471	$ 846	$ 1,474	$ 2,274
Employer's net pension liability as a percentage of covered payroll	-5.78%	-2.52%	2.99%	1.06%	-0.95%	1.49%	0.53%

Note: Information was not readily available for periods prior to 2014. This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans (continued)

($ in thousands)

	MTA Defined Benefit Plan						
Plan Measurement Date (December 31):	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total pension liability:							
Service cost	$ 213,495	$ 173,095	$ 162,273	$ 148,051	$ 138,215	$ 124,354	$ 121,079
Interest	427,672	387,193	358,118	335,679	308,009	288,820	274,411
Effect of economic / demographic (gains) or losses	92,019	35,935	75,744	(27,059)	86,809	121,556	2,322
Effect of assumption changes or inputs		690,958	-	10,731	-	(76,180)	-
Effect of plan changes		-	61,890	76,511	73,521	6,230	-
Benefit payments and withdrawals	(293,836)	(264,985)	(242,349)	(232,976)	(209,623)	(199,572)	(191,057)
Net change in total pension liability	439,350	1,022,196	415,676	310,937	396,931	265,208	206,755
Total pension liability—beginning	6,510,686	5,488,490	5,072,814	4,761,877	4,364,946	4,099,738	3,892,983
Total pension liability—ending (a)	6,950,036	6,510,686	5,488,490	5,072,814	4,761,877	4,364,946	4,099,738
Plan fiduciary net position:							
Employer contributions	394,986	344,714	338,967	321,861	280,768	221,694	331,259
Member contributions	32,006	31,504	29,902	31,027	29,392	34,519	26,006
Net investment income	99,045	651,919	(150,422)	516,153	247,708	(45,122)	102,245
Benefit payments and withdrawals	(293,836)	(264,985)	(242,349)	(232,976)	(209,623)	(199,572)	(191,057)
Administrative expenses	(3,660)	(3,408)	(3,152)	(4,502)	(3,051)	(1,962)	(9,600)
Net change in plan fiduciary net position	228,541	759,744	(27,054)	631,563	345,194	9,557	258,853
Plan fiduciary net position—beginning	4,784,224	4,024,480	4,051,534	3,419,971	3,074,777	3,065,220	2,806,367
Plan fiduciary net position—ending (b)	5,012,765	4,784,224	4,024,480	4,051,534	3,419,971	3,074,777	3,065,220
Employer's net pension liability—ending (a)-(b)	$ 1,937,271	$ 1,726,462	$ 1,464,010	$ 1,021,280	$ 1,341,906	$ 1,290,169	$ 1,034,518
Plan fiduciary net position as a percentage of the total pension liability	72.13%	73.48%	73.33%	79.87%	71.82%	70.44%	74.77%
Covered payroll	$ 2,050,970	$ 2,052,657	$ 2,030,695	$ 1,857,026	$ 1,784,369	$ 1,773,274	$ 1,679,558
Employer's net pension liability as a percentage of covered payroll	94.46%	84.11%	72.09%	55.00%	75.20%	72.76%	61.59%

Note: Information was not readily available for periods prior to 2014. This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of the MTA's Proportionate Share of the Net Pension Liabilities of Cost-Sharing Multiple-Employer Pension Plans

($ in thousands)

	NYCERS Plan						
Plan Measurement Date:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
MTA's proportion of the net pension liability	22.220%	24.420%	24.493%	23.682%	24.096%	23.493%	23.585%
MTA's proportionate share of the net pension liability	$ 1,424,952	$ 5,147,445	$ 4,536,510	$ 4,176,941	$ 5,003,811	$ 5,708,052	$ 4,773,787
MTA's actual covered payroll	$ 3,618,339	$ 3,514,665	$ 3,385,743	$ 3,216,837	$ 3,154,673	$ 3,064,007	$ 2,989,480
MTA's proportionate share of the net pension liability as a percentage of the MTA's covered payroll	39.000%	146.456%	113.989%	129.846%	158.616%	186.294%	159.686%
Plan fiduciary net position as a percentage of the total pension liability	77.000%	76.933%	78.836%	78.826%	74.805%	69.568%	73.125%

	NYSLERS Plan						
Plan Measurement Date:	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
MTA's proportion of the net pension liability	0.310%	0.346%	0.345%	0.327%	0.311%	0.303%	0.289%
MTA's proportionate share of the net pension liability	$ 313	$ 91,524	$ 24,472	$ 10,553	$ 29,239	$ 48,557	$ 9,768
MTA's actual covered payroll	$ 102,838	$ 105,457	$ 109,252	$ 105,269	$ 96,583	$ 87,670	$ 87,315
MTA's proportionate share of the net pension liability as a percentage of the MTA's covered payroll	0.000%	86.788%	22.400%	10.025%	30.273%	55.386%	11.187%
Plan fiduciary net position as a percentage of the total pension liability	99.950%	86.392%	96.267%	98.240%	94.703%	90.685%	97.947%

Note: Information was not readily available for periods prior to 2015. This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The data provided in this schedule is based on the measurement date used by NYCERS and NYSLERS for the net pension liability.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of the MTA's Contributions for All Pension Plans for the Year Ended December 31,

($ in thousands)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Additional Plan*										
Actuarially Determined Contribution	$ 70,553	$ 68,723	$ 62,774	$ 59,196	$ 76,523	$ 83,183	$ 82,382	$ 112,513	$ -	$ -
Actual Employer Contribution	70,553	68,724	62,774	59,500	221,523	151,100	100,000	407,513	-	-
Contribution Deficiency (Excess)	$ -	$ (1)	$ -	$ (304)	$ (145,000)	$ (67,917)	$ (17,618)	$ (295,000)	$ -	$ -
Covered Payroll	$ 3,230	$ 5,174	$ 7,236	$ 13,076	$ 20,500	$ 29,312	$ 39,697	$ 43,267	$ -	$ -
Contributions as a % of Covered Payroll	2184.33%	1328.26%	867.54%	455.02%	1080.62%	515.49%	251.91%	941.87%	N/A	N/A
MaBSTOA Plan										
Actuarially Determined Contribution	$ 156,204	$ 159,486	$ 209,314	$ 202,509	$ 202,924	$ 220,697	$ 214,881	$ 226,374	$ 234,474	$ 228,918
Actual Employer Contribution	156,204	159,486	206,390	205,434	202,684	220,697	214,881	226,374	234,474	228,918
Contribution Deficiency (Excess)	$ -	$ -	$ 2,924	$ (2,925)	$ 240	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 768,868	$ 802,100	$ 786,600	$ 776,200	$ 749,666	$ 716,527	$ 686,674	$ 653,287	$ 582,081	$ 575,989
Contributions as a % of Covered Payroll	20.32%	19.88%	26.24%	26.47%	27.04%	30.80%	31.29%	34.65%	40.28%	39.74%
Metro-North Cash Balance Plan*										
Actuarially Determined Contribution	$ -	$ -	$ 8	$ 5	$ -	$ 23	$ -	$ 5	$ -	$ -
Actual Employer Contribution	-	-	-	5	-	23	14	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (14)	$ 5	$ -	$ -
Covered Payroll	$ -	$ 277	$ 278	$ 268	$ 471	$ 846	$ 1,474	$ 2,274	$ -	$ -
Contributions as a % of Covered Payroll	0.00%	0.00%	0.00%	1.87%	0.00%	2.68%	0.96%	0.00%	N/A	N/A
MTA Defined Benefit Plan*										
Actuarially Determined Contribution	$ 392,547	$ 392,921	$ 349,928	$ 331,566	$ 316,916	$ 290,415	$ 273,700	$ 271,523	$ -	$ -
Actual Employer Contribution	396,144	393,961	343,862	339,800	321,861	280,767	221,694	331,259	-	-
Contribution Deficiency (Excess)	$ (3,597)	$ (1,040)	$ 6,066	$ (8,234)	$ (4,945)	$ 9,648	$ 52,006	$ (59,736)	$ -	$ -
Covered Payroll	$ 2,028,938	$ 2,050,970	$ 2,052,657	$ 2,030,695	$ 1,857,026	$ 1,784,369	$ 1,773,274	$ 1,679,558	$ -	$ -
Contributions as a % of Covered Payroll	19.52%	19.21%	16.75%	16.73%	17.33%	15.73%	12.50%	19.72%	N/A	N/A

* For the MTA Defined Benefit Plan, Additional Plan and Metro-North Cash Balance Plan, information was not readily available for periods prior to 2014. This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of the MTA's Contributions for All Pension Plans for the Year Ended December 31, **(continued)**

($ in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
NYCERS										
Actuarially Determined Contribution	$ 842,269	$ 882,690	$ 952,616	$ 807,097	$ 800,863	$ 797,845	$ 736,212	$ 741,223	$ 736,361	$ 731,983
Actual Employer Contribution	842,269	882,690	952,616	807,097	800,863	797,845	736,212	741,223	736,361	731,983
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 3,637,544	$ 3,771,595	$ 3,948,283	$ 3,974,494	$ 3,768,885	$ 3,523,993	$ 3,494,907	$ 3,617,087	$ 2,943,195	$ 2,925,834
Contributions as a % of Covered Payroll	23.15%	23.40%	24.13%	20.31%	21.25%	22.64%	21.07%	20.49%	25.02%	25.02%
NYSLERS **										
Actuarially Determined Contribution	$ 16,284	$ 14,533	$ 14,851	$ 14,501	$ 13,969	$ 12,980	$ 15,792	$ 13,816	$ -	$ -
Actual Employer Contribution	16,284	14,533	14,851	14,501	13,969	12,980	15,792	13,816	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 99,129	$ 102,838	$ 106,913	$ 109,210	$ 103,787	$ 94,801	$ 86,322	$ 84,041	$ -	$ -
Contributions as a % of Covered Payroll	16.43%	14.13%	13.89%	13.28%	13.46%	13.69%	18.29%	16.44%	N/A	N/A

** For the NYSLERS plan, information was not readily available for periods prior to 2014. This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	Additional Plan			
Valuation Dates:	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Measurement Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
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 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.	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.
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 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.
Salary increases:	3.00%	3.00%	3.00%	3.00%
Actuarial assumptions:				
Discount Rate:	6.50%	6.50%	7.00%	7.00%
Investment rate of return :	6.50%, net of investment expenses.	6.50%, 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:	2.25%; 3.25%	2.25%; 3.25%	2.50%; 3.50%	2.50%; 3.50%
Cost-of-Living Adjustments:	N/A	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	Additional Plan (continued)		
Valuation Dates:	January 1, 2016	January 1, 2015	January 1, 2014
Measurement Date:	December 31, 2016	December 31, 2015	December 31, 2014
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	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.	Period specified in current valuation report (closed 19 year period beginning January 1, 2014) 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 market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Salary increases:	3.00%	3.00%	3.00%
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:	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. As generational tables, they reflect mortality improvements both before and after the measurement date. 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.
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:	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%
Cost-of-Living Adjustments:	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MaBSTOA Plan			
Valuation Dates:	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Measurement Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
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 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 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.
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 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.	Varies by years of employment and employment type.	Varies by years of employment and employment type.
Actuarial assumptions:				
Discount Rate:	6.50%	6.50%	7.00%	7.00%
Investment rate of return :	6.50%, net of investment expenses.	6.50%, 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.	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%	2.50%	2.50%
Cost-of-Living Adjustments:	1.35% per annum	1.35% per annum	1.375% per annum	1.375% per annum

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MaBSTOA Plan (continued)		
Valuation Dates:	January 1, 2016	January 1, 2015	January 1, 2014
Measurement Date:	December 31, 2016	December 31, 2015	December 31, 2014
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 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 market value less unrecognized Market value restart as of 1/1/96, then gains/losses over a 5-year period. Gains/losses are five-year moving average of market values based on market value of assets.
Salary increases:	Varies by years of employment and employment type.	Varies by years of employment and employment type.	In general, merit and promotion increases plus assumed general wage increases of 3.5% to 15.0% for operating employees and 4.0% to 7.0% for nonoperating employees per year, depending on years of service.
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:	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 and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As generational tables, they reflect mortality improvements both before and after the measurement date. 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.
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:	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.	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%
Cost-of-Living Adjustments:	1.375% per annum	1.375% per annum	1.375% per annum

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MNR Cash Balance Plan			
Valuation Dates:	January 1, 2020	January 1, 2019	January 1, 2019	January 1, 2018
Measurement Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
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 market value.	Actuarial value equals market value.	Actuarial value equals market value.	Actuarial value equals market value.
Salary increases:	N/A	N/A	N/A	N/A
Actuarial assumptions:				
Discount Rate:	3.00%	3.50%	4.00%	4.00%
Investment rate of return :	3.00%, net of investment expenses.	3.50%, 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 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.	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.
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:	2.25%	2.25%	2.50%	2.50%
Cost-of-Living Adjustments:	N/A	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MNR Cash Balance Plan (continued)		
Valuation Dates:	January 1, 2017	January 1, 2016	January 1, 2014
Measurement Date:	December 31, 2016	December 31, 2015	December 31, 2014
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.	Period specified in current valuation report (closed 10 year period beginning January 1, 2008 - 4 year period for the January 1, 2014 valuation).
Asset Valuation Method:	Actuarial value equals market value.	Actuarial value equals market value.	Effective January 1, 2015, the Actuarially Determined Contribution (ADC) will reflect one-year amortization of the unfunded accrued liability in accordance with the funding policy adopted by the MTA.
Salary increases:	N/A	N/A	There were no projected salary increase assumptions used in the January 1, 2014 valuation as the participants of the Plan were covered under the Management Plan effective January 1, 1989. For participants of the Plan eligible for additional benefits, these benefits were not valued as the potential liability is de minimus.
Actuarial assumptions:			
Discount Rate:	4.00%	4.00%	4.50%
Investment rate of return :	4.00%, net of investment expenses.	4.00%, net of investment expenses.	4.50%, 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 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.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. As generational tables, they reflect mortality improvements both before and after the measurement date. 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.
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:	2.30%	2.30%	2.50%
Cost-of-Living Adjustments:	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MTA Defined Benefit Plan		
Valuation Dates:	January 1, 2020	January 1, 2019	January 1, 2018
Measurement Date:	December 31, 2020	December 31, 2019	December 31, 2018
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	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.	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 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 market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Salary increases:	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.	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.
Actuarial assumptions:			
Discount Rate:	6.50%	6.50%	7.00%
Investment rate of return :	6.50%	6.50%	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:	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%; 3.25%	2.25%; 3.25%	2.50%; 3.50%
Cost-of-Living Adjustments:	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.	55% of inflation assumption or 1.375%, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MTA Defined Benefit Plan (continued)		
Valuation Dates:	January 1, 2017	January 1, 2016	January 1, 2015
Measurement Date:	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial cost method:	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.
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 market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market 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.
Actuarial assumptions:			
Discount Rate:	7.00%	7.00%	7.00%
Investment rate of return :	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:	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	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%
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.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MTA Defined Benefit Plan (continued)
Valuation Dates:	January 1, 2014
Measurement Date:	December 31, 2014
Actuarial cost method:	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.
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.
Salary increases:	Varies by years of employment, and employee group.
Actuarial assumptions:	
Discount Rate:	7.00%
Investment rate of return :	7.00%
Mortality:	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. 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.
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.
Post-retirement Disabled Lives:	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%; 3.00%
Cost-of-Living Adjustments:	55% of inflation assumption or 1.375%, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYCERS Plan			
Valuation Dates:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2016
Measurement Date:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
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 Unfundeds.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.
Asset Valuation Method:	Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011.	Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011.	Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011.	Modified six-year moving average of market values with a Market 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 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 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 (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYCERS Plan (continued)		
Valuation Dates:	June 30, 2015	June 30, 2014	June 30, 2013
Measurement Date:	June 30, 2017	June 30, 2016	June 30, 2015
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 Unfundeds.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.
Asset Valuation Method:	Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011.	Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011.	Modified six-year moving average of market values with a Market 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 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
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 (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYSLERS Plan				
Valuation Dates:	April 1, 2020	April 1, 2019	April 1, 2018	April 1, 2017	April 1, 2016
Measurement Date:	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Actuarial cost method:	Aggregate 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.	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.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Salary increases:	4.40% in ERS; 6.20% in PFRS	4.20% in ERS; 5.00% in PFRS	3.80%	3.80%	3.80%
Actuarial assumptions:					
Discount Rate:	5.90%	6.80%	7.00%	7.00%	7.00%
Investment rate of return :	5.90%, net of investment expenses.	6.80%, 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, 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.	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.
Pre-retirement:	N/A	N/A	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.70%	2.50%	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.4% per annum.	1.3% per annum.	1.3% per annum.	1.3% per annum.	1.3% per annum.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYSLERS Plan (continued)		
Valuation Dates:	April 1, 2016	April 1, 2015	April 1, 2014
Measurement Date:	March 31, 2017	March 31, 2016	March 31, 2015
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:	3.80%	3.80%	4.90%
Actuarial assumptions:			
Discount Rate:	7.00%	7.00%	7.50%
Investment rate of return :	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.5%, net of investment expenses.
Mortality:	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.	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
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%	2.70%
Cost-of-Living Adjustments:	1.3% per annum.	1.3% per annum.	1.4% per annum.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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:

There were no significant legislative changes in benefit for the June 30, 2020 valuation for the NYCERS plan.

There were no significant legislative changes in benefit for the April 1, 2020 valuation for the NYSLERS plan.

Changes of Assumptions:

There were no significant changes in the economic and demographic used in the June 30, 2020 valuation for the NYCERS plan.

There were no significant changes in the economic and demographic assumptions used in the April 1, 2020 valuation for the NYSLERS plan.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of Changes in the MTA's Net OPEB Liability and Related Ratios and Notes to Schedule

($ in thousands)

Plan Measurement Date (December 31):	2020	2019	2018	2017
Total OPEB liability:				
Service cost	$ 1,097,051	$ 928,573	$ 1,002,930	$ 884,548
Interest on total OPEB liability	610,160	840,532	734,968	731,405
Effect of plan changes	-	-	1,580	27,785
Effect of economic/demographic (gains) or losses	(43,890)	247,871	(19,401)	13,605
Effect of assumption changes or inputs	2,030,929	311,286	(1,800,135)	911,465
Benefit payments	(387,372)	(730,677)	(691,122)	(650,994)
Net change in total OPEB liability	3,306,878	1,597,585	(771,180)	1,917,814
Total OPEB liability—beginning	21,531,473	19,933,888	20,705,068	18,787,254
Total OPEB liability—ending (a)	24,838,351	21,531,473	19,933,888	20,705,068
Plan fiduciary net position:				
Employer contributions	387,372	730,677	691,122	650,994
Net investment income	14,283	63,647	(18,916)	47,370
Benefit payments	(387,372)	(730,677)	(691,122)	(650,994)
Administrative expenses	(209)	(200)	(56)	-
Net change in plan fiduciary net position	14,074	63,447	(18,972)	47,370
Plan fiduciary net position—beginning	414,827	351,380	370,352	322,982
Plan fiduciary net position—ending (b)	428,901	414,827	351,380	370,352
Net OPEB liability—ending (a)-(b)	$24,409,450	$ 21,116,646	$ 19,582,508	$ 20,334,716
Plan fiduciary net position as a percentage of the total OPEB liability	1.73%	1.93%	1.76%	1.79%
Covered payroll	$ 6,716,423	$ 6,901,690	$ 6,903,700	$ 5,394,332
Net OPEB liability as a percentage of covered payroll	363.43%	305.96%	283.65%	376.96%

Notes to Schedule:

Changes of benefit terms:	In the July 1, 2019 actuarial valuation, there were no changes to the benefit terms.
Changes of assumptions:	In the July 1, 2019 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.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of the MTA's Contributions to the OPEB Plan for the years ended December 31:

($ in thousands)	2020	2019	2018	2017
Actuarially Determined Contribution	N/A	N/A	N/A	N/A
Actual Employer Contribution (1)	$ 387,371	$ 737,297	$ 691,122	$ 650,994
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A
Covered Payroll	$ 6,716,423	$ 6,901,690	$ 6,903,700	$ 5,394,200
Actual Contribution as a Percentage of Covered Payroll	5.77%	10.68%	10.01%	12.07%

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $69,472 and $70,138 for the years ended December 31, 2020 and 2019, 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.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of the MTA's Contributions to the OPEB Plan:

Valuation date	July 1, 2020	July 1, 2019	July 1, 2017	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	2.12%	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.

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SUPPLEMENTARY INFORMATION

Pension And Other Employee Benefit Trust Funds
Combining Statement of Fiduciary Net Position as of December 31, 2021

($ in thousands)	Pension Funds			Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Company Plan for Additional Pensions	MaBSTOA Plan	Other Post-employment Benefits Plan	Total
ASSETS:					
Cash	$ 24,495	$ 2,956	$ 11,821	$ 107	$ 39,379
Receivables:					
Employee loans	-	-	29,552	-	29,552
Participant and union contributions	-	(20)	-	-	(20)
Investment securities sold	-	139	5,532	-	5,671
Accrued interest and dividends	2,798	338	1,747	-	4,883
Other receivables	2,412	1,358	-	-	3,770
Total receivables	5,210	1,815	36,831	-	43,856
Investments at fair value	5,700,341	769,265	3,603,231	0	10,072,837
Total assets	$ 5,730,046	$ 774,036	$ 3,651,883	$ 107	$ 10,156,072
LIABILITIES:					
Accounts payable and accrued liabilities	$ 6,470	$ 279	$ 1,234	$ -	$ 7,983
Payable for investment securities purchased	8,155	984	5,620	-	14,759
Accrued benefits payable	-	-	-	24	24
Accrued postretirement death benefits (PRDB) payable	-	-	5,405	-	5,405
Accrued 55/25 Additional Members Contribution (AMC) payable	-	-	3,847	-	3,847
Other liabilities	1,509	182	-	-	1,691
Total liabilities	16,134	1,445	16,106	24	33,709
NET POSITION:					
Restricted for pensions	5,713,912	772,591	3,635,777	-	10,122,280
Restricted for postemployment benefits other than pensions	-	-	-	83	83
Total net position	5,713,912	772,591	3,635,777	83	10,122,363
Total liabilities and net position	$ 5,730,046	$ 774,036	$ 3,651,883	$ 107	$ 10,156,072

See Independent Auditors' Review Report and notes to the consolidated financial statements.

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SUPPLEMENTARY INFORMATION

Pension And Other Employee Benefit Trust Funds
Combining Statement of Fiduciary Net Position as of December 31, 2020

($ in thousands)	Pension Funds			Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Company Plan for Additional Pensions	MaBSTOA Plan	Other Post-employment Benefits Plan	Total
ASSETS:					
Cash	$ 10,702	$ 1,480	$ 8,076	$ -	$ 20,258
Receivables:					
Employee loans	-	-	30,744	-	30,744
Participant and union contributions	-	(6)	-	-	(6)
Investment securities sold	-	2,769	1,902	-	4,671
Accrued interest and dividends	2,712	375	1,351	-	4,438
Other receivables	21,687	97	-	-	21,784
Total receivables	24,399	3,235	33,997	-	61,631
Investments at fair value	4,980,355	755,908	3,273,256	172	9,009,691
Total assets	$ 5,015,456	$ 760,623	$ 3,315,329	$ 172	$ 9,091,580
LIABILITIES:					
Accounts payable and accrued liabilities	5,461	316	-	-	5,777
Payable for investment securities purchased	3,921	542	4,317	-	8,780
Accrued benefits payable	-	-	73	42	115
Accrued postretirement death benefits (PRDB) payable	-	-	4,204	-	4,204
Accrued 55/25 Additional Members Contribution (AMC) payable	-	-	4,643	-	4,643
Other liabilities	310	43	-	-	353
Total liabilities	9,692	901	13,237	42	23,872
NET POSITION:					
Restricted for pensions	5,005,764	759,722	3,302,092	-	9,067,578
Restricted for postemployment benefits other than pensions	-	-	-	130	130
Total net position	5,005,764	759,722	3,302,092	130	9,067,708
Total liabilities and net position	$ 5,015,456	$ 760,623	$ 3,315,329	$ 172	$ 9,091,580

See Independent Auditors' Review Report and notes to the consolidated financial statements.

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SUPPLEMENTARY INFORMATION

Pension And Other Employee Benefit Trust Funds
Combining Statement of Changes in Fiduciary Net Position for the year ended December 31, 2021

($ in thousands)	Pension Funds			Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Additional Plan	MaBSTOA Plan	Other Post-employment Benefit Plan	Total
ADDITIONS:					
Contributions:					
Employer contributions	$ 396,144	$ 70,553	$ 156,204	$ 740,051	$ 1,362,952
Implicit rate subsidy contribution	-	-	-	52,933	52,933
Member contributions	33,833	73	25,273	-	59,179
Total contributions	429,977	70,626	181,477	792,984	1,475,064
Investment income:					
Net (depreciation) / appreciation in fair value of investments	572,278	88,485	42,762	-	703,525
Dividend income	64,476	8,132	384,213	-	456,821
Interest income	10,895	1,361	6,783	-	19,039
Less: Investment expenses	47,492	6,495	32,309	-	86,296
Investment income, net	600,157	91,483	401,449	-	1,093,089
Total additions	1,030,134	162,109	582,926	792,984	2,568,153
DEDUCTIONS:					
Benefit payments and withdrawals	325,000	148,630	248,952	740,051	1,462,633
Implicit rate subsidy payments	-	-	-	52,933	52,933
Transfer to other plans	473		-	-	473
Administrative expenses	3,513	610	289	47	4,459
Total deductions	328,986	149,240	249,241	793,031	1,520,498
Net increase (decrease) in fiduciary net position	701,148	12,869	333,685	(47)	1,047,655
NET POSITION:					
Restricted for Benefits:					
Beginning of year	5,012,764	759,722	3,302,092	130	9,074,708
End of year	$ 5,713,912	$ 772,591	$ 3,635,777	$ 83	$ 10,122,363

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SUPPLEMENTARY INFORMATION

Pension And Other Employee Benefit Trust Funds
Combining Statement of Changes in Fiduciary Net Position for the year ended December 31, 2020

($ in thousands)	Pension Funds			Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Additional Plan	MaBSTOA Plan	Other Post-employment Benefits Plan	Total
ADDITIONS:					
Contributions:					
Employer contributions	$ 394,986	$ 68,723	$ 159,486	$ 317,899	$ 941,094
Implicit rate subsidy contribution	-	-	-	69,472	69,472
Member contributions	32,006	141	24,709	-	56,856
Total contributions	426,992	68,864	184,195	387,371	1,067,422
Investment income:					
Net appreciation in fair value of investments	76,041	366	40,738	(77,576)	39,569
Dividend income	44,575	1,648	29,752	734	76,709
Interest income	11,461	6,536	8,943	119	27,059
Less: Investment expenses	35,378	4,742	20,046	395	60,561
Investment income, net	96,699	3,808	59,387	(77,118)	82,776
Total additions	523,691	72,672	243,582	310,253	1,150,198
DEDUCTIONS:					
Benefit payments and withdrawals	293,603	152,924	237,931	655,269	1,339,727
Implicit rate subsidy payments	-	-	-	69,472	69,472
Transfer to other plans	233	(878)	-	-	(645)
Administrative expenses	3,660	612	244	209	4,725
Total deductions	297,496	152,658	238,175	724,950	1,413,279
Net increase in fiduciary net position	226,195	(79,986)	5,407	(414,697)	(263,081)
NET POSITION:					
Restricted for Benefits:					
Beginning of year	4,779,569	839,708	3,296,685	414,827	9,330,789
End of year	$ 5,005,764	$ 759,722	$ 3,302,092	$ 130	$ 9,067,708

See Independent Auditors' Review Report and notes to the consolidated financial statements.

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SUPPLEMENTARY INFORMATION
SCHEDULE OF CONSOLIDATED RECONCILIATION BETWEEN FINANCIAL PLAN AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021
($ in millions)

Category	Financial Plan Actual	Statement GAAP Actual	Variance
REVENUE:			
Farebox revenue	$ 2,973	$ 3,048	$ 75
Vehicle toll revenue	2,132	2,170	38
Other operating revenue	660	557	(103)
Total revenue	5,765	5,775	10
OPERATING EXPENSES:			
Labor:			
Payroll	5,291	5,233	(58)
Overtime	1,001	971	(30)
Health and welfare	1,421	1,353	(68)
Pensions	1,419	496	(923)
Other fringe benefits	966	815	(151)
Postemployment benefits	2,305	1,865	(440)
Reimbursable overhead	(377)	(400)	(23)
Total labor expenses	12,026	10,333	(1,693)
Non-labor:			
Electric power	428	430	2
Fuel	166	163	(3)
Insurance	33	26	(7)
Claims	314	431	117
Paratransit service contracts	365	346	(19)
Maintenance and other	841	726	(115)
Professional service contract	646	503	(143)
Pollution remediation project costs	6	37	31
Materials and supplies	521	486	(35)
Other business expenses	210	196	(14)
Total non-labor expenses	3,530	3,344	(186)
Depreciation	3,140	3,152	12
Other expenses adjustment	32	-	(32)
Total operating expenses	18,728	16,829	(1,899)
NET OPERATING LOSS	$ (12,963)	$ (11,054)	$ 1,909

(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, 2021
($ in millions)

Accrued Subsidies	Financial Plan Actual	Financial Statement GAAP Actual	Variance	
Mass transportation operating assistance	$ 2,247	$ 2,247	$ -	{1}
Mass transit trust fund subsidies	597	583	(14)	{1}
Mortgage recording tax 1 and 2	625	660	35	{1}
MRT transfer	(7)	(13)	(6)	{1}
Urban tax	393	513	120	{1}
State and local operating assistance	376	410	34	{1}
Station maintenance	180	177	(3)	{1}
Connecticut Department of Transportation (CDOT)	278	292	14	{1}
Subsidy from New York City for MTA Bus and SIRTOA	784	483	(301)	{1}
Build American Bonds Subsidy	-	84	84	{1}
Mobility tax	2,218	2,400	182	{1}
Assistance Fund (For hire vehicle)	238	226	(12)	{1}
Real Property Transfer Tax Surcharge (Mansion Tax)	306	487	181	{1}
Internet Marketplace Tax	343	345	2	{1}
Transfer to Central Business District Capital Lockbox	(644)	-	644	{1}
Other non-operating income	5	4,534	4,529	{2}
Total accrued subsidies	7,939	13,428	5,489	
Net operating deficit before subsidies and debt service	(12,963)	(11,054)	1,909	
Debt Service	(2,822)	(1,813)	1,009	
Loss on disposal of subway cars	-	(1)	(1)	
Conversion to Cash basis: Depreciation	3,140	-	(3,140)	
Conversion to Cash basis: OPEB Obligation	1,576	-	(1,576)	
Conversion to Cash basis: GASB 68 pension adjustment	7	-	(7)	
Conversion to Cash basis: Pollution & Remediation	6	-	(6)	
Total net operating surplus/(deficit) before appropriations, grants and other receipts restricted for capital projects	$ (3,117)	$ 560	$ 3,677	

{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 market 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, 2021
($ in millions)

Financial Plan Actual Operating Loss at December 31, 2021		**$ (12,963)**
The Financial Plan Actual Includes:		
1 Lower farebox and vehicle toll revenues		113
2 Higher other operating revenue		(103)
3 Higher labor expense primarily from higher pension expense projections		1,693
4 Higher non-labor expense primarily from higher professional service contract expense		186
5 Other expense adjustments		20
Total operating reconciling items		**1,909**
Financial Statements Operating Loss at December 31, 2021		**(11,054)**
Financial Plan Deficit after Subsidies and Debt Service		**(3,117)**
The Financial Plan Actual Includes:		
1 Debt service bond principal payments		1,009
2 Adjustments for non-cash liabilities:		
Depreciation	(3,140)	
Unfunded OPEB expense	(1,576)	
Unfunded GASB No. 68 pension adjustment	(7)	
Other non-cash liability adjustment	(6)	(4,729)
The Financial Statement includes:		
3 Higher subsidies and other non-operating revenues and expenses		5,488
4 Total operating reconciling items (from above)		1,909
Financial Statement Gain Before Capital Appropriations		**$ 560**

New York City Transit Authority

(Component Unit of the Metropolitan Transportation Authority)

Financial Statements as of and for the Years Ended December 31, 2021 and 2020, Required Supplementary Information, and Independent Auditor's Report

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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 to the Annual Report:

This annual 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 for the years ended December 31, 2021 and 2020. This management discussion and analysis (MD&A) is intended to serve as an introduction to the Authority's basic consolidated financial statements. It provides an assessment of how the Authority's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the consolidated financial statements described below.

The Consolidated Financial Statements:

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

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

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

The Fiduciary Fund Financial Statements:

The Fiduciary fund is used to account for resources held in a trustee capacity for the benefit of parties outside of a government entity. The Fiduciary fund is not reported in the Authority's 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 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 Authority.

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 Consolidated Financial Statements:

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

Required Supplementation Information:

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

CONDENSED FINANCIAL INFORMATION

All amounts are in millions, except as noted.

The following sections will discuss the significant changes in the Authority's financial position for the years ended December 31, 2021 and 2020. Additionally, an examination of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, summaries of the consolidated financial statements and the various exhibits presented conform to the Authority's consolidated financial statements, which are presented in accordance with generally accepted accounting principles in the United States of America.

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

				Increase/(Decrease)	
(In millions)	**2021**	**2020**	**2019**	**2021-2020**	**2020-2019**
Capital assets	$75,343	$72,830	$69,980	$ 2,513	$ 2,850
Accumulated depreciation	(28,690)	(26,696)	(24,657)	(1,994)	(2,039)
Capital assets, net of accumulated depreciation	46,653	46,134	45,323	519	811
Other assets	2,454	1,164	2,024	1,290	(860)
Total assets	49,107	47,298	47,347	1,809	(49)
Deferred outflows of resources	3,646	2,691	2,323	955	368
Total assets and deferred outflows of resources	$52,753	$49,989	$49,670	$ 2,764	$ 319

The Authority's capital assets totaled $75,343 at December 31, 2021. Of the total, depots, yards, signals, and stations were 49.9%, subway cars and buses accounted for 16.8% and track and structures were 20.6%. 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:

<u>December 31, 2021 versus 2020</u>

Capital assets increased from December 31, 2020 to December 31, 2021 by $2,513 or 3.5%. This increase was primarily due to station rehabilitation work of $741, signals work of $312, depots and yards of $205, track and structure of $315, digital screens of $86, wireless communication access system of $73, security program of $54 and under construction work of $557 related to various projects not yet completed. Accumulated depreciation has increased by $1,994, or 7.5%, due to annual depreciation expense of $2,098, partly offset by normal retirements of $104.

Other assets increased by $1,290 or 110.8% compared with the prior year. This increase was mostly due to an increase in receivables from the MTA for the purchase of capital assets of $975; and an increase in billed and unbilled charges due from New York City and accrued subsidies of $81 due to an overall increase in 2021 subsidies and timing on receipts of billed revenues; and increase in due from MTA and constituent authorities by $405 primarily related to CRRSAA receivable offset by a decrease in MTA investment pool of $208.

Deferred outflows of resources increased $955 or 35.5% compared with the prior year. This was due to an increase of $1,363 related to OPEB, primarily due to changes in assumptions based upon the most recent actuarial valuation report in accordance with GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This was offset by a decrease of $408 related to pensions, primarily due to changes in difference between expected and actual experience and difference between projected versus actual plan investment earnings, based upon the most recent actuarial valuation report in accordance with GASB Statements No. 68, *Accounting and Financial Reporting for Pensions,* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Refer to Note 7 and 6 to the consolidated financial statements for more information regarding the Authority's postemployment benefits other than pension and pensions, respectively.

December 31, 2020 versus 2019

Capital assets increased from December 31, 2019 to December 31, 2020 by $2,850 or 4.1%. This increase was primarily due to station rehabilitation work of $1,110, track and structure of $734, and under construction work of $466 related to various projects not yet completed. Accumulated depreciation has increased by $2,039, or 8.3%, due to annual depreciation expense of $2,070, partly offset by normal retirements of $31.

Other assets decreased by $860 or 42.5% compared with the prior year. This decrease was mostly due to a decrease in receivables from the MTA for the purchase of capital assets of $730 as funds were used by the MTA to pay for the Authority's capital purchases, and a decrease in billed and unbilled charges due from New York City and accrued subsidies of $77 due to an overall decrease in 2020 subsidies as a result of COVID-19 pandemic.

Deferred outflows of resources increased $368 or 15.8% compared with the prior year. The increase was due to an increase of $236 related to pensions based upon the most recent actuarial valuation report in accordance with GASB Statements No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and an increase of $132 related to OPEB, also based upon the most recent actuarial valuation report in accordance with GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Refer to Note 6 and 7 to the consolidated financial statements for more information regarding the Authority's pensions and postemployment benefits other than pension, respectively.

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

				Increase/(Decrease)	
(In millions)	**2021**	**2020**	**2019**	**2021-2020**	**2020-2019**
Current liabilities	$ 2,140	$ 2,813	$ 1,974	$ (673)	$ 839
Long-term liabilities	22,361	23,939	21,867	(1,578)	2,072
Total liabilities	24,501	26,752	23,841	(2,251)	2,911
Deferred inflows of resources	3,602	1,413	1,855	2,189	(442)
Total liabilities and deferred inflows of resources	$ 28,103	$ 28,165	$25,696	$ (62)	$2,469

At the end of 2021, the Authority's liabilities consisted primarily of employee fringe benefit-related liabilities (for retirement, health and other benefits) of 70.8%, net pension liability of 9.4%, and injuries to persons (public liability and workers' compensation) of 14.8%. Included in the employee fringe benefit-related liabilities was $16,490 of post-employment benefits other than pensions.

Significant changes in liabilities and deferred inflows of resources include:

December 31, 2021 versus 2020

Liabilities decreased from December 31, 2020 to December 31, 2021 by $2,251 or 8.4%. Current liabilities decreased by $673, or 23.9%, and long-term liabilities decreased by $1,578 or 6.6%.

The net decrease in current liabilities was mainly due to the payment of 2020 MTA loan of $800, offset by increase in salaries, wages and payroll taxes of $44 due to higher employer social security taxes accrual for the reclassification of the 2020 payroll tax deferral relief offered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act from long-term to short-term liability; an increase in vacation, sick and other benefits by $47 due to gross wage increases in 2021; and Estimated liability arising from injuries to persons by $46 due to increase in the number and amount of claims.

The net decrease in long-term liabilities was primarily due to a decrease of $3,410 in net pension liability attributable to an increase in net difference between projected and actual investment earnings on pension plan investments offset by an increase of $1,983 in net OPEB liability primarily due to change in assumptions, and an increase in the estimated liability arising from injuries to persons of $176, based upon the most current actuarial valuations. In addition, there was a decrease of $227 due to the MTA for the purchase of capital assets and a decrease of $96 for the payment of 2021 deferred payroll taxes.

Deferred inflows of resources increased by $2,189 or 154.9% compared with prior year. This was due to an increase of $2,141 related to pensions primarily on changes in the projected versus actual plan investment earnings based upon the most current actuarial valuation report in accordance with GASB Statements No. 68 and GASB No. 71, and an increase of $48 related to OPEB primarily due to changes in proportion and differences between employer contributions and proportionate share of contributions based upon the most current actuarial valuation report in accordance with GASB Statement No. 75. Refer to Notes 6 and 7 to the consolidated financial statements for more information regarding the Authority's pensions and postemployment benefits other than pension, respectively.

December 31, 2020 versus 2019

Liabilities increased from December 31, 2019 to December 31, 2020 by $2,911 or 12.2%. Current liabilities increased by $839, or 42.5%, and long-term liabilities increased by $2,072 or 9.5%.

The net increase in current liabilities was mainly due to an increase in MTA loan of $800, as MTA provided funding to meet net working capital needs resulting from the economic impact of the COVID-19 pandemic, and an increase in salaries, wages and payroll taxes of $101, due to higher employer social security taxes accrual in 2020, as payments are due in 2021 under the payroll tax deferral relief offered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The increase in current liabilities was partially offset by a decrease in unredeemed farecards and tokens liabilities of $73, due to the significant decrease in ridership and MetroCard usage in 2020 as a result of the novel coronavirus (COVID-19) pandemic.

The net increase in long-term liabilities was primarily due to the addition of $1,226 in net OPEB liability, an increase of $438 of net pension liability, and an increase in the estimated liability arising from injuries to persons of $81, based upon the most current actuarial valuations. The increase was also attributed to an addition of $227 due to the MTA for the purchase of capital assets.

Deferred inflows of resources decreased by $442 or 23.8% compared with prior year. The decrease was due to a decrease of $299 related to pensions based upon the most current actuarial valuation report in accordance with GASB Statements No. 68 and GASB No. 71, and a decrease of $143 related to OPEB based upon the most current actuarial valuation report in accordance with GASB Statement No. 75. 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 millions)	2021	2020	2019	Increase/(Decrease) 2021-2020	Increase/(Decrease) 2020-2019
Net investment in capital assets	$ 46,407	$ 45,884	$ 45,064	$ 523	$ 820
Unrestricted	(21,757)	(24,060)	(21,090)	2,303	(2,970)
Total net position	$ 24,650	$ 21,824	$ 23,974	$ 2,826	$(2,150)

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of three components: net investment in capital assets, restricted and unrestricted. Net investment in capital assets include capital assets, net of accumulated depreciation 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. All other net position are unrestricted.

December 31, 2021 versus 2020

Total net position was $24,650 at the end of 2021, a net increase of $2,826, or 12.9% from the end of 2020. The net increase was primarily due to an operating loss of $7,689 offset by net nonoperating income of $8,023 and capital contributions from the MTA of $2,492.

December 31, 2020 versus 2019

Total net position was $21,824 at the end of 2020, a net decrease of $2,150, or 9.0% from the end of 2019. The net decrease was primarily due to an operating loss of $8,709 offset by net nonoperating income of $5,561 and capital contributions from the MTA of $998.

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

(In millions)	Year Ended December 31, 2021	2020	2019	Increase/(Decrease) 2021-2020	2020-2019
Operating revenues	$ 2,815	$ 2,377	$ 5,061	$ 438	$ (2,684)
Operating expenses	(10,504)	(11,086)	(11,433)	582	347
Operating loss	(7,689)	(8,709)	(6,372)	1,020	(2,337)
Nonoperating revenues (expenses):					
Subsidies: New York State and The City of New York	4,373	2,558	3,920	1,815	(1,362)
Triborough Bridge and Tunnel Authority	464	181	334	283	(153)
Internet and Mansion tax	400	-	-	400	-
Federal Transit Administration CARES Act reimbursement	-	2,831	-	(2,831)	2,831
Federal Transit Administration CRRSAA	2,795	-	-	2,795	-
Interest expense	(18)	(18)	(18)	-	-
Other nonoperating revenue/(expenses)	10	9	12	1	(3)
Loss on disposal of buses	(1)	-	-	(1)	-
Total nonoperating revenues (expenses)	8,023	5,561	4,248	2,462	1,313
Income (loss) before capital contributions	334	(3,148)	(2,124)	3,482	(1,024)
Capital contributions	2,492	998	3,173	1,494	(2,175)
Change in net position	2,826	(2,150)	1,049	4,976	(3,199)
Net position — beginning of year	21,824	23,974	22,925	(2,150)	1,049
Net position — end of year	$ 24,650	$ 21,824	$ 23,974	$ 2,826	$ (2,150)

Revenue from Fares/Ridership

(In millions)	2021	2020	2019	Increase/(Decrease) 2021-2020	2020-2019
Subway revenue	$1,717	$1,530	$3,570	$ 187	$(2,040)
Bus revenue	554	386	936	168	(550)
Expired fare media revenue	61	90	64	(29)	26
Paratransit revenue	15	5	23	10	(18)
Total revenue from fares	$2,347	$2,011	$4,593	$ 336	$(2,582)
Total ridership (millions)	1,080	856	2,266	224	(1,410)
Non-student average fare	$ 2.19	$ 2.34	$ 2.09	$ (0.15)	$ 0.25

2021 versus 2020

Total revenue from fares was $2,347 in 2021, an increase of $336, or 16.7%, mainly due to increased ridership as major travel restrictions were lifted and the subways resumed 24 hour a day service in May. Total ridership was 1,080, an increase of 224, or 26.2% from 2020.

2020 versus 2019

Total revenue from fares was $2,011 in 2020, a decrease of $2,582, or 56.2%, mainly due to the drastic reduction in ridership resulting from the impact of the COVID-19 pandemic, including major travel restrictions for the Stay at Home Executive Order issued by New York State governor in March 2020 and the suspension of fare collection on local bus routes from March to August 2020. Total ridership was 856, a decrease of 1,410, or 62.2% from 2019.

Operating Expenses, by Major Function

(In millions)	2021	2020	2019	Increase/(Decrease) 2021-2020	2020-2019
Salaries and wages	$ 4,042	$ 4,059	$ 4,082	$ (17)	$ (23)
Health and welfare	968	901	923	67	(22)
Pensions	72	929	1,042	(857)	(113)
Other fringe benefits	436	416	458	20	(42)
Reimbursed overhead expenses	(218)	(211)	(295)	(7)	84
Postemployment benefits other than pensions	1,245	1,171	1,099	74	72
Electric Power	275	240	278	35	(38)
Fuel	98	59	107	39	(48)
Insurance	72	76	70	(4)	6
Public liability claims	230	112	255	118	(143)
Paratransit service contracts	346	326	477	20	(151)
Maintenance and other operating contracts	322	334	284	(12)	50
Professional service contracts	149	146	191	3	(45)
Pollution remediation projects	35	116	28	(81)	88
Materials and supplies	247	292	342	(45)	(50)
Depreciation	2,098	2,070	1,994	28	76
Other expenses	87	50	98	37	(48)
Total operating expenses	$ 10,504	$ 11,086	$ 11,433	$ (582)	$ (347)

2021 versus 2020

Total operating expenses decreased by $582 or 5.2% compared to 2020 as follows:

- Salaries and wages were lower than 2020 by $17 or 0.4%. Payroll decreased by $61, or 1.8%, mainly due to a decrease in headcount as a result of retirements and the sustained agency hiring freeze followed by constrained new employee onboarding operations. Overtime expenses increased by $44, or 7.6%, due to higher vacancies and employee unavailability tour backfill on overtime in addition to increased number of weather related events in 2021 causing higher overtime.

- Health and welfare expenses increased by $67, or 7.4%, primarily due to an increase in per capita claims activity that more than offset lower active headcount.

- Pension expenses decreased by $857, or 92.2%, primarily due to the significant increase in pension net investments.

- Other fringe benefit expenses increased by $20, or 4.8%, due primarily to higher workers compensation claims frequency and average claim cost.
- Post-employment benefits other than pensions increased by $74, or 6.3%, due to increases in per capita claims activity as well as increased retiree and dependent populations.
- Electric power expenses increased by $35, or 14.6%, mainly due to increased consumption and higher rates.
- Fuel expenses increased by $39, 66.1%, mainly due to higher fuel prices.
- Public liability claims expenses increased by $118, or 105.4%, based on the most current actuarial valuation update, which reflected the increase in the number of major claims and the cost of claims.
- Paratransit service contract expenses increased by $20 or 6.1%, due to increased ridership.
- Maintenance and other operating contracts decreased by $12, or 3.6%, mainly due to restrictions on automobile purchases and a decrease in safety equipment purchases.
- Professional service contracts increased by $3, or 2.1%, mainly due to higher MTA Real Estate charges.
- Pollution remediation project expenses decreased to $35 versus $116 in 2020, due to the identification of additional areas of exposure requiring environmental remediation in 2020.
- Materials and supplies decreased by $45 or 15.4%, primarily due to reduced maintenance activity and lower equipment purchases versus 2020.
- Depreciation expenses increased by $28, or 1.4%, due to additional capital projects reaching substantial completion and starting depreciation including right-of-way equipment, and station accessibility (ADA) improvement assets.

2020 versus 2019

Total operating expenses decreased by $347 or 3.0% compared to 2019 as follows:

- Salaries and wages were lower than 2019 by $23 or 0.6%. Payroll decreased by $5, or 0.2%, mainly due to a decrease in headcount as a result of retirements and the professional employee hiring freeze and constrained hiring of operating and maintenance positions. Overtime expenses decreased by $18, or 3.0%, due a decrease in basic inspections as a result of COVID-19 pandemic service reductions.
- Health and welfare expenses decreased by $22, or 2.4%, due primarily to a decrease in health and hospital claims related to higher vacancies.
- Pension expenses decreased by $113, or 10.8%, based on the most current actuarial valuation.
- Other fringe benefit expenses decreased by $42, or 9.2%, due primarily to lower workers' compensation reserve requirements from 2019, based upon a current actuarial valuation.
- Post-employment benefits other than pensions increased by $72, or 6.6%, based on the most current actuarial valuation.
- Electric power expenses decreased by $38, or 13.7%, due to lower consumption resulting from a decrease in transit services due to the COVID-19 pandemic.

- Public liability claims expenses decreased by $143, or 56.1%%, based on the most current actuarial valuation update, reflecting lower claims activity due to reduced risk of much lower ridership.
- Paratransit service contract expenses decreased by $151 or 3.2%, due to lower trips and support costs as a result of the COVID-19 pandemic travel restrictions.
- Maintenance and other operating contracts increased by $50, or 17.6%, mainly due to COVID-19 pandemic response measures, which included intensifying disinfecting operations and cleaning its fleet of cars and buses every night.
- Professional service contracts decreased by $45, or 23.6%, largely due to a reduction in consultants contracts related to the Subway Action Plan (SAP) for studies completed in 2019 and a decrease in inspection & testing service contracts due to the decrease in transit services as a result of COVID-19 pandemic.
- Pollution remediation project expenses significantly increased to $116 versus $28 in 2019, due to the identification of additional areas of exposure requiring environmental remediation in 2020.
- Materials and supplies decreased by $50 or 14.6%, primarily due to reduced normal maintenance activities as result of a decrease in transit services due to the COVID-19 pandemic.
- Depreciation expenses increase by $76, or 3.8%, due to additional capital projects reaching substantial completion and starting depreciation.

Nonoperating Revenues and Expenses

The Authority receives a variety of tax-supported operating subsidies from New York State and The City of New York. These subsidies represent a State Mobility Tax and corporate franchise, sales, energy, mortgage recording and real estate taxes and are impacted by the strength of the State and City economies and prevailing interest rates.

In 2021, nonoperating revenues included the MTA operating assistance allocation of $2,795 from the Federal government under the COVID-19 economic relief program known as the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA").

In 2020, nonoperating revenues included the MTA operating assistance allocation of $2,830 from the Federal government's Coronavirus Aid, Relief and Economic Security Act ("CARES Act") in response to the economic fallout of the COVID-19 pandemic.

Detailed information about the CRRSAA and the CARES Act is presented in Note 14 to the consolidated financial statements.

Operating assistance subsidies from New York State and The City have increased $1,815, or 71.0%, primarily due to the lower levels of tax supported subsidies in 2020 as a result of the COVID-19 pandemic.

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 amount distributed increased by $283, or 156.4%, compared to 2020 from TBTA's toll revenue as a result of the increase in toll rates and toll crossings. In addition, the Authority received an allocation from the MTA of TBTA's internet and mansion tax from the Central Business District Tolling (CBDT) Capital Lockbox of $400. In April 2020, the New York State Legislature passed legislation that was signed by the Governor permitting MTA to use the funds to offset decreases in revenue, including but not limited to, lost taxes, fees, charges, fares and tolls, due in whole or in part, or increases in operating costs due in whole to the state disaster emergency caused by the novel coronavirus, COVID-19.

Capital contributions from the MTA of $2,492 in 2021 and $998 in 2020, represent capital program funding from several sources including bonds, Federal, State and City funding. Capital contributions increased by $1,494, or 149.7%, compared to 2020 due to an increase in federal, other than federal, and MTA capital funding for various capital projects. 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 $2,826 in 2021.

Budget Highlights

Total operating revenues in 2021 of $2,815 , were over budget by $1,042 or 59%, primarily due to overruns in Farebox Revenue. The budget was based upon consultant projections of the pandemic worst-case scenario upon ridership. However, observed ridership followed a mid-point scenario more closely. Subway revenue was higher by $754, or 78%. Similarly, bus revenue was also favorable by $307, or 124%. In addition, fare media liability revenue, reflecting the residual values of expired MetroCards, of $61, exceeded the budget by $21, or 51%. Similarly, paratransit revenues also surpassed the budget by $4, or 39%. Other operating revenues of $469, were lower than budget by $43, or 8%, mainly due to lower paratransit reimbursements.

Total operating expenses in 2021 of $10,504 were lower than budget by $1,673, or 14%. Labor-related expenses of $6,545 underran the budget (including GASB 68 & GASB 75 adjustments to pensions and OPEB, respectively) by $1,660, or 20%. This result was due primarily to health & welfare and OPEB expenses lower than budget by $985, or 31%. 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 were also favorable to budget by $575, or 89% due to significant increase in net investment returns per the latest GASB 68 actuarial valuation. Vacancies also caused payroll underruns of $96, or 3%, and favorable Worker's Compensation reserve adjustments caused underruns in other fringe benefits of $151, or 26%. Partial offset occurred as overtime expenses were higher than budget by $95, or 18%, due to higher vacancies and employee unavailability tour backfill on overtime along with greater adverse weather response. Reimbursable overhead also overran the budget by $53, or 20% reflecting lower (unfavorable) reimbursable project requirements.

Non-labor expenses underran the budget by $474, or 5%. Paratransit service contracts were lower by $88, or 20%, principally due to fewer trips and lower support costs. Materials and supplies were under by $85, or 26%, primarily reflecting reduced maintenance activity and timing of vehicle materials expense. Electric power underran budget by $25, or 8%, due to lower consumption, and insurance was down $10, or 12%, due to favorable vehicle and liability charges. Maintenance and other operating contract expenses underran the budget by $8, or 2%, due to underruns in non-vehicle maintenance repairs, and professional service contract expenses were favorable by $1, or 1%. Providing partial offset to general non-labor expense favorability, other business expenses were higher than budget by $34, or 64% resulting from higher card processing transaction fees. Claims expense for public liability overran the budget by $8, 7%, reflecting higher reserve requirements based on increased claims activity, and fuel was $7 higher, or 7%, due to higher prices and consumption partly offset by an Internal Revenue Service Compressed Natural Gas (IRS CNG) credit.

OVERALL FINANCIAL POSITION, RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Results of Operations and Overall Financial Position

Total revenue from fares was $2,347 in 2021, an increase of $336 or 16.7% from 2020. Total ridership was 1,080 million, an increase of 224 or 26.2% from 2020. Total operating expenses, including depreciation, other post-employment benefits and environmental remediation expenses, were $10,504 in 2021, a decrease of $582 or 5.2%.

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.

Preliminary NYCT system-wide utilization through the fourth quarter of 2021 has rebounded past the depths experienced in 2020, with ridership increased by a net 224 million trips, or 26.2%, reflecting an increase in Subway ridership of 120 million trips, or 18.8%, an increase in Bus ridership of 103.0 million trips, or 49.3%. and an increased in Paratransit ridership of 0.7 million trips, or 10%. The effective shut-down in mid-March 2020 of the metropolitan area in response to the COVID-19 pandemic resulted in a severe decline in the utilization of MTA services that began to slowly improve as effective vaccinations became available and the region moved through State-mandated re-opening phases. During 2021, with vaccinations available, social distancing mandates were eased and the region began moving into a late-pandemic phase with businesses bringing back employees, restaurants and bars increasing seating capacity and cultural institutions reopened. Increases in infections and hospitalizations brought on by COVID-19 variants changed conditions during the latter part of the year and slowed the economic recovery.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was higher in 2021 than in 2020 by 199.1 thousand jobs (4.9%). On a quarter-to-quarter basis, New York City employment gained 70.5 thousand jobs (1.7%), the sixth consecutive quarterly increase. These increases were preceded by the steep decline of 888.8 thousand jobs (19.0%) during the second quarter of 2020.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 6.9% in the fourth quarter of 2021, according to the most recent advance estimate released by the Bureau of Economic Analysis; in the third quarter of 2021, the revised RGDP increased 2.3 percent. The increase in fourth quarter real GDP reflected increases in private inventory investment, exports, personal consumption expenditures, and nonresidential fixed investment that were partly offset by decreases in both federal and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased. The increase in private inventory investment was led by retail and wholesale trade industries, with inventory investment by motor vehicle dealers the leading contributor for retail trade. The increase in exports reflected increases in both goods and services. The increase in exports of goods was widespread, led by consumer goods, industrial supplies and materials, and foods, feeds, and beverages, while the increase in exports of services was led by travel. The increase in personal consumption expenditures primarily reflected an increase in services, led by health care, recreation, and transportation. The increase in nonresidential fixed investment primarily reflected an increase in intellectual property products that was partly offset by a decrease in structures. The decrease in federal government spending primarily reflected a decrease in defense spending on intermediate goods and services. The decrease in state and local government spending reflected decreases in consumption expenditures (led by compensation of state and local government employees, notably education) and in gross investment (led by new educational structures). The increase in imports primarily reflected an increase in goods (led by non-food and non-automotive consumer goods, as well as capital goods). The acceleration in real GDP in the fourth quarter primarily reflected an upturn in exports, accelerations in private inventory investment and personal consumption expenditures, and smaller decreases in residential fixed investment and federal government spending that were partly offset by a downturn in state and local government spending. Additionally, imports accelerated.

The New York City metropolitan area's price inflation, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was lower than the national average in the fourth quarter of 2021, with the metropolitan area index increasing 4.6% while the national index increased 6.7% when compared with the fourth quarter of 2020. Regional prices for energy products increased 25.5%, while national prices of energy products rose 30.8%. In the metropolitan area, the CPI-U exclusive of energy products increased by 3.5%, while nationally, inflation exclusive of energy products increased 5.1%. The New York Harbor spot price for conventional gasoline increased substantially more, by 89.1%, from an average price of $1.25 per gallon to an average price of $2.36 per gallon between the fourth quarters of 2020 and 2021.

In its announcement on May 4, 2022, the Federal Open Market Committee ("FOMC") raised its target for the Federal Funds rate to the range of 0.75% to 1.00%. Previously, on March 16, 2022, the FOMC raised its target for the Federal Funds rate to the range of 0.25% to 0.50%. Prior to the March 16 increase, the Federal Funds rate target range was 0.00% to 0.25%, and was last changed on March 15, 2020, when it was reduced from a range of 1.50% to 1.75%. The FOMC cites the invasion of Ukraine by Russia as causing uncertainty for the US economy, creating additional upward pressure on inflation which will weigh on economic activity. Additionally, COVID-related lockdowns in China are likely to exacerbate supply chain disruptions. While economic activity edged down in the first quarter of 2022, household spending and fixed business investment remained strong. Job gains have been robust, and the national unemployment rate has declined substantially. Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices and broader price pressures. The FOMC seeks to achieve maximum employment and a 2 percent inflation rate over the longer run, and with appropriate firming of its monetary policy stance, the FOMC expects to achieve these goals. The FOMC also plans to begin, on June 1, reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The FOMC will continue to assess the economic outlook and is prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the FOMC's employment and inflation goals.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law and provided $4.0 billion in funding to the MTA, which assisted in covering operating losses through late July. The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") became law on December 27, 2020; the MTA received a total of $4.1 billion from CRRSAA in December 2021 and January 2022. More recently, on March 11, 2021, the American Rescue Plan Act of 2021 ("ARPA") was signed in law, and MTA expects to receive $6.4 billion in aid from ARPA.

The influence of the Federal Reserve's monetary policy on the mortgage market is a matter of interest to the MTA, since variability of mortgage rates can affect the number of real estate transactions and thereby impact receipts from the Mortgage Recording Taxes ("MRT") and the Urban Taxes, two important sources of MTA revenue. While real estate transaction activity initially was severely impacted by social distancing and the economic disruption caused by the COVID-19 pandemic, demand for suburban residential real estate and historically low mortgage rates for refinancing resulted in strong MRT revenue. Mortgage Recording Tax collections in the fourth quarter of 2021 were higher than the fourth quarter of 2020 by $36.7 million (29.2%). Average monthly receipts in the fourth quarter of 2021 were $9.6 million (15.1%) 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 2021—which are based on 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 $45.1 million

(56.1%) higher than receipts during the fourth quarter of 2020. Average monthly receipts in the fourth quarter of 2021 were $37.9 million (51.4%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program

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

2005-2009 Capital Program—The MTA Capital Program for 2005-2009 was approved by the CPRB in July 2005 and amended in July 2006. The 2005-2009 Program, as approved, provided for $20.1 billion in capital expenditures, of which the Authority's share was $11.2 billion. In February 2007, the MTA Board further amended the Program to add $1.2 billion of Federal East Side Access Full Funding Grant Agreement (FFGA) funds to the East Side Access project, which relates to the Capital Construction Company's capital program. In July 2008, the MTA Board further amended the Program to add an additional $267 million of Federal East Side Access FFGA funds and $764 million in Federal Second Avenue Subway FFGA funds relating to the Capital Construction Company's capital program. Also included in this amendment were the rollover of unused LaGuardia Airport Project funds from the 2000-2004 Capital Program and other miscellaneous funding adjustments. In 2009, the capital program received $0.7 billion in federal stimulus funding. In 2011, the program received $0.2 billion in HYIC funds to cover the full value of additional work associated with the Number 7 Extension.

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

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

At December 31, 2021, $11.5 billion has been encumbered to Authority projects from the 2005-2009 approved plan, of which approximately $11.4 billion has been expended.

2010-2014 Capital Program—The 2010-2014 Capital Program was approved by the MTA Board in September 2009. The program totaling approximately $25.6 billion was subsequently submitted to the NYS Capital Program Review Board (CPRB) for their review and approval. The submitted Program was vetoed without prejudice by the Review Board in December 2009. Subsequently, the resubmitted 2010-2014 Program, totaling $26.3 billion was approved by the MTA Board in April 2010. In June 2010, the CPRB approved the 2010-2014 Capital Program totaling $23.8 billion, as submitted, of which the Authority's share was $12.8 billion. The approved CPRB program fully funded only the first two years of the plan, with a commitment to come back to CPRB with a funding proposal for the last three years. On December 21, 2011, the MTA Board approved an amendment to the 2010-2014 Program that funds the last three years of the program through a combination of self-help (efficiency improvements and real estate initiatives), participation by our funding providers and innovative and pragmatic financing arrangements. The Authority's share of the $24.3 billion revised program was $11.6 billion. On March 27, 2012, the CPRB approved the amended 2010-2014 Capital Program as submitted for the Transit and Commuter systems totaling $22.2 billion. On December 19, 2012, the MTA Board approved an amendment to the 2010-2014 Capital Programs to add projects for the repair and restoration of MTA agency assets damaged as a result of Tropical Storm Sandy, which struck the region on October 29, 2012. The revised programs provide for an additional $4.8 billion in Sandy recovery-related capital expenditures, of which the Authority's share is $3.4 billion. On January 23, 2013, the amended program for the Transit and Commuter systems totaling $26.2 billion as submitted was deemed approved by the CPRB. On July 24, 2013, the MTA Board approved a further amendment to the 2010-2014 Capital Programs for the Transit, Commuter and Bridges and Tunnels systems to include specific revisions to planned projects and to include new resilience/mitigation initiatives, totaling $5.8 billion in response to Tropical Storm Sandy. The Authority's share of the new initiative is $5.1 billion. On August 26, 2013, the CPRB deemed approved those amended 2010-2014 Capital Programs for the Transit and Commuter systems as submitted. On July 28, 2014, the MTA Board approved an amendment to the 2010-2014 Capital Programs to reflect revised project estimates. However, the overall program remained unchanged at $34.8 billion. On September 3, 2014, the amended program for the Transit and Commuter systems totaling $31.8 billion as submitted was deemed approved by the CPRB. On May 24, 2017, the MTA Board approved a further amendment to reduce the overall 2010-2014 capital program by $2.8 billion. The reduction reflects adjustments to the Sandy program to match funding and administrative scope transfers for projects in the Core program. On July 31, 2017, the amended program for the Transit and Commuter systems totaling $29.2 billion as submitted was deemed approved by the CPRB. On September 25, 2019, the MTA Board approved an amendment to the overall 2010-2014 capital program totaling $31.7 billion reflecting administrative budget adjustments and updated project cost and timing assumptions. The Authority's share of the amended program totaled $11.4 billion. On February 21, 2020, the CPRB deemed approved the revised 2010-2014 Capital Programs for the Transit and Commuter systems, as submitted.

The combined funding sources for the last MTA Board approved 2010-2014 Capital Program are comprised of $11.6 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), $0.2 billion in Pay-as-you-go capital, supplemented, to the extent necessary, by external borrowing of up to $0.8 billion in additional MTA and MTA Bridges and Tunnels bonds.

In December 31, 2021, $11.3 billion has been encumbered to Authority projects from the 2010-2014 approved plan, of which approximately $10.8 billion has been expended.

2015-2019 Capital Program—the 2015-2019 Capital Program totaling $32.0 billion was approved by the MTA Board in September 2014. The program totaling approximately $29.0 billion was subsequently submitted to the CPRB for their review and was vetoed without prejudice by the Review Board in October 2014. On October 28, 2015, the MTA Board approved a revised 2015-2019 capital program totaling $26.1 billion. The revised 2015-2019 MTA Bridges and Tunnels Capital Program totaling $2.9 billion was approved by the MTA Board in October 2015 and was not subject to CPRB approval. On April 20, 2016, the MTA Board approved a further revised 2015-2019 capital program totaling $29.5 billion, of which $26.6 billion was subsequently approved by the CPRB on May 23, 2016 (The MTA Bridges and Tunnels 2015-2019 Capital Program totaling $2.9 billion is not subject to CPRB approval.). The Authority's share of the approved 2015-2019 capital program was $15.8 billion. On February 23, 2017, the MTA Board approved an amendment to add three station investment projects to the NYCT and LIRR portions of the Capital Program resulting in a net increase of $0.1 billion transferred from prior capital programs. On May 24, 2017, the MTA Board approved further amendment, adding $2.9 billion to the 2015-2019 Capital Program reflecting increasing support for new priority projects, new funding for Second Avenue Subway Phase 2, and administrative scope transfers. The amended Capital Program, as submitted, was deemed approved by the CPRB on July 31, 2017. On December 13, 2017, the MTA Board approved an amendment to the Capital Program, adding $0.349 billion to incorporate the NYC Subway Action Plan. The Authority's share of the amended 2015-2019 capital program totaling $32.8 billion is $16.7 billion. On April 25, 2018, the MTA Board approved a full amendment to increase the 2015-2019 Capital Programs to $33.3 billion reflecting updated project cost estimates, emerging new needs across the agencies, and reallocation of funds within the East Side Access and Regional Investment programs, among others. On June 1, 2018, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems totaling $30.3 billion as submitted. The Authority's share of the amended capital program was $16.7 billion. The revised 2015-2019 MTA Bridges and Tunnels Capital Program totaling $2.9 billion as approved by the MTA Board in April 2018, was not subject to CPRB approval.

In the 2015-2019 Capital Program, NYC Transit continues normal replacement of key assets like rolling stock and mainline track/switches while also emphasizing overdue investments in signals and other infrastructure. Stations continue to be an important focus of investment given the importance of the station environment to NYC Transit's customers and their communities. Core infrastructure investments include: modernization of six interlockings; the purchase of 535 railcars to replace railcars reaching the end of their useful lives; 1,441 new buses, including 1,086 standard, 305 articulated and 50 express buses; replacement of approximately 51 miles of mainline track and 127 mainline switches; communications improvements and improvements to shops, yards, and depots; ADA accessibility improvements; completion of the new fare payment system; elimination of station defects; substantial access and circulation improvements at the Grand Central and Times Square stations. On September 25, 2019, the MTA Board approved a full amendment to the 2015-2019 Capital Programs totaling $33.9 billion, reflecting updated project timing and cost estimates, new needs, and changing priorities. On February 21, 2020, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems, as submitted. The Authority's share of the amended capital program was $16.7 billion. Reallocation between programs, subsequent to the amendment resulted in the overall plan totaling $34 billion, of which the Authority's share is $16.7 billion.

The combined funding sources for the last MTA Board approved 2015-2019 Capital Program are comprised of $8.5 billion in MTA Bonds, $2.9 billion in MTA Bridges and Tunnels dedicated funds, $9.1 billion in funding from the State of New York, $7.4 billion in Federal Funds, $2.7 billion from City Capital Funds, $2.2 billion in pay-as-you-go (PAYGO) capital, and $1.2 billion from Other Sources.

As of December 31, 2021, $15.1 billion has been encumbered to Authority projects from the 2015-2019 approved plan, of which approximately $9.6 billion has been expended.

2020-2024 Capital Program – the 2020-2024 Capital program totaling $54.8 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 $55.3 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.

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, $9.8 billion in MTA bonds, $10.7 billion in Federal funds, $3 billion in State of New York funding, $3 billion in City of New York funding, $3.3 billion in MTA Bridges and Tunnels dedicated funds, and $0.5 billion in from Other contributions.

As of December 31, 2021, $3.6 billion has been encumbered to Authority projects from the 2020-2024 approved plan, of which approximately $0.7 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

Annual balanced budgets are maintained through 2025, consistent with the November 2021 Financial Plan. This balancing is only achieved with the receipt of $10.5 billion in federal aid from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA), which is on top of the $4 billion received in 2020 from the Coronavirus Aid, Relief and Economic Security (CARES) Act, the implementation of the fare and toll rate increases proposed for 2023 and 2025, and the use of $499 million in deficit borrowing proceeds.

Impacts from Global Coronavirus Pandemic:

On March 12, 2020, the World Health Organization declared the current novel coronavirus ("COVID-19") outbreak to be a pandemic in the face of the global spread of the virus. By order of Governor Cuomo ("New York State on PAUSE"), effective March 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a severe decline in the utilization of MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, and MTA Bridge and Tunnel crossing traffic and toll revenues. Social distancing mandates has eased, and the region moved into a late-pandemic phase. A significant development has been the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID-19 were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15 after the State reached its goal of 70% of adults receiving at least a first dose of the vaccine. Ridership levels continue to show improvement, although ridership remains significantly below pre-pandemic levels. MTA New York City Subway resumed 24 hours a day service on May 17, 2021, after subway service was shut down overnight for over a year to allow for thorough disinfecting of the system and other enhancements.

- ***Ridership and Traffic Update.*** Daily ridership on MTA facilities continues to be well-below 2019 levels. While ridership has been steadily increasing, March 31, 2022, ridership compared to the pre-pandemic equivalent day in 2019 is down 44 percent on the subways, 44 percent for bus (combined NYCT bus and MTA Bus Company), 46 percent on MTA Metro-North Railroad, and 43 percent on the MTA Long Island Rail Road. Traffic crossings at MTA Bridges and Tunnels facilities are nearly at pre-pandemic levels with toll revenues comprising approximately 12% of our operating budget net of bridge and tunnel operations and associated debt service.
- ***Federal Legislative Actions.*** Three major pieces of federal emergency legislation have provided and will provide incremental federal aid to the MTA. The first was the CARES Act, which was signed into law on March 27, 2020. The CARES Act, through the Federal Transit Administration's ("FTA") formula funding provisions provided $4.0 billion to MTA. The second major COVID-19 pandemic aid bill was the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA"), which became law on December 27, 2020. The MTA received $4.1 billion in aid from the CRRSAA between December 2021of $0.6 million and January 2022 of $3.5 billion. The third major COVID-19 pandemic aid bill is the $1.9 trillion "American Rescue Plan Act of 2021 ("ARPA") which was signed into law by President Biden on March 11, 2021. On November 9, 2021, an agreement was reached on the allocation of the CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut. MTA is expected to receive approximately $6.1 billion in

federal aid from ARPA in 2022, of which a total of $4.9 billion was received as of April 2022 for allocation among the agencies. In September of 2021, additional ARPA Assistance funding was made available to transit systems demonstrating additional pandemic associated needs. Details on the receipts and timing of the additional assistance are not yet available.

- ***FEMA Reimbursement.*** The MTA is eligible for Federal Emergency Management Agency ("FEMA") payments in addition to the CARES Act, CRRSAA and ARPA funding, which are expected to cover expenses related to the COVID-19 pandemic, over and above normal emergency costs that are not covered by other federal funding. An estimated $651.7 million of direct COVID-19 related expenses incurred from the start of the pandemic through December 31, 2021, the cut-off date established by FEMA, was submitted by MTA to FEMA for reimbursement.

Refer to Note 14 to the consolidated financial statements for more information regarding the impact from the COVID-19 pandemic.

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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, 2021 AND 2020
(In thousands)

	Business-Type Activities	
	2021	**2020**
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	$ 27,619	$ 20,009
MTA investment pool (Note 4)	-	208,118
Receivables:		
Billed and unbilled charges due from New York City	41,215	29,743
Accrued subsidies	121,846	52,578
Due from MTA and constituent Authorities (Note 9)	839,381	433,941
Other	96,799	83,834
Less allowance for doubtful accounts	(6,998)	(9,551)
Net receivables	1,092,243	590,545
Materials and supplies — at average cost — net	319,520	305,000
Prepaid expenses and other current assets	38,718	40,035
Total current assets	1,478,100	1,163,707
NONCURRENT ASSETS:		
Due from MTA for the purchase of capital assets (Note 9)	975,476	-
Capital assets (Note 5):		
Construction work-in-progress	5,048,936	4,491,664
Other capital assets, net of accumulated depreciation	41,457,819	41,490,504
Leased property under capital lease, net of accumulated amortization (Note 5)	59,427	61,838
Leasehold improvements on property, net of accumulated depreciation (Note 5)	86,910	90,134
Restricted deposits and other escrow funds	773	594
Total noncurrent assets	47,629,341	46,134,734
Total assets	49,107,441	47,298,441
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pensions (Note 6)	1,167,397	1,575,101
Related to OPEB (Note 7)	2,478,549	1,115,480
Total deferred outflows of resources	3,645,946	2,690,581
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 52,753,387	$ 49,989,022

See notes to consolidated financial statements.

(Continued)

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

CONSOLIDATED STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2021 AND 2020
(In thousands)

	Business-Type Activities 2021	2020
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 157,672	$ 164,219
Accrued expenses:		
Salaries, wages, and payroll taxes	341,660	297,699
Vacation, sick pay, and other benefits	813,490	765,996
Retirement and death benefits	35,808	36,939
Estimated liability arising from injuries to persons (Note 11)	369,470	323,640
Pollution remediation projects (Note 12)	19,485	19,927
Other	161,146	160,618
Total accrued expenses	1,741,059	1,604,819
Unredeemed farecards	211,697	226,838
Revenue advances	21,179	8,270
Loans Payable (Note 8)	8,127	8,754
MTA loan (Note 9)	-	800,000
Total current liabilities	2,139,734	2,812,900
NONCURRENT LIABILITIES:		
Due to MTA for purchase of capital assets (Note 9)	-	226,542
Obligation under capital lease, long-term (Note 5)	184,984	181,951
Net pension liability (Note 6)	2,304,900	5,714,566
Net OPEB liability (Note 7)	16,489,792	14,507,208
Estimated liability arising from injuries to persons (Note 11)	3,250,061	3,073,636
Loans Payable (Note 8)	53,181	59,249
Pollution remediation projects (Note 12)	77,939	79,708
Other	-	96,103
Restricted deposits and other escrow funds	773	594
Total noncurrent liabilities	22,361,630	23,939,557
Total liabilities	24,501,364	26,752,457
DEFERRED INFLOWS OF RESOURCES:		
Related to pensions (Note 6)	2,630,384	488,575
Related to OPEB (Note 7)	971,928	924,143
Total deferred inflows of resources	3,602,312	1,412,718
NET POSITION:		
Net investment in capital assets	46,406,800	45,884,186
Unrestricted	(21,757,089)	(24,060,339)
Total net position	24,649,711	21,823,847
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 52,753,387	$ 49,989,022

See notes to consolidated financial statements. (Concluded)

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

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands)

	Business-Type Activities	
	2021	**2020**
OPERATING REVENUES:		
Rapid transit	$ 1,717,046	$ 1,529,695
Surface transit	553,612	386,430
Expired fare media	60,820	89,706
Paratransit fares	15,231	5,650
School, elderly, and paratransit reimbursement	300,355	253,935
Advertising and other	168,248	111,188
Total operating revenues	2,815,312	2,376,604
OPERATING EXPENSES:		
Salaries and wages	4,042,300	4,059,194
Health and welfare	968,484	901,365
Pensions	71,893	929,027
Other fringe benefits	435,563	416,039
Reimbursed overhead expenses	(218,090)	(211,575)
Postemployment benefits other than pensions	1,245,208	1,171,374
Electric power	275,302	239,842
Fuel	98,046	59,026
Insurance	71,570	75,353
Public liability claims	230,201	112,089
Paratransit service contracts	345,758	326,316
Maintenance and other operating expenses	321,721	333,545
Professional service contracts	149,305	146,113
Environmental remediation	35,227	115,677
Materials and supplies	247,578	292,386
Depreciation	2,097,844	2,069,768
Other expenses	86,089	50,053
Total operating expenses	10,503,999	11,085,592
OPERATING LOSS	(7,688,687)	(8,708,988)

(Continued)

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

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands)

	Business-Type Activities	
	2021	**2020**
NONOPERATING REVENUES:		
Tax-supported subsidies:		
New York State (Note 2)	$ 3,282,947	$ 1,702,113
New York City	512,748	352,765
Operating assistance subsidies:		
New York State	190,406	126,938
New York City	158,672	158,672
Triborough Bridge and Tunnel Authority	463,827	180,671
Internet & Mansion tax	399,950	-
Less amounts provided to Staten Island Rapid Transit Operating authority	(7,100)	(4,870)
Other subsidies:		
Assistance fund (Note 2)	235,811	222,142
Total subsidies revenues	5,237,261	2,738,431
Federal Transit Administration CARES Act reimbursement (Note 14)	-	2,830,562
Federal Transit Administration CRRSAA reimbursement (Note 14)	2,795,317	-
Interest expense	(18,230)	(18,346)
Interest income and other nonoperating revenues	8,575	9,467
Loss on disposal of subway cars	(854)	-
Total nonoperating income	8,022,069	5,560,114
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	333,382	(3,148,874)
CAPITAL CONTRIBUTIONS (Note 2)	2,492,482	998,229
CHANGE IN NET POSITION	2,825,864	(2,150,645)
NET POSITION:		
Beginning of year	21,823,847	23,974,492
End of year	$ 24,649,711	$ 21,823,847

See notes to consolidated financial statements. (Concluded)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands)

	Business-Type Activities	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from passengers, tenants, advertisers, and others	$ 2,344,353	$ 2,289,179
Cash payments for payroll and related employee costs	(6,687,007)	(6,105,446)
Cash payments to suppliers for goods and services	(1,672,384)	(1,602,575)
Net cash used in operating activities	(6,015,038)	(5,418,842)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Subsidies received	7,433,167	5,684,134
MTA loan	(800,000)	800,000
Net cash provided by noncapital financing activities	6,633,167	6,484,134
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments	(8,952)	(9,167)
Interest paid	(2,481)	(2,539)
Payments on MTA Transportation bonds issued to fund capital assets	(1,285,376)	(1,259,794)
Subsidies designated for debt service payments	321,550	285,473
Capital project costs incurred for capital program	(881,284)	(920,164)
Cash transferred to capital program fund	(2)	(16)
Reimbursement of capital project costs from MTA	812,387	841,487
Net cash used in capital and related financing activities	(1,044,158)	(1,064,720)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in MTA investment pool	433,354	(32,721)
Interest on investments	285	3,217
Net cash provided by (used in) investing activities	433,639	(29,504)
NET INCREASE (DECREASE) IN CASH	7,610	(28,932)
CASH—Beginning of year	20,009	48,941
CASH—End of year	$ 27,619	$ 20,009

(Continued)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands)

	Business-Type Activities	
	2021	**2020**
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (7,688,687)	$ (8,708,988)
Adjustments to reconcile operating loss to net cash used in operating activities—depreciation	2,097,844	2,069,768
On-behalf payments related to rent (Note 5)	7,159	6,337
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Increase in operating receivables	(455,818)	(14,483)
Decrease (increase) in prepaid expenses and other current assets	1,317	(1,570)
(Increase) decrease in materials and supplies	(14,520)	10,671
Decrease (increase) in deferred outflows of resources related to pensions	407,704	(235,766)
Increase in deferred outflows of resources related to OPEB	(1,363,069)	(131,733)
Decrease in farecard liability	(15,141)	(72,942)
Increase in accrued salaries, wages and payroll taxes	43,961	101,002
(Decrease) increase in accounts payable and other accrued liabilities	(6,042)	13,306
Increase in accrued vacation, sick pay and other benefits	47,494	4,727
(Decrease) increase in accrued retirement and death benefits	(1,131)	23,191
(Decrease) increase in net pension liability	(3,409,666)	437,621
Increase in net OPEB liability	1,982,584	1,226,173
Increase (decrease) in deferred inflows of resources related to pensions	2,141,809	(298,674)
Increase (decrease) in deferred inflows of resources related to OPEB	47,785	(143,209)
Increase in estimated liability arising from injuries to persons	222,255	83,947
Increase in liability for environmental pollution remediation	35,227	115,677
(Decrease) increase in other long term liability	(96,103)	96,103
NET CASH USED IN OPERATING ACTIVITIES	$ (6,015,038)	$ (5,418,842)
SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES—Contributed capital assets	$ 1,450,996	$ 1,801,018

See notes to consolidated financial statements. (Concluded)

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

STATEMENTS OF FIDUCIARY NET POSITION
PENSION FUND
AS OF DECEMBER 31, 2021 AND 2020
(In thousands)

	Fiduciary Activities*	
	2021	**2020**
ASSETS:		
Cash	$ 11,821	$ 8,076
Receivables:		
Employee loans	29,552	30,744
Investment receivables	5,532	1,902
Interest and dividends	1,747	1,351
Total receivables	36,831	33,997
Investments at fair value	3,603,231	3,273,256
TOTAL ASSETS	$3,651,883	$3,315,329
LIABILITIES:		
Accounts payable and accrued liabilities	$ 1,234	$ -
Payable for investment securities purchased	5,620	4,317
Accrued benefits payable	-	73
Accrued postretirement death benefits (PRDB) payable	5,405	4,204
Accrued 55/25 Additional Members Contribution (AMC) payable	3,847	4,643
Total liabilities	16,106	13,237
NET POSITION—Restricted for pensions	3,635,777	3,302,092
TOTAL LIABILITIES AND NET POSITION	$3,651,883	$3,315,329

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

See notes to consolidated financial statements.

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

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands)

	Fiduciary Activities*	
	2021	**2020**
ADDITIONS:		
Contributions:		
Employer contributions	$ 156,204	$ 159,486
Member contributions	25,273	24,709
Total contributions	181,477	184,195
Investments income:		
Net appreciation (depreciation) in fair value of investments	384,213	40,738
Dividend income	42,762	29,752
Interest income	6,783	8,943
Less—investment expenses	32,309	20,046
Investment income—net	401,449	59,387
Total additions	582,926	243,582
DEDUCTIONS:		
Benefit payments and withdrawals	248,952	237,931
Administrative expenses	289	244
Total deductions	249,241	238,175
Net increase in fiduciary net position	333,685	5,407
NET POSITION—Restricted for pensions:		
Beginning of year	3,302,092	3,296,685
End of year	$ 3,635,777	$ 3,302,092

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

See notes to consolidated financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
($ 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 financial statements. The Authority is operationally and legally independent of the MTA. The Authority enjoy 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).

The Authority is a part of the financial reporting group of the MTA and is included in the consolidated financial statements of the MTA in accordance with GASB Statement No. 14, as amended by GASB Statement No. 61. The MTA is a component unit of the State and is included in the State of New York Comprehensive Annual Financial Report of the State Comptroller as a public benefit corporation.

In July 2003, the MTA Capital Construction Company was created by action of the MTA Board of Directors as a public benefit corporation subsidiary of the MTA under section 1266(s) of the Public Authorities Law. The mission of this new subsidiary company is to plan, design and construct current and future major MTA system expansion projects. Projects currently underway, include all activities associated with the Long Island Rail Road East Side access, the Number 7 Line Extension, the Lower Manhattan Fulton Transit Center, the new South Ferry station complex, system-wide capital Security Projects, and the Second Avenue Subway, which are consolidated under the management of the MTA Capital Construction Company.

In December of 2004, MTA Bus was created as a public benefit corporation subsidiary of the MTA specifically to operate certain City bus routes. These routes are currently operated by MTA Bus and not by the Authority. All material transactions between MTA Bus and the Authority have been properly recorded as of December 31, 2021.

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; and

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

d. In 2020, the Federal Transit Administration, in the form of the Coronavirus Aid, Relief and Economic Security, also known as the CARES Act.

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

Capital Financing—The MTA has ongoing programs on behalf of the Authority and other affiliated agencies, subject to approval by the New York State Metropolitan Transportation Authority Capital

Program Review Board (the State Review Board), which are intended to improve public transportation in the New York Metropolitan area.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The fiduciary statements of the fiduciary funds is 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 Statements for the year ended December 31, 2021:

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, requires that the term comprehensive annual financial report be replaced with annual comprehensive financial report and that the acronym CAFR be replaced with ACFR. The requirements of this Statement are effective for fiscal years ending after December 15, 2021, with early application encouraged. The adoption of this Statement did not have an impact on the financial position, results of operations or cash flows of the Authority.

Accounting Standards Issued but Not Yet Adopted

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

GASB Statement No.	GASB Accounting Standard	Authority Required Year of Adoption
87	*Leases*	2022
91	*Conduit Debt Obligations 2021*	2022
92	*Omnibus 2020*	2022
93	*Replacement of Interbank Offered Rates*	2022
94	*Public-Private And Public-Public Partnerships and Availability Payment Arrangements*	2023
96	*Subscription-based Information Technology Arrangements*	2023

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, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Unrestricted: Net position that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by actions of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Subsidies—The Authority receives subsidies from various sources, including the State and The City, which are included in nonoperating revenues. In general, these subsidies are subject to annual appropriations by the governmental units and periodic approval of the continuation of the taxes supporting the subsidies.

The principal funding sources for the Authority are as follows:

Operating Assistance Appropriations and Grants—The Authority receives, subject to annual appropriations, State and City operating assistance funds. The funds received under the State transit operating assistance program are fully matched by contributions from The City. State and City operating assistance subsidies are recognized as non-operating revenue in the amount of the respective annual appropriation when such appropriation becomes effective.

Triborough Bridge and Tunnel Authority—The New York State Public Authorities law requires the TBTA to transfer its annual operating surplus, as defined, to MTA with allocation to the Authority. The initial $24 million of the operating surplus is provided to the Authority and the balance is divided equally between the Authority and the MTA. However, the amounts transferred to the Authority and the MTA are net of a provision for debt service on TBTA bonds issued to finance the acquisition of facilities under their respective portions of the Capital Program. For the years ended December 31, 2021 and 2020, $243.2 million and $246.1 million, respectively, were paid from the operating surplus of the TBTA to satisfy the Authority's portion of debt service requirements.

Mortgage Recording Taxes—Under New York State law, the MTA receives operating and capital assistance from the State Mortgage Recording Tax, which is collected by The City and the seven counties within the MTA transportation region, at the rate of three-tenths of 1% of the debt secured by certain real estate mortgages. Such legislation governs the use of the funds from this revenue source whereby the proceeds of this tax are first used by the MTA to meet the operating costs of the MTA headquarters, with the remaining funds allocated 55% to the Authority and 45% to the commuter railroads for their capital and operating needs. The Authority recognizes such sources of funds when designated by the MTA for the Authority's use. The portion of this subsidy attributable to the Authority is reported in "Tax-supported subsidies: New York State" in the accompanying consolidated statements of Revenues, Expenses, and Changes in Net Position. The Authority records the portion of its State Mortgage Recording Tax subsidy which funds principal and interest payments on long-term debt, net of investment earnings on unexpended proceeds, used to construct capital assets as capital contributions.

In addition, the State designated for the MTA's use an additional mortgage recording tax (the Additional Mortgage Recording Tax) of one-quarter of 1% of mortgages secured by real estate improved or to be improved by structures containing one to six dwelling units in the MTA transportation region. The funds from this additional tax are available, after satisfying debt service requirements, to meet the capital and operating needs of the Authority and the commuter railroads to be disbursed at MTA's discretion.

No funds from the Additional Mortgage Recording Tax were disbursed to the Authority in 2021 and 2020.

The Authority receives operating assistance directly from The City through The City Mortgage Recording Tax at the rate of five-eighths of 1% of the debt secured by certain real estate mortgages and through the Real Property Transfer Tax at the rate of 1% of certain properties' assessed value (collectively referred to as Urban Tax Subsidies). These Urban Tax Subsidies are reflected in Tax supported subsidies: New York City, in the accompanying consolidated statements of Revenues, Expenses, and Changes in Net Position. These funds are recognized as revenue, based upon the reported amount of taxes collected by The City from underlying transactions, within the Authority's fiscal year.

New York State Regional Mass Transit Taxes—The Authority receives, subject to annual appropriations, revenues from taxes enacted by the State legislature from various taxing sources.

In 1980, the State enacted a series of taxes, portions of which are deposited in the Metro Mass Transportation Operating Account (MMTOA), to fund the operating deficits of State mass transportation systems. MMTOA taxes currently include a business privilege tax imposed on petroleum business in the State, a one-quarter of 1% sales and use tax on certain personal property and services, a corporate franchise tax imposed on transportation and transmission companies, and a temporary franchise tax surcharge on certain corporations, banks, insurance, utility, and transportation companies attributable to business activity carried on in the State. MMTOA taxes are subject to annual appropriation, availability of sufficient tax collections, and determination of operating need by the State for the MTA. They are recognized as revenue in the amount of the annual appropriation when such appropriation becomes effective.

Under New York State law, subject to annual appropriation, the MTA receives operating and capital assistance through a portion of petroleum business tax receipts, certain motor fuel taxes, and certain motor vehicle fees, which are collected by the State. Such assistance is required by law to be allocated, after provision for debt service on any bonds secured by such taxes, 85% to the Authority and 15% to the commuter railroads for their operating and capital needs. MTA Dedicated Tax Fund Bonds (DFT Bonds) are secured by certain petroleum business tax receipts. The Authority recognizes such sources of funds when designated by the MTA for the Authority's use. A portion of the petroleum business tax receipts collected by the MTA is used to satisfy the debt service requirements for the DTF Bonds and is recorded as capital contributions.

Metropolitan Commuter Transportation Mobility Tax—In June 2009, Chapter 25 of the Laws of 2009 added Article 23, which established the Metropolitan Commuter Transportation Mobility Tax (MCTMT). This tax is administered by the NYS Tax Department, and the proceeds from this tax are distributed to the MTA. This tax is imposed on certain employers and self-employed individuals engaging in business within the Metropolitan Commuter Transportation District (MCTD), which includes all counties in New York City, and the counties of Rockland, Nassau, Suffolk, Orange, Putnam, Duchess, and Westchester. This tax requires certain employers that have payroll expenses within the MCTD to pay at a rate of 0.34% of an employer's payroll expenses for all covered employees for each calendar quarter. The effective date of this tax was March 1, 2009 for employers other than public schools districts; September 1, 2009 for public schools districts, and January 1, 2009 for individuals. Also in 2009, several amendments to the existing tax law provided the MTA supplemental revenues to be deposited into the MTA's Aid Trust Account. These amendments imposed a supplemental fee of one dollar for each six month period of validity of a learner's permit or a driver's license issued to a person residing in the MCTD, a supplemental fee of twenty-five dollars per year on the registration and renewals of registrants of motor vehicles who reside within the MCTD, imposed on taxicab owners a tax of fifty cents per ride on taxicab rides originating in New York City and terminating within the MCTD, and a supplemental tax of five percent of the cost of rentals of automobiles rented within the MCTD. The supplemental Aid Tax receipts are included in the Mobility Tax amounts for reporting purposes.

The composition of New York State tax-supported subsidies for 2021 and 2020 is as follows (in thousands):

	2021	2020
Petroleum business tax*	$ 172,144	$ 158,625
Metro mass tax	1,532,692	1,067,030
Payroll Mobility tax	1,578,111	476,458
	$ 3,282,947	$ 1,702,113

* Net of $321,550 and $285,473 for debt service payments in 2021 and 2020, respectively.

Paratransit—Pursuant to an agreement between The City and the MTA, the Authority, effective July 1, 1993, assumed operating responsibility for all paratransit service required by the Americans with Disability Act of 1990. Services are provided by private vendors under contract with the Authority. The City reimburses the Authority for the lesser of 33% of net paratransit operating expenses defined as labor, transportation, and administrative costs less fare revenues and 6% of gross urban tax proceeds as described above, or an amount that is 20% greater than the amount paid by The City for the preceding calendar year. Fare revenues and The City reimbursement aggregated approximately $226.5 million in 2021 and $180.6 million in 2020. Total paratransit expenses, including paratransit service contracts, were $415.6 million and $404.3 million in 2021 and 2020, respectively.

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

Reimbursement of Expenditures—Engineering and labor costs incurred by the Authority for capital projects are reimbursed under the capital program by the MTA to the extent that they relate to approved expenditures applicable to capital projects primarily initiated after April 1, 1982. They were reimbursed by The City to the extent they related to amounts approved for prior projects. In 2021 and 2020, reimbursements were netted against gross operating expenses on the consolidated statements of Revenues, Expenses, and Changes in Net Position.

Fare and Service Reimbursement from the State and City—In 1995, The City ceased reimbursing the Authority for the full costs of the free/reduced fare program for students. Beginning in 1996, the State and The City each began paying $45 million per annum to the Authority toward the cost of the program. In 2009, the State reduced its $45 million reimbursement to $6.3 million. Beginning in 2010, the State increased its annual commitment to $25.3 million while The City's annual commitment remained at $45 million. These commitments have been met by both the State and The City for both 2020 and 2021. For the year ended December 31, 2021, the Authority received $90.3 million from the State and The City combined, which include $5.0 million due from the State and $15.0 million due from The City both for the year 2020.

Prior to April 1995, The City was obligated to reimburse the Authority for the transit police force. As a result of the April 1995 merger of the transit police force into the New York City Police Department, The City no longer reimburses the Authority for the costs of policing the Transit System on an ongoing basis since policing of the Transit System is being carried out by the New York City Police Department at The City's expense. The Authority continues to be responsible for certain capital costs and support services related to such police activities, a portion of which is reimbursed by The City. The Authority received approximately $2.1 million and $3.4 million in 2021 and 2020, respectively for the reimbursement of transit police costs.

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

- A surcharge of $2.75 on for-hire transportation trips provided by motor vehicles carrying passengers for hire (or $2.50 in the case of taxicabs that are subject to the $0.50 cents tax on hailed trips that are part of the MTA Aid Trust Account Receipts), other than pool vehicles, ambulance and buses, on each trip that (1) originates and terminates south of and excluding 96th Street in the City of New York, in the Borough of Manhattan (the "Congestion Zone"), (2) originates anywhere in NYS and terminates within the Congestion Zone, (3) originates in the Congestion Zone and terminates anywhere in NYS, or (4) originates anywhere in NYS, enters into the Congestion Zone while in transit, and terminates anywhere in NYS.

- A surcharge of $0.75 cents for each person who both enters and exits a pool vehicle in NYS and who is picked up in, dropped off in, or travels through the Congestion Zone.

The Congestion Zone Surcharges do not apply to transportation services administered by or on behalf of MTA, including paratransit services.

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

- ***Subway Action Plan Account***—Funds in this account may be used exclusively for funding the operating and capital costs, and debt service associated, with the Subway Action Plan.

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

Federal Transit Administration CRRSAA Reimbursement—In 2021, nonoperating revenues included operating assistance of $2.795 billion from the Federal government known as the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") which is a COVID-19 economic relief program covering the transportation industry.

Federal Transit Administration CARES Act Reimbursement—In 2020, the Authority received $2.830 billion of operating assistance from the Federal government in response to the economic fallout of the COVID-19 pandemic, known as the CARES Act.

Detailed information about the CRRSAA and CARES Acts is presented in Note 14.

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

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

Prepaid Expenses and Other Current Assets—The Authority prepaid $12.1 million to the New York Health Insurance Plan (NYSHIP) and $26.6 million in risk management related insurance coverage during 2021. The Authority prepaid $12.1 million to the New York Health Insurance Plan (NYSHIP) and $27.9 million in risk management related insurance coverage during 2020.

Due from/to MTA for Purchase of Capital Assets—Due from/to MTA for purchase of capital assets consists of funds held by the MTA which are restricted for capital asset acquisitions by the Authority pursuant to the 2002 Transportation Revenue Bond Resolution. This capital program pool is comprised of non-bond proceed funds derived from safe harbor and sale/leaseback transactions, operating fund transfers, legal settlements, TBTA bond purchase rights and swap option agreements, and interest earnings on these pooled funds.

Capital Assets—Capital assets acquired prior to April 1982 were funded primarily by The City, with capital grants made available to the Authority. The City has title to a substantial portion of such assets and, accordingly, these assets are not recorded on the books of the Authority. Subsequent acquisitions, which are part of the capital program, are recorded at cost by the Authority. Funding sources for the acquisition of these capital assets include Federal, State, and City capital grants, grants from the Port

Authority of New York and New Jersey, the proceeds from the issuance of Transportation Revenue Bonds, and various TBTA bonding and other sources. Capital assets are recorded at cost and are depreciated on a straight-line basis over 25 or 35 years for subway cars, 12 years for buses, and lives generally ranging from 10 years to 60 years for the other capital assets. Cost includes capitalized interest apportioned to assets during construction. For the purposes of this calculation, interest expense is reported net of investment income.

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, 2021 and 2020, consist of the following (in thousands):

	2021	2020
Capital assets contributed by MTA from:		
Federal grants	$ 702,533	$ 1,089,309
Other than federal grants	1,635,022	1,625,100
Petroleum business taxes received for principal and interest payments on debt	321,550	285,473
Principal and interest payments on MTA Transportation bonds issued to fund capital assets	(947,522)	(958,219)
Decrease in funds due from MTA for purchase of capital assets	780,899	(1,043,434)
Total capital contributions	$ 2,492,482	$ 998,229

Passenger Revenue—Revenues from the sale of farecards are recognized as income as the farecards are used and are reported as operating income. Expired fare media revenue is recognized on the date of the expiration on the farecard.

Materials and Supplies—Materials and supplies are recorded at weighted average cost, net of a reserve for obsolescence at December 31, 2021 and 2020 of $89.0 million and $90.8 million, respectively.

Employee Benefits—Effective for the year-ended December 31, 2015, the Authority adopted the standards of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for its pension plans.

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

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

The Authority has recorded a liability for claims incurred but not reported (IBNR). The liability represents those estimated future payments that are attributable, under the plan's provisions, to services rendered to participants prior to year-end. The estimated liability of claims includes benefits expected to be paid to retired or terminated employees or their beneficiaries and present employees or their beneficiaries, as applicable. The estimated liability for claims incurred but not reported or paid is $172.4 million and $141.8 million as of December 31, 2021 and 2020, respectively.

Effective for the year ended December 31, 2018, the Authority 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 Authority recognizes a proportionate share of the net OPEB liability for the MTA's cost-sharing multiple-employer OPEB Plan, which represents the excess of the total OPEB liability over the fiduciary net position of the OPEB Plan, measured as of the measurement date of the plan.

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

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

Pollution Remediation Projects—Pollution remediation costs are being expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (see Note 12). An operating expense provision and corresponding liability measured at current value using the expected cash flow method has been recognized for certain pollution remediation obligations, which previously may not have been required to be recognized, have been recognized earlier than in the past or are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations occur when any one of the following obligating events takes place: the Authority is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; the Authority is named by a regulator as a responsible or potentially responsible party to participate in remediation; the Authority voluntarily commences or legally obligates itself to commence remediation efforts; or the Authority is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

Use of Management's Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. In addition, they affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

3. CASH

The bank balances are insured up to $250 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, 2021 and 2020 (in thousands):

	2021		2020	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Insured and collateralized deposits	$13,845	$ 13,338	$ 8,699	$ 8,346
Less escrow and other restricted deposits	(984)	(984)	(705)	(705)
Commercially insured funds on-hand and in-transit	14,758	-	12,015	-
	$27,619	$ 12,354	$20,009	$ 7,641

Deposits in the Authority's bank accounts are collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero coupon bonds, pursuant to the New York State Public Authorities Law. The on-hand and in-transit funds consist primarily of passenger revenue funds collected, but not yet deposited.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover the value of its deposits. While the Authority does not have a formal deposit policy for custodial credit risk, New York State statues govern the Authority's investment policies.

4. MTA INVESTMENT POOL

The MTA, on behalf of the Authority, invests funds which are not immediately required for the Authority's operations, in securities permitted by the State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero coupon bonds. All investments are held by the MTA's agent, in custody accounts, in the name of the MTA. The Authority records its position in the Pool based upon a net asset value derived on assets invested in the Pool plus all realized income and losses earned. The Authority's earnings from short-term investments approximated $0.3 million and $2.7 million for the years ended December 31, 2021 and 2020, respectively. Approximately $208.1 million of funds were included in the MTA investment pool in the consolidated balance sheets as of December 31, 2020. For the year ended December 31, 2021, the Authority has a negative investment pool balance of $225.2 million as funds were used for working capital purposes to offset the shortfall in Tax subsidy revenue, in addition to the payment of $800 million loan to MTAHQ. The deficit of $225.2 million has been reclassified in the Due from MTA and constituent authorities category in the consolidated balance sheets.

5. CAPITAL ASSETS

Capital assets, at December 31, 2021 and 2020, consist of the following (in thousands):

	December 2020	Additions/ Reclassifications	Deletions/ Reclassifications	December 2021
Capital assets not being depreciated—construction work-in-progress	$ 4,491,664	$ 2,435,710	$ (1,878,438)	$ 5,048,936
Total capital assets not being depreciated	4,491,664	2,435,710	(1,878,438)	5,048,936
Capital assets being depreciated:				
Subway cars	9,526,830	(1,824)	-	9,525,006
Buses	3,006,158	246,754	(104,602)	3,148,310
Track and structures	15,208,399	314,971	-	15,523,370
Depots and yards	5,001,566	205,793	-	5,207,359
Stations	22,639,180	740,421	-	23,379,601
Signals	8,714,912	312,178	-	9,027,090
Service vehicles	527,847	23,540	-	551,387
Building	166,733	-	-	166,733
Other	3,124,473	218,545	(25)	3,342,993
Total capital asset being depreciated	67,916,098	2,060,378	(104,627)	69,871,849
Less accumulated depreciation:				
Subway cars	(4,790,134)	(238,464)	-	(5,028,598)
Buses	(1,644,351)	(225,830)	103,748	(1,766,433)
Track and structures	(5,803,267)	(394,098)	-	(6,197,365)
Depots and yards	(2,476,880)	(139,836)	-	(2,616,716)
Stations	(6,844,535)	(650,953)	-	(7,495,488)
Signals	(2,650,495)	(266,627)	-	(2,917,122)
Service vehicles	(219,100)	(21,514)	-	(240,614)
Building	(96,105)	(3,307)	-	(99,412)
Other	(1,900,727)	(151,580)	25	(2,052,282)
Total accumulated depreciation	(26,425,594)	(2,092,209)	103,773	(28,414,030)
Total capital assets being depreciated—net	41,490,504	(31,831)	(854)	41,457,819
Capital assets—net	$ 45,982,168	$ 2,403,879	$ (1,879,292)	$ 46,506,755

	December 2019	Additions/ Reclassifications	Deletions/ Reclassifications	December 2020
Capital assets not being depreciated—construction work-in-progress	$ 4,025,832	$ 2,797,956	$ (2,332,124)	$ 4,491,664
Total capital assets not being depreciated	4,025,832	2,797,956	(2,332,124)	4,491,664
Capital assets being depreciated:				
Subway cars	9,488,177	38,653	-	9,526,830
Buses	3,011,035	25,103	(29,980)	3,006,158
Track and structures	14,473,837	734,562	-	15,208,399
Depots and yards	4,909,355	92,211	-	5,001,566
Stations	21,528,720	1,110,460	-	22,639,180
Signals	8,519,940	194,972	-	8,714,912
Service vehicles	446,447	81,400	-	527,847
Building	166,733	-	-	166,733
Other	2,987,841	137,424	(792)	3,124,473
Total capital asset being depreciated	65,532,085	2,414,785	(30,772)	67,916,098
Less accumulated depreciation:				
Subway cars	(4,544,261)	(245,873)	-	(4,790,134)
Buses	(1,438,315)	(236,016)	29,980	(1,644,351)
Track and structures	(5,416,796)	(386,471)	-	(5,803,267)
Depots and yards	(2,336,355)	(140,525)	-	(2,476,880)
Stations	(6,227,337)	(617,198)	-	(6,844,535)
Signals	(2,385,978)	(264,517)	-	(2,650,495)
Service vehicles	(198,389)	(20,711)	-	(219,100)
Building	(92,798)	(3,307)	-	(96,105)
Other	(1,752,006)	(149,513)	792	(1,900,727)
Total accumulated depreciation	(24,392,235)	(2,064,131)	30,772	(26,425,594)
Total capital assets being depreciated—net	41,139,850	350,654	-	41,490,504
Capital assets—net	$ 45,165,682	$ 3,148,610	$ (2,332,124)	$ 45,982,168

Effective January 1, 2020, in accordance with GASB Statement No. 89, the Authority no longer capitalizes interest costs related to the construction of capital assets.

In 1990, the Authority issued approximately $202.8 million of Transit Facility Revenue Bonds, Series 1990 to fund the acquisition of an office building located at 130 Livingston Street in Brooklyn, New York. The bonds were subsequently defeased in May 2002 by the MTA Transportation Revenue bonds. 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, on a cash basis, under the lease was approximately $2.5 million in 2021 and 2020.

In December 2021, MTA obtained legal title to the wireless telecommunications equipment installed on the Authority's property according to the network license agreement that MTA entered into with the licensee. The license agreement provides for the licensee to construct, operate, and maintain the wireless network. This asset was transferred by MTA to the Authority as a non-cash capital contribution recorded at $73.3 representing the fair market value at the date of conveyance.

Lease Transaction—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 $1.1 billion. 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, 2021 for the Authority, TBTA and MTA (including MTA Bus, MTA Construction and Development, and MTA Business Service Center) were 49.8%, 7.4% and 42.8%, 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.

The lease is comprised of both operating and capital elements, with the portion of the lease attributable to the land recorded as an operating lease, and the portion of the lease attributable to the building recorded as a capital lease. The Authority reflected capital lease obligation as of December 31, 2021 and 2020 of $185.0 million and $182.0 million, respectively. Operating rent expenses under the Authority's lease amounted to $7.5 million in 2021 and 2020.

MTA pays the lease payments on behalf of the Authority and subsequently makes monthly chargebacks in the form of rental payments. During 2021 and 2020, the total of the rental payments charged to the Authority was $7.2 million and $6.3 million, respectively, less than the lease payment made by MTA on behalf of the Authority.

At December 31, 2021, future minimum lease payments under the Authority's lease are as follows (in thousands):

Years Ending December 31	**Operating**	**Capital**
2022	$ 7,452	$ 13,543
2023	7,452	13,543
2024	7,452	15,517
2025	7,452	15,517
2026	7,452	15,517
2027–2031	37,260	89,907
2032–2036	37,260	109,112
2037–2041	37,260	123,902
2042–2046	37,260	136,937
2047–2048	11,178	42,694
Total minimum lease payments	197,478	576,189
Less interest		(391,205)
Present value of net minimum lease payments		$184,984

The adjusted capital lease for the aforementioned building is being amortized over the remaining life of the lease. The cost of the building and related accumulated amortization at December 31, 2021 and 2020, is as follows (in thousands):

	2021	2020
Capital lease—building	$114,489	$114,489
Less accumulated amortization	(55,062)	(52,651)
Capital lease—building—net	$ 59,427	$ 61,838

The amount of such improvements apportioned to the Authority as of December 31, 2021 and 2020 are as follows (in thousands):

	2021	2020
Base building improvements	$ 134,394	$ 134,394
Tenant improvements	130,792	130,792
Furniture and fixtures	11,434	11,434
Computers and equipment	10,781	10,781
Development fees	6,893	6,893
Capitalized interest	13,702	13,702
	307,996	307,996
Less accumulated depreciation	(221,086)	(217,862)
Total leasehold improvements	$ 86,910	$ 90,134

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 (MaBSTOA) and New York City Employees' Retirement System (NYCERS). A brief description of each of the pension plans follows:

Plan Descriptions

MaBSTOA— The MaBSTOA Plan is a multi-employer defined benefit retirement plan administered by MTA New York City Transit covering employees of MaBSTOA and MTA Headquarters. Prior to January 1, 2020, this was a single employer defined benefit retirement plan covering only MaBSTOA employees. Employees of MaBSTOA and MTA Headquarters are specifically excluded from participating in the New York City Employees' Retirement System (NYCERS). The Plan provides retirement as well as death, accident and disability benefits. Effective January 1, 1999, in order to afford managerial and non-represented MaBSTOA employees the same pension rights as like title employees in the Transit Authority, membership in the MaBSTOA Plan is optional.

The Board of Administration, established in 1963, determines eligibility of employees and beneficiaries for retirement and death benefits. Article 12.08 of the MaBSTOA plan assigns authority to the MaBSTOA Board to establish and amend benefit provisions. The Board is composed of five members: two representatives from the Transport Workers Union, Local 100 (TWU) and three employer representatives. The MaBSTOA Plan is a fiduciary component unit of the Authority and is reflected in the Pension Fund section of the Authority's basic financial statements.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information regarding the employee benefit plan. The report may be obtained by writing to MaBSTOA Pension Plan, New York City Transit Authority, 2 Broadway, 10th Floor, New York, New York, 10004 or at www.mta.info.

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

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

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

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

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

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

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

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

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

Benefits Provided

MaBSTOA—MaBSTOA provides retirement, disability, death, and accident benefits to plan members and beneficiaries. The benefits provided by the Plan are generally similar to the benefits provided to participants in NYCERS. Benefits vest after either 5, 10, or 20 years of credited service, depending on the date of employment.

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

Tier 1—

Eligibility and Benefit Calculation—Tier 1 members must be at least age 50 with the completion of 20 years of service to be eligible to collect a service retirement benefit. Generally, the benefit is 1.50% for service before March 1, 1962, plus 2.0% for service from March 1, 1962 to June 30, 1970, plus 2.5%

for service after June 30, 1970. The accumulated percentage, up to a maximum of 50%, is multiplied by the member's compensation, which is the greater of earned salary during the year prior to retirement. Once the accumulated reaches 50%, the percentage for each further year of service reverts back to 1.5%. The percentage in excess of 50% is multiplied by the final compensation, which is the highest average earnings over five consecutive years.

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

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

Ordinary Death Benefits—Tier 1 members requires the completion of six months of service but completion of twenty years of service is required to receive a lump sum equal to the present value of the retirement benefit.

Tier 2—

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

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

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

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

Tiers 3 and 4—

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

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

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

Ordinary and Accidental Disability Benefits—For eligible members of the Regular 62 and 5 Plan, 55 and 25 Plan and 57 and 5 Plan, ordinary and accidental disability benefits, are provided after 10 years of service for ordinary and no service required for accidental. The benefit equals the greater of 1-2/3% of FAS per year of service and 1/3 of FAS.

Ordinary Death Benefits—For eligible members of the Regular 62 and 5 Plan, 55 and 25 Plan, 57 and 5 Plan, the pre-retirement ordinary death benefit is equal to a lump sum of annual salary times the lesser of completed years of service and 3. After age 60, the benefit is reduced 5% per year, to a maximum reduction of 50%. Accumulated regular member contributions with interest and one-half of accumulated additional member contributions with interest are also payable. Upon retirement, the post-retirement benefit is reduced by 50% and reduced an additional 25% after completion of one year of retirement. After completion of two years of retirement, the benefit equals 10% of the pre-retirement benefit in force at age 60.

Tier 6—

Eligibility and Benefit Calculation—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 10 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 must be at least age 63 with the completion of at least 10 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 prior to age 63.

Ordinary and Accidental Disability Benefits—For eligible members of the 55 and 25 Special Plan and the Basic 63 and 10 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 10 Plan, the pre-retirement ordinary death benefit is equal to a lump sum of annual salary times the lesser of completed years of service and 3. After age 60, the benefit is reduced 5% per year, to a maximum reduction of 50%. Accumulated regular member contributions with interest and one-half of accumulated additional member contributions with interest are also payable. Upon retirement, the post-retirement benefit is reduced by 50% and reduced an additional 25% after completion of one year of retirement. After completion of two years of retirement, the benefit equals 10% of the pre-retirement benefit in force at age 60.

In 2020, an amendment to the MaBSTOA Pension Plan was approved by the Board to provide a COVID-19 Accidental Death Benefit. Chapter 89 of the Laws of 2020 (Chapter 89) was passed by the Legislature, and signed by the Governor, on May 30, 2020. Chapter 89 enacted Sections 361-b, 509-a and 607-i of the Retirement and Social Security Law and Section 13-149.1 of the New York City Administrative Code, to provide a special line-of-duty Accidental Death Benefit to eligible members of the pension plan.

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

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

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

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

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

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

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

Chapter 89 of the Laws of 2020, passed by the Legislature and signed by the Governor on May 30, 2020, provides benefits to statutory beneficiaries of members whose death was a result or was contributed to by COVID-19. This act adds Retirement and Social Security Law Sections 509-a and 607-i and Administrative Code of the City of New York Section 13-149.1 by providing an Accidental Death Benefit to eligible members of the NYCERS Plan. This special benefit expired on December 31, 2020.

Membership

Membership in the MaBSTOA pension plan consisted of the following at January 1, 2020 and 2019, the date of the latest actuarial valuations:

	2020	2019
Active Plan Members	8,795	9,087
Retirees and beneficiaries receiving benefits	5,944	5,779
Vested formerly active members not yet receiving benefits	1,040	1,023
Total	15,779	15,889

Contributions and Funding Policy

MaBSTOA—The contribution requirements of plan members are established, approved and may be amended only by the MaBSTOA Board, in accordance with the Articles of the MaBSTOA plan. The financial objective of the Plan is to fund, on an actuarial basis, the retirement and death benefits for eligible MaBSTOA employees and beneficiaries. The Plan's funding policy is for periodic employer contributions to provide for actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due. MaBSTOA contributions to the fund are made annually.

The MaBSTOA Pension Plan includes the following plans: (i.) the Tier 3 and 4 Transit Age 62 Plan; (ii.) the Tier 6 Age 63 Plan; (iii.) the 55/25 Plan; (iv.) the Tier 4 25 Year Early Retirement Plan; (v.) the Tier 4 Age 57 Plan, and (vi.) the 2000 amendments which are all under the same terms and conditions as NYCERS.

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

In March 2012, pursuant to Chapter 18 of the Laws of 2012, individuals joining NYCERS or the MaBSTOA Pension Plan on or after April 1, 2012 are subject to the provisions of Tier 6. The highlights of Tier 6 include:

Increases in employee contribution rates. The rate varies depending on salary, ranging from 3% to 6% of gross wages. Contributions are made until retirement or separation from service.

- The retirement age increases to 63 and includes early retirement penalties, which reduce pension allowances by 6.5 percent for each year of retirement prior to age 63.
- Vesting after 10 years of credited service; increased from 5 years of credited service under Tier 3 and Tier 4.
- Adjustments of the Pension Multiplier for calculating pension benefits (excluding Transit Operating Employees): the multiplier will be 1.75% for the first 20 years of service, and 2% starting in the 21st year; for an employee who works 30 years, their pension will be 55% of FAS under Tier 6, instead of 60% percent under Tier 4.
- Adjustments to the FAS Calculation; the computation changed from an average of the final 3 years to an average of the final 5 years. Pensionable overtime will be capped at $15,000 per year plus an inflation factor.

- Pension buyback in Tier 6 will be at a rate of 6% of the wages earned during the period of buyback, plus 5% compounded annually from the date of service until date of payment.

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

Upon termination of employment before retirement, certain participants are entitled to refunds of their own contributions including accumulated interest less any loans outstanding.

The Authority's contributions to the MaBSTOA plan amounted to $156.2 million and $159.5 million for the years ended December 31, 2021 and 2020, respectively.

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.

The Authority is required to contribute at an actuarially determined rate. The Authority's contributions to NYCERS for the years ended December 31, 2021 and 2020 were $807.7 million and $841.9 million, respectively.

Net Pension Liability

The Authority's net pension liabilities for each of the pension plans reported at December 31, 2021 and 2020 were measured as of December 31, 2020 and 2019, respectively for the MaBSTOA plan and June 30, 2021 and 2020, respectively for NYCERS. The total pension liability for each of the pension plans were determined as of the actuarial valuation dates of January 1, 2020 and 2019 for MaBSTOA plan and June 30, 2020 and 2019 for NYCERS, respectively, and updated to roll forward the total pension liability to the respective measurement dates. The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by

NYCERS and MaBSTOA. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the Plan; and investments are reported at fair value.

Actuarial Assumptions

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

	MaBSTOA		NYCERS	
Valuation Date	**January 1, 2020**	**January 1, 2019**	**June 30, 2020**	**June 30, 2019**
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%	2.50%	2.50%
Cost-of Living Adjustments	1.35% per annum	1.35% per annum	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees.	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees.
Mortality	Based on experience of all MTA 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.	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	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.	N/A	N/A
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.	N/A	N/A
Post-retirement Disabled Lives	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.	N/A	N/A

Expected Rate of Return on Investments

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

The target asset allocations of each of the funds and the expected real rate of returns (RROR) for each of the asset class in the MaBSTOA plan and NYCERS were as of the measurement dates of December 31, 2020 and June 30, 2021, respectively, are summarized as follows:

	MaBSTOA Plan	
Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
US Core Fixed Income	9.00 %	0.78 %
US Long Bonds	1.00	1.82
US Bank/Leveraged Loans	7.00	2.73
US Inflation-Indexed Bonds	2.00	(0.07)
US High Yield Bonds	4.00	3.84
Emerging Markets Bonds	2.00	4.19
US Large Caps	12.00	3.93
US Small Caps	6.00	5.11
Foreign Developed Equity	12.00	5.74
Emerging Markets Equity	5.00	7.53
Global REITs	1.00	5.65
Private Real Estate Property	4.00	3.85
Private Equity	9.00	9.02
Commodities	1.00	2.26
Hedge Funds—MultiStrategy	16.00	2.99
Hedge Funds—Event-Driven	6.00	3.16
Hedge Funds—Equity Hedge	3.00	3.42
	100.00 %	
Assumed Inflation—Mean		2.25
Assumed Inflation—Standard Deviation		1.65
Portfolio Nominal Mean Return		6.44
Portfolio Standard Deviation		11.47
Long Term Expected Rate of Return selected by MTA		6.50

Asset Class	NYCERS Target Asset Allocation	NYCERS Long-Term Expected Real Rate of Return
Public markets:		
U.S. public market equities	27.00 %	7.10 %
Developed public market equities	12.00	7.20
Emerging public market equities	5.00	9.00
Fixed income	30.50	1.80
Private markets (alternative investments):		
Private equity	8.00	11.30
Private real estate	7.50	6.90
Infrastructure	4.00	6.00
Opportunistic fixed income	6.00	7.10
	100.00 %	
Assumed inflation—mean		2.50
Long term expected rate of return		7.00

Discount Rate

The discount rate used to measure the total pension liability was 6.5% for the MaBSTOA plan as of December 31, 2020 and December 31, 2019 and 7.0% for NYCERS as of June 30, 2021 and June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for each pension plan and that employer contributions will be made at the rates determined by each pension plan's actuary. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and non-active members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability—MaBSTOA

The Authority's net pension liability for the MaBSTOA plan at the measurement date of December 31, 2020 and 2019 were as follows (in thousands):

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2019	$4,122,934	$3,300,268	$ 822,666
Changes for fiscal year 2020:			
Service cost	95,514	-	95,514
Interest on total pension liability	266,588	-	266,588
Effect of economic/demographic (gains) or losses	(720)	-	(720)
Effect of assumptions changes or inputs	-	-	-
Benefit payments and withdrawals	(237,931)	(237,931)	-
Administrative expense	-	(244)	244
Member contributions	-	24,709	(24,709)
Net investment income	-	60,327	(60,327)
Employer contributions	-	159,486	(159,486)
Balance as of December 31, 2020	$4,246,385	$3,306,615	$ 939,770

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2018	$3,811,124	$2,844,402	$ 966,722
Changes for fiscal year 2019:			
Service cost	89,814	-	89,814
Interest on total pension liability	265,454	-	265,454
Effect of economic/demographic (gains) or losses	9,011	-	9,011
Effect of assumptions changes or inputs	168,752	-	168,752
Benefit payments and withdrawals	(221,221)	(221,221)	-
Administrative expense	-	(220)	220
Member contributions	-	23,552	(23,552)
Net investment income	-	447,365	(447,365)
Employer contributions	-	206,390	(206,390)
Balance as of December 31, 2019	$4,122,934	$3,300,268	$ 822,666

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

The following presents the Authority's net pension liability calculated using the current discount rate for the MaBSTOA Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate used as of each measurement date (in thousands):

	December 31, 2020			December 31, 2019		
	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	$ 1,421,343	$ 939,770	$ 531,498	$ 1,293,875	$ 822,666	$ 422,759

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, 2021 and 2020, and the proportion percentage of the net pension liability of NYCERS allocated to the Authority (in millions):

	June 30, 2021	June 30, 2020
The Authority's proportion of the net pension liability	21.285 %	23.207 %
The Authority's proportionate share of the net pension liability	$ 1,365	$ 4,892

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, 2021 and 2020, 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, 2021			June 30, 2020		
	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	$ 3,581,942	$ 1,365,129	$ (515,695)	$ 7,313,292	$ 4,891,900	$ 2,848,251

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

For the years ended December 31, 2021 and 2020, the Authority recognized pension expense, gross of reimbursements, related to each pension plan as follows (in thousands):

Pension Plans	December 31, 2021	2020
MaBSTOA	$ 140,280	$ 155,021
NYCERS	(36,550)	749,518
Total	$ 103,730	$ 904,539

For the years ended December 31, 2021 and 2020, the Authority's reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows (in thousands):

For the Year Ended December 31, 2021	MaBSTOA Deferred Outflows of Resources	MaBSTOA Deferred Inflows of Resources	NYCERS Deferred Outflows of Resources	NYCERS Deferred Inflows of Resources	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,004	$ 3,896	$ 350,414	$ 157,915	$ 367,418	$ 161,812
Changes in actuarial assumptions	121,560	-	1,262	169,353	122,823	169,353
Net difference between projected and actual earnings on pension plan investments	57,062	-	-	2,003,309	57,062	2,003,309
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	47,502	295,910	47,502	295,910
Employer contributions to plan subsequent to the measurement date of net pension liability	156,204	-	416,388	-	572,593	-
Total	$ 351,830	$ 3,896	$ 815,567	$ 2,626,488	$ 1,167,397	$ 2,630,384

For the Year Ended December 31, 2020	MaBSTOA Deferred Outflows of Resources	MaBSTOA Deferred Inflows of Resources	NYCERS Deferred Outflows of Resources	NYCERS Deferred Inflows of Resources	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,101	$ 14,237	$ 492,733	$ 220,658	$ 515,834	$ 234,895
Changes in actuarial assumptions	147,353	-	2,061	144,897	149,414	144,897
Net difference between projected and actual earnings on pension plan investments	-	100,799	232,330	-	232,330	100,799
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	108,400	7,984	108,400	7,984
Employer contributions to plan subsequent to the measurement date of net pension liability	159,486	-	409,637	-	569,123	-
Total	$ 329,940	$ 115,036	$ 1,245,161	$ 373,539	$ 1,575,101	$ 488,575

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

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

	Recognition Period (in Years)		
Pension Plan	**Differences Between Expected and Actual Experience**	**Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions**	**Changes in Actuarial Assumptions**
MaBSTOA	6.60	N/A	6.60
NYCERS	6.04	6.04	6.04

For the years ended December 31, 2021 and 2020, $572.6 million and $569.1 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 $572.6 million will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2021 will be recognized as pension expense as follows (in thousands):

Year Ending December 31	MaBSTOA	NYCERS	Total
2022	$ 34,070	$ (553,091)	$ (519,021)
2023	70,407	(523,382)	(452,975)
2024	9,373	(458,227)	(448,854)
2025	57,140	(610,687)	(553,547)
2026	20,804	(78,678)	(57,874)
Thereafter	(64)	(3,244)	(3,308)
Total	$ 191,730	$ (2,227,309)	$ (2,035,579)

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 2021 and 2020.

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 multiple-employer defined benefit OPEB plan.

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

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

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

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

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

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

(a) have retired;

(b) be receiving a pension;

(c) have at least 10 years of credited service as a member of NYCERS or the MaBSTOA Plan; and

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

Surviving Spouse and Other Dependents—

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

- Represented retired employees must follow the guidelines of their collective bargaining agreements regarding continued health coverage for a surviving spouse or domestic partner and surviving dependents. The surviving spouse coverage continues until spouse is eligible for Medicare for represented employees, retiring on or after:
  - May 21, 2014 for Transport Workers Union (TWU) Local 100;
  - September 24, 2014 for Amalgamated Transit Union (ATU) Local 726;
  - October 29, 2014 for ATU Local 1056;

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

Contributions—The Authority is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the “pay-as-you-go” (PAYGO) amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years ended December 31, 2021 and 2020, the Authority paid $576.8 million and $236.7 million of PAYGO to the OPEB Plan, respectively. In addition, the OPEB Plan paid $252.9 million in OPEB benefits for the year ended December 31, 2020. The PAYGO amounts included an implicit rate subsidy adjustment of $9.6 million and $16.4 million for the years ended December 31, 2021 and 2020, respectively. There were no additional prior year implicit rate subsidy adjustments for the year ended December 31, 2021. The implicit rate subsidy of $16.4 million includes an additional adjustment of $3.6 million, related to 2019, resulting in a net amount of $12.8 million for the year-ended December 30, 2020.

During 2012, the MTA funded $250 million into the Trust and an additional $50 million during 2013. There have been no further contributions made to the Trust. The investment trust paid benefits in 2020 covering a portion of the year’s benefit payments resulting in lower contributions than the payments for the year

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 20-Bond General Obligation Index. As a result, the discount rates as of December 31, 2020 and December 31, 2019, the measurement dates, are 2.12% and 2.74%, 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, 2020 and 2019, the employer made a cash payment for retiree healthcare of $16.4 million and $21.3 million, respectively, as part of the employer’s payment for active-employee healthcare benefits. For purposes of GASB Statement No. 75, this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees' underlying age-adjusted, retiree benefit costs (in thousands).

Blended and Age-adjusted Premium	2020 Retirees	2019 Retirees
	(in thousands)	
Total blended premiums	$ 473,163	$ 484,380
Employment payment for retiree healthcare	16,435	21,259
Net payments	$ 489,598	$ 505,639

Net OPEB Liability

The Authority's proportionate share of the Plan's net OPEB liability reported at December 31, 2021 and 2020 was measured as of the OPEB Plan's fiscal year-end of December 31, 2020 and 2019, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019, and rolled forward to December 31, 2020 and 2019, 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, 2020	December 31, 2019
The Authority's proportion of the net OPEB liability	67.555 %	68.700 %
The Authority's proportionate share of the net OPEB liability	$ 16,489,792	$ 14,507,208

OPEB Plan Fiduciary Net Position—The fiduciary net position has been determined on the same basis used by the OPEB plan. The OPEB plan uses the accrual basis of accounting under which contributions from the employer are recognized when paid. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value based on quoted market prices or net asset value.

Actuarial Assumptions

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

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

The total OPEB liability was determined by actuarial valuations performed on July 1, 2019. Update procedures were used to roll forward the total OPEB liability to December 31, 2020 and 2019, 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, 2019	July 1, 2019
Measurement date	December 31, 2020	December 31, 2019
Discount rate	2.12%, net of expenses	2.74%, net of expenses
Inflation	2.25%	2.25%
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%	4.50%
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	2.12%	5.75%

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, 2020:

			MaBSTOA	
Years of Service	**NYCERS Rate of Increase**	**Years of Service**	**Operating Employee Rate**	**Non-operating Employee Rate**
0	19.00 %	0	12.00 %	6.00 %
1	14.00	1	12.00	7.00
2	10.00	2	15.00	6.50
3	9.00	3	5.00	6.25
4	6.00	4	3.00	6.00
5	5.00	5–9	3.00	4.50
6–22	4.50	10	3.00	4.30
23+	4.00	11	3.00	4.10
		12	3.00	3.90
		13	3.00	3.80
		14	3.00	3.70
		15	3.00	3.60
		16	3.00	3.50
		17	3.00	3.40
		18	3.00	3.30
		19+	3.00	3.25

Healthcare Cost Trend—The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, healthcare reform provisions including changes due to H.R. 1865 (December 2019), separately for NYSHIP and self-insured benefits administered by the Authority. Long-term trend increases are 3.5% for dental and vision benefits and 4.5% for Medicare Part B reimbursements, but no more than projected medical and pharmacy trends. The self-insured trend is applied directly for represented employees.

This valuation reflects updated healthcare-related assumptions, including changes due to H.R. 1865 Further Consolidated Appropriation Act, 2020, which repealed the Cadillac tax on health plans. This change decreased the Authority's OPEB liability by $523.0 million as of the valuation date July 1, 2019 and reporting year-ended December 31, 2020, using a discount rate of 4.10%.

Healthcare Cost Trend Rates—The following lists illustrative rates for the NYSHIP and self-insured trend assumptions for the measurement date December 31, 2020:

	NYSHIP Trend		Self-Insured Trend	
Trend from Year Ending	**Pre-65 Trend**	**Post-65 Trend**	**Pre-65 Trend**	**Post-65 Trend**
2020 to 2021	6.20 %	5.70 %	6.10 %	5.10 %
2021 to 2022	5.70	5.40	5.60	5.10
2022 to 2023	5.10	5.10	5.10	5.10
2023 to 2024	5.00	5.00	5.00	5.00
2022 to 2025	4.90	4.90	4.90	4.90
2025 to 2026	4.80	4.80	4.80	4.80
2026 to 2027	4.70	4.70	4.70	4.70
2027 to 2028	4.60	4.60	4.60	4.60
2028 to 2029	4.50	4.50	4.50	4.50
2038 to 2039	4.60	4.60	4.60	4.60
2048 to 2049	4.80	4.80	4.80	4.80
2058 to 2059	4.50	4.50	4.50	4.50
2068 to 2069	4.20	4.20	4.20	4.20
2078 to 2079	3.80	3.80	3.80	3.80
2088 to 2089	3.80	3.80	3.80	3.80
2098 to 2099	3.80	3.80	3.80	3.80

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date are based on the ultimate rates, which are 3.8% for medical and pharmacy costs.

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

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

Postretirement 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.

Postretirement Disabled Lives—RP-2014 Disabled 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, 2020 are as follows:

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Cash	BAML 3-Mo Tbill	100.00 %	-0.54%

Assumed Inflation—Mean	2.25 %
Assumed Inflation—Standard Deviation	1.65 %
Portfolio Nominal Mean Return	1.73 %
Portfolio Standard Deviation	1.20 %
Long Term Expected Rate of Return selected by MTA	2.12 %

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, 2020 and 2019 of 2.12% and 2.74%, 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, 2020 (in thousands)			December 31, 2019 (in thousands)		
	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Proportionate share of the net OPEB liability	$ 18,981,683	$ 16,489,792	$ 14,451,653	$ 16,647,921	$ 14,507,208	$ 12,745,731

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, 2020			December 31, 2019		
	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	$ 13,913,383	$ 16,489,792	$ 19,790,306	$ 12,387,949	$ 14,507,208	$ 17,188,468

* 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 year ended December 31, 2021 and 2020, the Authority recognized OPEB expense of $1.3 billion and $1.2 billion, respectively, which represents its proportionate share of the Plan's OPEB expense.

The annual differences between the projected and actual earnings on investments are amortized over a 5-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience, changes in assumptions and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over a 8.1-year close period, beginning the year in which the deferred amount occurs.

At December 31, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows ($ in thousands):

	December 31, 2021		December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 130,326	$ 33,782	$ 154,822	$ 9,727
Changes in assumptions	1,589,762	723,075	559,776	902,456
Net difference between projected and actual earnings on OPEB plan investments	40,906	-	-	11,960
Changes in proportion and differences between contributions and proportionate share of contributions	140,747	215,071	164,153	-
Employer contributions to the plan subsequent to the measurement of net OPEB liability	576,808	-	236,729	-
Total	$ 2,478,549	$ 971,928	$1,115,480	$ 924,143

For the year ended December 31, 2021 and 2020, $576.8 million and $236.7 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 year ended December 31, 2022 and December 31, 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2021 will be recognized in OPEB expense as follows:

Year Ending December 31:	
2022	$ 125,271
2023	128,834
2024	123,026
2025	77,870
2026	130,688
Thereafter	344,124
Total	$ 929,813

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, 2021 are as follows (in thousand):

Year	Principal	Interest	Total
2022	$ 8,127	$1,430	$ 9,557
2023	6,434	1,251	7,685
2024	6,460	1,090	7,550
2025	6,343	931	7,274
2026	6,134	775	6,909
2027–2031	24,689	1,746	26,435
2032–2036	3,121	63	3,184
Total	61,308	$7,286	$68,594
Less current portion	8,127		
Long-term loans payable	$53,181		

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.

9. 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. In 2020, the MTA provided $800.0 million to the Authority as a short-term loan, which was paid at the end of 2021.

The Authority has intercompany transactions with 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, 2021 and 2020 (in thousands):

	2021		2020	
	Receivable	**(Payable)**	**Receivable**	**(Payable)**
MTA	$ 6,428,072	$(5,703,763)	$ 5,434,754	$ (5,072,060)
Constituent authorities	138,290	(23,218)	84,326	(13,079)
Total MTA and constituent authorities	$ 6,566,362	$(5,726,981)	$ 5,519,080	$ (5,085,139)

10. 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	**BOA_ Merrill**	**Goldman Sachs**	**Cargill**	**Macquarie Energy LLC**	**Goldman Sachs**	**BOA_ Merrill**
Trade Date	1/30/2020	2/25/2020	3/24/2020	4/30/2020	5/27/2020	6/30/2020
Effective Date	1/1/2021	2/1/2021	3/1/2021	4/1/2021	5/1/2021	6/1/2021
Termination Date	12/31/2021	1/31/2022	2/28/2022	3/31/2022	4/30/2022	5/31/2022
Price/Gal	$1.71	$1.68	$1.35	$1.18	$1.26	$1.37
Notional Qnty (Gal)	2,839,808	2,841,331	2,819,772	2,819,762	2,819,768	2,819,748
Counterparty	**Macquarie Energy LLC**	**Goldman Sachs**	**Goldman Sachs**	**Goldman Sachs**	**BOA_ Merrill**	**JPMorgan**
Trade Date	7/28/2020	8/27/2020	9/29/2020	10/27/2020	11/30/2020	12/29/2020
Effective Date	7/1/2021	8/1/2021	9/1/2021	10/1/2021	11/1/2021	12/1/2021
Termination Date	6/30/2022	7/31/2022	8/31/2022	9/30/2022	10/31/2021	11/30/2022
Price/Gal	$1.42	$1.43	$1.31	$1.31	$1.46	$1.54
Notional Qnty (Gal)	2,819,761	2,819,736	2,862,960	2,825,162	2,841,038	2,826,765
Counterparty	**JPMorgan**	**Goldman Sachs**	**JPMorgan**	**Goldman Sachs**	**BOA_ Merrill**	**Goldman Sachs**
Trade Date	1/26/2021	2/23/2021	3/31/2021	4/29/2021	6/2/2021	6/29/2021
Effective Date	1/1/2022	2/1/2022	3/1/2022	4/1/2022	5/1/2022	6/1/2022
Termination Date	12/31/2022	1/31/2023	2/28/2023	3/31/2023	4/30/2023	5/31/2023
Price/Gal	$1.61	$1.78	$1.81	$1.94	$2.05	$2.06
Notional Qnty (Gal)	2,862,779	2,826,759	2,826,761	2,826,752	2,826,757	2,826,738
Counterparty	**JPMorgan**	**BOA_ Merrill**	**BOA_ Merrill**	**BOA_ Merrill**	**Cargill**	**Goldman Sachs**
Trade Date	7/27/2021	8/31/2021	9/29/2021	10/25/2021	11/30/2021	12/28/2021
Effective Date	7/1/2022	8/1/2022	9/1/2022	10/1/2022	11/1/2022	12/1/2022
Termination Date	6/30/2023	7/31/2023	8/31/2023	9/30/2023	10/31/2023	11/30/2023
Price/Gal	$2.05	$2.03	$2.15	$2.29	$2.01	$2.22
Notional Qnty (Gal)	2,826,751	2,826,725	2,826,740	2,826,749	2,826,751	2,826,765

The monthly settlements are based on the daily prices of the respective commodities whereby MTA will either receive a payment, or make a payment to the various counterparties, depending on the average monthly price of the commodities in relation to the contract prices. At a contract's termination date, the Authority will take delivery of the fuel. As of December 31, 2021, the total outstanding notional value of the ULSD contracts was 52.1 million gallons with a positive fair market value of $23.4 million. The valuation of each trade was based on discounting future net cash flows to a single current amount (the income approach) using observable commodity futures prices (Level 2 inputs).

The Transit Authority recognized a fuel hedge loss of $0.02 million and $0.3 million in 2021 and 2020, respectively.

11. RISK MANAGEMENT

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

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

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

A summary of activity in estimated liability arising from injuries to persons, including employees, and damage to third-party property, for the years ended December 31, 2021 and 2020, is as follows (in thousands):

	2021	2020
Balance at beginning of year	$3,397,276	$3,313,329
Activity during the year:		
Current year claims and changes in estimates	498,082	355,393
Claims paid	(275,827)	(271,446)
Balance at end of year	3,619,531	3,397,276
Less current portion	(369,470)	(323,640)
Long-term liability	$3,250,061	$3,073,636

Liability Insurance—First Mutual Transportation Assurance Company (FMTAC), an insurance captive subsidiary of MTA, operates a liability insurance program (ELF) that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limit is: $8 million for the Authority. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limit is: $9 million for Authority. Effective November 1, 2012, the self-insured retention limits for ELF was increased to $10 million for the Authority. Effective October 31, 2015 the self-insured retention limit for ELF was increased to $11 million for the Authority. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50 million. The retrospective portion contains the same insurance agreements, participant retentions, and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Group entities above their specifically assigned self-insured retention with a limit of $50 million per occurrence with a $50 million annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2021, the balance of the assets in this program was $192.67 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $357.5 million for a total limit of $407.5 million ($357.5 million excess of $50 million). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50 million.

On March 1, 2021, the "nonrevenue fleet" automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for the 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 with the exception of the Authority.

On March 1, 2021, the "Access-A-Ride" automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for the MTA New York City Transit's Access-A-Ride program, including the contracted operators. This policy provides a $1 million per occurrence limit excess of a $2 million self-insured retention.

Property Insurance—Effective May 1, 2021, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2021, FMTAC directly insures property damage claims of the Related Entities in excess of a $25 million per occurrence deductible, subject to an annual $75 million aggregate deductible. The total All Risk program annual limit is $500 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $500 million per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of $100 million of fully collateralized earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 12, 2020 to April 30, 2023. The expanded protection is reinsured by MetroCat Re Ltd. 2020-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2020-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index value.

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

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any “certified” act of terrorism up to a maximum recovery of $215 million for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the “certified” acts of terrorism insurance or (3) 100% of any “certified” terrorism loss which exceeds $5 million and less than the $200 million TRIPRA trigger up to a maximum recovery of $200 million for any occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $215 million. Recovery under the terrorism policy is subject to a deductible of $25 million per occurrence and $75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities’ deductible in any one year exceed $75 million future losses in that policy year are subject to a deductible of $7.5 million. The terrorism coverages expire at midnight on May 1, 2023.

During 2021 there were zero FMTAC excess loss claim reimbursements to the Authority. FMTAC had open claims for the Authority at December 31, 2021. At December 31, 2021, FMTAC had $1,081.8 million of assets to insure current and future claims.

12. CONTINGENCIES

The Authority is involved in various litigation and claims involving personal liability claims and certain other matters. The ultimate outcome of these claims and suits cannot be predicted at this time. Nevertheless, management does not believe that the ultimate outcome of these matters will have a material effect on the consolidated financial position of the Authority.

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

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, in 2021 and 2020, the Authority recognized $35.2 million and $115.7 million, respectively, in pollution remediation expenses. The expense provision was measured at its current value utilizing the prescribed expected cash flow method (see Note 2). Pollution remediation obligations are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. The Authority does not expect any recoveries of cost that would have a material effect on the recorded obligations.

A summary of the activity in pollution remediation liability at December 31, 2021 and 2020, were as follows (in thousands):

	2021	2020
Balance at beginning of year	$ 99,635	$ 82,860
Activity during the year:		
Changes in estimates	35,227	115,676
Payments	(37,438)	(98,901)
Balance at end of year	97,424	99,635
Less current portion	(19,485)	(19,927)
Long-term liability	$ 77,939	$ 79,708

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

13. CONDENSED COMPONENT UNIT INFORMATION

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

December 31:	**2021**	**2020**
Current assets	$ 8,470	$ 7,246
Capital assets	680,956	569,168
Deferred outflows of resources	351,830	329,940
Total assets and deferred outflows of resources	1,041,256	906,354
Current liabilities	582,496	545,857
Non-current liabilities	1,807,223	1,621,628
Deferred inflows of resources	3,896	115,036
Total liabilities and deferred inflows of resources	2,393,615	2,282,521
Net Investment in capital assets	667,775	556,875
Unrestricted	(2,020,134)	(1,933,042)
Total net position	$ (1,352,359)	$ (1,376,167)
For the Year Ended December 31:		
Fare revenue	$ 249,883	$ 194,552
Advertising and other revenue	14,499	14,295
Total operating revenue	264,382	208,847
Total labor expenses	1,173,324	1,117,187
Total non-labor expenses	138,774	71,705
Depreciation	89,028	85,646
Total operating expenses	1,401,126	1,274,538
Operating (deficit) surplus	(1,136,744)	(1,065,691)
Loss before capital contributions	(1,136,744)	(1,065,691)
Capital contributions	1,160,552	363,000
Change in net position	23,808	(702,691)
Net position, beginning of the year	(1,376,167)	(673,476)
Net position, end of year	$ (1,352,359)	$ (1,376,167)

14. NOVEL CORONAVIRUS (COVID-19)

On March 12, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in the face of the global spread of the virus. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China, and has since spread globally, including to the United States and to New York State. On March 7, 2020, Governor Cuomo declared a Disaster Emergency in the State of New York. On March 13, 2020, President Trump declared a national state of emergency as a result of the COVID-19 pandemic. By order of Governor Cuomo ("New York State on PAUSE"), effective March 22, 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The PAUSE order was lifted on May 15, 2020 for five New York regions that met the requirements to start opening. However, a new order was signed by Governor Cuomo on May 15, 2020 extending the PAUSE to June 13, 2020 for New York City, Long Island, and the Hudson Valley. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a sharp decline in the utilization of MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, and MTA Bridge and Tunnel crossing traffic and toll revenues. A significant development has been the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID-19 were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15, 2021 after the State reached its goal of 70% of adults receiving at least a first dose of the vaccine. MTA has seen ridership steadily improve since the low point of ridership during the pandemic in 2020; however, the surge from the Omicron variant in mid-December has slowed ridership growth.

Coronavirus Aid, Relief and Economic Security Act ("CARES Act'). The CARES Act is a $2.2 trillion economic stimulus bill passed by Congress and signed into law by the President on March 27, 2020 in response to the economic fallout of the COVID-19 pandemic in the United States. The CARES Act through the Federal Transit Administration's ("FTA") formula funding provisions provided approximately $4 billion to MTA. Funding was provided at a 100 percent Federal share, with no local match required, and is available to support operating, and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders. On May 8, 2020, the FTA approved MTA's initial grant application of $3.9 billion. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 in additional formula grant allocations to MTA for a CARES Act grant total of $4.0 billion. As of December 31, 2020, a total of $4.0 billion was released to MTA for operating assistance that occurred from January 20, 2020, through July 31, 2020.The MTA has received all CARES Act funding as provided in the first congressional relief package.

Federal Reserve Bank of New York's Municipal Liquidity Facility LLC ("MLF"). Due to the COVID-19 pandemic, the Federal Reserve established the MLF in April 2020 as a source of emergency financing by being available to purchase up to $500 billion of short-term notes from state and local governments and certain public entities to ensure they had access to credit during the COVID-19 pandemic. MTA was able to utilize the MLF twice before the MLF window closed at the end of December 2020. On August 26, 2020, MTA directly placed with the MLF $450.72 Transportation Revenue BANs, Series 2020B, which were issued to retire existing Transportation Revenue BANs maturing on September 1, 2020.The MTA subsequently retired the MLF $450.72 Transportation Revenue BANs, Series 2020B, with an issuance of Dedicated Tax Funds bonds on March 1, 2022. MTA issued into the MLF a second time by directly placing $2.907 billion Payroll Mobility Tax BANs issued for working capital on December 17, 2020. The $2.907 billion MLF loan matures in 2023.

Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA"). On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental

Appropriation Act of 2021 (“CRRSAA”) that includes $900 billion for various COVID-19 economic relief programs to address hardships caused by the coronavirus pandemic and a $1.4 trillion government funding package to fund the government through September 30, 2021. Included in the legislation is $45 billion in financial assistance to the transportation industry, including $16 billion for another round of airline employee and contractor payroll support: $14 billion for transit; $10 billion for highways; $2 billion for intercity buses; $2 billion for airports; and $1 billion for Amtrak. The MTA received $4.1 billion in aid from the CRRSAA between December 2021 of $0.6 million and January 2022 of $3.5 billion.

American Rescue Plan Act (“ARPA”). On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (“ARPA”). The $1.9 trillion package is intended to combat the COVID-19 pandemic, including the public health and economic impacts. The package includes $30 billion of direct federal aid to transportation agencies. Release of such funds was awaiting agreement on the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut which was made on November 9, 2021. The MTA expects to receive initially $6.1 billion in aid from ARPA in 2022. In September of 2021, additional Assistance funding was made available to transit systems demonstrating additional pandemic associated needs. Details on the receipts and timing of the additional assistance is not yet available.

Federal Emergency Management Agency (“FEMA”) Reimbursement. The MTA is eligible for FEMA payments which are expected to cover expenses related to the COVID-19 pandemic, over and above normal emergency costs that are not covered by other federal funding. An estimated $651.7 of direct COVID-19 related expenses incurred from the start of the pandemic through December 31, 2021, the cut-off date established by FEMA, was submitted by MTA to FEMA for reimbursement.

***Commercial Bank Lines of Credit*—**As part of the MTA’s liquidity resources, the MTA has three available commercial lines of credit totaling $2.150 billion, two of which are taxable revolving credit agreements and one of which is a taxable term credit agreement. The agreements were entered into pursuant to the Transportation Revenue Anticipation Note Resolution, amended and restated through May 20, 2020. Draws under the credit agreements will be evidenced by revenue anticipation notes.

- On August 24, 2017, MTA entered into a taxable revolving credit agreement with JPMorgan Chase Bank, National Association that is active through August 24, 2022, and is for a total available credit of $800 million.

- On August 24, 2019, MTA entered into a taxable revolving credit agreement with Bank of America, National Association that is active through August 24, 2022, and was amended on April 6, 2020, increasing the line of credit to $400 million.

- On May 22, 2020, MTA entered into a taxable credit agreement with JPMorgan Chase Bank, National Association, as administrative agent, and Industrial and Commercial Bank of China Limited, New York Branch, and Bank of China, New York Branch, collectively as lenders, for a line of credit of $950 million with a commitment termination date of May 22, 2022.

- To provide liquidity, MTA drew on its commercial bank lines of credit in 2020 in the amount of $476 million; the lines of credit are expected to be repaid in 2022.

15. SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through May 27, 2022, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2021. As of May 27, 2022, there were no subsequent events that required recognition or disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability:							
Service cost	$ 95	$ 90	$ 87	$ 84	$ 82	$ 77	$ 72
Interest	267	265	256	246	237	233	224
Differences between expected and actual experience	(1)	9	6	12	14	(69)	(2)
Change of assumptions	-	169	-	6	-	-	-
Benefit payments and withdrawals	(238)	(221)	(214)	(209)	(188)	(180)	(175)
Net change in total pension liability	123	312	135	139	145	61	119
Total pension liability—beginning	4,123	3,811	3,676	3,537	3,392	3,331	3,212
Total pension liability—ending(a)	4,246	4,123	3,811	3,676	3,537	3,392	3,331
Fiduciary net position:							
Employer contributions	159	206	205	202	221	215	226
Member contributions	25	24	22	20	19	16	15
Net investment income	60	447	(88)	350	212	(24)	105
Benefit payments and withdrawals	(238)	(221)	(214)	(209)	(188)	(180)	(175)
Administrative expenses	-	-	-	-	-	-	-
Net change in plan fiduciary net position	6	456	(75)	363	264	27	171
Plan fiduciary net position—beginning	3,300	2,844	2,919	2,556	2,292	2,265	2,094
Plan fiduciary net position—ending(b)	3,306	3,300	2,844	2,919	2,556	2,292	2,265
Employer's net pension liability—ending(a)-(b)	$ 940	$ 823	$ 967	$ 757	$ 981	$ 1,100	$ 1,066
Plan fiduciary net position as a percentage of the total pension liability	77.9 %	80.0 %	74.6 %	79.4 %	72.3 %	67.6 %	68.0 %
Covered-employee payroll	802	787	776	750	717	687	653
Employer's net pension liability as a percentage of covered-employee payroll	117.1 %	104.6 %	124.6 %	100.9 %	136.8 %	160.1 %	163.2 %

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available. In accordance with GASB No. 68, information was not readily available for periods prior to 2014.

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IN THE NYCERS PENSION PLAN AT JUNE 30
(In millions)

	2021	2020	2019	2018	2017	2016	2015
The Authority's proportion of the net pension liability	21.285 %	23.207 %	23.271 %	22.527 %	22.788 %	22.227 %	22.380 %
The Authority's proportionate share of the net pension liability	$ 1,365	$ 4,892	$ 4,310	$ 3,973	$ 4,732	$ 5,400	$ 4,530
The Authority's actual covered-employee payroll	$ 3,504	$ 3,388	$ 3,256	$ 3,090	$ 3,024	$ 2,930	$ 2,862
The Authority's proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	38.955 %	144.392 %	132.371 %	128.576 %	156.481 %	184.300 %	158.277 %
Plan fiduciary net position as a percentage of the total pension liability	93.144 %	76.933 %	78.836 %	78.826 %	74.805 %	69.568 %	73.125 %

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

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

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

MaBSTOA	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Actuarially Determined Contribution	$ 156.2	$ 159.5	$ 209.3	$ 202.5	$ 202.9	$ 220.7	$ 214.9	$ 226.4	$ 234.5	$ 228.9
Actual Employer Contribution	156.2	159.5	206.4	205.4	202.7	220.7	214.9	226.4	234.5	228.9
Contribution Deficiency (Excess)	$ -	$ -	$ 2.9	$ (2.9)	$ 0.2	$ -	$ -	$ -	$ -	$ -
Covered Payroll	768.9	802.1	786.6	776.2	749.7	716.5	686.7	653.3	582.1	576.0
Contributions as a % of Covered Payroll	20.31 %	19.9 %	26.2 %	26.5 %	27.0 %	30.8 %	31.3 %	34.7 %	40.3 %	39.7 %

NYCERS	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Actuarially Determined Contribution	$ 807.7	$ 841.9	$ 904.1	$ 768.4	$ 759.6	$ 753.2	$ 694.4	$ 708.2	$ 702.9	$ 695.8
Actual Employer Contribution	$ 807.7	841.9	904.1	768.4	759.6	753.2	694.4	708.2	702.9	695.8
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	3,518.0	3,644.7	3,784.2	3,841.0	3,624.4	3,386.1	3,344.3	3,449.1	2,811.1	2,797.7
Contributions as a % of Covered Payroll	23.0 %	23.1 %	23.9 %	20.0 %	21.0 %	22.2 %	20.8 %	20.5 %	25.0 %	24.9 %

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO ALL PENSION PLANS:

The following actuarial methods and assumptions were used in the January 1, 2020 and 2019 funding valuation for the MaBSTOA pension plan as follows:

	MaBSTOA	
Valuation Date	January 1, 2020	January 1, 2019
Measurement Date	December 31, 2020	December 31, 2019
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, period specified in current valuation report. Fresh start based as of 1/1/2020 will be determined based on the Plan's unfunded Entry Age Normal liability less amortization balances of remaining plan change base. 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 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	2.25% per annum	2.5% 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, 8.5% of base salary for operating employees and 3.0% of base salary for nonoperating employees, with different assumptions used in the year before retirement. For Tier 6 members, all overtime was assumed to be less than the overtime cap.	Except for managerial employees, 8.5% of base salary for operating employees and 2.0% of base salary for nonoperating employees, with different assumptions used in the year before retirement. For Tier 6 members, all overtime was assumed to be less than the overtime cap.
Cost-of-Living Adjustments	1.35% per annum	1.35% per annum
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)

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO ALL PENSION PLANS:

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

Changes of Benefit Terms
There were no changes of benefit terms in the June 30, 2020 funding valuation.

Changes of Assumptions
There were no changes of benefit assumptions in the June 30, 2020 funding valuation.

(Concluded)

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

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

Plan Measurement Date (December 31)	2020	2019	2018	2017
The Authority's proportion of the net OPEB liability	67.5 %	68.70 %	67.83 %	67.88 %
The Authority's proportionate share of the net OPEB liability	#######	$ 14,507	$ 13,281	$ 13,784
The Authority's covered payroll	$ 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	370.80 %	317.37 %	287.65 %	380.88 %
Plan fiduciary net position as a percentage of the total OPEB liability	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.

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

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

	2021	2020	2019	2018	2017
Actuarially Determined Contribution	n/a	n/a	n/a	n/a	n/a
Actual Employer Contribution (1)	$ 576.8	$ 236.7	$ 505.6	$ 468.8	$ 441.9
Contribution Deficiency (Excess)	n/a	n/a	n/a	n/a	n/a
Covered Payroll	3,644.7	4,446.8	4,570.8	4,617.2	3,618.6
Actual Contribution as a Percentage of Covered Payroll	15.4 %	11.01 %	11.06 %	10.15 %	12.21 %

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $9.6, $12.8, $21.3, $19.9 and $19.6 for the years ended December 31, 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, 2019	July 1, 2019
Measurement date	December 31, 2020	December 31, 2019
Discount rate	2.12%	2.74%
Inflation	2.25%	2.25%
Actuarial cost method	Entry Age Normal	Entry Age Normal
Investment rate of return	2.12%	5.75%

Changes of benefit terms: In the July 1, 2019 actuarial valuation, there were no changes to the benefit terms.

Changes of assumptions:. In the July 1, 2019 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.

Metropolitan Transportation Authority ("MTA") Long Island Rail Road

(Component Unit of the MTA)

Financial Statements as of and for the Years Ended December 31, 2021 and 2020, Required Supplementary Information, and Independent Auditors' Report

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

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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, 2021 AND 2020
(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 ("LIRR"), a component unit of the Metropolitan Transportation Authority ("MTA"), for the years ended December 31, 2021 and 2020. 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, 2021 and 2020, 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 not reported in the MTA LIRR's financial statements because the resources of that fund are not available to support MTA LIRR's own programs. 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.

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, 2021 and 2020. 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 dollar amounts are in thousands.

Total Assets, Distinguishing Between Noncurrent Assets, Current Assets and Deferred Outflows of Resources

(Dollars in thousands)

	As of December 31,			Increase/(Decrease)	
	2021	2020	2019	2021–2020	2020–2019
Total noncurrent assets	$ 9,889,457	$ 8,843,901	$7,881,528	$ 1,045,556	$ 962,373
Total current assets	596,485	489,746	394,608	106,739	95,138
Total deferred outflows of resources	1,046,571	691,843	558,738	354,728	133,105
Total assets and deferred outflows of resources	$11,532,513	$10,025,490	$8,834,874	$ 1,507,023	$1,190,616

Significant Changes in Assets and Deferred Outflows of Resources—

In 2021, capital assets increased by $1,045.6 million or 11.8% compared to December 2020. The major components of the increase are related to capital 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 $975,905. The increase is primarily due to the following projects: newly constructed yard assets from developer for $266,597 (refer to note 5 of the audited financial statements), additional M-9 cars put into service $129,600, Amtrak territory improvements for $65,242, Long Beach system restoration for $61,139, the LIRR concrete tie program for $51,767, Main Line north track siding west of Hicksville Station for $45,949, Track programs totaling $82,851, Fiber Optic Network additions of $31,672, Signal normal replacement program totaling $31,184, Implementation of a Positive Train Control (PTC) System on new M-9 trains for $28,874, installation of wireless communication services and Dark Fiber Network from licensee at Atlantic Terminal, Atlantic Avenue Tunnel and Jamaica Station for $27,333 and construction of a new 12 car stub-ended pocket track east of Massapequa was completed for $23,589. In addition, LIRR had additional costs for the 33rd Street and 7th Avenue entrance for Penn Station of $18,754. Lastly, there were additions of $111,354 for various individual capital projects.

Significant changes to construction work-in-progress resulted from the following:

- The net Increase in construction work-in-progress of $486,505 included $457,255 for the LIRR Expansion Project of the Main Line Third Track between Floral Park and Hicksville.

These increases are partially offset by increases in accumulated depreciation and amortization of $416,855.

Current assets increased in 2021 by $106,739 or 22.8% primarily due to the additional accrual of $99,587 for the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funds allocation from the Grant Anticipation Notes (GANS) proceeds to be received from MTA Head Quarters.

Deferred outflows of resources increased by $354,728 or 51.2% due to the increase in deferred outflows. Deferred outflows for postemployment benefits other than pensions increased by $272M and deferred outflows for pensions increased by $83M per the actuarial report. Refer to Note 7 and Note 8 of the audited financial statements for further information, respectively.

In 2020, capital assets increased by $962.4 million or 12.2% compared to December 2019. The major components of the increase are related to capital 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:

- Improvements to MTA LIRR's infrastructure road-assets continued under the 2019 Track Program that provided replacement of various track elements and branches at a cost of $61.9 million. LIRR had additional costs for the Main Line Double Track of $30.8 million. The Right of Way Fencing project had costs of $4.1 million. High security fencing was installed along the LIRR Right of Way. The new high security fencing will mitigate identified hazards on the ROW for the protection of LIRR customers, employees, and the communities. Signal power lines were replaced and/or upgraded across various locations at a cost of $2.6 million. This included replacing or upgrading aged, deteriorated, and inadequate signal power lines systemwide that are beyond their useful life to address State of Good Repair needs. Selected power poles were replaced and upgraded based on age and condition systemwide with fiberglass power poles at a cost of $2.3 million to ensure the power pole system is maintained in a State of Good Repair. Replacements of the DC relay controls at select substations were done at a cost of $1.2 million to improve LIRR power system reliability. These improvements will provide the LIRR with the ability to better analyze and control the amount of energy that is transferred between the power feeds and the tracks.

- The Enhanced Station Initiatives project enhanced the appearance, function, safety, and customer experience at 14 LIRR stations: Deer Park, Brentwood, Merrick, Stony Brook, Syosset, East Hampton, Bellmore, Farmingdale Great Neck, Bayside, Northport, Valley Stream, Ronkonkoma, and Baldwin at a total cost of $95.0 million. Bridge Replacements of two LIRR bridges over North Main Street and Accabonac Road in East Hampton on the Montauk Branch were completed at a cost of $11.9 million. Upgrades to the Hillside Maintenance facility were completed at a cost of $7.3 million. Improvements to the Port Washington Substation continued from prior year at a cost of $5.0 million. Additional costs of $4.8 million for the Main Line Double Track project were incurred. Rehabilitation of Springfield and Union Turnpike bridges were completed at a cost of $5.4 million. The Enhanced Station Initiative at Port Jefferson Station on the Port Jefferson Branch in Suffolk County totaled $6.6 million. Work included construction of new stamped concrete sidewalks, parking lot rehabilitation, repaving and striping, new curbs and planters, and station building exterior brick renewal. The Mentor Station Component Replacement project included rehabilitation to two stations: Laurelton Station and Locust Manor Station at a cost of $3.9 million. Station Enhancements to the Stewart Manor Station to improve the appearance of the station were completed at a cost of $2.0 million. Improvements included installation of new art glass within the platform shelter sheds, landscaping, new stamped concrete sidewalks, bike racks, and new curbs. Rehabilitation of the two-track Flushing Main Street Bridge is completed costing $2.6 million. Bridge rehabilitation included new bearings and bridge deck waterproofing as well as repairs to the concrete underdeck, girders, parapets. Lastly, various structural improvements resulted in an additional $21.0 million increase to buildings and structures.

- Twenty-Six M9 rail cars entered passenger service in 2019 for additional costs of $70.2 million. The new cars incorporate and improve upon the most successful and popular features of the LIRR's familiar M7 electric cars.

- The LIRR centralized control of all LIRR train movement to a full centralized train control system within the JCC building at a cost of $29.0 million. The project included the initial architectural fit-out of the CTC facility, with furnishings and installation of flooring, ceiling, electrical, security, communication, and fire suppression systems. The lost and found office at Penn Station was renovated at an additional cost of $1.1 million.

- Non-revenue vehicle purchases totaled $17.0 million in 2019. A Wheel Lathe Truer was purchased for $14.8 million. There were additional costs of $1.2 million for the purchase of a bucket truck under emergency equipment. Eight-three advertising displays at LIRR train stations were installed totaling $2.8 million. The purchases of various types of machinery and equipment including security cameras resulted in an additional $2.6 million increase to machinery and equipment.

Significant changes to construction work-in-progress continued in the following areas:

- Signal and communication construction work-in-progress increased by $76.2 million due to the emphasis on Positive Train Control on all main-line tracks to maintain compliance with Rail Safety Improvement Act of 2018, the continuing build up and upgrade of the LIRR fiber optic network and the signal replacement program. These increased were offset by decreases in the Centralized Train Control and Centralized Traffic Control projects.

- Shops & Yards work in progress increased by $76.8 million primarily due to the continuing construction of a new Mid-Suffolk Yard and the new Morris Park Locomotive Shop containing the Diesel Shop, Bone Yard, Stores Building and Employee Facilities. These increases are primarily offset by a decrease in Rolling Stock Support Equipment.

- Passenger cars work in progress incurred an additional cost of $39.7 million due to continued procurement of new M-9 cars for the East Side Access service, as well as the eventual replacement of the aging M 3 fleet.

- Passenger Station work in progress increased by $26.6 million mainly due to additional costs for the Penn Station new entrance at 33rd Street and 7th Avenue, Nostrand Avenue Station Rehabilitation, new elevators at the Murray Hill Station, new elevators and escalators at Penn Station and the complete renovation of the station master office at Penn Station. These increases were primarily offset by a decrease in Enhanced Initiative projects for upgrades to various passenger stations.

- Line Structures work in progress increased $707.9 million primarily due to the LIRR Expansion Project of the Main Line Third Track between Floral Park and Hicksville, the Jamaica Capacity Improvements project, the annual track program and Other Territory Improvements.

- An increase of $71.1 million resulted from owner-controlled insurance program, program administration, project material, security projects, and NYSDOT projects.

These increases are partially offset by increases in accumulated depreciation and amortization of $349.1 million.

Other assets decreased in 2020 by $2.4 million or 0.6% primarily due to a decrease in the investment account funds received from MTA Head Quarters for the repayment of the prior year loan. The decrease was offset by increases in outstanding prebills and invoices for capital and reimbursable expenditures, such as the five-year capital program, the third track program and east side access.

Deferred outflows of resources increased by $123.9 million or 28.5% due to the increase in deferred outflows for pensions per the actuarial report. See Note 7 of the audited financial statements for further information. The increase was offset by a decrease in deferred outflows for postemployment benefits other than pensions. See Note 8 of the audited financial statements for further information.

Total Liabilities, Distinguishing Between Current Liabilities, Noncurrent Liabilities and Deferred Inflows of Resources

(Dollars in thousands)

	As of December 31,			Increase/(Decrease)	
	2021	2020	2019	2021–2020	2020–2019
Current liabilities	$ 294,704	$ 450,458	$ 383,276	$ (155,754)	$ 67,182
Noncurrent liabilities	4,462,480	3,883,282	3,770,896	579,198	112,386
Deferred inflows of resources	335,429	462,108	264,088	(126,679)	198,020
Total liabilities and deferred inflows of resources	$5,092,613	$4,795,848	$4,418,260	$ 296,765	$377,588

Significant Changes in Liabilities and Deferred Inflows of Resources—

In 2021, total liabilities and deferred inflows of resources increased by $296.8 million or 6.2% compared to 2020.

- Current liabilities decreased by $155.8 million or 34.6% primarily due to the payment of the deferred employer's payroll taxes as part of the CARES Act and payment of the loan due to MTA.
- Noncurrent liabilities increased by $579.2 million or 14.9% primarily due to the increase in Pension liability and other post-employment benefits ("OPEB") liability, which was offset by a decrease in the loans payable to New York Power Authority for energy efficiency projects.
- Deferred inflows of resources decreased by $126.7 million or 27.4% primarily due to the increase in deferred inflows for OPEB and pensions per the actuarial report. The increases were due to changes in several actuarial inputs including changes in proportionate share of liability, discount rates, assumption changes, effect of economic gains and losses, and the effects of projected vs investment earnings. See Note 7 and 8 of the audited financial statements for further information.

In 2020, total liabilities and deferred inflows of resources increased by $377.6 million or 8.6% compared to 2019.

- Current liabilities increased by $67.2 million or 17.5% primarily due to the deferral of the employer's payroll taxes as part of the CARES Act.
- Noncurrent liabilities increased by $112.4 million or 3.0% primarily due to the increase in Pension liability, deferral of payroll taxes resulting from the Coronavirus Aid, Relief, and Economic Security (CARES Act) and estimated liability arising from injuries to persons including employees and damage to third-party property which was offset by a decrease in the other post-employment benefits ("OPEB") liability.
- Deferred inflows of resources increased by $198.0 million or 75.0% primarily due to the increase in deferred inflows for OPEB and pensions per the actuarial report. See Note 7 and 8 of the audited financial statements for further information.

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

	As of December 31,			Increase/(Decrease)	
	2021	2020	2019	2021–2020	2020–2019
Net investment in capital assets	$ 9,866,193	$ 8,817,087	$ 7,852,796	$ 1,049,106	$ 964,291
Unrestricted	(3,426,294)	(3,587,445)	(3,436,182)	161,151	(151,263)
Total net position	$ 6,439,899	$ 5,229,642	$ 4,416,614	$ 1,210,257	$ 813,028

Net Position represents the residual interest in MTA LIRR assets after liabilities are deducted and consist 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.

December 31, 2021 versus 2020

Total net position increased by $1.2 million in 2021. The increase was comprised of operating and capital contributions from the MTA of $2.3 billion, $620.8 from the FTA CRRSAA Grant offset by an operating loss of $1.1 billion.

December 31, 2020 versus 2019

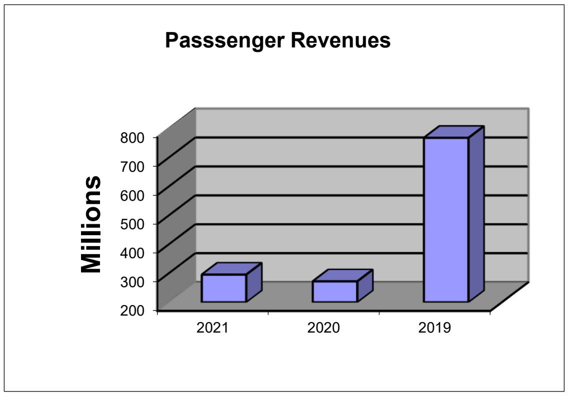
Total net position increased by $813.0 million in 2020. The increase was comprised of operating and capital contributions from the MTA of $2.0 billion, $508.0 million from the FTA Cares Act offset by an operating loss of $1.7 billion.

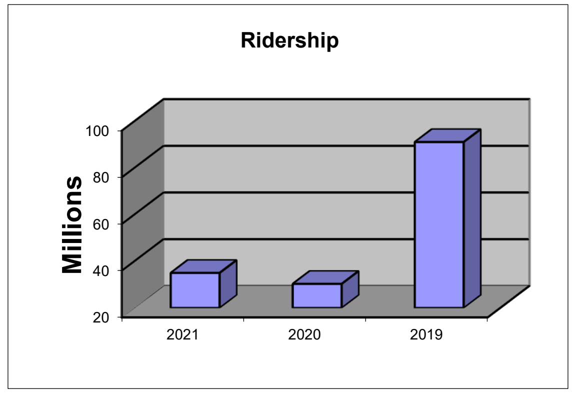
Condensed Statements of Revenues, Expenses and Changes in Net Position

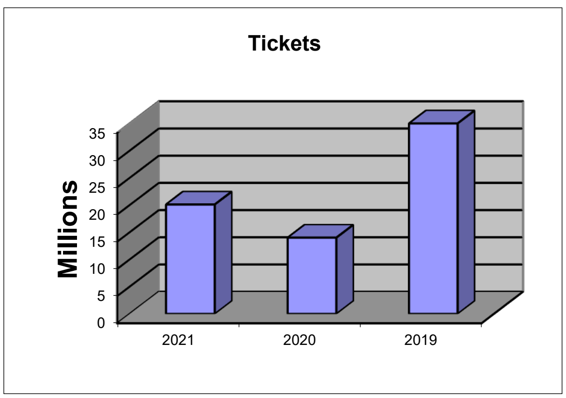
	December 31,		
	2021	2020	2019
Operating revenues	$ 324,705	$ 306,522	$ 809,243
Operating expenses	(2,057,803)	(1,992,469)	(1,998,838)
Operating loss	(1,733,098)	(1,685,947)	(1,189,595)
Nonoperating revenue and capital contributions:			
Operating subsidies from MTA	818,535	619,573	653,179
Capital contributions	1,504,056	1,371,442	1,408,206
FTA Cares Act		507,960	
FTA CRSSA Grant	620,764		
Total nonoperating revenue and capital contributions	2,943,355	2,498,975	2,061,385
Change in net position	1,210,257	813,028	871,790
Net position—beginning of year	5,229,642	4,416,614	3,544,824
Net position—end of year	$ 6,439,899	$ 5,229,642	$ 4,416,614

Revenues and Expenses by Major Source

Operating Revenues







The LIRR finished 2021 with ridership growth, rebounding from the significant drop in 2020 due to the COVID-19 pandemic. The 2021 total ridership was 35.0 million customers, increasing by 15.6% above 2020's 30.3 million ridership. However, when compared to 2019, total ridership decreased 61.5%. Non-Commutation ridership increased 58.6% in 2021 with 25.3 million ridership, outperforming the Commutation ridership that declined by 32.3% in 2021 with 9.7 million ridership.

The MTA LIRR finished the year 2020 with significantly reduced ridership, due to the drastic impact of the COVID-19 pandemic. The 2020 total ridership was 30.3 million customers, decreasing by 66.8% below 2019's record 91.1 million ridership. Non-Commutation ridership decreased by 60.6% in 2020 with 16.0 million ridership, outperforming the Commutation ridership that declined by 71.8% in 2020 with 14.3 million ridership.

Operating Expenses by Categories

	2021	2020	2019	Increase/Decrease 2021–2020	Increase/Decrease 2020–2019
Salaries and wages	$ 673,189	$ 679,342	$ 711,738	$ (6,153)	$(32,396)
Health and welfare	111,430	91,310	86,772	20,120	4,538
Pension	173,381	202,129	125,102	(28,748)	77,027
Other fringe benefits	102,605	96,467	105,946	6,138	(9,479)
Other postemployment benefits (OPEB)	184,081	160,549	192,469	23,532	(31,920)
Electric power	80,487	77,691	80,528	2,796	(2,837)
Fuel	20,434	14,471	20,162	5,963	(5,691)
Insurance	18,403	16,218	20,326	2,185	(4,108)
Claims	7,283	5,276	9,995	2,007	(4,719)
Maintenance and other operating contracts	80,209	70,291	62,181	9,918	8,110
Environmental remediation	1,071	4,390	9,954	(3,319)	(5,564)
Professional service contracts	34,076	31,271	31,001	2,805	270
Materials and supplies	99,455	112,745	147,223	(13,290)	(34,478)
Depreciation and amortization	458,588	414,524	379,199	44,064	35,325
Other expenses	13,111	15,795	16,242	(2,684)	(447)
Total operating expenses	$2,057,803	$1,992,469	$1,998,838	$ 65,334	$ (6,369)

Significant Changes to Operating Expenses in 2021—

Total 2021 operating expenses increased by $65.3 million or 3.3% over 2020 as follows:

- Salaries and wages decreased by $6.2 million or 1.0% primarily due the existence of vacant positions and higher attrition. Overtime decreased primarily due to lower maintenance, and scheduled / unscheduled service, partially offset by the impacts of weather-related events.
- Pension costs decreased by $28.7 million or 14.2% primarily as a result of the latest actuarial valuation report.
- OPEB increased by $23.5 million or 14.7% primarily as a result of the liquidation of the OPEB Trust Fund to pay for benefits and a change in LIRR's proportionate share of Net OPEB liability from 11.48% in 2020 to 11.78% in 2021 per the latest actuarial valuation report.
- Fuel increased by $6.0 million or 41.2% primarily due to higher rates partially offset by lower consumption.
- Maintenance and other operating contracts increased by $9.9 million or 12.4% primarily due to higher elevator / escalator, janitorial and custodial services, security services, emergency busses, waste management, and higher dumpster costs. The increase was partially offset by lower security system maintenance, real estate rental costs, facility maintenance costs, scheduled bussing, and other maintenance costs.
- Environmental remediation decreased by $3.3 million or 9.2% primarily due to a decrease in reserves due lower than anticipated environmental remediation cost.
- Depreciation and amortization increased by $44.1 million or 10.6% primarily due to additional depreciation for the 2021 added depreciable assets.

Significant Changes to Operating Expenses in 2020—

Total 2020 operating expenses decreased by $6.4 million or 0.32% over 2019 as follows:

- Salaries and wages decreased by $32.4 million or 4.6% primarily due the existence of vacant position as a result of the MTA hiring freeze and lower vacation pay accruals. Overtime decreased primarily in the areas of right of way maintenance scheduled/unscheduled service due to management oversight to implement a reduced service plan that delivered sufficient essential service while responding to the effects of COVID

- Pension costs increased by $77.0 million or 61.6% primarily as a result of the latest actuarial valuation report.

- OPEB decreased by $31.9 million or 16.6% primarily as a result of a change in the deferred inflow of LIRR's proportionate share of Net OPEB liability from 12.52% in 2018 to 11.48% in 2019 per the latest actuarial valuation report.

- Fuel decreased by $5.7 million or 28.2% primarily due to lower rates and consumption.

- Maintenance and other operating contracts increased by $8.1 million or 13.0% primarily due to the timing of Engineering right of way conduit cable installation, security system, vegetation management and non-revenue vehicle maintenance. The increase was partially offset by lower real estate rental costs and waste maintenance.

- Environmental remediation decreased by $5.6 million or 55.9% primarily due to a decrease in reserves due lower than anticipated environmental remediation cost.

- Depreciation and amortization increased by $35.3 million or 9.3% primarily due to additional depreciation for new assets capitalized in 2020.

Significant Changes to Nonoperating Revenue and Capital Contributions in 2021

In 2021, MTA LIRR received $620.8 million from the FTA CRRSAA grant. Operating subsidies from the MTA amounted to $818.5 million, increased by $199.0 million or 32.1% compared to 2020. Operating subsidies are provided by MTA to MTA LIRR as part of an MTA approved financial plan.

Increases in operating subsidies primarily relate to:

- Postemployment benefits other the pensions increased by $23.5 million as a result of the liquidation of the OPEB Trust Fund to pay for benefits.

- Fuel increased by $5.9 million due to higher rates and consumption.

- Maintenance and other contracts increased by $9.9 million due to higher elevator / escalator, janitorial and custodial services, security services, emergency busses, waste management, and higher dumpster costs. The increase was partially offset by lower security system maintenance, real estate rental costs, facility maintenance costs, scheduled bussing, and other maintenance costs.

In 2021, nonoperating capital project subsidies from MTA increased by $132.6 million or 9.7%. Nonoperating capital projects subsidies are provided as part of the MTA approved five-year Capital Program. The five-year Capital Program is in year two 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 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 2020

In 2020, MTA LIRR received $508.0 million from the FTA CARES Act grant. Operating subsidies from the MTA decreased by $33.6 million or 5.1%. Operating subsidies are provided by MTA to MTA LIRR as part of an MTA approved financial plan.

Decreases in operating subsidies primarily relate to:

- Payroll decreased by $15.0 million due to a reduction in head count and a decrease in overtime hours.
- Fuel decreased by $4.1 million due to service reductions caused by COVID-19.
- Other business expenses decreased by $7.9 million due to lower credit/ debit fees due to lower ridership caused by the Covid-19 pandemic.

In 2020, nonoperating capital project subsidies from MTA decreased by $36.8 million or 2.6%. Nonoperating capital projects subsidies are provided as part of the MTA approved five-year Capital Program which 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 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 utilization through the fourth quarter of 2021 has rebounded past the depths experienced in 2020, with ridership up by 257.3 million trips (27.0%) over the 2020 ridership level. The first quarter of 2021 was down 296.4 million trips (57.4%) compared with the first quarter of 2020, since COVID-related ridership loss did not begin until the closing weeks of the first quarter of 2020. The second quarter of 2021 reflected gradual increases in ridership from the depths of the COVID pandemic and was up 231.1 million trips (410.1%) compared with the second quarter of 2020. The third quarter of 2021 was also favorable, up 177.3 million trips (117.5%) compared with the third quarter of 2020, and the fourth quarter was up 145.3 million trips (63.2%) compared with the fourth quarter of 2021. The effective shut-down in mid-March 2020 of the metropolitan area in response to the COVID-19 pandemic resulted in a severe decline in the utilization of MTA services that began to slowly improve as effective vaccinations became available and the region moved through State-mandated re-opening phases. During 2021 with vaccinations available, social distancing mandates were eased and the region began moving into a late-pandemic phase with businesses bringing back employees, restaurants and bars increasing seating capacity and cultural institutions reopened. Increases in infections and hospitalizations brought on by COVID-19 variants changed conditions during the latter part of the year and slowed the economic recovery. When compared with 2020, MTA New York City Transit subway ridership increased by 120.4 million trips (18.8%); the fourth quarter change from 2020 was an increase of 109.1 million trips (80.7%). MTA New York City Transit bus increased by 103.0 million trips (49.3%) in 2021, and by 18.7 million trips (27.4%) in the fourth quarter. MTA Long Island Rail Road ridership increased by 4.7 million trips (15.6%) in 2021, while increasing by 5.7 million trips (95.6%) during the fourth quarter, MTA Metro-North Railroad increased by 3.5 million trips (13.0%) in 2021, while increasing by 5.6 million trips (114.1%) during the fourth quarter; MTA Bus increased by 25.5 million trips (55.5%) in 2021, and by 5.9 million trips (39.5%) during the fourth quarter;, and MTA Staten Island Railway increased by 42 thousand trips (3.0%) in 2021, while increasing by 261 thousand trips (103.0%) during the fourth quarter. A note on bus ridership figures: From March 20, 2020 through the end of August 2020, entry onto most buses was only permitted through the rear bus door and fares were not collected, and in these instances, ridership was not counted. Vehicle traffic at MTA Bridges and Tunnels facilities in 2021 increased by 54.1 million crossings (21.4%) compared with crossings during 2020. In the fourth quarter, crossings were up 13.0 million (19.2%) compared with the fourth quarter of 2020. The 2019 New York State Budget approved congestion pricing in Manhattan south of 60th Street, which will likely impact ridership and vehicle crossings once implemented. While originally scheduled to go into effect in 2021, the MTA only received approval on March 30, 2021, after significant delays, by the Federal Highway Administration to proceed with the Environmental Assessment which will allow for the final design and construction of the tolling infrastructure to proceed.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was higher in 2021 than in 2020 by 199.1 thousand jobs (4.9%). On a quarter-to-quarter basis, New York City employment gained 70.5 thousand jobs (1.7%), the sixth consecutive quarterly increase. These increases were preceded by the steep decline of 888.8 thousand jobs (19.0%) during the second quarter of 2020.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 6.9% in the fourth quarter of 2021, according to the most recent advance estimate released by the Bureau of Economic Analysis; in the third quarter of 2021, the revised RGDP increased 2.3 percent. The increase in fourth quarter real GDP reflected increases in private inventory investment, exports, personal consumption expenditures, and nonresidential fixed investment that were partly offset by decreases in both federal and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased. The increase in private inventory investment was led by retail and wholesale trade industries, with inventory investment by motor vehicle dealers the leading contributor for retail trade. The increase in exports reflected increases in both goods and services. The increase in exports of goods was widespread, led by consumer goods, industrial supplies and materials, and foods, feeds, and beverages, while the increase in exports of services was led by travel. The increase in personal consumption expenditures primarily reflected an increase in services, led by health care, recreation, and transportation. The increase in nonresidential fixed investment primarily reflected an increase in intellectual property products that was partly offset by a decrease in structures. The decrease in federal government spending primarily reflected a decrease in defense spending on intermediate goods and services. The decrease in state and local government spending reflected decreases in consumption expenditures (led by compensation of state and local government employees, notably education) and in gross investment (led by new educational structures). The increase in imports primarily reflected an increase in goods (led by non-food and non-automotive consumer goods, as well as capital goods). The acceleration in real GDP in the fourth quarter primarily reflected an upturn in exports, accelerations in private inventory investment and personal consumption expenditures, and smaller decreases in residential fixed investment and federal government spending that were partly offset by a downturn in state and local government spending. Additionally, imports accelerated.

The New York City metropolitan area's price inflation, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was lower than the national average in the fourth quarter of 2021, with the metropolitan area index increasing 4.6% while the national index increased 6.7% when compared with the fourth quarter of 2020. Regional prices for energy products increased 25.5%, while national prices of energy products rose 30.8%. In the metropolitan area, the CPI-U exclusive of energy products increased by 3.5%, while nationally, inflation exclusive of energy products increased 5.1%. The New York Harbor spot price for conventional gasoline increased substantially more, by 89.1%, from an average price of $1.25 per gallon to an average price of $2.36 per gallon between the fourth quarters of 2020 and 2021.

In its announcement on May 4, 2022, the Federal Open Market Committee ("FOMC") raised its target for the Federal Funds rate to the range of 0.75% to 1.00%. Previously, on March 16, 2022, the FOMC raised its target for the Federal Funds rate to the range of 0.25% to 0.50%. Prior to the March 16 increase, the Federal Funds rate target range was 0.00% to 0.25%, and was last changed on March 15, 2020, when it was reduced from a range of 1.50% to 1.75%. The FOMC cites the invasion of Ukraine by Russia as causing uncertainty for the US economy, creating additional upward pressure on inflation which will weigh on economic activity. Additionally, COVID-related lockdowns in China are likely to exacerbate supply chain disruptions. While economic activity edged down in the first quarter of 2022, household spending and fixed business investment remained strong. Job gains have been robust, and the national unemployment rate has declined substantially. Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices and broader price pressures. The FOMC seeks to achieve maximum employment and a 2 percent inflation rate over the longer run, and with appropriate firming of its monetary policy stance, the FOMC expects to achieve these goals. The FOMC also plans to begin, on June 1, reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The FOMC will continue to assess the economic outlook and is prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the FOMC's employment and inflation goals.

On March 27, 2020, the CARES Act was signed into law and provided $4.0 billion in funding to the MTA, which assisted in covering operating losses through late July. The CRRSAA Act became law on December 27, 2020; the MTA received $4.1 billion from CRRSAA between in late December 2021 and January 2022. More recently, on March 11, 2021, the American Rescue Plan Act of 2021 ("ARPA") was signed in law, and MTA expects to receive $6.4 billion in aid from ARPA.

The influence of the Federal Reserve's monetary policy on the mortgage market is a matter of interest to the MTA, since variability of mortgage rates can affect the number of real estate transactions and thereby impact receipts from the Mortgage Recording Taxes ("MRT") and the Urban Taxes, two important sources of MTA revenue. While real estate transaction activity initially was severely impacted by social distancing and the economic disruption caused by the COVID-19 pandemic, demand for suburban residential real estate and historically low mortgage rates for refinancing resulted in strong MRT revenue. Mortgage Recording Tax collections in the fourth quarter of 2021 were higher than the fourth quarter of 2020 by $36.7 million (29.2%). Average monthly receipts in the fourth quarter of 2021 were $9.6 million (15.1%) 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 2021—which are based on 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 $45.1 million (56.1%) higher than receipts during the fourth quarter of 2020.

Average monthly receipts in the fourth quarter of 2021 were $37.9 million (51.4%) 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 2021, the LIRR's On time performance ("OTP") was 96.3%, an increase of .40% from the 2020 OTP rate of 95.9%.

The M7 fleet, with a mean distance between failures (MDBF) of 404,103 miles, continued to be the strongest contributor in the LIRR's fleet reliability achievements. The RCM program and rigorous maintenance strategies contributed to this outstanding reliability performance.

The Maintenance of Equipment Department's strategic maintenance efforts also helped sustain high C3 fleet reliability, which reached an MDBF of 152,457—exceeding the goal by 48%. The combined diesel fleet achieved an MDBF of 70,158 miles, which exceeded the goal by 38%.

At the end of 2021, the multiple unit (MU) electric fleet consisted of 826 M7, 116 M9 and 80 M3 cars available for revenue service. The diesel fleet consisted of 134 C3 coach cars and 45 diesel locomotives.

New M-9 rail cars entered passenger service on September 11, 2019. The new cars incorporate and improve upon the most successful and popular features of the MTA's two recent electric car fleets, the LIRR's familiar M-7 electric cars and the M8 cars serving Metro-North's New Haven Line. A total of 202 cars are expected to be put into revenue service over the next several years.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program—The LIRR Modernization Program is a multi-billion-dollar investment in the regional transportation infrastructure that aims to foster Long Island's economic growth for generations to come. This comprehensive program to reconstruct and improve the LIRR system moves forward with planning, design, and construction. These projects range from significant system expansion efforts, such as the LIRR Expansion Project from Floral Park to Hicksville and East Side Access, to improvements to existing infrastructure, such as bridge replacements, substation replacements, and station enhancements. Collectively, these projects will work together to improve the overall LIRR system efficiency and reliability. Several major projects were completed, and others remain ongoing.

The refurbishment of LIRR owned elevators and escalators in Penn Station was completed. Five elevators and 14 escalators were updated to meet all applicable codes and standards. The elevators are now equipped with telephone and video cameras, and the escalators are equipped with sleep mode technology.

The construction of a new 12-car stub-ended pocket track east of Massapequa was completed. This project was required as part of the East Side Access Readiness initiative.

The replacement of various systems along the Long Beach Branch was completed. The work included the Communication, Power, and Signals systems. Elevated signal huts have been installed to minimize the risk associated with future storms.

The LIRR-to-AirTrain Wayfinding Improvements at Jamaica Station Project was completed. The project has resulted in major signage and wayfinding enhancements at the Jamaica Transit Hub, making it easier for LIRR, Subway, Bus, and PANYNJ JFK AirTrain customers to navigate the complex transfer environment, especially for visitors traveling through JFK who are otherwise unfamiliar with Jamaica station.

The 2021 LIRR Annual Track Program was completed. The program included installing 42,436 concrete ties on the Port Washington and Atlantic Branch; installing 159,823 linear feet of continuous welded rail (CWR) on the Port Washington and Atlantic Branch; installing five switches on the Main Line and Montauk Branch; completing 310 field welds; surfacing 30 miles of track on the Port Washington and Atlantic Branch and systemwide and surfacing 14 switches systemwide.

The 2021 Concrete Tie program was completed. The program included the following work on the Port Washington Branch: installing 6,000 ties, installing 24,636 linear feet of continuous welded rail, and surfacing 2 miles of track.

OTHER

Customer Service—Keeping customers fully informed in real-time is a high priority of the LIRR, and the Rail Road continues to explore ways to improve in this area. The LIRR Public Information Office (PIO) continues to enhance messaging protocols to provide customers with recovery estimates for service disruptions and early morning messages in advance of anticipated disruptions. Since January 2019, riders seen exactly where their trains are, in real-time, thanks to the Train Time Mobile Application. This tool uses real-time GPS tracking technology, enabling our customers to pull up the location of their train and expected time of arrival. It also provides information such as the car length of a train, train direction, and whether the train is diesel or electric. The Train Time mobile application rolled out an enhanced feature in 2021 which provides accessibility information for a specific station by locating elevators, escalators and ramps at both customer's origin and designation station. This allows the user to see precisely where the elevators, escalators and ramps are available along the station platform. Real-time data provides customers with elevators and escalators that are currently out of service.

The LIRR continued to enhance the availability of onboard seating/crowding information at station platforms by replacing and upgrading electronic signs at selected stations. The new digital platform signs provide a diagram of an arriving train, displaying available seating capacity in each car and the observer's relative position along the platform. This allows customers to position themselves along the platform to align with a train car that is less crowded and has more available seating.

The LIRR also continued the railroad's popular LIRR Care Program, which provides personalized attention for first time LIRR travelers and customers requiring special assistance when boarding or exiting LIRR trains. The program, adapted to include COVID-19 protocols, is one of the new initiatives LIRR is exploring to accommodate Americans with Disabilities Act (ADA) customers better. With COVID-19 protocols, Ambassadors are now required to offer and hand out masks to traveling customers.

Customer Amenities—During 2021, LIRR completed and advanced several improvement projects, that will enhance the customer experience. These included:

- In 2021, 48 new M9 rail cars entered passenger service. The new cars incorporate and improve upon the most successful and popular features of the MTA's two recent electric car fleets, the LIRR's familiar M7 electric cars and the M8 cars serving Metro-North's New Haven Line. A total of 202 cars are expected to be put into revenue service over the next several years.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Impacts from Global Coronavirus Pandemic:

On March 12, 2020, the World Health Organization declared the current novel coronavirus ("COVID-19") outbreak to be a pandemic in the face of the global spread of the virus. By order of Governor Cuomo ("New

York State on PAUSE"), effective March 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a severe decline in the utilization of MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, and MTA Bridge and Tunnel crossing traffic and toll revenues. Social distancing mandates has eased, and the region moved into a late-pandemic phase. A significant development has been the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID-19 were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15 after the State reached its goal of 70% of adults receiving at least a first dose of the vaccine. Ridership levels continue to show improvement, although ridership remains significantly below pre-pandemic levels. MTA New York City Subway resumed 24 hours a day service on May 17, 2021, after subway service was shut down overnight for over a year to allow for thorough disinfecting of the system and other enhancements. MTA Long Island Rail Road currently operates on an 87% pre-pandemic service level. MTA Metro-North Railroad currently operates on an 89% pre-pandemic service level during the week and 100% on weekends relative to pre-pandemic levels.

- ***Ridership and Traffic Update***: Daily ridership on MTA facilities continues to be well-below 2019 levels. While ridership has been steadily increasing, March 31, 2022, ridership compared to the pre-pandemic equivalent day in 2019 is down 44 percent on the subways, 44% for bus (combined NYCT bus and MTA Bus Company), 46% on MTA Metro-North Railroad, and 43% on the MTA Long Island Rail Road. Traffic crossings at MTA Bridges and Tunnels facilities are nearly at pre-pandemic levels with toll revenues comprising approximately 12% of our operating budget net of bridge and tunnel operations and associated debt service.

- ***Federal Legislative Actions***. Three major pieces of federal emergency legislation have provided and will provide incremental federal aid to the MTA. The first was the CARES Act, which was signed into law on March 27, 2020. The CARES Act, through the Federal Transit Administration's ("FTA") formula funding provisions provided $4.0 billion to MTA. The second major COVID-19 pandemic aid bill was the CRRSAA Act, which became law on December 27, 2020. The MTA received $4.1 billion in aid from the CRRSAA between December 2021 of $.6 and January 2022 of $3.5. The third major COVID-19 pandemic aid bill is the $1.9 trillion "American Rescue Plan Act of 2021 ("ARPA") which was signed into law by President Biden on March 11, 2021. On November 9, 2021, an agreement was reached on the allocation of the CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut. MTA is expected to receive approximately $6.1 billion in federal aid from ARPA in 2022, of which a total of $4.9 billion was received as of April 2022 for allocation among the agencies. In September of 2021, Additional ARPA Assistance funding was made available to transit systems demonstrating additional pandemic associated needs. Details on the receipts and timing of the additional assistance is not yet available.

- ***FEMA Reimbursement***. The MTA is eligible for Federal Emergency Management Agency ("FEMA") payments in addition to the CARES Act, CRRSAA and ARPA funding, which are expected to cover expenses related to the COVID-19 pandemic, over and above normal emergency costs that are not covered by other federal funding. An estimated $651.7 of direct COVID-19 related expenses incurred from the start of the pandemic through December 31, 2021, the cut-off date established by FEMA, was submitted by MTA to FEMA for reimbursement.

- For additional information, refer to Note 17 to Long Island Rail Road's Financial Statements for more information regarding the impact from the COVID-19 pandemic.

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MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2021 AND 2020
(Dollars in thousands)

	Business-Type Activities	
	2021	**2020**
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	$ 5,477	$ 5,390
Fare cards	5,683	8,422
Invested funds at MTA	89,091	83,085
Receivables:		
Passenger	1,113	1,564
Due from MTA and affiliated agencies (Note 11)	259,608	170,540
Due from NYSDOT	1,834	3,533
Rents	4,905	3,489
Other	38,386	29,738
Less: allowance for doubtful accounts	(9,929)	(9,095)
Receivables—net	295,917	199,769
Materials and supplies, net of allowance of $56,304 and $54,356 in 2021 and 2020, respectively	167,116	161,478
Prepaid expenses and other current assets	33,201	31,602
Total current assets	596,485	489,746
NONCURRENT ASSETS:		
Capital assets (Notes 2 and 5):		
Land and construction work-in-progress	3,342,196	2,855,691
Other Capital assets, net of accumulated depreciation	6,547,261	5,988,210
Total noncurrent assets	9,889,457	8,843,901
Total assets	10,485,942	9,333,647
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows for pension (Note 7)	599,472	516,426
Deferred outflows for postemployment benefits other than pensions (Note 8)	447,099	175,417
Total deferred outflows of resources	1,046,571	691,843
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 11,532,513	$ 10,025,490

(Continued)

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2021 AND 2020
(Dollars in thousands)

	Business-Type Activities	
	2021	**2020**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 73,744	$ 65,118
Due to MTA and affiliated agencies (Note 11)	22,239	19,355
Loan due to MTA (Note 11)	-	100,000
Accrued expenses and other liabilities:		
Salary, wages and payroll taxes	70,562	142,001
Vacation and sick pay benefits	86,381	82,349
Current portion—retirement and death benefits	1,020	963
Current portion—estimated liability arising from injuries to persons (Note 9)	28,692	26,523
Current portion—loan repayment (Note 10)	3,257	3,403
Environmental remediation (Note 13)	387	1,352
Total accrued expenses	190,299	256,591
Unearned revenues	8,422	9,394
Total current liabilities	294,704	450,458
NONCURRENT LIABILITIES:		
Estimated liability arising from injuries to persons (Note 9)	134,427	133,265
Net pension liability	1,318,655	1,171,746
Postemployment benefits other than pensions (Note 8)	2,875,214	2,424,927
Environmental remediation (Note 13)	27,383	29,260
Loan repayment (Note 10)	20,007	23,411
Other long-term liabilities (Note 14)	86,795	100,673
Total noncurrent liabilities	4,462,481	3,883,282
Total liabilities	4,757,185	4,333,740
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows from pension (Note 7)	11,653	82,328
Deferred inflows from post employment benefits other than pensions (Note 8)	323,776	379,780
Total deferred inflows of resources	335,429	462,108
NET POSITION:		
Net investment in capital assets	9,866,193	8,817,087
Unrestricted deficit	(3,426,294)	(3,587,445)
Total net position	6,439,899	5,229,642
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 11,532,513	$ 10,025,490

See notes to financial statements. (Concluded)

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, 2021 AND 2020
(Dollars in thousands)

	Business-Type Activities	
	2021	**2020**
OPERATING REVENUES:		
Passenger	$ 295,755	$ 272,533
Rents and utilities	17,845	20,437
Advertising	5,199	6,683
Other	5,906	6,869
Total operating revenues	324,705	306,522
OPERATING EXPENSES:		
Salaries and wages	673,189	679,342
Retirement and other employee benefits	387,416	389,906
Postemployment Benefits other than pensions	184,081	160,549
Electric Power	80,487	77,691
Fuel	20,434	14,471
Insurance	18,403	16,218
Claims	7,283	5,276
Maintenance and other operating contracts	80,209	70,291
Environmental remediation	1,071	4,390
Professional service contracts	34,076	31,271
Material and supplies	99,455	112,745
Depreciation and amortization	458,588	414,524
Other	13,111	15,795
Total operating expenses	2,057,803	1,992,469
OPERATING LOSS	(1,733,098)	(1,685,947)
NONOPERATING REVENUES:		
Operating subsidies from MTA	818,535	619,573
Federal Transit Authority ("FTA") Reimbursement	620,764	507,960
Total nonoperating revenues	1,439,299	1,127,533
LOSS BEFORE CAPITAL CONTRIBUTIONS	(293,799)	(558,414)
CAPITAL CONTRIBUTIONS—MTA contributions for capital projects	1,504,056	1,371,442
CHANGE IN NET POSITION	1,210,257	813,028
NET POSITION—Beginning of year	5,229,642	4,416,614
NET POSITION—End of year	$ 6,439,899	$ 5,229,642

See notes to financial statements.

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Dollars in thousands)

	Business-Type Activities	
	2021	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts	$ 294,905	$ 274,086
Rents, advertising, and other receipts	27,682	33,831
Payroll and related fringe	(1,234,390)	(1,015,525)
Other operating expenses	(437,225)	(509,034)
Net cash used in operating activities	(1,349,028)	(1,216,642)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating subsidies from MTA	818,535	619,574
Loan Due to MTA	(100,000)	100,000
FTA reimbursement	620,764	507,960
Cash provided by (used in) noncapital financing activities	1,339,299	1,227,534
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions from MTA	335,967	268,650
Capital expenditures incurred for capital program	(326,151)	(281,111)
Net cash provided by (used in) in capital financing activities	9,816	(12,461)
NET DECREASE IN CASH	87	(1,569)
CASH—Beginning of year	5,390	6,959
CASH—End of year	$ 5,477	$ 5,390
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$(1,733,098)	$(1,685,948)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	458,588	414,524
Net increase in accounts payable, accrued expenses, other liabilities, unearned revenues	42,037	277,589
Net increasein receivables	(112,057)	(80,264)
Net increase in materials and supplies, prepaid expenses and other current assets, other assets	(4,498)	(142,543)
NET CASH USED IN OPERATING ACTIVITIES	$(1,349,028)	$(1,216,642)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital assets	$ 1,177,993	$ 1,095,785
Capital assets related liabilities	97,399	99,642
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	$ 1,275,392	$ 1,195,427

See notes to financial statements.

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

STATEMENTS OF FIDUCIARY NET POSITION AS OF DECEMBER 31, 2021 AND 2020 (Amounts in thousands)

	Pension Trust Fund	
	2021	**2020**
ASSETS:		
Cash	$ 2,956	$ 1,480
Investments at fair value	769,265	755,909
Receivables:		
Participant and union contributions	(20)	(6)
Other receivable	6	3
Variation Margin	57	94
Securities sold	138	2,769
Amount due from MTA DB Plan - Employer Contribution	1,295	
Accrued interest and dividends	338	375
Total receivables	1,815	3,235
Total assets	774,036	760,623
LIABILITIES:		
Due to broker for securities purchased	984	542
Forward Currency & Margin contracts	182	43
Due to broker for investment fees	269	316
Due to broker for administrative expenses	10	
Total liabilities	1,445	901
PLAN NET POSITION RESTRICTED FOR PENSIONS	$ 772,591	$ 759,722

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (Amounts in thousands)

	Pension Trust Fund	
	2021	2020
ADDITIONS:		
Investment income:		
Net realized and unrealized gains	$ 88,485	$ 365
Interest income	8,132	6,536
Dividend income	1,361	1,648
Total investment income	97,978	8,550
Less investment expenses	(6,495)	(4,742)
Total Net investment income	91,483	3,808
Contributions (Note 5):		
Employer	70,553	68,723
Participant and union	73	141
Total contributions	70,626	68,864
Total additions	162,109	72,672
DEDUCTIONS:		
Benefits paid to participants	(148,630)	(152,924)
Transfers		878
Administrative expenses	(610)	(612)
Total deductions	(149,240)	(152,658)
NET INCREASE/(DECREASE) IN PLAN NET POSITION	12,869	(79,986)
PLAN NET POSITION RESTRICTED FOR PENSIONS:		
Beginning of year	759,722	839,708
End of year	$ 772,591	$ 759,722

See notes to financial statements.

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 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 consolidated 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 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.

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, 2021:

GASB Statement No. 98, The Annual Comprehensive Financial Report, requires that the term comprehensive annual financial report be replaced with annual comprehensive financial report and that the acronym CAFR be replaced with ACFR. The requirements of this Statement are effective for fiscal years ending after December 15, 2021, with early application encouraged. The adoption of this Statement did not have an 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
87	*Leases*	2022
91	*Conduit Debt Obligations*	2022
92	*Omnibus 2020*	2022
93	*Replacement of Interbank Offered Rates*	2022
94	*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*	2023
96	Subscription-based Information Technology Arrangements	2023

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.

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).

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.

Capital Assets—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 further discussed in Note 6 to these financial statements.

Capital assets are stated at historical cost. Accumulated depreciation and amortization are reported as reductions of capital 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. Capital 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 is amortized over 30 years.

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.

Pollution Remediation Projects—Effective January 1, 2008, pollution remediation costs have been charged 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 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 revenues are recognized as income as they are used. Tickets are assumed to be used in the month of purchase, except for advance purchases of monthly and weekly tickets. Unearned revenues are recognized for the estimated amount of unused tickets. Revenues from rents are recognized as earned. Revenues from sundry, such as food and beverages, are recorded when the items are sold.

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. Additionally, MTA LIRR received $521 million from the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA"). MTA LIRR recognized this funding as a non-operating subsidy.

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 are reported as operating expenses. All other expenses would be reported as nonoperating expenses; however, there were no such expenses for the years ended December 31, 2021 and 2020.

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

Liability Insurance— The First Mutual Transportation Assurance Company ("FMTAC"), an insurance captive subsidiary of MTA, operates a liability insurance program ("ELF") that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limits for MTA LIRR was $8 million. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limits for MTA LIRR was $9 million. Effective November 1, 2012 the self-insured retention limits for ELF was increased to $10 million for MTA LIRR. Effective October 31, 2015, the self-insured retention limits for ELF was increased to $11 million for the MTA LIRR. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50 million. The retrospective ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Group entities above their specifically assigned self-insured retention with a limit of $50 million per occurrence with a $50 million annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2021, the balance of the assets in this program was $192.67 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $357.5 million for a total limit of $407.5 million ($357.5 million excess of $50 million). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50 million.

On March 1, 2021, 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 per occurrence deductible. Primary limits of $6 million were procured through the commercial marketplace. Excess limits of $5 million were procured through FMTAC. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

On December 15, 2021, 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, 2021, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2021, FMTAC directly insures property damage claims of the Related Entities in excess of a $25 million per occurrence deductible, subject to an annual $75 million aggregate deductible. The total All Risk program annual limit is $500 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $500 million per occurrence noted above, FMTAC’s property insurance program has been expanded to include a further layer of $100 million of fully collateralized earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 12, 2020 to April 30, 2023. The expanded protection is reinsured by MetroCat Re Ltd. 2020-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2020-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index value.

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

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any “certified” act of terrorism up to a maximum recovery of $215 million for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the "certified" acts of terrorism insurance or (3) 100% of any "certified" terrorism loss which exceeds $5 million and less than the $200 million TRIPRA trigger up to a maximum recovery of $200 million for any occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $215 million. Recovery under the terrorism policy is subject to a deductible of $25 million per occurrence and $75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed $75 million future losses in that policy year are subject to a deductible of $7.5 million. The terrorism coverages expire at midnight on May 1, 2023.

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, 2021 and 2020, plan assets and liabilities are not reflected in the accompanying Statements of Net Position.

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—Effective for the year ended December 31, 2018, the MTA LIRR 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.

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 2021 and 2020 that were not insured were maintained in major financial institutions considered by management to be secure. As of December 31, 2021, and 2020, cash consists of:

	2021		2020	
	Carrying Amount	**Bank Balance**	**Carrying Amount**	**Bank Balance**
Insured (FDIC) or collateralized deposits	$3,801	$3,643	$2,579	$2,097
Uninsured and noncollateralized fund on-hand and in-transit	1,676		2,811	
Total cash	$5,477	$3,643	$5,390	$2,097

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

The summary of capital assets activity as of December 31, 2021 and 2020, are as follows:

	As of December 31, 2019	Additions/ Reclassifications	Deletions/ Reclassifications	As of December 31, 2020	Additions/ Reclassifications	Deletions/ Reclassifications	As of December 31, 2021
Capital assets, not being depreciated:							
Land	$ 48,112	$ -	$ -	$ 48,112	$	$	$ 48,112
Construction work-in-progress	2,599,033	2,037,927	1,829,381	2,807,579	1,236,829	750,324	3,294,084
Total capital assets, not being depreciated	2,647,145	2,037,927	1,829,381	2,855,691	1,236,829	750,324	3,342,196
Capital assets, being depreciated:							
Leasehold improvements	106,607	300,282		406,889	119,392		526,281
Pennsylvania Station leasehold	44,600			44,600			44,600
Buildings and structure	3,955,491	245,583		4,201,074	263,742	387	4,464,429
Equipment:							
Passenger cars and locos	2,671,932	113,704		2,785,636	129,600	21,707	2,893,529
Equipment and other	701,920	27,085	3,275	725,730	60,933	1,915	784,748
Infrastructure—road	3,880,931	481,711	14,473	4,348,169	444,328	18,080	4,774,417
Total capital assets, being depreciated	11,361,481	1,168,365	17,748	12,512,098	1,017,995	42,089	13,488,004
Less accumulated depreciation/amortization:							
Leasehold improvements	14,239	11,734		25,973	22,269		48,242
Pennsylvania Station leasehold	44,600			44,600			44,600
Buildings and structure	1,471,540	112,995		1,584,535	122,492	34	1,706,993
Equipment:							
Passenger cars and locos	1,735,644	99,966		1,835,610	102,702	21,707	1,916,605
Equipment and other	497,317	33,102	3,276	527,143	35,228	1,912	560,459
Infrastructure—road	2,363,758	156,726	14,457	2,506,027	175,897	18,080	2,663,844
Total accumulated depreciation/amortization	6,127,098	414,523	17,733	6,523,888	458,588	41,733	6,940,743
Total capital assets, being depreciated/amortized—net	5,234,383	753,842	15	5,988,210	559,407	356	6,547,261
Capital assets—net	$ 7,881,528	$2,791,769	$1,829,396	$ 8,843,901	$1,796,236	$ 750,680	$ 9,889,457

In 2021, MTA obtained legal title to a newly constructed rail yard on its property in accordance to an agreement with the developer. The agreement provides for the developer to construct a rail yard for LIRR to store and service trains in a new location in exchange for development rights. This asset was transferred by MTA to LIRR as a non-cash capital contribution recorded at $266.6M representing the fair market value at the date of conveyance.

In December 2021, MTA obtained legal title to the wireless telecommunications equipment installed on its property according to the network license agreement entered into with the licensee. The license agreement provides for the licensee to construct, operate, and maintain the wireless network. This asset was transferred by MTA to LIRR as a non-cash capital contribution recorded at $27.3M representing the fair market value at the date of conveyance. n addition, In December 2021, LIRR obtained legal title to work I process wireless telecommunications equipment to be installed on its property according to the network license agreement entered into with the licensee. The work in process assets were transferred by MTA to LIRR as a non-cash capital contribution recorded at $33.2M representing the fair market value at the date of conveyance..

On April 24, 2015, Governor Cuomo announced that the Federal Railroad Administration had approved a U.S. Federal Railroad Administration loan of $967.1 million under its Railroad Rehabilitation and Improvement Financing Program. MTA, on behalf of Metro-North Railroad, and the LIRR, applied for funding to improve the safety of signal systems. The loan's purpose was to finance the installment of positive train control, a technology designed to remove the potential for human error that can lead to train-involved accidents. The loan was approved by the MTA Board at its meeting on April 29, 2015 and the loan was closed in May 2015. A total of $690.9 million was drawn down. On May 5, 2021, the MTA prepaid the outstanding obligation in full, terminated all commitments under the Financing Agreement, and cancelled the Bond.

6. LEASE TRANSACTIONS

Pennsylvania Station Leasehold—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. The $44,600 paid to Amtrak by MTA under this agreement is reflected as a leasehold asset and a capital contribution from MTA, which was amortized over 30 years.

7. 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. ***The Long Island Rail Road Additional Plan—***

The LIRR Company Plan for Additional Pensions is a single employer defined benefit pension plan that provides retirement, disability and survivor benefits to members and beneficiaries. The Plan covers MTA LIRR employees hired effective July 1, 1971 and prior to January 1, 1988. The 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 and members include LIRR employees hired prior to January 1, 1988.

The LIRR Plan for Additional Pensions 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 LIRR Company Plan for Additional Pensions may be amended by action of the MTA Board. The Additional Plan is a fiduciary component unit of the MTA LIRR and is reflected as the Pension Trust Fund in the Fiduciary Fund section of MTA LIRR's 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, LIRR, Controller, 93-02 Sutphin Boulevard—mail code 1421, Jamaica, New York 11435.

2. ***MTA Defined Benefit Plan—***

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 LIRR non-represented 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 LIRR 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 Bus"). MTA LIRR, MTA Metro-North Railroad, MTA, MTA Staten Island Railway 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 action of the MTA Board.

A stand-alone financial report may be obtained at www.mta.info or by writing to the MTA Comptroller, 2 Broadway, 16th Floor, New York, New York, 10004.

Benefits Provided

1. ***The Long Island Rail Road Additional Plan—***

Pension Benefits—An employee who retires under the 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 5 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, subject to the obligations of the MTA under its collective bargaining agreements. The MTA's Board of Directors must approve all amendments. The 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 to the Additional Plan. The MTA contributes additional amounts based on actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due.

The LIRR Additional Plan also provide death and disability benefits. Participants who become disabled after accumulating 10 years of credited service and who meet the requirements receive a disability benefit. Disability pension benefits are calculated based on the participant's qualifying service and a percentage of final average compensation reduced by the full amount of benefit under the Federal Railroad Retirement Act.

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 5 thousand dollars is payable upon death on behalf of a nonvested 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 nonrepresented employees, retirement benefits establishment and changes are presented to the MTA Board and must be accepted and approved by the MTA Board. In 2020, an amendment to the LIRR Plan for Additional Pensions was approved by the MTA Board to provide a COVID-19 Accidental Death Benefit. Chapter 89 of the Laws of 2020 (Chapter 89) was passed by the Legislature, and signed by the Governor, on May 30, 2020. Chapter 89 enacted Sections 361-b, 509-a and 607-i of the Retirement and Social Security Law and Section 13-149.1 of the New York City Administrative Code, to provide a special line-of-duty Accidental Death Benefit to eligible members of the Plan.

2. ***MTA Defined Benefit Plan***

Pension Benefits—Retirement benefits are paid from the Plan to covered post—1987 MTA LIRR 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 55 and completed at least 10 years of credited service. Terminated participants with 5 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.

Pre-1988 MTA LIRR participants are eligible for a service retirement allowance upon termination if the participants have either: (a) attained age 65 and completed at least 5 years of credited service, or if an employee on January 1, 1988 completed at least 10 years of credited service, or (b) attained age 50 and has completed at least 20 years of credited service. Terminated participants who were not employees on January 1, 1988 with 5 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.

In 2017, the reduction of pension benefits for amounts payable under the Tier II Federal Railroad Retirement Act was reduced from 100% to 90%. This change for LIRR represented employees was effective upon ratification of respective collective bargaining agreements, with various ratification dates occurring in 2017. Management employees were effective November 15, 2017.

Death & 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 credited service for covered MTA LIRR management and represented employees. The disability retirement allowance for covered and MTA LIRR management is calculated based on the participant’s credited service and final average salary (“FAS”) but not less than ⅓ of FAS. Pre-1988 MTA LIRR participants who become disabled after accumulating 10 years of credited service and who meet the requirements as described in the Plan may be eligible to receive a disability benefit. Disability pension benefits are calculated based on the participant’s qualified service and a percentage of final average compensation reduced by the full amount of the disability benefit under the Federal Railroad Retirement Act. Survivorship benefits for pre-1988 MTA LIRR participants are paid to the spouse when a survivorship option is elected or when an active participant has not divested their spouse of benefits.

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, retirement benefits establishment and changes are presented to the MTA Board and must be accepted and approved by the MTA Board. In 2020, an amendment to the MTA Defined Benefit Plan was approved by the MTA Board to provide a COVID-19 Accidental Death Benefit. Chapter 89 of the Laws of 2020 (Chapter 89) was passed by the Legislature, and signed by the Governor, on May 30, 2020. Chapter 89 enacted Sections 361-b, 509-a and 607-i of the Retirement and Social Security Law and Section 13-149.1 of the New York City Administrative Code, to provide a special line-of-duty Accidental Death Benefit to eligible members of the Plan.

Membership

Membership in the LIRR Additional Pension Plan ("LIRR Additional Pension Plan" or "Additional Plan") consisted of the following at January 1, 2020 and January 1, 2019, the date of the latest actuarial valuation:

	January 1, 2020	January 1, 2019
Active plan members	34	49
Retirees and beneficiaries receiving benefits	5,483	5,626
Vested formerly active members not yet receiving benefits	19	20
Total	5,536	5,695

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 (1.5% in 2021 and 2020), 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 (1.5% in 2021 and 2020).

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.

Contributions as a percent of covered payroll was 2,184.33% for the year ended December 31, 2021. The actual contributions for the year ended December 31, 2021 was $70,553.

Contributions as a percent of covered payroll was 1,328.25% for the year ended December 31, 2020. The actual contributions for the year ended December 31, 2020 was $68,724.

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.

Contributions as a percent of covered payroll was 16.74% for the year ended December 31, 2021. The actual contributions for the year ended December 31, 2021 was $148,242.

Contributions as a percent of covered payroll was 16.78% for the year ended December 31, 2020. The actual contributions for the year ended December 31, 2020 was $146,427.

Net Pension Liability—MTA LIRR's net pension liabilities for each of the pension plans reported at December 31, 2021 were measured as of December 31, 2020. The total pension liability for each of the pension plans was determined by an actuarial valuation as of the valuation date of January 1, 2020, 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, 2020 actuarial valuations was determined using the following actuarial assumptions, which were based on the 2017 actuarial experience study, for each of the pension plans as follows:

	Additional Plan	**MTA Defined Benefit**
Actuarial cost method	Entry Age Cost Method	Entry Age Cost Method
Interest Rate	Net rate of 6.5% for 2020, per annum—net of investment expenses.	Net rate of 6.5% for 2020, per annum—net of investment expenses.
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 Scale AA. For Pre-Retirement, RP-2000 Employee Mortality Table for males and females with blue collar adjustments was used. As a generational table, it reflects mortality improvements both before and after the measurement date. Postretirement 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 was used.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA. For Pre-Retirement, RP-2000 Employee Mortality Table for males and females with blue collar adjustments was used. As a generational table, it reflects mortality improvements both before and after the measurement date. Postretirement 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 was used. For Postretirement Disabled Lives: RP-2014 Disabled Annuitant mortality 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	Varies by years of employment and employee group;
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.	Tables based on recent experience.
Cost of living adjustments	Not applicable.	55% of inflation or 1.375% 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. 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:

	Additional Plan		MTA Defined Benefit Plan	
Asset Class	**Target Allocation***	**Real Rate of Return**	**Target Allocation***	**Real Rate of Return**
US Core Fixed Income	9.00 %	1.51 %	9.00 %	1.51 %
US Long Bonds	1.00	2.41	1.00	2.41
US Bank/Leveraged Loans	7.00	2.74	7.00	2.74
US Inflation-Indexed Bonds	2.00	0.71	2.00	0.71
US High Yield Bonds	4.00	3.13	4.00	3.13
Emerging Market Bonds	2.00	3.36	2.00	3.36
US Large Caps	12.00	4.33	12.00	4.33
US Small Caps	6.00	5.65	6.00	5.65
Foreign Developed Equity	12.00	5.95	12.00	5.95
Emerging Market Equity	5.00	8.05	5.00	8.05
Global REITS	1.00	5.50	1.00	5.50
Private Real Estate Property	4.00	3.80	4.00	3.80
Private Equity	9.00	9.50	9.00	9.50
Commodities	1.00	2.79	1.00	2.79
Hedge Funds—MultiStrategy	16.00	3.26	16.00	3.26
Hedge Funds—Event-Driven	6.00	3.41	6.00	3.41
Hedge Funds—Equity Hedge	3.00	3.82	3.00	3.82
Assumed Inflation—Mean		2.25		2.25
Assumed Inflation—Standard Deviation		1.65		1.65
Portfolio Nominal Mean Return		6.44		6.44
Portfolio Standard Deviation		11.47		11.47
Long-Term Expected Rate of Return selected by MTA		6.50		6.50

* Based on March 2014 Investment Policy

Discount Rate

As of December 31, 2020, 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, 2021, based on the December 31, 2020 measurement date, are as follows:

	Additional Plan		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance—December 31, 2019	$1,411,570	$840,460	$571,110
Changes for the year:			
Service cost	453		453
Interest on total pension liability	86,918		86,918
Effect of economic/demographics gains or losses	10,428		10,428
Benefit payments	(152,046)	(152,046)	
Administrative expense		(612)	612
Member contributions		140	(140)
Employer contributions		68,724	(68,724)
Net Investment Income		4,024	(4,024)
Balance—December 31, 2020	$1,357,323	$760,690	$596,633

Changes in MTA LIRR's net pension liability for the Additional Plan for the year ended December 31, 2020, based on the December 31, 2019 measurement date, are as follows:

	Additional Plan		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance—December 31, 2018	$1,411,144	$ 819,317	$ 591,827
Changes for the year:			
Service cost	621		621
Interest on total pension liability	93,413		93,413
Effect of economic/demographics gains or losses	13,455		13,455
Effect of assumptions changes or inputs	50,191		50,191
Benefit payments	(157,254)	(157,254)	-
Administrative expense		(718)	718
Member contributions		249	(249)
Employer contributions		62,774	(62,774)
Net Investment Income		116,092	(116,092)
Balance—December 31, 2019	$1,411,570	$ 840,460	$ 571,110

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 (7.5%) than the current rate:

2020	**1% Decrease (5.5%)**	**Current Discount Rate (6.5%)**	**1% Increase (7.5%)**
Net pension liability	$ 702,167	$ 596,633	$ 504,666

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 (7.5%) than the current rate:

2019	**1% Decrease (5.5%)**	**Current Discount Rate (6.5%)**	**1% Increase (7.5%)**
Net pension liability	$ 683,429	$ 571,862	$ 474,839

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, 2020, 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	37.270 %
MTA Long Island Railroad's proportionate share of the net pension liability	$ 722,023

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, 2019, 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	34.790 %
MTA Long Island Railroad's proportionate share of the net pension liability	$ 602,256

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 6.5% 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 (5.5%) or 1-percentage point higher (7.5%) than the current rate:

2020	**1% Decrease (5.5%)**	**Discount Rate (6.5%)**	**1% Increase (7.5%)**
MTA Long Island Railroad's proportionate share of the net pension liability	$ 1,048,056	$ 722,023	$ 447,479

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 (5.5%) or 1-percentage point higher (7.5%) than the current rate:

2019	**1% Decrease (5.5%)**	**Current Discount Rate (6.5%)**	**1% Increase (7.5%)**
MTA Long Island Railroad's proportionate share of the net pension liability	$ 889,304	$ 602,256	$ 360,543

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

For the year ended December 31, 2021 and 2020, MTA LIRR recognized pension expense related to each pension plans as follows:

Pension Plans	**2021**	**2020**
Additional Plan	$ 50,361	$ 108,956
MTA Defined Benefit Plan	161,637	129,667
Total	$ 211,998	$ 238,623

At December 31, 2021, 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	$	$	$ 81,403	$ (5,111)	$ 81,403	$ (5,111)
Changes in assumptions			199,656	(6,522)	199,656	(6,522)
Net difference between projected and actual earnings on pension plan investments	27,816		26,977		54,792	
Changes in proportion and differences between contributions and proportionate share of contributions			44,825		44,825	
Employer contribution to plan subsequent to the measurement date of net pension liability	70,553		148,242		218,795	
Total	$ 98,368	$	$ 501,104	$ (11,633)	$ 599,472	$ (11,633)

At December 31, 2020, 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	$ -	$ -	$ 61,618	$ (5,925)	$ 61,618	$ (5,925)
Changes in assumptions			214,783	(9,514)	214,783	(9,514)
Net difference between projected and actual earnings on pension plan investments		(16,072)		(50,819)	-	(66,890)
Changes in proportion and differences between contributions and proportionate share of contributions			24,875		24,875	-
Employer contribution to plan subsequent to the measurement date of net pension liability	68,723		146,427		215,150	-
Total	$68,723	$(16,072)	$447,703	$(66,257)	$516,426	$(82,329)

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 8.6 years period for the MTA Defined Benefit Plan, beginning in the year in which the deferred amount occurs.

The amount of $218,875 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-ended December 31, 2022. Other amounts reported as deferred outflows of resources related to pensions at December 31, 2021 will be recognized as pension expense as follows:

Year Ending December 31	Additional Plan	MTA Defined Benefit Plan	Total
2022	$ 5,306	$ 52,153	$ 57,459
2023	15,907	71,484	87,391
2024	(2,921)	37,835	34,914
2025	9,524	61,812	71,336
2026		43,889	43,889
Thereafter		74,026	74,026
Total	$ 27,816	$ 341,199	$ 369,015

Defined Contribution Plan—Effective January 1, 2004, represented employees who were participants in the Money Purchase Plan became participants in the MTA Defined Benefit Plan and have the same terms and conditions as those applicable to management employees of MTA LIRR in the MTA Defined Benefit Plan upon approval of each union's Collective Bargaining Agreement by the MTA Board. MTA LIRR ceased contributing to the Money Purchase Plan in 2004 and the employee ceased to contribute upon approval of their union's Collective Bargaining Agreement by the MTA Board. All past Employer contributions and earnings attributable to such contributions have been transferred to the MTA Defined Benefit Plan to fund the pension liability for past service under the Money Purchase Plan. As of December 31, 2006, the Board of the MTA approved the Collective Bargaining Agreements for all represented employees with the last union agreement having been approved in April 2006. There are no longer active participants in the Money Purchase Plan.

The Money Purchase Plan was terminated at December 31, 2009, which has resulted in no expenses to the operations of the MTA LIRR, after 2009.

8. 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 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, 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 the MTA LIRR are members of the following pension plans: the MTA Defined Benefit Plan and the 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.

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, 2021 and 2020, the MTA LIRR paid $84.5 and $56.0 of PAYGO to the OPEB Plan, respectively. In addition, the OPEB Plan paid $33.8 in OPEB benefits in 2020. The PAYGO amounts include an implicit rate subsidy adjustment of $18.7and $23.3 for the years ended December 31, 2021 and 2020, respectively. There wee no additional implicit rate subsidy adjustments for the year ended December 31, 2021.

During 2012, the MTA funded $250 into the Trust and an additional $50 during 2013. There have been no further contributions made to the Trust. The investment trust was liquidated in 2020 covering a portion of the year's benefit payments resulting in lower contributions than the payments for the year.

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, 2020 and December 31, 2019, the measurement dates, are 2.12% and 2.74%, 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 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, 2020 and December 31, 2019, the employer made a cash payment for retiree healthcare of $23,280 and $23,726 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)	**2020 Retirees**	**2019 Retirees**
Total blended premiums	$ 62,088	$ 60,181
Employment payment for retiree healthcare	23,280	23,726
Net payments	$ 85,368	$ 83,907

(2) Net OPEB Liability

At December 31, 2021, the MTA LIRR reported a net OPEB liability of $2,875,213 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, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019 and rolled forward to December 31, 2020. 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, 2021, the MTA LIRR's proportion was 11.78% percent.

At December 31, 2020, the MTA LIRR reported a net OPEB liability of $2,424,927 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, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019 and rolled forward to December 31, 2019. 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, 2020, the MTA LIRR's proportion was 11.48% 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 are fair value based on quoted market prices or Net Asset Value. Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued financial report or at www.mta.info.

(3) Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan, which refers to the plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees. The projections include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members at that time. 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, 2019. Update procedures were used to roll forward the total OPEB liability to December 31, 2020, 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, 2019
Measurement date	December 31, 2020
Discount rate	2.12%, net of expenses
Inflation	2.25%
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.25%
Investment rate of return	2.12%

The total OPEB liability was determined by an actuarial valuation performed on July 1, 2019. Update procedures were used to roll forward the total OPEB liability to December 31, 2019, 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, 2019
Measurement date	December 31, 2019
Discount rate	2.74%, net of expenses
Inflation	2.25%
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.50%
Investment rate of return	5.75%

Salary Scale

A. Members hired prior to January 1, 1988—Salaries are assumed to increase 3.0% per year.

B. 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

C. 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

Healthcare Cost Trend—The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, potential excise taxes due to healthcare reform, and other healthcare reform provisions, separately for NYSHIP. The NYSHIP trend reflects actual increases in premiums to participating agencies through 2019. These assumptions are combined with long-term assumptions for dental and vision benefits of an annual trend of 3.5% plus Medicare Part B reimbursements of an annual trend of 4.5%, but not more than projected medical trends excluding any excise tax adjustments.

The valuation reflects the actuaries understanding of the impact in future health costs due to the Affordable Care Act ("ACA") passed into law in March 2010. An excise tax for high cost health coverage or "Cadillac" health plans was included in ACA. The provision levies a 40% tax on the value of health plan costs that exceed certain thresholds for single coverage or family coverage. In December 2019, the President signed into law the "Further Consolidated Appropriations Act, 2020" (the "Act"), which included the permanent repeal of the "Cadillac" tax, effective January 1, 2020. The impact of the elimination of the "Cadillac" tax on the MTA LIRR's OPEB liability is approximately $85.0 million and will be reflected in the next valuation dated July 1, 2019 and in the reporting year-ended December 31, 2020.

Healthcare Cost Trend Rates—The following lists illustrative rates for the (all amounts are in percentages).

	NYSHIP	
Fiscal Year	**< 65**	**>=65**
2019	6.80 %	5.90 %
2020	6.20	5.70
2021	5.70	5.40
2022	5.10	5.10
2023	5.00	5.00
2024	4.90	4.90
2025	4.80	4.80
2026	4.70	4.70
2027	4.60	4.60
2028	4.50	4.50
2038	4.60	4.60
2048	4.80	4.80
2058	4.50	4.50
2068	4.20	4.20
2078	3.80	3.80
2088	3.80	3.80
2098	3.80	3.80

For purposes of applying the Entry Age Normal Cost method, the healthcare trend prior to the valuation date are based on the ultimate rates, which are 3.8% for medical and pharmacy costs.

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

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

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

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

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

		Long-Term Expected		
Asset Class	**Target Allocation**	**2020 Real Rate of Return**	**2019 Real Rate of Return**	**2018 Real Rate of Return**
US Cash	100.00 %	(0.540)%	0.04 %	- %
US Core Fixed Income	0.00		1.51	2.03
US Inflation-Indexed Bonds	0.00		0.71	
Global Bonds	0.00			0.41
Emerging Market Bonds	0.00		3.36	3.76
Global Equity	0.00		5.28	5.65
Commodities	0.00		2.79	.00
Non-US Equity	0.00			6.44
Global REITS	0.00			5.80
Hedge Funds-Multi Strategy	0.00		3.26	3.28
Total	100.00 %			
Long term expected rate of return selected by MTA		2.12 %	5.75 %	6.50 %

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

The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. Therefore, the discount rate is set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of December 31, 2020 of 2.12% and as of December 31, 2019 of 2.74%.

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:

December 31, 2020 Measurement Date	**1% Decrease (1.12%)**	**Discount Rate (2.12%) (in thousands)**	**1% Increase (3.12%)**
Proportionate share of the net OPEB liability	$3,309,958	$2,875,433	$2,520,027

December 31, 2019 Measurement Date	**1% Decrease (1.74%)**	**Discount Rate (2.74%) (in thousands)**	**1% Increase (3.74%)**
Proportionate share of the net OPEB liability	$2,781,909	$2,424,191	$2,129,844

December 31, 2018 Measurement Date	1% Decrease (3.10%)	Discount Rate (4.10%) (in thousands)	1% Increase (5.10%)
Proportionate share of the net OPEB liability	$ 2,804,826	$ 2,451,276	$ 2,160,617

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:

December 31, 2020 Measurement Date	1% Decrease	Healthcare Cost Current Trend Rate* (in thousands)	1% Increase
Proportionate share of the net OPEB liability	$ 2,426,166	$ 2,875,433	$ 3,450,963

December 31, 2019 Measurement Date	1% Decrease	Healthcare Cost Current Trend Rate* (in thousands)	1% Increase
Proportionate share of the net OPEB liability	$ 2,070,057	$ 2,424,191	$ 2,872,236

December 31, 2018 Measurement Date	1% Decrease	Healthcare Cost Current Trend Rate* (in thousands)	1% Increase
Proportionate share of the net OPEB liability	$ 2,094,299	$ 2,451,276	$ 2,901,031

* 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, 2021, the MTA LIRR recognized OPEB expense of $196,799, 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 8.1-year close period, beginning the year in which the deferred amount occurs.

At December 31, 2021, 2020 and 2019, the MTA LIRR reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows ($ in thousands):

	December 31, 2021	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 22,724	$ (5,890)
Changes in assumptions	277,197	(126,078)
Net difference between projected and actual earnings on OPEB plan investments	7,132	0
Changes in proportion and differences between contributions and proportionate share of contributions	55,507	(191,808)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	84,539	
Total	$ 447,099	$ (323,776)

	December 31, 2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 25,879	$ (1,626)
Changes in assumptions	93,568	(150,848)
Net difference between projected and actual earnings on OPEB plan investments		(1,999)
Changes in proportion and differences between contributions and proportionate share of contributions		(225,306)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	55,969	
Total	$ 175,416	$ (379,779)

	December 31, 2019	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 1,243	$ (2,101)
Changes in assumptions	83,265	(194,900)
Net difference between projected and actual earnings on OPEB plan investments	2,324	
Changes in proportion and differences between contributions and proportionate share of contributions		(47,173)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	88,645	
Total	$ 175,477	$ (244,174)

For the year ended December 31, 2021, $447,099 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 ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2021 will be recognized in OPEB expense as follows:

Year Ending December 31	
2022	$ 2,016
2023	3,028
2024	10,902
2025	(2,855)
2026	(17,389)
Thereafter	(75,907)
	$ (80,205)

9. 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, 2021 and 2020, is presented below:

	2021	**2020**
Balance—beginning of year	$ 159,788	$ 144,266
Activity during the year:		
Current year claims and changes in estimates	21,699	29,505
Claims paid	(18,368)	(13,983)
Balance—end of year	163,119	159,788
Less current portion	(28,692)	(26,523)
Long-term liability	$ 134,427	$ 133,265

10. 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, 2021 are as follows:

	Loans Payable		
Year	**Principal**	**Interest**	**Total**
2022	$ 3,257	$ 604	$ 3,861
2023	3,348	513	3,861
2024	2,297	432	2,729
2025	2,365	365	2,730
2026	2,359	296	2,655
2027–2046	9,638	1,077	10,715
Total	$ 23,264	$ 3,287	$ 26,551

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.

11. 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. In addition, LIRR has paid off a $100,000 loan due to MTA as of December 31, 2021.

MTA LIRR 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. The dollar volume of such related party transactions for the years ended December 31, 2021 and 2020, is shown in the following table:

	2021	**2020**
Payments to MTA and affiliated agencies	$ 149,296	$ 155,794
Payments from MTA and affiliated agencies	419,820	420,503

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 as of December 31, 2021 and 2020, consists of:

	2021		2020	
	Receivable	**(Payable)**	**Receivable**	**(Payable)**
MTA	$ 258,441	$ (8,421)	$ 170,143	$ (108,138)
Invested funds at MTA	$ 89,091		$ 83,085	
Affiliated agencies	1,167	(13,818)	396	(11,217)
Total MTA and affiliated agencies	$ 348,699	$ (22,239)	$ 253,624	$ (119,355)

12. OPERATING LEASES

MTA LIRR leases equipment and office facilities under agreements accounted for as operating leases. Certain leases contain renewal options and escalation clauses based on the Consumer Price Index. Future minimum rental payments for all noncancelable-operating leases as of December 31, 2021, are as follows:

Years Ending December 31		
2022	$	3,120
2023		2,689
2024		2,394
2025		1,364
2026		1,364
2027–2031		6,820
2032–2036		6,820
2037–2040		
	$	24,571

Total rent expense for the years ended December 31, 2021 and 2020, amounted to $10,661 and $10,013, respectively, and is recorded in administrative expenses.

On July 29, 1998, MTA, New York City Transit Authority ("NYCTA") and TBTA entered into a lease and related agreements whereby each agency, as sublessees, will rent an office building at 2 Broadway in lower Manhattan for an initial lease term of approximately 50 years. Through separate triple-net sublease agreements, the lease was appointed 21% to MTA, on behalf of MTA LIRR and Metro-North Railroad ("MNR"), 68.7% to NYCTA, and 10.3% to TBTA. The lease term expires on July 29, 2048, and, pursuant to certain provisions, is renewable for two additional 15-year terms. Total annual rent payments over the initial lease term are $1.6 billion. Base building and tenant improvements at 2 Broadway are being financed through the issuance by MTA of 2 Broadway Certificates of Participation. MTA LIRR and MNR are obligated to pay 21% of the ground lease payments and payments relating to the 2 Broadway Certificates of Participation. Pursuant to an agreement by and among MTA, MTA LIRR, MNR, NYCTA and TBTA, NYCTA and TBTA have agreed to reimburse the MTA LIRR and MNR for the space occupied by NYCTA and TBTA. Presently, MTA Headquarters, NYCTA and TBTA occupy substantially all the space at 2 Broadway and rent is paid directly to the landlord.

13. 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, 2021 and 2020, respectively. The expense provision was measured at its current value utilizing the prescribed expected cash flow method.

As of December 31, the pollution remediation liability totaled \$27,770 for 2021 and \$30,612 for 2020, 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, 2021 and 2020 is presented below:

	2021	**2020**
Balance—beginning of year	\$ 30,612	\$ 33,809
Activity during the year:		
Current year remediation and changes in estimates	1,071	4,390
Remediation paid	(3,913)	(7,587)
Balance—end of year	27,770	30,612
Less current portion	(387)	(1,352)
Long-term liability	\$ 27,383	\$ 29,260

14. OTHER LONG-TERM LIABILITIES

MTA LIRR has recorded \$86.7 million in 2021 and \$100.7 million in 2020, for the estimated long-term sick leave payout for employees. All represented employees who have worked for MTA LIRR for 10 years can receive a non-pensionable lump sum severance payment representing 50% of the value of all accrued but unused sick days. Management employees who have worked for MTA LIRR for 10 years or more are paid half of their sick days with a maximum payout of 120 days. Other long-term liabilities increased due to the payroll tax deferral resulting from the CARES Act.

A summary of activity in estimated liability arising from other liabilities as of December 31, 2021 and 2020 is presented below:

	2021	**2020**
Balance—beginning of year	$ 100,673	$ 85,770
Activity during the year:		
Current year sick leave payout and changes in estimates	6,642	3,141
Sick leave payout	(4,606)	(3,884)
Other long term liabilities	(15,914)	15,646
Balance—end of year	$ 86,795	$ 100,673

15. 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.

16. CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

Labor Negotiation Update—Negotiation of new agreements between the MTA LIRR and the unions covering all the MTA LIRR's represented employees, whose contracts expired on April 16, 2021, are ongoing. Negotiation of the new agreement between the MTA and the BLE union covering represented employees whose contract expired on April 16,2019 has reached an impasse and proceeded to mediation.

17. NOVEL CORONAVIRUS (COVID-19)

On March 12, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in the face of the global spread of the virus. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China, and has since spread globally, including to the United States and to New York State. On March 7, 2020, Governor Cuomo declared a Disaster Emergency in the State of New York. On March 13, 2020, President Trump declared a national state of emergency as a result of the COVID-19 pandemic. By order of Governor Cuomo ("New York State on PAUSE"), effective March 22, 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The PAUSE order was lifted on May 15, 2020 for five New York regions that met the requirements to start opening. However, a new order was signed by Governor Cuomo on May 15, 2020 extending the PAUSE to June 13, 2020 for New York City, Long Island, and the Hudson Valley. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a sharp decline in the utilization of

MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, and MTA Bridge and Tunnel crossing traffic and toll revenues. A significant development has been the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID-19 were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15 after the State reached its goal of 70% of adults receiving at least a first dose of the vaccine. MTA has seen ridership steadily improve since the low point of ridership during the pandemic in 2020; however, the surge from the Omicron variant in mid-December has slowed ridership growth.

Coronavirus Aid, Relief and Economic Security Act, ("CARES Act')—The CARES ACT is a $2.2 trillion economic stimulus bill passed by Congress and signed into law by the President on March 27, 2020 in response to the economic fallout of the COVID-19 pandemic in the United States. The CARES Act through the Federal Transit Administration's ("FTA") formula funding provisions provided approximately $4 billion to MTA. Funding was provided at a 100 percent Federal share, with no local match required, and is available to support operating, and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders. On May 8, 2020, the FTA approved MTA's initial grant application of $3.9 billion. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 in additional formula grant allocations to MTA for a CARES Act grant total of $4.0 billion. As of December 31, 2020, a total of $4.0 billion was released to MTA for operating assistance that occurred from January 20, 2020, through July 31, 2020. The MTA has received all CARES Act funding as provided in the first congressional relief package.

Federal Reserve Bank of New York's Municipal Liquidity Facility LLC ("MLF")—Due to the COVID-19 pandemic, the Federal Reserve established the MLF in April 2020 as a source of emergency financing by being available to purchase up to $500 billion of short-term notes from state and local governments and certain public entities to ensure they had access to credit during the COVID-19 pandemic. MTA was able to utilize the MLF twice before the MLF window closed at the end of December 2020. On August 26, 2020, MTA directly placed with the MLF $450.72 Transportation Revenue BANs, Series 2020B, which were issued to retire existing Transportation Revenue BANs maturing on September 1, 2020.The MTA subsequently retired the MLF $450.72 Transportation Revenue BANs, Series 2020B, with an issuance of Dedicated Tax Funds bonds on March 1, 2022. MTA issued into the MLF a second time by directly placing $2.907 billion Payroll Mobility Tax BANs issued for working capital on December 17, 2020. The $2.907 billion MLF loan matures in 2023.

Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA")—On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA") that includes $900 billion for various COVID-19 economic relief programs to address hardships caused by the coronavirus pandemic and a $1.4 trillion government funding package to fund the government through September 30, 2021.Included in the legislation is $45 billion in financial assistance to the transportation industry, including $16 billion for another round of airline employee and contractor payroll support: $14 billion for transit; $10 billion for highways; $2 billion for intercity buses; $2 billion for airports; and $1 billion for Amtrak. The MTA received $4.1 billion in aid from the CRRSAA between December 2021 of $.6 and January 2022 of $3.5 billion. Release of such funds by the FTA was awaiting agreement of the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut which was made on November 9, 2021. This federal relief is expected to offset operating deficits in 2021.

American Rescue Plan Act ("ARPA") - On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 ("ARPA"). The $1.9 trillion package is intended to combat the COVID-19 pandemic, including the public health and economic impacts. The package includes $30 billion of direct federal aid to transportation agencies. Release of such funds was awaiting agreement on the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut which was made on November 9, 2021. The MTA expects to receive initially $6.1 billion in aid from ARPA in 2022. In September of 2021, Additional Assistance funding was made available to transit systems demonstrating additional pandemic associated needs. Details on the receipts and timing of the additional assistance is not yet available

Federal Emergency Management Agency ("FEMA") Reimbursement—The MTA is eligible for FEMA payments which are expected to cover expenses related to the COVID-19 pandemic, over and above normal emergency costs that are not covered by other federal funding. An estimated $651.7 of direct COVID-19 related expenses incurred from the start of the pandemic through December 31, 2021, the cut-off date established by FEMA, was submitted by MTA to FEMA for reimbursement.

18. SUBSEQUENT EVENT

Company has evaluated all subsequent events through May 27, 2022, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2021. As of May 27, 2022, there were no subsequent events that required recognition or disclosure.

* * * * * *

REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)

(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE MTA LIRR'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE LIRR COMPANY PLAN FOR ADDITIONAL PENSIONS AT DECEMBER 31
(In thousands, except percentages)

	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY:						
Service cost	$ 453	$ 621	$ 1,057	$ 1,874	$ 2,752	$ 3,441
Interest	86,918	93,413	97,612	101,477	104,093	106,987
Differences between expected and actual experience	10,428	63,646	213	1,890	15,801	6,735
Benefit payments and withdrawals	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)
Net change in total pension liability	(54,247)	426	(60,684)	(54,476)	(35,947)	(39,908)
TOTAL PENSION LIABILITY—Beginning	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251	
TOTAL PENSION LIABILITY—Ending(a)	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251
FIDUCIARY NET POSITION:						
Employer contributions	68,724	62,774	59,500	76,523	81,100	100,000
Non-Employer contributions				145,000	70,000	
Member contributions	140	249	333	760	884	1,108
Net investment income (loss)	4,024	116,092	(31,098)	112,614	58,239	527
Benefit payments and withdrawals	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)
Administrative expenses	(612)	(718)	(1,180)	(1,070)	(611)	(1,218)
Net change in plan fiduciary net position	(79,771)	21,143	(132,010)	174,110	51,019	(56,654)
PLAN FIDUCIARY NET POSITION—Beginning	840,460	819,317	951,327	777,217	726,198	
PLAN FIDUCIARY NET POSITION—Ending(b)	760,690	840,460	819,317	951,327	777,217	726,198
EMPLOYER'S NET PENSION LIABILITY—Ending(a)-(b)	$ 596,633	$ 571,110	$ 591,827	$ 520,501	$ 749,087	$ 836,053
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	56.04 %	59.54 %	58.06 %	64.64 %	50.92 %	46.48 %
COVERED—EMPLOYEE PAYROLL	$ 3,509	$ 5,210	$ 13,169	$ 20,500	$ 29,312	$ 39,697
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	17,001.65 %	10,976.23 %	4,494.20 %	2,539.07 %	2,555.56 %	2,106.09 %

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 2014.

(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
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)

	2020	2019	2018	2017	2016	2015
MTA Long Island Railroad's proportion of the net pension liability	34.270 %	34.790 %	33.176 %	35.402 %	33.186 %	35.250 %
MTA Long Island Railroad's proportionate share of the net pension liability	$ 722,023	$ 602,256	$ 485,694	$ 361,550	$ 455,330	$ 456,653
MTA Long Island Railroad's actual covered-employee payroll	$ 872,612	$ 880,114	$ 885,247	$ 794,719	$ 741,461	$ 718,326
MTA Long Island Railroad's proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	82.743 %	68.429 %	54.865 %	45.494 %	61.410 %	63.572 %
Plan fiduciary net position as a percentage of the total pension liability	72.126 %	73.483 %	73.326 %	79.868 %	71.820 %	70.440 %

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 2014.

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA LIRR'S CONTRIBUTIONS TO ALL PENSION PLANS
FOR THE YEARS ENDED DECEMBER 31
(In whole dollars, except percentages)

	2021	2020	2019	2018	2017	2016	2015
Additional Plan							
Actuarially determined contribution	$ 70,552,653	$ 68,722,943	$ 62,773,550	$ 59,195,693	$ 76,523,056	$ 83,182,872	$ 82,381,698
Actual employer contribution	70,552,653	68,723,751	62,773,550	59,500,000	76,523,056	81,100,000	100,000,000
Contribution deficiency (excess)	$	$ (808)	$ -	$ (304,307)	$ -	$ 2,082,872	$ (17,618,302)
Covered payroll	$ 3,229,946	$ 5,174,007	$ 7,236,395	$ 13,168,691	$ 20,499,671	$ 29,311,816	$ 39,696,819
Contributions as a % of Covered payroll	2,184.33 %	1,328.25 %	867.47 %	451.83 %	373.29 %	276.68 %	251.91 %
MTA Defined Benefit Pension Plan							
Actuarially determined contribution	$ 148,242,158	$ 146,426,687	$ 121,739,928	$ 114,854,414	$ 109,304,403	$ 101,964,855	$ 96,400,000
Actual employer contribution	148,242,158	146,426,687	121,739,928	114,854,414	111,459,116	99,800,000	68,500,000
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ (2,154,713)	$ 2,164,855	$ 27,900,000
Covered payroll	$ 885,711,145	$ 872,612,168	$ 880,113,664	$ 885,247,422	$ 794,718,795	$ 741,460,982	$ 718,325,512
Contributions as a % of Covered payroll	16.74 %	16.78 %	13.83 %	12.97 %	14.02 %	13.46 %	9.54 %

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 2014.

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
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, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Measurement date	December 31, 2020	December 31, 2019	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	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	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	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 15 year period beginning January 1, 2017) with level dollar payments	Period specified in current valuation report (closed 15 year period beginning January 1, 2016) with level dollar payments	Period specified in current valuation report (closed 15 year period beginning January 1, 2015) with level dollar payments
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.
Actuarial assumptions:						
Discount Rate	6.5%	7.0%	7.0%	7.0%	7.0%	7.0%
Investment rate of return	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.	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 morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.
Inflation/Railroad Retirement Wage Base	2.25%; 3.25%	2.25%; 3.25%	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%
Salary increases	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Cost-of-living adjustments	N/A	N/A	N/A	N/A	N/A	N/A

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, 2020 funding valuation.

Changes of Assumptions—The expected investment return assumption decreased from 7% to 6.5%.

(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
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):	**2020**	**2019**	**2018**
MTA Long Island Rail Road's proportion of the net OPEB liability	11.78 %	11.480 %	12.520 %
MTA Long Island Rail Road's proportionate share of the net OPEB liability	$ 2,875,214	$ 2,424,927	$ 2,451,276
MTA Long Island Rail Road's covered payroll	$ 901,217	$ 888,502	$ 911,672
MTA Long Island Rail Road's proportionate share of the net OPEB liability as a percentage of its covered payroll	319.04 %	272.92 %	268.88 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	1.93 %	1.76 %

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.

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
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)

	2021	2020	2019	2018
Actuarially Determined Contribution	N/A	N/A	N/A	N/A
Actual Employer Contribution (1)	$ 84,539	$ 55,970	$ 84,422	$ 86,519
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A
Covered Payroll	901,217	888,502	898,755	911,672
Actual Contribution as a Percentage of Covered Payroll	9.38 %	6.30 %	9.39 %	9.49 %

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $12,719, $22,765, $24,241, and $24,843 for the year ended December 31, 2020, 2019, 2018, and 2017, 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, 2019
Measurement date	December 31, 2020
Discount rate	2.12%, net of expenses
Inflation	2.25%
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.25%
Investment rate of return	2.12%

Changes of benefit terms: In the July 1, 2019 actuarial valuation, there were no changes to the benefit terms.

Changes of assumptions: In the July 1, 2019 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.

Metro-North Commuter Railroad Company

(Component Unit of the Metropolitan Transportation Authority "MTA")

Financial Statements as of and for the Years Ended December 31, 2021 and 2020, Required Supplementary Information, and Independent Auditors' Report

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

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METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2021 AND 2020
($ 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"), for the years ended December 31, 2021 and 2020. 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 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 sacrifice 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.

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, 2021 and 2020. 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

Capital assets include, but are not limited to structures, construction of buildings, the acquisition of equipment, passenger cars, and locomotives.

Other 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.

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)	
	2021	2020	2019	2021-2020	2020–2019
Current assets	$ 564,681	$ 432,314	$ 319,734	$ 132,367	$ 112,580
Noncurrent assets	6,096,307	5,828,155	5,476,910	268,152	351,245
Deferred Outflows of resources for Pensions	445,057	444,757	280,683	300	164,074
Deferred Outflows of resources for OPEB	404,141	146,643	144,889	257,498	1,754
Total assets and deferred outflows of resources	$ 7,510,187	$ 6,851,869	$ 6,222,216	$ 658,318	$ 629,653

Significant changes in Assets and Deferred Outflows of resources include:

December 31, 2021 versus 2020

- Net capital assets increased in 2021 by $ 268,152 or 4.60%. Increases in construction work-in-progress of $579,571 included $97,435 of Harmon Shop Replacement and $78,601 for locomotive purchases. Major additions to capital assets in 2021 were $592,924 primarily for Enhanced Station Initiatives for $125,768, Customer Communication projects for $111,170, Overhead Bridge Program for $41,235 and Grand Central Terminal PA Head End and VIS System for $59,316 and Port Jervis Station Improvements for $5,976. These increases were offset by depreciation and amortization of $ 309,686.

- Other assets increased in 2021 by $ 132,367 or 30.62%. Increase in invested funds at MTA of $62,922 was due from MTA increased by $78,831 primarily due to timing of funding for the 2020-2024 Capital Program, increase in the accruals for unbilled third-party invoices and retroactive wage adjustments for force account. These increases were offset by a decrease of $6,032 in cash.

- Deferred outflows of resources for Pensions increased by $300 or 0.4% due to an increase indifferences between expected and actual experience of $13,667; an increase in difference between projected versus actual plan investment earnings of $25,131 offset by a decrease in the actuarial assumption of $30,701; decrease in the proportion and differences in employer contributions of $8,358; decrease in difference of contributions made after measurement date of $562

- Deferred outflows of resources for OPEB increased by $257,498 or 175.60% due to; increase in actuarial assumption changes or inputs of $132,474; increase in difference between projected versus actual plan investment earnings of $5,033; increase in the proportion and differences in employer contributions $101,068; and increase in contributions after measurement date of $20,345; offset by a decrease in recognition of the differences between expected and actual experience of $1,422

December 31, 2020 versus 2019

- Net capital assets increased in 2020 by $351,245 or 6.41%. Increase in land of $24,626 for purchase of Grand Central Terminal and Hudson/Harlem line; increases in construction work-in-progress of $73,470 included $47,544 of Harmon Shop Replacement. Major additions to capital assets in 2020 were $518,467 primarily for Positive Train Control (PTC) for $279,648. These increases were offset by depreciation and amortization of $265,308.

- Other assets increased in 2020 by $112,580 or 35.21%. Increase in invested funds at MTA of $82,155 is primarily due to the outstanding $50 million inter-agency loan from MTA and timing of Accounts Payable disbursements; Materials and supplies net of reserve increased by $27,156 due to spares for M8 fleet maintenance, COVID-19 cleaning and safety materials, wheel and axle and other related materials; and due from MTA increased by $19,012 primarily due to timing of funding for the 2020-2024 Capital Program, increase in the accruals for unbilled third party invoices and retroactive wage adjustments for force account. These increases were offset by a decrease of $13,944 in cash.

- Deferred outflows of resources for Pensions increased by $164,074 or 58.46% due to an increase in the actuarial assumption changes or inputs of $213,849; increase in the proportion and differences in employer contributions of $17,854; increase in difference of contributions made after measurement date of $13,860; offset by decrease in differences between expected and actual experience of $1,687; and decrease in difference between projected versus actual plan investment earnings of $79,788.

- Deferred outflows of resources for OPEB increased by $1,754 or 1.21% due to increase in recognition of the differences between expected and actual experience of $16,669; increase in actuarial assumption changes or inputs of $10,412; offset by decrease in difference between projected versus actual plan investment earnings of $1,471; decrease in the proportion and differences in employer contributions of $5,091; and decrease in contributions after measurement date of $18,765.

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 and accounts payable accrued in the normal course of business.

Deferred inflows of resources reflect the difference between actual and projected pension plan and OPEB investment earnings.

($ in thousands)

	As of December 31,			Increase/(Decrease)	
	2021	2020	2019	2021–2020	2020–2019
Current liabilities	$ 478,979	$ 518,462	$ 445,851	$ (39,483)	$ 72,611
Noncurrent liabilities	2,796,928	2,361,428	2,171,595	435,500	189,833
Deferred inflows of resources for Pensions	10,885	66,861	20,269	(55,976)	46,592
Deferred inflows of resources for OPEB	121,607	137,358	124,692	(15,751)	12,666
Total liabilities and deferred inflows of resources	$ 3,408,399	$ 3,084,109	$ 2,762,407	$ 324,290	$ 321,702

Significant changes in liabilities include:

December 31, 2021 versus 2020

- Current liabilities decreased in 2021 by $39,483 or 7.62%. The decrease is primarily due to the payment of the loan to the MTA of $50,000; $6,664 to timing in payments made to vendors $20,902 in salaries, wages and payroll taxes due to the payment of the deferred payroll taxes as part of the CARES Act; $9,182 in other liabilities due to disbursements from escrow funds for the capitalized costs for Maybrook and GCT Continuing Maintenance. These decreases were offset by an increase in due to MTA and other affiliates of $25,122; $25,865 due to CDOT primarily due to increases in advances for capital projects and inventory deposit.

- Non-current liabilities increased in 2021 by $435,500 or 18.44%. The increase was primarily attributable to the increase in net pension liability of $66,704; increase of $393,062 for GASB 75 net OPEB liability; These increases were offset by a decrease of $3,315 for environmental remediation; and a decrease of $4,193 for personal injury liability.

December 31, 2020 versus 2019

- Current liabilities increased in 2020 by $72,611 or 16.29%. The increase is primarily due to the increase in payroll accrual and payroll tax deferral of employer contributions to Railroad Retirement Board (RRB) as provided for by the Federal Transit Administration's (FTA) Coronavirus Aid, Relief, and Economic Security Act, also known as CARES Act of $50,940; $7,755 in other primarily due to increase in CDOT's advance subsidy billing; $6,406 in due to CDOT primarily due to increase in inventory deposit and decreases in administrative asset and deficit subsidy accruals; and $5,277 primarily due to timing in payment to vendors.

- Non-current liabilities increased in 2020 by $189,833 or 8.74%. The increase was primarily attributable to the increase in net pension liability of $111,786; increase of $82,566 for GASB 75 net OPEB liability; and increase of $27,266 primarily for payroll tax deferral of employer contributions to RRB as provided for by the FTA's CARES Act. These increases were offset by a decrease of $13,435 in capital lease obligation as a result of the purchase of GCT and Hudson/Harlem lines; a decrease of $12,499 for environmental remediation; and a decrease of $5,061 for personal injury liability.

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

In 2021, the total net position increase of $334,028 is primarily due to increased payments made by MTA for operating and capital subsidies.

In 2020, the total net position increase of $307,951 is primarily due to increased payments made by MTA for capital projects and larger operating loss as a result of the COVID-19 pandemic.

($ in thousands)

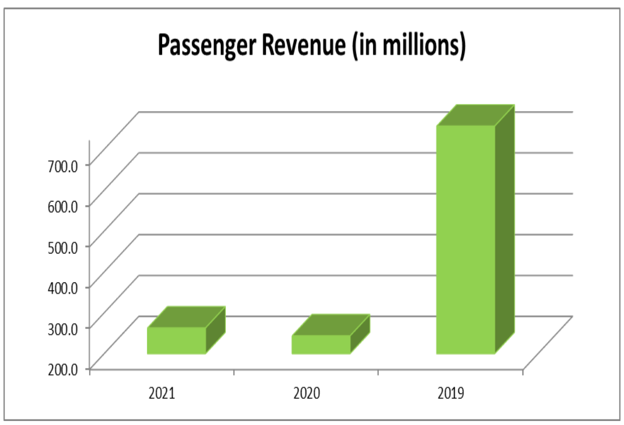
	As of December 31,			Increase/(Decrease)	
	2021	**2020**	**2019**	**2021-2020**	**2020-2019**
Net investment in capital assets	$6,084,921	$ 5,813,853	$ 5,448,543	$271,068	$ 365,310
Unrestricted	(1,983,133)	(2,046,093)	(1,988,734)	62,960	(57,359)
Total net position	$4,101,788	$ 3,767,760	$ 3,459,809	$ 334,028	$ 307,951

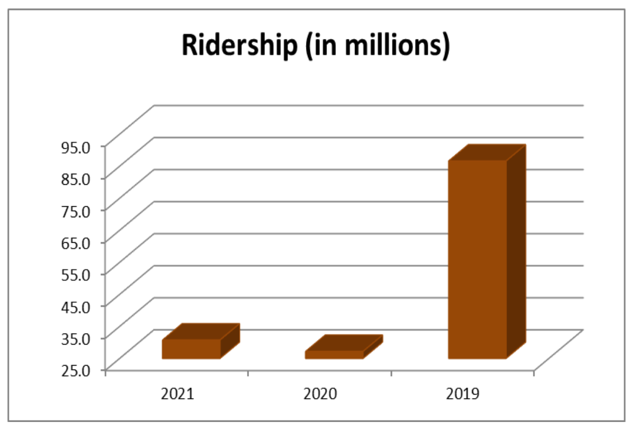
Condensed Statements of Revenues, Expenses and Changes in Net Position

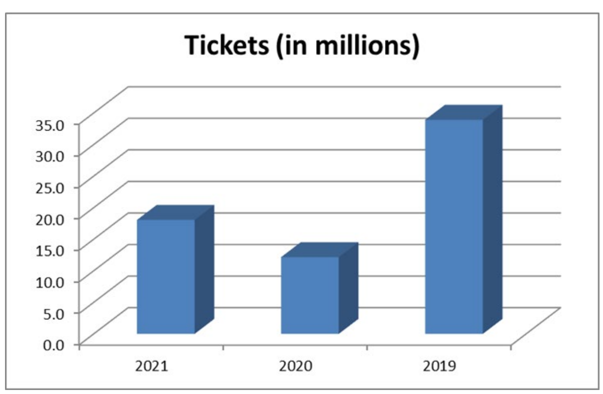
($ in thousands)

	Years Ended December 31,			Favorable/(Unfavorable)	
	2021	2020	2019	2021–2020	2020–2019
Operating revenues	$282,805	$ 274,195	$ 813,159	$ 8,610	$ (538,964)
Operating expenses	(1,739,109)	(1,600,187)	(1,654,077)	(138)	53,890
Gain on Asset Exchange	6,028	-		6,028	
Operating loss	(1,450,276)	(1,325,992)	(841,560)	(124,284)	(484,432)
Total nonoperating revenues and capital	1,784,304	1,633,943	1,107,205	150,361	526,738
Change in net position	334,028	307,951	265,645	26,077	42,306
Net position—beginning of year	3,767,760	3,459,809	3,194,164	307,951	265,645
Net position—end of year	$ 4,101,788	$ 3,767,760	$ 3,459,809	$ 334,027	$ 307,951

Operating Revenues by Major Source







Passenger fares accounted for 92.9 % and 88.8% of operating revenues in 2021 and 2020, respectively. The remaining revenue represents rental income from retail businesses in and around passenger stations and from advertising revenues.

. The continued reduced revenue, compared to pre-pandemic levels, reflects the impact of social distancing and State governmental orders limiting non-essential activities caused by the COVID-19 pandemic. MTA Metro-North (East of Hudson) passenger revenue increased in 2021 by $18.7 million or 7.9% MTA Metro-North (West of Hudson) passenger revenue increased in 2021 by $512 thousand or 9.0%.

MTA Metro-North (East of Hudson) ridership increased in 2021 by 3.5 million or 13.3 % from 2020. When adjusted for the same number of calendar workdays, the 2021 ridership increased by 3.9 million or 14.8 %. West of Hudson ridership increased in 2021 by 37.7 thousand or 6.5 % from 2020.

MTA Metro-North (East of Hudson) passenger revenue decreased in 2020 by $504.4 million or 68.0%. The revenue decrease reflects the impact of social distancing and State governmental orders limiting non-essential activities caused by the COVID-19 pandemic. MTA Metro-North (West of Hudson) passenger revenue decreased in 2020 by $8.9 million or 61.0%.

MTA Metro-North (East of Hudson) ridership decreased in 2020 by 58.4 million or 68.7% from 2019. When adjusted for the same number of calendar workdays, the 2020 ridership decreased by 58.7 or 68.8%. West of Hudson ridership decreased in 2020 by 1.0 million or 63.4% from 2020.

Expenses by Category

December 31, 2021 versus 2020

Salaries and wages decreased by $10,056 or 1.64% in 2021 over 2020. The decrease is attributable to lower headcount due to vacant positions and higher attrition. . This was offset by higher overtime pay for OT&E ($7,335) primarily from preparation and cleanup from several storms.

Retirement and Other Employee Benefits increased by $41,237 or 16.4% in 2021 over 2020. The increase is primarily due to lower overhead costs recoveryof $16,432 due to decreased capital work performed; higher pension costs of $11,795 from increased interest on the pension liability; higher employee claim costs of $5,885; higher health and welfare costs of $4,250 and higher unemployment costs of $2,822.

Postemployment Benefits other than Pensions increased by $41,042 or 31.3%. This increase is primarily due to the OPEB plan's change in actuarial assumptions as a result of the decrease in the applied discount rate.

Electric Power costs increased by $5,534 or 10.4% as compared to 2020. This is primarily due to increased service and higher rates.

Fuel costs increased by $5,615 or 45.6% as compared to 2020. This increase primarily reflects higher consumption due to the increased service level as well as higher rates.

Maintenance and Other Operating Contracts decreased by $2,871 or 2.5% This decreased in revenue vehicle maintenance and repairs of $5,039; decrease in water of $1,459 and steam of $1,126. These decreases were offset by higher janitorial and custodial services expenses of $3,088; non-revenue vehicle repair services of $1,252 and weed control and cleaning of $1,052.

Professional service contracts increased by $2,381 or 8.0%. This increase is primarily due to the adjusted higher allocation of MTA Information Technology and Business Service Center costs for the New Haven Line of $1,674; other outside services of $1,123. These increases were offset by lower engineer services of $1,030.

Environmental Remediation decreased by $3,316 or 39.75% and is mainly attributable to timing of projects requiring remediation.

Materials and supplies increased by $3,721 or 4.1% primarily due to maintenance plans adjustments and lower rolling stock material usage due to the reduced service schedule partially offset by the net impact of adjustments for obsolete material reserves and other inventory adjustments.

Other business expenses increased by $4,863 or 29.0% primarily due to higher subsidy payments to New Jersey Transit of $6,431 due to increased service levels for the Port Jervis and Pascack Valley lines; and higher claims of $2,608 primarily due to higher actuarial claims valuation a result of higher than expected growth to reported claim costs, higher exposures and partially due to the residual impact of the reduction to estimates for prior accident years. These increases were offset by lower miscellaneous expenses of $1,980.

Depreciation expense increased by $40,455 or 15.0%. This was primarily attributable to a full year of depreciation for Positive Train Control and assets placed in service for Customer Communications, GCT PA and VIS System, Enhanced Station Initiatives, Harlem and Hudson Power Improvements, Turnouts and the Cyclical Track Program.

December 31, 2020 versus 2019

Salaries and wages decreased by $20,753 or 3.27% in 2020 over 2019. This decrease is primarily due to lower overtime costs related to service reductions because of the COVID-19 pandemic.

Retirement and Other Employee Benefits increased by $5,644 or 2.30% in 2020 over 2019. The increase is primarily due to higher pension costs of $12,560 from increased interest on the pension liability; lower overhead costs recovery of $4,260 due to decreased capital work performed; and COVID-19 family benefits of $1,500 for three deceased employees. These increases were offset by lower employee claim costs of $8,182 and lower unemployment and railroad retirement expenses of $1,662 and $2,603, respectively due to lower overtime costs.

Postemployment Benefits other than Pensions decreased by $1,849 or 1.39%. This decrease is primarily due to OPEB plan changes of $19,917 and the effects of assumptions changes of $18,916 offset by higher plan service costs of $11,961 and an increase in the proportionate share of the plan of $5,091.

Electric Power costs decreased by $16,958 or 24.09% as compared to 2019. This is due to decreased service as a result of the COVID-19 pandemic.

Fuel costs decreased by $6,954 or 36.09% as compared to 2019. This decrease primarily reflects lower consumption due to the reduced service level.

Maintenance and Other Operating Contracts increased $1,255 or 1.11%. Increased safety equipment and supplies of $2,293 due to COVID-19 extraordinary cleaning of stations, rolling stock and employee facilities; increased revenue vehicle maintenance and repairs of $2,134; increased MTA police services of $1,965; and increased janitorial and custodial services of $1,057. These increases were offset by lower ferry service expenses of $3,524; bus transfer services of $1,418 and water of $1,486.

Professional service contracts decreased by $11,457 or 27.78%. This decrease is primarily due to the adjusted lower allocation of MTA Information Technology and Business Service Center costs for the New Haven Line of $7,302; MTA Audit services of $1,098; legal of $1,030; MTA other professional services of $635; advertising, marketing and promo expenses of $522; and market research of $333.

Environmental Remediation decreased by $1,799 or 58.99% and is mainly attributable to timing of projects requiring remediation.

Materials and supplies decreased by $15,841 or 14.75% primarily due to maintenance plans adjustments and lower rolling stock material usage due to the reduced service schedule partially offset by the net impact of adjustments for obsolete material reserves and other inventory adjustments.

Other business expenses decreased by $11,370 or 40.37% primarily due to lower credit card fees of $7,372 as a result of lower ridership; lower subsidy payments to New Jersey Transit of $3,533 due to reduced service levels for the Port Jervis and Pascack Valley lines; and lower claims of $1,188 primarily due to lower actuarial claims valuation a result of lower than expected growth to reported claim costs, lower exposures and partially due to the residual impact of the reduction to estimates for prior accident years. . These increases were offset by higher miscellaneous expenses of $2,530 primarily due to CDOT capital billing adjustments

Depreciation expense increased by $27,635 or 11.44%. This was primarily attributable to the completion of Positive Train Control, West of Hudson Signal Improvements, GCT Utilities, GCT Turnouts/Switch Renewal and Power and Signals Mitigation.

Nonoperating Revenues and Capital Contributions by Major Source

December 31, 2021 versus 2020

***MTA Contributions for Capital Projects*—**MTA capital contributions decreased in 2021 by $17,049 or 3.0%. The decrease in 2021 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. These subsidies increased in 2021 over 2020 by $91,980 or 18.46%, primarily due to increases in expenses. Labor related expenses increased by $72,224 and non-labor expenses increases by $60,670. These were offset by an increases in fare revenue collection of $19,234 and reimbursements for operating projects of $23,623.

***CDOT Subsidies Relating to the New Haven Line*—**CDOT subsidies increased in 2021 by approximately $36,021 or 14.1% primarily due to an increase in operating deficit subsidy of $36,156, slightly reduced by a lower administrative asset allocation to CDOT of $135. The increase in The increase in operating deficit subsidy is attributed to lower revenues associated with the pandemic and higher expenses related to increased train services starting in August 2021, reduced by a credit issued for higher actual CDOT effective percentage share than estimated in the 2020 monthly billings. The amount CDOT is required to contribute is derived from an agreed upon formula based on the New Haven Line deficit

December 31, 2020 versus 2019

***MTA Contributions for Capital Projects*—**MTA capital contributions decreased in 2020 by $3,566 or 0.63%. The decrease in 2020 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. These subsidies increased in 2020 over 2019 by $91,756 or 22.58%, primarily due to decreases in revenues. Fare revenue collection decreased by $513,253 due to reduced service levels and ridership as a result of the COVID-19 pandemic, rents and concessions decreased by $21,087 and advertising decreased by $4,625. These were offset by decreases in total labor related expenses of $16,958, non-labor expenses of $36,932 and reimbursements for operating projects of $28,136.

***CDOT Subsidies Relating to the New Haven Line*—**CDOT subsidies increased in 2020 by approximately $120,097 or 88.5% primarily due to an increase in operating deficit subsidy of $120,823, slightly reduced by a lower administrative asset allocation to CDOT of $727. The increase in operating deficit subsidy is primarily attributable to the substantial decrease in passenger revenue of $140,945 as a result of the drastic decline in ridership due to the COVID-19 pandemic. This is offset by decreases in labor and fringe of $7,410, propulsion and other costs of $6,584, and a decrease in OPEB cost due to funds withdrawal of $6,128. 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, 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 utilization through the fourth quarter of 2021 has rebounded past the depths experienced in 2020, with ridership up by 257.3 million trips (27.0%) over the 2020 ridership level. The first quarter of 2021 was down 296.4 million trips (57.4%) compared with the first quarter of 2020, since COVID-related ridership loss did not begin until the closing weeks of the first quarter of 2020. The second quarter of 2021 reflected gradual increases in ridership from the depths of the COVID pandemic and was up 231.1 million trips (410.1%) compared with the second quarter of 2020. The third quarter of 2021 was also favorable, up 177.3 million trips (117.5%) compared with the third quarter of 2020, and the fourth quarter was up 145.3 million trips (63.2%) compared with the fourth quarter of 2021. The effective shut-down in mid-March 2020 of the metropolitan area in response to the COVID-19 pandemic resulted in a severe decline in the utilization of MTA services that began to slowly improve as effective vaccinations became available and the region moved through State-mandated re-opening phases. During 2021 with vaccinations available, social distancing mandates were eased and the region began moving into a late-pandemic phase with businesses bringing back employees, restaurants and bars increasing seating capacity and cultural institutions reopened. Increases in infections and hospitalizations brought on by COVID-19 variants changed conditions during the latter part of the year and slowed the economic recovery. When compared with 2020, MTA New York City Transit subway ridership increased by 120.4 million trips (18.8%); the fourth quarter change from 2020 was an increase of 109.1 million trips (80.7%). MTA New York City Transit bus increased by 103.0 million trips (49.3%) in 2021, and by 18.7 million trips (27.4%) in the fourth quarter. MTA Long Island Rail Road ridership increased by 4.7 million trips (15.6%) in 2021, while increasing by 5.7 million trips (95.6%) during the fourth quarter, MTA Metro-North Railroad increased by 3.5 million trips (13.0%) in 2021, while increasing by 5.6 million trips (114.1%) during the fourth quarter; MTA Bus increased by 25.5 million trips (55.5%) in 2021, and by 5.9 million trips (39.5%) during the fourth quarter;, and MTA Staten Island Railway increased by 42 thousand trips (3.0%) in 2021, while increasing by 261 thousand trips (103.0%) during the fourth quarter. A note on bus ridership figures: From March 20, 2020 through the end of August 2020, entry onto most buses was only permitted through the rear bus door and fares were not collected, and in these instances, ridership was not counted. Vehicle traffic at MTA Bridges and Tunnels facilities in 2021 increased by 54.1 million crossings (21.4%) compared with crossings during 2020. In the fourth quarter, crossings were up 13.0 million (19.2%) compared with the fourth quarter of 2020. The 2019 New York State Budget approved congestion pricing in Manhattan south of 60th Street, which will likely impact ridership and vehicle crossings once implemented. While originally scheduled to go into effect in 2021, the MTA only received approval on March 30, 2021, after significant delays, by the Federal Highway Administration to proceed with the Environmental Assessment which will allow for the final design and construction of the tolling infrastructure to proceed.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was higher in 2021 than in 2020 by 199.1 thousand jobs (4.9%). On a quarter-to-quarter basis, New York City employment gained 70.5 thousand jobs (1.7%), the sixth consecutive quarterly increase. These increases were preceded by the steep decline of 888.8 thousand jobs (19.0%) during the second quarter of 2020.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 6.9% in the fourth quarter of 2021, according to the most recent advance estimate released by the Bureau of Economic Analysis; in the third quarter of 2021, the revised RGDP increased 2.3 percent. The increase in fourth quarter real GDP reflected increases in private inventory investment, exports, personal consumption expenditures, and nonresidential fixed investment that were partly offset by decreases in both federal and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased. The increase in private inventory investment was led by retail and wholesale trade industries, with inventory investment by motor vehicle dealers the leading contributor for retail trade. The increase in exports reflected increases in both goods and services. The increase in exports of goods was widespread, led by consumer goods, industrial supplies and materials, and foods, feeds, and beverages, while the increase in exports of services was led by travel. The increase in personal consumption expenditures primarily reflected an increase in services, led by health care, recreation, and transportation. The increase in nonresidential fixed investment primarily reflected an increase in intellectual property products that was partly offset by a decrease in structures. The decrease in federal government spending primarily reflected a decrease in defense spending on intermediate goods and services. The decrease in state and local government spending reflected decreases in consumption expenditures (led by compensation of state and local government employees, notably education) and in gross investment (led by new educational structures). The increase in imports primarily reflected an increase in goods (led by non-food and non-automotive consumer goods, as well as capital goods). The acceleration in real GDP in the fourth quarter primarily reflected an upturn in exports, accelerations in private inventory investment and personal consumption expenditures, and smaller decreases in residential fixed investment and federal government spending that were partly offset by a downturn in state and local government spending. Additionally, imports accelerated.

The New York City metropolitan area's price inflation, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was lower than the national average in the fourth quarter of 2021, with the metropolitan area index increasing 4.6% while the national index increased 6.7% when compared with the fourth quarter of 2020. Regional prices for energy products increased 25.5%, while national prices of energy products rose 30.8%. In the metropolitan area, the CPI-U exclusive of energy products increased by 3.5%, while nationally, inflation exclusive of energy products increased 5.1%. The New York Harbor spot price for conventional gasoline increased substantially more, by 89.1%, from an average price of $1.25 per gallon to an average price of $2.36 per gallon between the fourth quarters of 2020 and 2021.

In its announcement on May 4, 2022, the Federal Open Market Committee ("FOMC") raised its target for the Federal Funds rate to the range of 0.75% to 1.00%. Previously, on March 16, 2022, the FOMC raised its target for the Federal Funds rate to the range of 0.25% to 0.50%. Prior to the March 16 increase, the Federal Funds rate target range was 0.00% to 0.25%, and was last changed on March 15, 2020, when it was reduced from a range of 1.50% to 1.75%. The FOMC cites the invasion of Ukraine by Russia as causing uncertainty for the US economy, creating additional upward pressure on inflation which will weigh on economic activity. Additionally, COVID-related lockdowns in China are likely to exacerbate supply chain disruptions. While economic activity edged down in the first quarter of 2022, household spending and fixed business investment remained strong. Job gains have been robust, and the national unemployment rate has declined substantially. Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices and broader price pressures. The FOMC seeks to achieve maximum employment and a 2 percent inflation rate over the longer run, and with appropriate firming of its monetary policy stance, the FOMC expects to achieve these goals. The FOMC also plans to begin, on June 1, reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The FOMC will continue to assess the economic outlook and is prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the FOMC's employment and inflation goals.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law and provided $4.0 billion in funding to the MTA, which assisted in covering operating losses through late July. The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") became law on December 27, 2020; the MTA received $4.1 billion from CRRSAA between in late December 2021 and January 2022. More recently, on March 11, 2021, the American Rescue Plan Act of 2021 ("ARPA") was signed in law, and MTA expects to receive $6.4 billion in aid from ARPA.

The influence of the Federal Reserve's monetary policy on the mortgage market is a matter of interest to the MTA, since variability of mortgage rates can affect the number of real estate transactions and thereby impact receipts from the Mortgage Recording Taxes ("MRT") and the Urban Taxes, two important sources of MTA revenue. While real estate transaction activity initially was severely impacted by social distancing and the economic disruption caused by the COVID-19 pandemic, demand for suburban residential real estate and historically low mortgage rates for refinancing resulted in strong MRT revenue. Mortgage Recording Tax collections in the fourth quarter of 2021 were higher than the fourth quarter of 2020 by $36.7 million (29.2%). Average monthly receipts in the fourth quarter of 2021 were $9.6 million (15.1%) 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 2021—which are based on 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 $45.1 million (56.1%) higher than receipts during the fourth quarter of 2020. Average monthly receipts in the fourth quarter of 2021 were $37.9 million (51.4%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.
the Great Recession.

Results of Operations

As a result of the COVID-19 pandemic and related safety restrictions, systemwide Metro-North ridership was still significantly lower than pre-pandemic ridership but did increase slightly in 2021 to about 30.7 million rides from about 27.2 million[1] the previous year.

East-of-Hudson ridership was up 14.8% to about 30.1 million. Ridership on the Harlem Line was up 10.0% to 9.56 million rides; on the Hudson Line up by 16.0% to 6.39 million rides; and on the New Haven Line up by 17.9% to 14.2 million rides.

West-of-Hudson ridership was about 0.6 million rides, 6.5% above the previous year. Combined ridership on Metro-North's three connecting services- Hudson Rail Link, Haverstraw-Ossining Ferry and Newburgh-Beacon Ferry fell even further in 2021 to a combined low of 106,375.

System-wide on-time performance for 2021 totaled 97.1%, down from 97.9% in 2020 and above the railroad's goal of 94.0%. The Hudson, Harlem, and New Haven Lines performed at 97.4%, 97.2%, and 96.9% respectively. In 2019, MNR's East of Hudson system-wide on time performance was 94.4%, with the Harlem Line at 95.3%, the Hudson Line at 95.0% and the New Haven Line at 93.4%.

West-of-Hudson on-time performance totaled 93.4%, a decrease of 1.0 percentage point from 94.4% in the previous year and below goal. In 2019, the on-time performance for West-of-Hudson service was 89.8%.

Mean Distance Between Failures (MDBF) declined in 2021 to 190,518 miles from 278,951 miles in 2020. This was primarily caused by a Positive Train Control (PTC) system software issue, which resulted in delays on the M-8 fleet in the first half of 2021. Once corrected, MDBF improved in the second half of 2021 and, discounting known delays caused by the software issue, overall fleet MDBF performance would have increased from 190,518 to 272,169. Consist of Compliance Rate, which is the percentage of cars required for service and providing seats for customer each day, was consistently at 100.0%. In 2019, the overall fleet MDBF was 238,464 with consist compliance of 99.4%.

[1] 2020 actual rides restated to simulate the 2021 calendar for comparison purposes.

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2020

As a result of the COVID-19 pandemic and related safety restrictions, systemwide Metro-North ridership fell precipitously in 2020 to about 27.2 million rides from about 86.8 million the previous year.

East-of-Hudson ridership was down 68.8 percent to about 26.6 million. Ridership on the Harlem Line fell 67.9 percent to 8.81 million rides; on the Hudson Line up by 67.1 percent to 5.58 million rides; and on the New Haven Line up by 69.8 percent to 12.2 million rides.

West-of-Hudson ridership was about 0.6 million rides, 63.4% below the previous year. Combined ridership on Metro-North's three connecting services was about 146,878, down by 69.6%. Ridership dropped by 72.7% on the Hudson Rail Link; by 54.6% on the Haverstraw-Ossining Ferry; and by 48.3% on the Newburgh-Beacon Ferry. Both ferry services were suspended beginning in June 2020.

With drastically reduced ridership, Metro-North moved to a reduced schedule beginning in April 2020, which may have contributed positively to some service metrics. Systemwide On-Time Performance (OTP) for 2020 was above goal at 97.9%. The Hudson Line performed at 98.2% OTP, the Harlem Line at 97.8%, and the New Haven Line at 97.8%.

Mean Distance Between Failures (MDBF) also improved in 2020, largely due to the warranty correction of new PTC equipment, which had generated equipment failures the prior year. MDBF was 278,951 miles in 2020, which is a new record high. Completion of PTC equipment installations also improved car availability in 2020, resulting in a 99.9% "consist compliance rate," which is the percentage of cars required for daily service and customer seating. West-of- Hudson OTP for 2020 was above goal at 94.4%. This was driven by more reliable service on the Port Jervis Line, due to completion of a new cab signal system.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program— Metro-North Railroad's portion of the MTA 2020-2024 Core Capital Plan as approved by the MTA Board via plan amendment in December 2021, totals $3,536.3 million. With these updates, this program provides for fleet modernization of $852.7 million, GCT, stations and parking improvements of $1,137.7 million, track and structures repairs and improvements of $1,028.7 million, and communications, signals and power improvements of $357.6 million**.**

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 $2,464.5 million, subsequently revised to $2,464.2 million. With these updates, this program provides for fleet modernization of $381.5 million, shop and yard improvements of $473.3 million, GCT, stations and parking improvements of $480.1 million, track and structures repairs and improvements of $435.6 million, communications and signals upgrade of $334.2 million and power rehabilitation and improvements of $91.2 million.

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 $1,564.3 million, subsequently revised to $1,560.3 million, including $242.4 million for fleet modernization, shop and yard improvements of $322.5 million, track and structures repair and rehabilitation work at $301.0 million, $307.3 million for communications and signals work primarily focused on positive train control implementation, $187.3 million of GCT, stations and parking improvements, and $116.0 million for power 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 tracks, 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

MTA Metro-North Railroad adopted on March 27, 2020, an Essential Service Plan, operating an amended weekend schedule on the Hudson, Harlem, and New Haven Lines. The amended schedule provided all-day service for healthcare workers, first responders and essential employees who have been on the frontlines of the COVID-19 public health crisis, from early in the morning until after midnight. With the suspension of Peak-service trains, Off-Peak fares were placed into effect. The reduction in service followed a significant drop in ridership in response to federal, state and local health precautionary directives against COVID-19. The measure was also taken to protect the health and safety of customers and employees. Reduced train service at 63% of pre-pandemic levels continued from January 1 through August 28. On August 29, Metro-North increased service to 82% of pre-pandemic levels which continued through the end of the year.

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 $29.2 million in 2021 and $27.9 million in 2020.

Impacts from Global Coronavirus Pandemic:

On March 12, 2020, the World Health Organization declared the current novel coronavirus ("COVID-19") outbreak to be a pandemic in the face of the global spread of the virus. By order of Governor Cuomo ("New York State on PAUSE"), effective March 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a severe decline in the utilization of MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, and MTA Bridge and Tunnel crossing traffic and toll revenues. Social distancing mandates has eased, and the region moved into a late-pandemic phase. A significant development has been the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID-19 were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15 after the State reached its goal of 70% of adults receiving at least a first dose of the vaccine. Ridership levels continue to show improvement, although ridership remains significantly below pre-pandemic levels. MTA New York City Subway resumed 24 hours a day service on May 17, 2021, after subway service was shut down overnight for over a year to allow for thorough disinfecting of the system and other enhancements. MTA Long Island Rail Road currently operates on an 87% pre-pandemic service level. MTA Metro-North Railroad currently operates on an 89% pre-pandemic service level during the week and 100% on weekends relative to pre-pandemic levels.

- ***Ridership and Traffic Update.*** Daily ridership on MTA facilities continues to be well-below 2019 levels. While ridership has been steadily increasing, March 31, 2022, ridership compared to the pre-pandemic equivalent day in 2019 is down 44 percent on the subways, 44 percent for bus (combined NYCT bus and MTA Bus Company), 46 percent on MTA Metro-North Railroad, and 43 percent on the MTA Long Island Rail Road. Traffic crossings at MTA Bridges and Tunnels facilities are nearly at pre-pandemic levels with toll revenues comprising approximately 12% of our operating budget net of bridge and tunnel operations and associated debt service.

- ***Federal Legislative Actions.*** Three major pieces of federal emergency legislation have provided and will provide incremental federal aid to the MTA. The first was the CARES Act, which was signed into law on March 27, 2020. The CARES Act, through the Federal Transit Administration's ("FTA") formula funding provisions provided $4.0 billion to MTA. The second major COVID-19 pandemic aid bill was the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA"), which became law on December 27, 2020. The MTA received $4.1 billion in aid from the CRRSAA between December 2021 of $0.6 million and January 2022 of $3.5 billion. The third major COVID-19 pandemic aid bill is the $1.9 trillion "American Rescue Plan Act of 2021 ("ARPA") which was signed into law by President Biden on March 11, 2021. On November 9, 2021, an agreement was reached on the allocation of the CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut. MTA is expected to receive approximately $6.1 billion in federal aid from ARPA in 2022, of which a total of $4.9 billion was received as of April 2022 for allocation among the agencies. In September of 2021, additional ARPA Assistance funding was made available to transit systems demonstrating additional pandemic associated needs. Details on the receipts and timing of the additional assistance is not yet available.

- ***FEMA Reimbursement***. The MTA is eligible for Federal Emergency Management Agency ("FEMA") payments in addition to the Coronavirus Response Aid. Relief and Economic Security Act ("CARES Act"), CRRSAA and ARPA funding, which are expected to cover expenses related to the COVID-19 pandemic, over and above normal emergency costs that are not covered by other federal funding. An estimated $651.7 of direct COVID-19 related expenses incurred from the start of the pandemic through December 31, 2021, the cut-off date established by FEMA, was submitted by MTA to FEMA for reimbursement.

For additional information, refer to Note 16 of the MTA's Consolidated Financial Statements for more information regarding the impact from the COVID-19 pandemic.

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STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2021 AND 2020
($ in thousands)

	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	$ 16,792	$ 22,824
Fare cards	8,229	10,526
Invested funds at MTA (Note 2)	152,808	89,886
Receivables:		
Due from MTA and affiliated agencies (Note 12)	179,861	101,029
Due from New York State Department of Transportation	2,597	2,377
Due from Amtrak	590	464
Rents	13,343	12,711
Other	8,003	7,145
Less allowance for doubtful receivables	(8,374)	(7,361)
Receivables—net	196,019	116,365
Materials and supplies—net of reserve for obsolescence of $63,982 and $57,841 in 2021 and 2020, respectively (Note 2)	157,622	168,145
Advance to Defined Benefit Pension Trust	3,597	1,268
Prepaid expenses and other current assets	29,614	23,300
Total current assets	564,681	432,314
NONCURRENT ASSETS:		
Capital assets (Notes 2 and 5):		
Land and construction work-in-progress	1,733,973	1,878,445
Other capital assets net of accumulated depreciation	4,362,334	3,949,710
Total noncurrent assets	6,096,307	5,828,155
TOTAL ASSETS	6,660,988	6,260,469
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows for pension (Note 7)	445,057	444,757
Deferred outflows for other postemployment benefits (Note 8)	404,141	146,643
TOTAL DEFERRED OUTFLOWS OF RESOURCES	849,198	591,400
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 7,510,187	$ 6,851,869

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2021 AND 2020
($ in thousands)

	2021	2020
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 64,608	$ 71,272
Due to MTA and affiliated agencies (Note 12)	117,064	91,942
MTA loan (Note 12)	-	50,000
Due to CDOT	40,642	14,776
Accrued expenses:		
Salaries, wages and payroll taxes	86,398	107,300
Vacation and sick pay benefits	105,651	106,692
Other	43,018	52,200
Total accrued expenses	235,067	266,192
Current portion—retirement and death benefits	8	18
Current portion of estimated liability arising from injuries to persons (Note 10)	12,253	14,454
Current portion—loans payable (Note 6)	2,777	2,884
Current portion—environmental remediation (Note 11)	710	710
Unearned passenger revenue	5,851	6,214
Total current liabilities	478,979	518,462
NONCURRENT LIABILITIES:		
Net liability for other postemployment benefits (Note 8)	2,028,743	1,635,681
Net pension liability (Note 7)	672,605	605,901
Estimated liability arising from injuries to persons (Note 10)	45,950	50,143
Loans payable (Note 6)	8,609	11,419
Environmental remediation (Note 11)	4,326	7,641
Other long-term liabilities (Note 13)	36,696	50,643
Total noncurrent liabilities	2,796,928	2,361,428
Total liabilities	3,275,907	2,879,890
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows from pensions (Note 7)	10,885	66,861
Deferred inflows from other post employment benefits (Note 8)	121,607	137,358
Total deferred inflows of resources	132,492	204,219
NET POSITION:		
Net investment in capital assets	6,084,921	5,813,853
Unrestricted	(1,983,133)	(2,046,093)
Total net position	4,101,788	3,767,760
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 7,510,187	$ 6,851,869

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, 2021 AND 2020
($ in thousands)

	2021	2020
OPERATING REVENUES:		
Passenger	$ 262,660	$ 243,426
Rents and utilities	15,639	24,915
Advertising & other income	4,505	5,854
Total operating revenues	282,805	274,195
OPERATING EXPENSES:		
Salaries and wages	604,763	614,818
Retirement and other employee benefits	292,062	250,825
Postemployment benefits other than pensions	172,353	131,311
Electric power	58,969	53,435
Fuel	17,927	12,312
Insurance	17,421	14,970
Maintenance and other operating contracts	111,037	113,907
Professional service contracts	32,169	29,788
Environmental remediation	(230)	1,251
Materials and supplies	95,268	91,547
Depreciation and amortization	315,714	269,231
Other expense	21,655	16,792
Total operating expenses	1,739,109	1,600,187
OPERATING LOSS	(1,456,304)	(1,325,992)
NONOPERATING (EXPENSES) REVENUES (Notes 2 and 14):		
Operating subsidies from MTA	590,116	498,136
Federal Transit Administration Cares Act	357,379	312,167
CDOT subsidies	291,796	255,775
Gain on Asset Exchange	6,028	-
Other nonoperating revenues (expenses)	(58)	5,745
Net nonoperating revenues	1,245,261	1,071,823
LOSS BEFORE CAPITAL CONTRIBUTIONS	(211,043)	(254,169)
CAPITAL CONTRIBUTIONS—MTA contributions for capital projects	545,071	562,120
CHANGE IN NET POSITION	334,028	307,951
NET POSITION—Beginning of year	3,767,760	3,459,809
NET POSITION—End of year	$ 4,101,788	$ 3,767,760

See notes to financial statements.

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
($ in thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts	$ 262,204	$ 243,126
Rents, sundry, and other receipts	21,709	17,833
Payroll and related fringes	(1,020,515)	(927,386)
Other operating expenses	(399,010)	(383,916)
Net cash used in operating activities	(1,135,612)	(1,050,343)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating subsidies from MTA	590,116	498,136
Federal Transit Administration CARES/CRRSAA Acts	357,379	312,167
Operating subsidies from CDOT	285,193	263,523
(Repayment) / Proceeds MTA Loan	(50,000)	50,000
Other non-operating revenues—net	272	6,150
Net cash provided by noncapital financing activities	1,182,960	1,129,976
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions from MTA	99,441	99,356
Capital expenditures	(152,821)	(192,933)
Net cash used in capital related financing activities	(53,380)	(93,577)
NET DECREASE IN CASH	(6,032)	(13,944)
CASH—Beginning of year	22,824	36,768
CASH—End of year	$ 16,792	$ 22,824
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (1,450,276)	$ (1,325,992)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation, amortization, and retirements	309,686	269,231
Net increase in payables	116,492	119,310
Net decrease in farecards and receivables	(113,394)	(94,162)
Net (decrease) increase in materials and prepaid expenses	1,880	(18,730)
NET CASH USED IN OPERATING ACTIVITIES	$ (1,135,612)	$ (1,050,343)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital assets	$ 362,946	$ 408,715
Capital assets and related liabilities	60,137	58,723
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	$ 423,083	$ 467,438

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
($ 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 MTA, established in September 1982 pursuant to the New York State Public Authorities Lawand 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 thespecific 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 consolidatedfinancial statements.

Substantial deficits result from providing these services and the MTA Metro-North Railroad expects that such deficitswill 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 taxeson 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 ofaccounting in accordance with GAAP.

The MTA Metro-North Railroad applies Governmental Accounting Standards Board (“GASB”) Codification ofGovernmental Accounting and Financial Reporting Standards (“GASB Codification”) Section P80, ProprietaryAccounting and Financial Reporting.

New Accounting Standards— The MTA LIRR adopted the following GASB Statements for the year ended December 31, 2021:

GASB Statement No. 98, The Annual Comprehensive Financial Report, requires that the term comprehensive annual financial report be replaced with annual comprehensive financial report and that the acronym CAFR be replaced with ACFR. The requirements of this Statement are effective for fiscal years ending after December 15, 2021, with early application encouraged. The adoption of this Statement did not have an 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
87	*Leases*	2022
91	*Conduit Debt Obligations*	2022
92	*Omnibus 2020*	2022
93	*Replacement of Interbank Offered Rates*	2022
94	*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*	2023
96	Subscription-based Information Technology Arrangements	2023

Capital Assets—Effective January 1, 2020, in accordance with GASB Statement No. 89, the MTA Metro-North no longer capitalizes interest costs related to the construction of capital assets.

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 Company 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.

Materials and Supplies—Materials and supplies, except for repaired and repairable items, are recorded at average cost. Reserve for obsolete and excess materials was $ 63,982 and $57,841 in 2021 and 2020, respectively. Repaired items, such as engines and motors, are valued at 50% of their current purchase price.

Fare Cards—MTA Metro-North Railroad 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.

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. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the present value of net minimum lease payments at the inception of the lease.

Accumulated depreciation and amortization are reported as reductions of 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. Capital lease assets and leasehold improvements are amortized over the term of the lease or the life of the assets, whichever is less.

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.

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 10). 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. In addition, an allocation of FTA CRRSA funding for $298,739 were received and recorded in 2021. MTA MNR recognized this funding as non-operating subsidy.

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.

Amount Recoverable from CDOT—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, 2020 and expires December 31, 2024.

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 nonmovable 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.

The Service Agreement provides that final billings for each year be subject to audit by CDOT. The audits of 2018 and 2019 billing are still open.

Compensated Absences—The MTA Metro-North Railroad has accrued the full value (including fringe benefits) of all vacation and sick leave benefits earned by employees to date if the leave is attributable to past service and it is probable that the MTA Metro-North Railroad will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Accruals for vacation benefits were $67.7 million and $68.1 million at December 31, 2021 and 2020, respectively. Accruals for sick leave benefits were $38.0 million and $38.6 million at December 31, 2021 and 2020, respectively.

Liability Insurance—The First Mutual Transportation Assurance Company ("FMTAC"), an insurance captive subsidiary of MTA, operates a liability insurance program ("ELF") that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limits for MTA Metro-North Railroad was $8 million. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limits for MTA Metro-North Railroad was $9 million. Effective November 1, 2012 the self-insured retention limits for ELF was increased to $10 million for MTA Metro-North Railroad. Effective October 31, 2015, the self-insured retention limits for ELF was increased to $11 million for the MTA Metro-North Railroad. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50 million. The retrospective portion contains the same insurance agreements, participant retentions, and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Group entities above their specifically assigned self-insured retention with a limit of $50 million per occurrence with a $50 million annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2021, the balance of the assets in this program was $192.67 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $357.5 million for a total limit of $407.5 million ($357.5 million excess of $50 million). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50 million.

On March 1, 2021, 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 per occurrence deductible. Primary limits of $6 million were procured through the commercial marketplace. Excess limits of $5 `million were procured through FMTAC. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

On December 15, 2021, 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, 2021, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2021, FMTAC directly insures property damage claims of the Related Entities in excess of a $25 million per occurrence deductible, subject to an annual $75 million aggregate deductible. The total All Risk program annual limit is $500 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $500 million per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of $100 million of fully collateralized earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 12, 2020 to April 30, 2023. The expanded protection is reinsured by MetroCat Re Ltd. 2020-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2020-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index value.

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

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any "certified" act of terrorism up to a maximum recovery of $215 million for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the "certified" acts of terrorism insurance or (3) 100% of any "certified" terrorism loss which exceeds $5 million and less than the $200 million TRIPRA trigger up to a maximum recovery of $200 million for any occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $215 million. Recovery under the terrorism policy is subject to a deductible of $25 million per occurrence and $75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed $75 million future losses in that policy year are subject to a deductible of $7.5 million. The terrorism coverages expire at midnight on May 1, 2023.

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.

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.

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 2021 and 2020 that were not insured were maintained in major financial institutions.

At December 31, 2021 and 2020, cash consisted of (in thousands):

	2021		2020	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits (FDIC)	$ 250	$ 250	$ 250	$ 250
Collateralized deposits	13,484	13,804	20,779	20,629
Uninsured amounts held by ticket agents and deposits in transit	3,058		1,795	-
	$ 16,792	$ 14,054	$ 22,824	$ 20,879

Certain of these cash accounts are held in the name of a trustee; the carrying amount of the trustee accounts at December 31, 2021 and 2020 were $2,591 and $1,326, respectively. These accounts include revenue pledged by theMTA 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 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

The following is a summary of capital assets activity as of December 31, 2021 and 2020 ($ in thousands):

	Balance December 31, 2019	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2020	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2021
Capital assets, not being depreciated:							
Land	$ 92,374	$ 24,616	$ -	$ 116,990	$ 1,657	$ 670	$ 117,977
Construction work-in-progress	1,687,984	646,483	573,013	1,761,454	576,673	722,131	1,615,996
Total capital assets, not being depreciated	1,780,358	671,099	573,013	1,878,444	578,330	722,801	1,733,973
Capital assets, being depreciated:							
Roads	2,031,065	118,239	-	2,149,304	145,601	4,145	2,290,760
Buildings and structures	3,841,070	89,431	-	3,930,501	295,172	24,443	4,201,230
Buildings and structures under capital leases	28,372	17,367	28,372	17,367	6,262		23,629
West of Hudson improvements	254,901	60,955	-	315,856	2,931		318,787
Passenger cars	1,510,102	143,904	-	1,654,006	21,784		1,675,790
Locomotives	166,962	35,262	-	202,224	(312)		201,912
Other	360,803	83,441	1,760	442,484	256,906	7,951	691,439
Total capital assets, being depreciated	8,193,275	548,599	30,132	8,711,742	728,344	36,539	9,403,547
Less accumulated depreciation:							
Roads	1,226,692	53,736	-	1,280,428	59,802	4,662	1,335,568
Buildings and structures	1,842,657	114,728	-	1,957,385	127,049	18,449	2,065,985
Buildings and structures under capital leases	2,579	55	2,601	33	225		258
West of Hudson improvements	95,671	9,184	-	104,855	10,584		115,439
Passenger cars	911,322	57,140	-	968,462	63,962		1,032,424
Locomotives	127,410	7,720	-	135,130	7,314		142,444
Other	290,392	26,668	1,322	315,738	40,750	7,393	349,094
Total accumulated depreciation	4,496,723	269,231	3,923	4,762,031	309,686	30,504	5,041,212
Total capital assets, being depreciated—net	3,696,552	279,368	26,209	3,949,711	418,658	6,035	$ 4,362,334
Capital assets—net	$ 5,476,910	$950,467	$ 599,222	$ 5,828,155	$ 996,988	$ 728,836	$ 6,096,307

In 2021 MTA and Metro-North Railroad closed on a Transit Oriented Development project with a real estate developer encompassing property at a commuter parking lot. In exchange for ownership of approximately 75% of the commuter parking lot, the developer built at its own cost and expense a commuter parking garage on the portion of land that Metro-North Railroad retained. The parking garage was valued at the approximate market value of the conveyed property and a gain of $6.1 million was recognized on this conveyance.

MTA Metro-North Railroad owns all trackage in New York State including the land and related improvements constituting the New Haven Line between the Connecticut border at Port Chester, New

York and Woodlawn Junction.The Harlem and Hudson railroad lines along with the Grand Central Terminal were purchased by MTA on February 28, 2020 (see Note 9).

On April 24, 2015, the Federal Railroad Administration approved a U.S. Federal Railroad Administration loan of $967.1 million under its Railroad Rehabilitation and Improvement Financing Program. MTA, on behalf of Metro-North Railroad, and the Long Island Rail Road, applied for funding to improve the safety of signal systems. The loan's purpose was to finance the installment of Positive Train Control, a technology designed to remove the potential for human error that can lead to train-involved accidents. The loan was approved by the MTA Board at its meeting on April 29, 2015 and the loan was closed in May 2015. A total of $690.9 million was drawn down till 2020. On May 5, 2021, the MTA prepaid the outstanding obligation in full, terminated all commitments under the Financing Agreement, and cancelled the Bond.

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-termfunded and constructed by NYPA. The repayment period for the NYPA loan can be up to 20 years but can be repaid atany time with no penalty.

The debt service requirements at December 31, 2021 are as follows ($ in thousands):

Year	Principal	Interest	Total
2022	$ 2,777	$ 251	$ 3,028
2023	2,474	185	2,659
2024	2,248	127	2,375
2025	2,298	71	2,369
2026	536	30	566
2027–2031	1,054	75	1,129
Total	$ 11,387	$ 739	$ 12,126

The above interest amounts include both fixed and variable rate calculations. Interest on the variable-rate loan is paidat the Securities Industry and Financial Markets Association Municipal Swap Index ("SIFMA") rate 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. 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.

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 $19,500 in 2020 and $19,500 in 2021. For those over age 50, the maximums are $25,500 for 2020 and $26,000 for 2021.

Matching Contributions—MNR 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 MNR member's continuous employment, MTA Metro-North Railroad contributes an amount equal to 7% of the member's compensation. Eligible MNR members vest in these employer contributions as set forth below:

Years of Service	Vested Percentage
Less than 5	0%
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, 2021 and 2020, no forfeitures reduced the Plan's expense.

The following is a summary of activity for the 401k and 457 deferred compensation programs ($ in thousands):

	2021	2020
Contributions:		
Employee contributions—net of loans	$76,722	$47,521
Participant rollovers	2,327	2,517
Employer contributions	2,447	2,561
Total contributions	$81,496	$52,599

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 Metro-North Railroad. The 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 became 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 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 and is not subject to the provisions of the Employee Retirement Income Security Act ("ERISA") of 1974.

The MTA Board of Trustees appoints a Board of Managers of Pensions consisting of five individuals who may, but need not, be officers or employees of the company. The Board of Managers control and manage the operation and administration of the Plan's activities, including establishing and amending contributions and benefits.

The financial information for the MNR Cash Balance Plan is not included in the financial statements of MTA Metro- North Railroad as the balances and activities are not material to MTA Metro-North Railroad. 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 Comptroller, 2 Broadway, 15th Floor, New York, New York, 10004. These statements are also available at www.mta.info.

2. *MTA Defined Benefit Plan*—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 and certain MTA Metro-North Railroad represented employees. MTA Staten Island Railway represented and nonrepresented employees and certain employees of the MTA Bus Company ("MTA Bus"). MTA Long Island Rail Road, MTA Metro-North Railroad, MTA, MTA Staten Island Railway 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. The MTA Plan, including benefits and contributions, may be amended by 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 the MTA Comptroller, 2 Broadway, 15th Floor, New York, New York, 10004. This report is also available at www.mta.info.

Benefits Provided

1. *MNR Cash Balance Plan*

   Pension Benefits—Participants of the Plan obtain a nonforfeitable right to their accrued benefit upon the earlier of (a) the completion of 5 years of service with the 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 65. Participants of the MNR Cash Balance Plan may elect to receive the value of their accumulated plan benefits as a lump-sum distribution upon retirement or they may elect to receive their benefits as a life annuity payable monthly from retirement. Participants may also elect to receive their pension benefits in the form of a joint and survivor annuity.

Participants of the 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 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 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 upon termination 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 15 years. Certain represented employees of the MTA Metro-North Railroad are eligible for an early retirement allowance upon termination if the participant has attained age 60 and completed at least 5 years of credited service or has attained age 55 and completed at least 30 years of credited service. 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.

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 management and represented employees.

The disability retirement allowance for covered MTA Metro-North Railroad management is calculated based on the participant's credited service and final average salary ("FAS") but not less than ⅓ of FAS.

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 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 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. This death benefit is payable in a lump sum distribution. Moreover, an accidental death benefit is payable for the death of a participant who is a covered MTA Metro-North Railroad 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.

In 2020, an amendment to the MTA Defined Benefit Plan was approved by the MTA Board to provide a COVID-19 Accidental Death Benefit. Chapter 89 of the Laws of 2020 (Chapter 89) was passed by the Legislature, and signed by the Governor, on May 30, 2020. Chapter 89 enacted Sections 361-b, 509-a and 607-i of the Retirement and Social Security Law and Section 13-149.1 of the New York City Administrative Code, to provide a special line-of-duty Accidental Death Benefit to eligible members of the Plan. This special benefit expired on August 31, 2021.

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.

Membership

Membership in the MNR Cash Balance Plan as of the date of the actuarial valuation consisted of the following:

	January 1, 2021	January 1, 2020
Active plan members	0	2
Retirees and beneficiaries receiving benefits	23	24
Vested formerly active members not yet receiving benefits	5	15
	28	41

Contributions and Funding Policy

1. *MNR Cash Balance Plan*

Funding for the 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 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 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 plan. MTA Metro-North Railroad anticipated that no further contributions would be made to the Plan. However, due to changes in actuarial assumptions and market performance, additional contributions were made to the Plan in several subsequent years.

There were no contributions made in 2021 and 2020.

2. *MTA Defined Benefit 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.

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, depending on their collective bargaining agreements, were required to make employee contributions until the completion of required years of credited service as per the relevant collective bargaining agreements.

Contributions as a percent of covered payroll were 21.67% and 19.60% for the years ended December 31, 2021 and December 31, 2020, respectively. The actual contributions for the years ended December 31, 2021 and December 31, 2020 were $137,242 and $136,680 respectively.

Net Pension Liability

MTA Metro-North Railroad's net pension liabilities for each of the pension plans reported at December 31, 2021 and December 31, 2020 were measured as of December 31, 2020 and December 31, 2019, respectively. The total pension liability at December 31, 2020 and December 31, 2019 for the MTA Defined Benefit Plan was determined by actuarial valuations as of the valuation date of January 1, 2020 and January 1, 2019, respectively. The total pension liability at December 31, 2020 and December 31, 2019 for the MNR Cash Balance plan was determined by an actuarial valuation as of the valuation date of January 1, 2019. 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.

Actuarial Assumptions

The actuarial assumptions used in the January 1, 2020 and January 1, 2019 valuations for the MTA plans are based on the results of actuarial experience studies for the period from January 1, 2012 through December 31, 2017 dated October 4, 2019 and January 1, 2006 through December 31, 2011, respectively.

The 2021 and 2020 post retirement mortality assumptions are based on an experience analysis covering the period from January 1, 2011 to December 31, 2015 for all MTA plans.

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 measurement date.

The total pension liability in the actuarial valuations was determined using the following actuarial assumptions for each of the pension plans as follows:

	January 1, 2021		January 1, 2020	
	MNR Cash Balance Plan	**MTA Defined Benefit Plan**	**MNR Cash Balance Plan**	**MTA Defined Benefit Plan**
Investment Rate of Return	3.0% per annum, net of investment expenses.	6.50% per annum, net of investment expenses.	3.5% per annum, net of investment expenses.	6.50% per annum, 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	2.25 %	2.25%, 3.25% for Railroad Retirement Wage Base.	2.25 %	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 members reflecting mortality improvement on a generational basis using Scale AA. Mortality assumption is based on a 2017 experience study for all the MTA plans.	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. Mortality assumption is based on an experience analysis covering the period from January 1, 2011 to December 31, 2015	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 the MTA plans.	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. Mortality assumption is based on an experience analysis covering the period from January 1, 2011 to December 31, 2015

	January 1, 2021		January 1, 2020	
	MNR Cash Balance Plan	**MTA Defined Benefit Plan**	**MNR Cash Balance Plan**	**MTA Defined Benefit Plan**
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	Not applicable	RP-2014 Disabled Annuitant mortality table for males and females.	Not applicable	RP-2014 Disabled 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, 2020 are as follows:

Asset Class	**Index**	**Target Allocation**	**Long-Term Expected Arithmetic Real Rate of Return**
US Cash	BAML 3-Mo Tbill	100.00 %	-0.54%

Assumed Inflation—Mean	2.25 %
Assumed Inflation—Standard Deviation	1.65 %
Portfolio Nominal Mean Return	1.73 %
Portfolio Standard Deviation	1.20 %
Long Term Expected Rate of Return selected by MTA	2.12 %

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, 2020	**MNR Cash Balance Plan**		**MTA Defined Benefit Plan**	
Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
US core fixed income	100 %	0.45 %	9.00 %	0.78 %
US long bonds			1.00 %	1.82 %
US bank/leveraged loans			7.00 %	2.73 %
US inflation-indexed bonds			2.00 %	(0.70)%
US high yield bonds			4.00 %	3.84 %
Emerging market bonds			2.00 %	4.19 %
US large caps			12.00 %	3.93 %
US small caps			6.00 %	5.11 %
Foreign developed equity			12.00 %	5.74 %
Emerging markets equity			5.00 %	7.53 %
Global REITS			1.00 %	5.65 %
Private real estate property			4.00 %	3.85 %
Private equity			9.00 %	9.02 %
Commodities			1.00 %	2.26 %
Hedge funds—multistrategy			16.00 %	2.99 %
Hedge funds—event-driven			6.00 %	3.16 %
Hedge funds—equity hedge			3.00 %	3.42 %
	100 %		100.00 %	
Assumed inflation—mean		2.25 %		2.25 %
Assumed inflation—standard deviation		1.65 %		1.65 %
Portfolio nominal mean return as per actuary		2.70 %		6.44 %
Portfolio standard deviation		3.85 %		11.47 %
Long term expected rate of return selected by MTA		3.00 %		6.50 %

Discount Rate

As of December 31, 2020 and December 31, 2019, the discount rates used to measure the total pension liability of the MNR Cash Balance Plan were 3.0% and 3.5%, respectively.

As of December 31, 2020 and December 31, 2019, the discount rates used to measure the total pension liability of the MTA Defined Benefit Plan were 6.5%.

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.

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, 2021, based on the December 31, 2020 measurement date and for the year ended December 31, 2020, based on the December 31, 2019 measurement date, are as follows:

	Metro-North Cash Balance Plan		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance as of December 31, 2019	$448	$455	$ (6)
Changes for calendar year 2019:			
Interest on total pension liability	14	-	14
Effect of plan changes	-	-	-
Effect of economic /demographic (gains) or losses	10	-	10
Effect of assumption changes or inputs	11	-	11
Benefit payments	(105)	(105)	-
Administrative expense		3	(3)
Net investment income		32	(32)
Employer contributions		9	(9)
Balance as of December 31, 2020	$378	$394	$(15)

	Metro-North Cash Balance Plan		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance as of December 31, 2018	$479	$471	$ 8
Changes for calendar year 2018:			
Interest on total pension liability	18	-	18
Effect of plan changes	-	-	-
Effect of economic /demographic (gains) or losses	-	-	-
Effect of assumption changes or inputs	4	-	4
Benefit payments	(53)	(53)	-
Administrative expense	-	(3)	3
Net investment income	-	40	(40)
Employer contributions	-	-	-
Balance as of December 31, 2019	$448	$455	$ (7)

MTA Metro-North Railroad's– Cash Balance Plan

The following presents MTA Metro-North Railroad's net pension liability/(asset) as of December 31, 2021 calculated using the current discount rate at January 1, 2021 of 3.0% for the 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 (2.0%) or 1-percentage point higher (4.0%) than the current rate:

	1% Decrease 2.0%	Current Discount Rate 3.0%	1% Increase 4.0%
		(in whole dollars)	
Net pension liability	$ 7,343	$ (15,852)	$ (36,311)

The following presents MTA Metro-North Railroad's net pension liability/(asset) as of December 31, 2020 calculated using the current discount rate at January 1, 2020 of 3.5% for the 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 (2.5%) or 1-percentage point higher (4.5%) than the current rate:

	1% Decrease 2.5%	Current Discount Rate 3.5%	1% Increase 4.5%
		(in whole dollars)	
Net pension liability	$ 17,379	$ (6,494)	$ (27,526)

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:

	December 31, 2020	December 31, 2019
MTA Metro-North Railroad's proportion of the net pension liability	34.72 %	35.10 %
MTA Metro-North Railroad's proportionate share of the net pension liability	$ 672,605	$ 605,988

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 Metro-North Railroad's proportionate share of the net pension liability as of December 31, 2020 based upon the January 1, 2020 actuarial valuation calculated 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 (5.5%) or 1-percentage point higher (7.5%) than the current rate:

	MTA Defined Benefit Plan		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
MTA Metro-North Railroad's proportionate share of the net pension liability	$ 979,325	$ 672,605	$ 416,853

The following table presents MTA Metro-North Railroad's proportionate share of the net pension liability as of December 31, 2019 based upon the January 1, 2019 actuarial valuation calculated 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 (5.5%) or 1-percentage point higher (7.5%) than the current rate:

	MTA Defined Benefit Plan		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
MTA Metro-North Railroad's proportionate share of the net pension liability	$ 895,594	$ 605,988	$ 362,122

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:

	December 31, 2021	December 31, 2020
Pension plans		
MNR cash balance plan	$ 15	$ 13
MTA defined benefit plan	148,592	116,330
Total	$ 148,607	$ 116,343

At December 31, 2021, 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	$	$	$ 75,834	$ (4,762)	$ 75,834	$ (4,762)
Changes in assumptions			185,995	(6,104)	185,995	(6,104)
Net difference between projected and actual earnings on pension plan investments		(19)	25,131		25,131	(19)
Changes in proportion and differences between contributions and proportionate share of contributions			20,855		20,855	
Employer contribution to plan subsequent to the measurement date of net pension liability			137,242		137,242	
Total	$	$(19)	$445,057	$(10,866)	$445,057	$(10,885)

At December 31, 2020, 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	$ -	$ -	$ 62,167	$ (5,988)	$ 62,167	$ (5,988)
Changes in assumptions	-	-	216,697	(9,599)	216,697	(9,599)
Net difference between projected and actual earnings on pension plan investments	-	(4)	-	(51,272)	-	(51,276)
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	29,213	-	29,213	-
Employer contribution to plan subsequent to the measurement date of net pension liability	-	-	136,680	-	136,680	-
Total	$ -	$ (4)	$444,757	$(66,859)	$444,757	$(66,863)

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 7.7 to 8.6 years for the MTA Defined Benefit Plan, beginning in the year in which the deferred amount occurs.

The amounts of $137,242 and $136,680 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, 2021 and December 31, 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2021 will be recognized as pension expense (income) as follows:

($ in thousands) **Year ending December 31:**	**MNR Cash Balance Plan**	**MTA Defined Benefit Pension Plan**	**Total**
2022	$ (4)	$ 64,807	$ 64,803
2023	(8)	33,482	33,474
2024	(3)	54,946	54,943
2025	-	37,014	37,014
2026		35,583	35,583
Thereafter		24,461	24,461
Total	$ (15)	$ 250,293	$ 250,278

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 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 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

(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, 2021 and 2020, the MTA Metro-North paid $58,925 and $56,597 of PAYGO to the OPEB Plan, respectively. In addition, the OPEB Plan paid $31,656 in OPEB benefits in 2020. The PAYGO amounts include an implicit rate subsidy adjustment of $17,151 and $19,322 for the years ended December 31, 2021, and 2020, respectively. There were no additional prior year implicit rate subsidy adjustments for the year ended December 31, 2021.

During 2012, the MTA funded $250 into the Trust and an additional $50 during 2013. There have been no further contributions made to the Trust. The investment trust was liquidated in 2020 covering a portion of the year's benefit payments resulting in lower contributions than the payments for the year.

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, 2020 and December 31, 2019, the measurement dates, are 2.12% and 2.74%, 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, 2020 and December 31, 2019, the employer made a cash payment for retiree healthcare of $19,322 and $18,466, 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)	**2020 Retirees**	**2019 Retirees**
Total blended premiums	$40,913	$38,132
Employment payment for retiree healthcare	19,322	18,466
Net Payments	$60,235	$56,598
Payments from liquidation of trust	(28,040)	0
Net Contributions	$32,195	$56,598

(2) Net OPEB Liability

At December 31, 2021 and December 31, 2020, the MTA Metro-North reported net OPEB liability of $2,028,743 and $1,635,681, 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, 2020 and December 31, 2019, respectively. The total OPEB liability as of December 31, 2021 and December 31, 2020 was determined by an actuarial valuation date of July 1, 2019 and rolled forward to December 31, 2020 and December 31, 2019. 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, 2021 and December 31, 2020, the MTA Metro-North's proportion was 8.31% and 7.75%, 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, 2019. Update procedures were used to roll forward the total OPEB liability to December 31, 2020 and December 31, 2019, 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, 2021	**December 31, 2020**
Valuation date	July 1, 2019	July 1, 2019
Measurement date	December 31, 2020	December 31, 2019
Discount rate	2.12%, net of expenses	2.74%, net of expenses
Inflation	2.25 %	2.25%
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 %	4.5%
Investment rate of return	2.12 %	5.75%

Salary Scale—salaries are assumed to increase by years of service.

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 healthcare trend assumption for the July 1, 2019 valuation is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, and healthcare reform provisions including changes due to H.R. 1865 (December 2019), separately for NYSHIP. Long-term trend increases are 3.5% for dental and vision benefits and 4.5% for Medicare Part B reimbursements, but not more than projected medical and pharmacy trends.

The valuation reflects the actuaries understanding of the impact in future health costs due to the Affordable Care Act ("ACA") passed into law in March 2010. An excise tax for high cost health coverage or "Cadillac" health plans was included in ACA. The provision levies a 40% tax on the value of health plan costs that exceed certain thresholds for single coverage or family coverage. In December 2019, the President signed into law the "Further Consolidated Appropriations Act, 2020" (the "Act"), which included the permanent repeal of the "Cadillac" tax, effective January 1, 2020. The impact of the elimination of the "Cadillac" tax on the MTA Metro-North's OPEB liability is approximately $49.6 million and has been reflected in the valuation dated July 1, 2019 and in the reporting year-ended December 31, 2020.

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	NYSHIP Post-65 Trend
2019-2020	6.80 %	5.90 %
2020-2021	6.20	5.70
2021-2022	5.70	5.40
2022-2023	5.10	5.10
2023-2024	5.00	5.00
2024-2025	4.90	4.90
2025-2026	4.80	4.80
2026-2027	4.70	4.70
2027-2028	4.60	4.60
2028-2029	4.50	4.50
2038-2039	4.60	4.60
2048-2049	4.80	4.80
2058-2059	4.50	4.50
2068-2069	4.20	4.20
2078-2079	3.80	3.80
2088-2089	3.80	3.80
2098-2099	3.80	3.80

For purposes of applying the Entry Age Normal Cost method, the healthcare trend prior to the valuation date are based on the ultimate rates, which are 3.8% for medical and pharmacy.

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

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

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

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

Expected Rate of Return on Investments—The 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, 2020.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US cash	100.00 %	(0.54)%
Long term expected rate of return selected by MTA		2.12 %

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, 2020 of 2.12% and December 31, 2019 of 2.74%.

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:

December 31, 2021	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
		(in thousands)	
Proportionate share of the net OPEB liability	$ 2,335,319	$ 2,028,743	$ 1,777,989

December 31, 2020	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
		(in thousands)	
Proportionate share of the net OPEB liability	$ 1,877,045	$ 1,635,681	$ 1,437,075

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:

December 31, 2021	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(in thousands)	
Proportionate share of the net OPEB liability	$ 1,711,765	$ 2,028,743	$ 2,434,804

December 31, 2020	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(in thousands)	
Proportionate share of the net OPEB liability	$ 1,396,735	$ 1,635,681	$ 1,937,992

* 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, 2021 and December 31, 2020, the MTA Metro-North Railroad recognized OPEB expense of $172,353 and $131,311, 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.

The MTA Metro-North Railroad reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	December 31, 2021		December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 16,034	$ (4,156)	$ 17,456	$ (1,097)
Changes in assumptions	195,589	(88,960)	63,114	(101,751)
Changes in proportion	128,561	(28,491)	27,493	(33,162)
Net difference between projected and actual earnings on OPEB plan investments	5,033	-	-	(1,349)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	58,925	-	38,580	-
Total	$ 404,141	$ (121,607)	$ 146,643	$ (137,358)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2021 will be recognized in OPEB expense as follows:

Year ending December 31:	
2022	$ 30,514
2023	32,070
2024	31,356
2025	25,800
2026	29,332
Thereafter	73,420
	$222,492

9. LEASES

On April 8, 1994, MTA entered into an Amended and Restated Agreement of Lease with American Premier Underwriters, Inc. for the Harlem/Hudson Line properties including Grand Central Terminal. This agreement initially extends the lease term, previously expiring in 2031, an additional 110 years and, pursuant to several other provisions, an additional 133 years. In addition, the agreement grants MTA an option to purchase the leased property after the twenty-fifth anniversary of the restructured lease.

Through 2006, MTA leased the properties associated with Harlem/Hudson Lines from American Premier Underwriters, Inc., formerly the Penn Central Corporation. MTA subleases these properties to the MTA Metro-North Railroad.

The restructured lease was comprised of both operating (for the lease of land) and capital (for the lease of buildings and track structures) elements. Deferred expenses of $5,146 had been recorded relating to the lease and amortized over the life of the lease. These deferred expenses were related to the assumption of environmental liabilities and an incentive payment. In 2006, American Premier Underwriters, Inc. sold their rights to the leased property to Midtown Trackage Ventures, LLC.

On February 28, 2020, MTA closed on the purchase of Grand Central Terminal, and the Harlem and Hudson railroad lines for approximately $33 million. The purchase puts an end to a 280-year lease that gave the MTA a one-time window of opportunity to buy the assets. The capital lease obligations of $13,435 were retired as a result of this purchase.

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 20 years. In addition, the agreement grants the Company expanded square footage.

Total operating rent expense approximated $19,740 and $21,240 in 2021 and 2020.

At December 31, 2021, the future minimum lease payments under all noncancelable leases, including office space leased from Graybar are as follows:

($ in thousands) **Operating**	**Office** **Space**
2022	$ 18,946
2023	18,855
2024	18,662
2025	19,613
2026	19,528
2027-2031	82,408
2032-2034	47,065
	$ 225,077

Liabilities relating to equipment under capital leases have been assumed by MTA.

A summary of activity for the capital lease obligation for the years ended December 31, 2021 and 2020 is presented below:

($ in thousands)	**2021**	**2020**
Balance—beginning of year	$ -	$ 13,435
Activity during the year:		
Principal payments on lease	-	(13,435)
Balance—end of year	-	-
Less current portion	-	-
Long-term liability	$ -	$ -

10. 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, 2021 and 2020, is presented below:

($ in thousands)	**2021**	**2020**
Balance—beginning of year	$ 64,597	$ 70,455
Activity during the year:		
Current year claims and changes in estimates	7,748	3,513
Claims paid—settlements only	(14,142)	(9,371)
Balance—end of year	58,203	64,597
Less current portion	(12,253)	(14,454)
Long-term liability	$ 45,950	$ 50,143

11. 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
- 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 ($0.2) million and $1.3 million were recorded on the Statement of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2021 and 2020, respectively. The expense provision was measured at its current value utilizing the prescribed expected cash flow method.

As of December 31, pollution remediation liabilities of $.70 million (short-term) and $4.3 million (long-term) for 2021 and $0.70 million (short-term) and $7.6 million (long-term) for 2020 were recorded. These consist primarily of future remediation activities associated with lead and asbestos abatement.

12. 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. The following table shows the dollar volume of such related party transactions at December 31, 2020 and 2019:

Payments to MTA and affiliated agencies	$ 198,925	$ 120,962
Payments from MTA and affiliated agencies	108,790	117,340

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, 2021 and 2020:

($ in thousands)	**2021**		**2020**	
	Receivable	**(Payable)**	**Receivable**	**(Payable)**
MTA	$ 179,736	$ (108,373)	$ 100,730	$ (130,673)
Affiliated agencies	125	(8,691)	299	(11,269)
Total MTA and affiliated agencies	$ 179,861	$ (117,064)	$ 101,029	$ (141,942)

As duly authorized, interagency loans from MTA were initiated for $35 million and $15 million on January 4, 2020 and March 10, 2020, respectively. The loan of $50 million was paid in 2021.

In addition, MTA Metro-North Railroad had investments in the MTA Investment Pool of $152,808 and $89,886 at December 31, 2021 and 2020, respectively.

On July 29, 1998, the MTA, the MTA New York City Transit and Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels") entered into a lease and related agreements whereby each agency, as sub lessees, will rent an office building at Two Broadway in lower Manhattan, for an initial lease term through June 30, 2048, renewable for two additional 15-year terms. Through separate triple-net sublease agreements, the lease was appointed 21% to MTA, on behalf of the MTA Long Island Railroad and the MTA Metro-North Railroad, 68.7% to the MTA New York City Transit, and 10.3% to the MTA Bridges and Tunnels. Total annual rental payments over the initial lease term are $1.6 billion. Base building and tenant improvements at Two Broadway were financed through the issuance by MTA of Two Broadway Certificates of Participation. The MTA Long Island Railroad and the MTA Metro-North Railroad are obligated to pay 21% of the ground lease payments and payments relating to the Two Broadway Certificates of Participation.

Pursuant to an agreement by and among the MTA, the MTA Long Island Railroad, the MTA Metro-North Railroad, the MTA New York City Transit and the MTA Bridges and Tunnels; the MTA New York City Transit and the MTA Bridges and Tunnels have agreed to reimburse the MTA Long Island Rail Road and the MTA Metro-North Railroad for the space occupied by the MTA New York City Transit and the MTA Bridges and Tunnels. Presently, the MTA, the MTA New York City Transit and the MTA Bridges and Tunnels occupy substantially all of the space at Two Broadway and rent is paid directly to the landlord.

13. OTHER LONG-TERM LIABILITIES

In 2020, MTA Metro-North Railroad, under Section 2302 of the CARES Act, elected to defer the payment of the employer portion of Tier 1 Railroad Retirement taxes of $26,197. In 2021, the deferred tax balance of $13,099 was paid. Additionally, deferred rent related to the Graybar lease (see Note 9) of $(780) in 2021 and $1,111 in 2020 has been recorded. A summary of activity in other long-term liabilities for the years ended December 31, 2021 and 2020, is presented below:

($ in thousands)	**2021**	**2020**
Balance—beginning of year	$ 50,643	$ 23,377
Activity during the year:		
Deferred payroll taxes	(13,099)	26,197
Deferred rent on lease	(780)	1,111
Other	(68)	(42)
Balance—end of year	$ 36,696	$ 50,643

14. 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.

15. NOVEL CORONAVIRUS (COVID-19)

On March 12, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in the face of the global spread of the virus. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China, and has since spread globally, including to the United States and to New York State. On March 7, 2020, Governor Cuomo declared a Disaster Emergency in the State of New York. On March 13, 2020, President Trump declared a national state of emergency as a result of the COVID-19 pandemic. By order of Governor Cuomo ("New York State on PAUSE"), effective March 22, 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The PAUSE order was lifted on May 15, 2020 for five New York regions that met the requirements to start opening. However, a new order was signed by Governor Cuomo on May 15, 2020 extending the PAUSE to June 13, 2020 for New York City, Long Island, and the Hudson Valley. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a sharp decline in the utilization of MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, and MTA Bridge and Tunnel crossing traffic and toll revenues. A significant development has been the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID-19 were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15 after the State reached its goal of 70% of adults receiving at least a first dose of the vaccine. MTA has seen ridership steadily improve since the low point of ridership during the pandemic in 2020; however, the surge from the Omicron variant in mid-December has slowed ridership growth.

Coronavirus Aid, Relief and Economic Security Act, ("CARES Act')—The CARES ACT is a $2.2 trillion economic stimulus bill passed by Congress and signed into law by the President on March 27, 2020 in response to the economic fallout of the COVID-19 pandemic in the United States. The CARES Act through the Federal Transit Administration's ("FTA") formula funding provisions provided approximately $4 billion to MTA. Funding was provided at a 100 percent Federal share, with no local match required, and is available to support operating, and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders. On May 8, 2020, the FTA approved MTA's initial grant application of $3.9 billion. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 in additional formula grant allocations to MTA for a CARES Act grant total of $4.0 billion. As of December 31, 2020, a total of $4.0 billion was released to MTA for operating assistance that occurred from January 20, 2020, through July 31, 2020. The MTA has received all CARES Act funding as provided in the first congressional relief package.

Federal Reserve Bank of New York's Municipal Liquidity Facility LLC ("MLF")—Due to the COVID-19 pandemic, the Federal Reserve established the MLF in April 2020 as a source of emergency financing by being available to purchase up to $500 billion of short-term notes from state and local governments and certain public entities to ensure they had access to credit during the COVID-19 pandemic. MTA was able to utilize the MLF twice before the MLF window closed at the end of December 2020. On August 26, 2020, MTA directly placed with the MLF $450.72 Transportation Revenue BANs, Series 2020B, which were issued to retire existing Transportation Revenue BANs maturing on September 1, 2020.The MTA subsequently retired the MLF $450.72 Transportation Revenue BANs, Series 2020B, with an issuance of Dedicated Tax Funds bonds on March 1, 2022. MTA issued into the MLF a second time by directly placing $2.907 billion Payroll Mobility Tax BANs issued for working capital on December 17, 2020. The $2.907 billion MLF loan matures in 2023.

Coronavirus Response and Relief Supplemental Appropriation Act of 2021 (“CRRSAA”)—On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 (“CRRSAA”) that includes $900 billion for various COVID-19 economic relief programs to address hardships caused by the coronavirus pandemic and a $1.4 trillion government funding package to fund the government through September 30, 2021.Included in the legislation is $45 billion in financial assistance to the transportation industry, including $16 billion for another round of airline employee and contractor payroll support: $14 billion for transit; $10 billion for highways; $2 billion for intercity buses; $2 billion for airports; and $1 billion for Amtrak. The MTA received $4.1 billion in aid from the CRRSAA between December 2021 of $3.4 and January 2022 of $.7 billion. Release of such funds by the FTA was awaiting agreement of the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut which made on November 9, 2021.. This federal relief is expected to offset operating deficits in 2021.

American Rescue Plan Act (“ARPA”) - On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (“ARPA”). The $1.9 trillion package is intended to combat the COVID-19 pandemic, including the public health and economic impacts. The package includes $30 billion of direct federal aid to transportation agencies. Release of such funds was awaiting agreement on the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut which was made on November 9, 2021. The MTA expects to receive initially $6.1 billion in aid from ARPA in 2022. In September of 2021, Additional Assistance funding was made available to transit systems demonstrating additional pandemic associated needs. Details on the receipts and timing of the additional assistance is not yet available.

Federal Emergency Management Agency (“FEMA”) Reimbursement—The MTA is eligible for FEMA payments which are expected to cover expenses related to the COVID-19 pandemic, over and above normal emergency costs that are not covered by other federal funding. An estimated $651.7 of direct COVID-19 related expenses incurred from the start of the pandemic through December 31, 2021, the cut-off date established by FEMA, was submitted by MTA to FEMA for reimbursement.

16. SUBSEQUENT EVENTS

The company has evaluated all subsequent events through May 27, 2022, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2021. As of May 27, 2022, there were no subsequent events that required recognition or disclosure.

* * * * * *

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Preliminary Draft—For Discussion Purposes Only 01-26-2022 06:38
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METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the Metropolitan Transportation Authority)

Not in consistency with other tables

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
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 %)

	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY:						
Service cost	$ -	$ -	$ -	$ -	$ -	$ -
Interest	14	18	20	21	24	29
Effect of liability gains and losses	-	-	(11)	12	(15)	(10)
Effect of assumption changes or inputs	11	4	-	-	-	18
Effect of economic/ demographic (gains) or losses	10					
Benefit payments and withdrawals	(105)	(53)	(58)	(71)	(77)	(113)
Net change in total pension liability	(70)	(31)	(49)	(38)	(68)	(76)
TOTAL PENSION LIABILITY—Beginning	448	479	528	566	634	710
TOTAL PENSION LIABILITY—Ending(a)	378	448	479	528	566	634
FIDUCIARY NET POSITION:						
Employer contributions	9	-	5	-	23	18
Net investment income	32	40	-	20	16	6
Benefit payments and withdrawals	(105)	(53)	(58)	(71)	(77)	(113)
Administrative expenses	3	(3)	-	-	-	3
Net change in plan fiduciary net position	(61)	(16)	(52)	(51)	(38)	(86)
PLAN FIDUCIARY NET POSITION—Beginning	455	471	523	574	612	698
PLAN FIDUCIARY NET POSITION—Ending(b)	394	455	471	523	574	612
EMPLOYER'S NET PENSION LIABILITY—Ending(a)-(b)	$ (16)	$ (6)	$ 8	$ 5	$ (8)	$ 22
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	104.20 %	101.45 %	98.28 %	99.01 %	101.39 %	96.56 %
COVERED-EMPLOYEE PAYROLL	$ -	$ 277	$ 278	$ 268	$ 648	$ 995
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	%	(2.35)%	2.97 %	1.95 %	(1.22)%	2.20 %

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

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
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 %)

	2020	2019	2018	2017	2016	2015
PROPORTION OF THE NET PENSION LIABILITY	34.72 %	35.10 %	35.24 %	36.10 %	36.33 %	35.43 %
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 672,605	$ 605,988	$ 494,107	$ 370,698	$ 460,804	$ 457,065
ACTUAL COVERED-EMPLOYEE PAYROLL	$ 672,888	$ 653,851	$ 627,407	$ 589,000	$ 598,291	$ 562,928
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF THE AUTHORITY'S COVERED-EMPLOYEE PAYROLL	100.04 %	92.68 %	78.75 %	62.94 %	77.02 %	81.19 %
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	72.13%	73.48 %	73.33 %	79.87 %	71.82 %	70.44 %

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.

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S CONTRIBUTIONS TO ALL PENSION PLANS FOR THE YEARS ENDED DECEMBER 31:
(Amounts in dollars)

	2021	2020	2019	2018	2017	2016	2015
MNR CASH BALANCE PLAN:							
Actuarially determined contribution	$ -	$ -	$ 8,582	$ 5,444	$ -	$ 22,721	$ -
Actual employer contribution	-	-	8,582	5,444	-	22,721	14,124
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (14,124)
Covered payroll	$ -	$ 276,569	$ 277,633	$ 268,488	$ 471,469	$ 846,490	$ 1,474,237
Contributions as a % of covered payroll	- %	- %	3.09 %	2.03 %	- %	2.68 %	0.96 %
MTA DEFINED BENEFIT PENSION PLAN:							
Actuarially determined contribution	$ 133,644,611	$ 136,422,022	$ 122,819,205	$ 116,000,000	$ 114,406,753	$ 105,507,923	$ 96,982,553
Actual employer contribution	137,242,020	137,690,000	122,819,205	116,005,446	120,514,677	99,082,552	70,500,320
Contribution deficiency (excess)	$ (3,597,409)	$ (1,267,978)	$ -	$ (5,446)	$ (6,107,924)	$ 6,425,371	$ 26,482,233
Covered payroll	$ 672,887,698	$ 697,240,692	$ 723,599,220	$ 698,638,597	$ 616,231,443	$ 596,128,647	$ 648,851,699
Contributions as a % of covered payroll	20.40 %	19.75 %	16.97 %	16.60 %	19.56 %	16.62 %	10.87 %

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.

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
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, 2020 Actuarial Valuation Report dated November 30, 2021. The following actuarial methods and assumptions were used in the January 1, 2020 funding valuation for the Metro-North Commuter Railroad Company Cash Balance Plan:

	MNR Cash Balance Plan	
Valuation dates	January 1, 2020	
Measurement date	December 31, 2020	
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		2.25 %
Actuarial assumptions:		
Discount rate		3.00 %
Investment rate of return	3.00%, net of investment expenses	
Mortality	Based on experience of all MTA members reflecting mortality improvement generational basis using scale AA	
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, 2020 funding valuation.

Changes of Assumptions

The report reflected a reduction in the investment return assumption from 3.5% to 3.0% effective December 31, 2020.

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
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	2020	2019	2018
PROPORTION OF THE NET OPEB LIABILITY	8.31 %	7.75 %	7.92 %
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	$ 2,028,743	$ 1,635,681	$ 1,553,115
ACTUAL COVERED-EMPLOYEE PAYROLL	$ 682,336	$ 562,643	$ 698,639
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AS A PERCENTAGE OF THE AUTHORITY'S COVERED-EMPLOYEE PAYROLL	297.32 %	290.71 %	222.31 %
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	0.00%	1.93 %	1.86 %

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.

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
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 %)

	2021	2020	2019	2018
ACTUARIALLY DETERMINED CONTRIBUTION	N/A	N/A	N/A	N/A
ACTUAL EMPLOYER CONTRIBUTION [(1)]	$ 58,925	$ 38,580	$ 57,345	$ 54,762
CONTRIBUTION DEFICIENCY (EXCESS)	N/A	N/A	N/A	N/A
COVERED PAYROLL	$ 682,336	$ 562,643	$ 723,599	$ 698,639
ACTUAL CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	8.64 %	6.86 %	7.92 %	7.84 %

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $10,767, $19,322, $19,213, and $18,346 for the years ended December 31, 2021, 2020, 2019 and 2018, 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, 2019
Measurement date	December 31, 2020
Discount rate	2.12%, net of expenses
Inflation	2.25 %
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.25 %
Investment rate of return	2.12 %

Changes of benefit terms: In the July 1, 2019 actuarial valuation, there were no changes to the benefit terms.

Changes of assumptions: In the July 1, 2019 actuarial valuation, there was a change in assumptions. This valuation reflects updated healthcare-related assumptions, including changes due to H.R.1865 Further Consolidated Appropriations Act, 2020, which repealed the Cadillac tax on health plans.

In addition, this valuation reflects updates to demographic and other economic assumptions adopted in the December 31, 2017 Experience Study for the MTA DB Plan. These changes decreased the Net OPEB Liability as of December 31, 2019 primarily due to a reduction in the inflation assumption, which decreased the healthcare trend assumption. These were partially offset by increases in the rates of retirement in the MTA DB Plan.

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.

Metropolitan Transportation Authority ("MTA")

MTA Bus Company

(Component Unit of the MTA)

Financial Statements as of and for the
Years Ended December 31, 2021 and 2020,
Required Supplementary Information, and
Independent Auditor's Report

MTA BUS COMPANY
(Component Unit of the MTA)

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MTA BUS COMPANY
(Component Unit of the MTA)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2021 AND 2020
($ 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" or the "Company") — Component Unit of the Metropolitan Transportation Authority for the years ended December 31, 2021 and 2020. 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 (Unaudited): 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.

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.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the changes in MTA Bus's financial position for the years ended December 31, 2021 and 2020. 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 and Current Assets and Deferred Outflows of Resources

	2021	2020	2019	Increase (Decrease) 2021-2020	Increase (Decrease) 2020-2019
		(In thousands)			
Capital assets, at cost	$ 1,075,536	$ 1,014,246	$ 971,604	$ 61,290	$ 42,642
Accumulated depreciation	(665,418)	(650,032)	(602,731)	(15,386)	(47,301)
Capital assets, net	410,118	364,214	368,873	45,904	(4,659)
Total current assets	347,837	214,212	111,047	133,625	103,165
Total assets	757,955	578,426	479,920	179,529	98,506
Deferred outflows of resources	402,923	360,303	182,588	42,620	177,715
Total assets and deferred outflows of resources	$ 1,160,878	$ 938,729	$ 662,508	$ 222,149	$ 276,221

Significant Changes in Assets Includes:

<u>December 31, 2021 versus 2020</u>

MTA Bus's Capital assets, at cost amounted to $1,075.5 million and $1,014.2 million as of December 31, 2021 and 2020, respectively. Of the December 31, 2021, total buses accounted for 66.8%, facilities and yards, data processing equipment and other were 5.3%, service vehicles were 0.3%, assets under construction consisting of buses and facility upgrades were 5.3%, and capital non bus were 22.3%.

Capital assets, net increased from December 31, 2020 by $45.9 million or 12.6%. The net increase is due to additions to fixed assets of $62.2 million less depreciation of $16.3 million. The additions included $39.1 million for buses placed in service and $23.1 million to assets under construction for the Spring Creek, JFK, College Point, Eastchester and LaGuardia depot renovations and upgrades.

Total current assets increased by $133.6 million or 62.4% compared with the prior year. This is due to increases in cash of $0.2 million, due from affiliates of $75.1 million, invested funds at MTA of $57.5 million, subsidy receivable from New York City of $0.65 million, other receivable of $0.2 million and materials and supplies of $0.05 million. These increases were offset by a decrease in prepaid expenses of $0.1 million.

MTA Bus is reporting deferred outflows of resources related to pension liabilities of $187.0 million at December 31, 2021. See Note 6 to the financial statements for more information regarding MTA Bus's pensions.

MTA Bus is reporting deferred outflows of resources related to OPEB liabilities of $215.9 million at December 31, 2021. See Note 7 to the financial statements for more information regarding MTA Bus's other postemployment benefits.

December 31, 2020 versus 2019

MTA Bus's Capital assets, at cost amounted to $1,014.2 million and $971.6 million as of December 31, 2020 and 2019, respectively. Of the December 31, 2020 total, buses accounted for 67.1%, facilities and yards, data processing equipment and other were 5.6%, service vehicles were 0.3%, assets under construction consisting of buses and facility upgrades were 4.0%, and capital non bus were 23.0%.

Capital assets, net decreased from December 31, 2019 by $4.7 million or 1.3%. The net decrease is due to additions to fixed assets of $42.6 million less depreciation of $47.3 million. The additions included $15.8 million for buses placed in service, $2.0 million for furniture, fixture and equipment, and $24.8 million to assets under construction for the Baisley Park, Spring Creek, JFK, Far Rockaway, College Point and LaGuardia depot renovations and upgrades.

Total current assets increased by $103.2 million or 92.9% compared with the prior year. This is due to an increase in due from affiliates of $22.9 million, an increase in invested funds at MTA of $89.9 million and an increase in prepaid expenses of $0.7 million. The increases were offset by a decrease in cash of $0.6 million, decrease in subsidy receivable from New York City of $5.3 million, decrease in other receivables of $3.9 million, and a decrease in materials and supplies of $0.5 million.

MTA Bus is reporting deferred outflows of resources related to pension liabilities of $196.8 million at December 31, 2020. See Note 6 to the financial statements for more information regarding MTA Bus's pensions.

MTA Bus is reporting deferred outflows of resources related to OPEB liabilities of $163.5 million at December 31, 2020. See Note 7 to the financial statements for more information regarding MTA Bus's other postemployment benefits.

Total Liabilities, Distinguishing Between Current and Noncurrent Liabilities and Deferred Inflows of Resources

				Increase (Decrease)	
	2021	**2020**	**2019**	**2021-2020**	**2020-2019**
		(In thousands)			
Total current liabilities	$ 217,349	$ 247,850	$ 208,033	$ (30,501)	$ 39,817
Total noncurrent liabilities	1,559,168	1,469,274	1,295,022	89,894	174,252
Total liabilities	1,776,517	1,717,124	1,503,055	59,393	214,069
Total deferred inflows of resources	203,402	185,781	128,909	17,621	56,872
Total liabilities and deferred inflows of resources	$ 1,979,919	$ 1,902,905	$ 1,631,964	$ 77,014	$ 270,941

Significant Changes in Liabilities Includes:

December 31, 2021 versus 2020

At the end of 2021, MTA Bus's liabilities consisted primarily of postemployment benefits, 48.6%, amounts due to New York City Transit Authority ("NYCTA") and the MTA for intercompany transactions, 2.6%, injuries to persons (workers compensation and public liability), 25.0%, and net pension liability, 16.8%.

Total liabilities increased from December 31, 2020 to December 31, 2021 by $59.4 million or 3.5%. Total current liabilities decreased $30.5 million or 12.3%, while total noncurrent liabilities increased by $89.9 million or 6.1%.

The decrease in total current liabilities was due primarily to a decrease in accounts payable of $6.0 million, and a decrease in due to MTA and affiliated agencies of $40.0 million. These decreases were offset by an increase in accrued expenses of $15.5 million.

The increase in total noncurrent liabilities was due to an increase in postemployment benefits other than pensions of $50.7 million, an increase in liabilities from injuries to persons of $44.0 million, and an increase in net pension liability of $3.6 million. These increases were offset by a decrease in deferred payroll taxes of $7.8 million and a decrease in pollution remediation of $0.6 million.

MTA Bus is reporting deferred inflows of resources related to pension liabilities of $83.6 million at December 31, 2021. See Note 6 to the financial statements for more information regarding MTA Bus's pensions.

MTA Bus is reporting deferred inflows of resources related to OPEB liabilities of $119.8 million at December 31, 2021. See Note 7 to the financial statements for more information regarding MTA Bus's postemployment benefits.

December 31, 2020 versus 2019

At the end of 2020, MTA Bus's liabilities consisted primarily of postemployment benefits, 47.4%, amounts due to New York City Transit Authority ("NYCTA") and the MTA for intercompany transactions, 5.0%, injuries to persons (workers compensation and public liability), 23.5%, and net pension liability, 17.2%.

Total liabilities increased from December 31, 2019 to December 31, 2020 by $214.1 million or 14.2%. Total current liabilities increased $39.8 million or 19.1%, while total noncurrent liabilities increased by $174.3 million or 13.5%.

The increase in total current liabilities was due primarily to an increase in accounts payable of $2.2 million, an increase in accrued expenses of $3.7 million, and an increase in due to MTA and affiliated agencies of $33.9 million.

The increase in total noncurrent liabilities was due to an increase in postemployment benefits other than pensions of $179.6 million, an increase in deferred payroll taxes of $7.8 million, and an increase in pollution remediation of $0.3 million. These increases were offset by a decrease in liabilities from injuries to persons of $6.5 million, and a decrease in net pension liability of $6.9 million.

MTA Bus is reporting deferred inflows of resources related to pension liabilities of $107.5 million at December 31, 2020. See Note 6 to the financial statements for more information regarding MTA Bus's pensions.

MTA Bus is reporting deferred inflows of resources related to OPEB liabilities of $78.3 million at December 31, 2020. See Note 7 to the financial statements for more information regarding MTA Bus's postemployment benefits.

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

				Increase (Decrease)	
	2021	2020 (In thousands)	2019	2021-2020	2020-2019
Net investment in capital assets	$ 410,117	$ 364,214	$ 368,873	$ 45,903	$ (4,659)
Unrestricted (deficit)	(1,229,159)	(1,328,390)	(1,338,329)	99,231	9,939
Total net position	$ (819,042)	$ (964,176)	$ (969,456)	$ 145,134	$ 5,280

Net position represents the residual interest in MTA Bus's assets after liabilities are deducted and consist of two component units: net investment in capital assets, and unrestricted. Net investment in capital assets, include capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. All other net positions are unrestricted.

***Significant Changes in Net Position includes*:**

December 31, 2021 versus 2020

Total net position was ($819.0) million at the end of 2021, a net increase of $145.1 million from the end of 2020. The net increase was comprised of capital contributions of $90.4 million, net non-operating income of $789.0 million, offset by operating losses ($734.3) million.

December 31, 2020 versus 2019

Total net position was ($964.2) million at the end of 2020, a net increase of $5.3 million from the end of 2019. The net increase was comprised of capital contributions of $31.3 million, net non-operating income of $709.3 million, offset by operating losses ($735.3) million.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Year Ended December 31,		
	2021	2020	2019
	(In thousands)		
Total operating revenues	$ 146,738	$ 102,530	$ 242,058
Total operating expenses	(881,039)	(837,788)	(950,450)
Operating loss	(734,301)	(735,258)	(708,392)
Nonoperating revenues			
Operating subsidies from NYC	456,587	349,348	563,460
Other nonoperating revenue	332,423	359,938	24,863
Total nonoperating revenues	789,010	709,286	588,323
Gain (loss) before capital contributions	54,709	(25,972)	(120,069)
Capital contributions	90,425	31,252	58,253
Changes in net position	145,134	5,280	(61,816)
Net position, Beginning of year	(964,176)	(969,456)	(907,640)
Net position, End of year	$ (819,042)	$ (964,176)	$ (969,456)

Revenues from Fares/Ridership:

December 31, 2021 versus 2020

Bus revenues from fares totaled $140.2 million in 2021 versus $95.4 million in 2020, an increase of $44.8 million, resulting from increased ridership and resumption of fare collection which was suspended during the outbreak of the Coronavirus pandemic in March 2020.

Total passenger ridership was 71.4 million in 2021 versus 45.8 million in 2020, an increase of 25.6 million, or 55.9%. This increase may be attributed to increased use of public transportation as vaccinations against COVID-19 increased and the worst of the pandemic had passed.

December 31, 2020 versus 2019

Bus revenues from fares totaled $95.4 million in 2020 versus $224.8 million in 2019, a decrease of $129.4 million, resulting from reduced ridership following the outbreak of the Coronavirus pandemic in March 2020.

Total passenger ridership was 45.8 million in 2020 versus 120.4 million in 2019, a decrease of 74.6 million, or 62.0%. This decrease may be attributed to increased unemployment resulting from the Coronavirus, governmental stay home orders, and employees working remotely, to aid in preventing the spread of the Coronavirus.

Operating Expenses, by Major Function

	2021	2020	2019	Increase (Decrease) 2021-2020	Increase (Decrease) 2020-2019
		(In thousands)			
Salaries and wages	$ 390,098	$ 389,210	$ 381,643	$ 888	$ 7,567
Retirement and other employee benefits	206,037	191,368	257,189	14,669	(65,821)
Postemployment benefits other than pensions	69,220	75,698	46,741	(6,478)	28,957
Fuel	23,657	14,035	24,920	9,622	(10,885)
Electric power	2,139	1,601	1,843	538	(242)
Insurance	5,212	4,602	4,614	610	(12)
Public liability claims	40,094	15,639	78,784	24,455	(63,145)
Materials and supplies	37,990	40,724	45,264	(2,734)	(4,540)
Professional services	26,959	24,417	28,296	2,542	(3,879)
Pollution remediation services	11	715	1,664	(704)	(949)
Maintenance and other operating expenses	28,960	29,750	31,338	(790)	(1,588)
Depreciation	47,062	47,472	44,703	(410)	2,769
Other business expenses	3,600	2,557	3,451	1,043	(894)
Total operating expenses	$ 881,039	$ 837,788	$ 950,450	$ 43,251	$ (112,662)

December 31, 2021 versus 2020

Total operating expenses increased by $43.2 million or 5.2% versus the prior year, as follows:

- Salaries and wages exceeded 2020 by $0.9 million or 0.2%, due to increased salaries resulting from contract settlements/retroactive wage accruals.
- Retirement and other employee benefits increased by $14.7 million.
- Postemployment benefits other than pensions decreased by $6.5 million in accordance with the provisions of GASB 75.
- Fuel costs increased by $9.6 million or 68.6%, due to higher prices and the resumption of bus service that was previously reduced due to the Coronavirus pandemic.
- Insurance expense increased by $0.6 million or 13.3 %, 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 $24.5 million. This resulted from increased exposure as ridership increased by 55.9% in 2021 vs 2020.
- MTA Bus relies extensively on professional services provided by other MTA agencies, particularly NYC Transit, the Business Service Center, and MTA Headquarters. Professional service contracts increased by $2.5 million.
- Other business expenses increased by $1.0 million. This includes Automated Fare Collection ("AFC") revenue collection fees paid to New York City Transit Authority, debit/credit card fees from the OMNY fare payment system, office supplies and other miscellaneous charges.

<u>December 31, 2020 versus 2019</u>

Total operating expenses decreased by $112.7 million or 11.9% versus the prior year, as follows:

- Salaries and wages exceeded 2019 by $7.6 million or 2.0%, due to increased salaries resulting from contract settlements/retroactive wage accruals.

- Retirement and other employee benefits decreased by $65.8 million. Changes in benefits for MTA Bus represented members of ATU Local 1179 and 1181, and TSO Local 106 resulted in increased 2019 expenses. The benefit modifications were similar to those previously received by TWU Local 100 represented members.

- Postemployment benefits other than pensions increased by $29.0 million in accordance with the provisions of GASB 75.

- Fuel costs decreased by $10.9 million or 43.7%, due to lower fuel costs and reduction of bus service due to the Coronavirus pandemic.

- Insurance expense is comprised of excess liability, property and other insurance coverage paid under the MTA All-Agency insurance programs.

- Public liability and no fault claims decreased by $63.1 million. This resulted from favorable claim cost emergence for the 2015, 2016 and 2017 accident years. In addition, there was a reduction in exposures during 2020.

- MTA Bus relies extensively on professional services provided by other MTA agencies, particularly NYC Transit, the Business Service Center, and MTA Headquarters. Professional service contracts decreased by $3.9 million.

- Other expenses consist of Automated Fare Collection (“AFC”) revenue collection fees paid to New York City Transit Authority ($0.7 million) or .0175 cents per AFC ridership transaction, office supplies and other miscellaneous charges.

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 $456.6 million and $349.3 million in 2021 and 2020, respectively.

Since the outbreak of the Coronavirus pandemic in March 2020, federal legislative actions have provided additional subsidies to MTA Bus. The first was the CARES Act, which provided $335.5 million to MTA Bus in 2020. Subsequently, MTA Bus was allocated $308.5 million through the Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”) in 2021.

In 2021, pursuant to MTA Board approval, MTA Bus received $12.3 million 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 $2.0 million.

Capital contributions of $90.4 million in 2021 and $31.3 million in 2020 represent capital program funding from several sources including bonds, Federal, State and City funding.

Budget Highlights

Financial:

Total revenue from fares in 2021 was $140.2 million. Passenger revenue was up $44.8 million over 2020 levels, resulting from increased ridership and resumption of fare collection which was suspended during the outbreak of the Coronavirus pandemic.

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 2021 to upgrade conditions and comply with environmental regulations. Additional work needs to be done to improve facility conditions in 2022 and beyond.

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 44 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 1,317 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 2021, MTA Bus purchased 607 new high capacity, high customer amenity express buses, 389 new environmentally friendly hybrid electric local buses, 213 new compressed natural gas (CNG) buses, 45 new standard buses, and 128 new low-floor articulated buses.

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 utilization through the fourth quarter of 2021 has rebounded past the depths experienced in 2020, with ridership up by 257.3 million trips (27.0%) over the 2020 ridership level. The first quarter of 2021 was down 296.4 million trips (57.4%) compared with the first quarter of 2020, since COVID-related ridership loss did not begin until the closing weeks of the first quarter of 2020. The second quarter of 2021 reflected gradual increases in ridership from the depths of the COVID pandemic and was up 231.1 million trips (410.1%) compared with the second quarter of 2020. The third quarter of 2021 was also favorable, up 177.3 million trips (117.5%) compared with the third quarter of 2020, and the fourth quarter was up 145.3 million trips (63.2%) compared with the fourth quarter of 2021. The effective shut-down in mid-March 2020 of the metropolitan area in response to the COVID-19 pandemic resulted in a severe decline in the utilization of MTA services that began to slowly improve as effective vaccinations became available and the region moved through State-mandated re-opening phases. During 2021 with vaccinations available, social distancing mandates were eased and the region began moving into a late-pandemic phase with businesses bringing back employees, restaurants and bars increasing seating capacity and cultural institutions reopened. Increases in infections and hospitalizations brought on by COVID-19 variants changed conditions during the latter part of the year and slowed the economic recovery. When compared with 2020, MTA New York City Transit subway ridership increased by 120.4 million trips (18.8%); the fourth quarter change from 2020 was an increase of 109.1 million trips (80.7%). MTA New York City Transit bus increased by 103.0 million trips (49.3%) in 2021, and by 18.7 million trips (27.4%) in the fourth quarter. MTA Long Island Rail Road ridership increased by 4.7 million trips (15.6%) in 2021, while increasing by 5.7 million trips (95.6%) during the fourth quarter, MTA Metro-North Railroad increased by 3.5 million trips (13.0%) in 2021, while increasing by 5.6 million trips (114.1%) during the fourth quarter; MTA Bus increased by 25.5 million trips (55.5%) in 2021, and by 5.9 million trips (39.5%) during the fourth quarter;, and MTA Staten Island Railway increased by 42 thousand trips (3.0%) in 2021, while increasing by 261 thousand trips (103.0%) during the fourth quarter. A note on bus ridership figures: From March 20, 2020 through the end of August 2020, entry onto most buses was only permitted through the rear bus door and fares were not collected, and in these instances, ridership was not counted. Vehicle traffic at MTA Bridges and Tunnels facilities in 2021 increased by 54.1 million crossings (21.4%) compared with crossings during 2020. In the fourth quarter, crossings were up 13.0 million (19.2%) compared with the fourth quarter of 2020. The 2019 New York State Budget approved congestion pricing in Manhattan south of 60th Street, which will likely impact ridership and vehicle crossings once implemented. While originally scheduled to go into effect in 2021, the MTA only received approval on March 30, 2021, after significant delays, by the Federal Highway Administration to proceed with the Environmental Assessment which will allow for the final design and construction of the tolling infrastructure to proceed.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was higher in 2021 than in 2020 by 199.1 thousand jobs (4.9%). On a quarter-to-quarter basis, New York City employment gained 70.5 thousand jobs (1.7%), the sixth consecutive quarterly increase. These increases were preceded by the steep decline of 888.8 thousand jobs (19.0%) during the second quarter of 2020.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 6.9% in the fourth quarter of 2021, according to the most recent advance estimate released by the Bureau of Economic Analysis; in the third quarter of 2021, the revised RGDP increased 2.3 percent. The increase in fourth quarter real GDP reflected increases in private inventory investment, exports, personal consumption expenditures, and nonresidential fixed investment that were partly offset by decreases in both federal and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased. The increase in private inventory investment was led by retail and wholesale trade industries, with inventory investment by motor vehicle dealers the leading contributor for retail trade. The increase in exports reflected increases in both goods and services. The increase in exports of goods was widespread, led by consumer goods, industrial supplies and materials, and foods, feeds, and beverages, while the increase in exports of services was led by travel. The increase in personal consumption expenditures primarily reflected an increase in services, led by health care, recreation, and transportation. The increase in nonresidential fixed investment primarily reflected an increase in intellectual property products that was partly offset by a decrease in structures. The decrease in federal government spending primarily reflected a decrease in defense spending on intermediate goods and services. The decrease in state and local government spending reflected decreases in consumption expenditures (led by compensation of state and local government employees, notably education) and in gross investment (led by new educational structures). The increase in imports primarily reflected an increase in goods (led by non-food and non-automotive consumer goods, as well as capital goods). The acceleration in real GDP in the fourth quarter primarily reflected an upturn in exports, accelerations in private inventory investment and personal consumption expenditures, and smaller decreases in residential fixed investment and federal government spending that were partly offset by a downturn in state and local government spending. Additionally, imports accelerated.

The New York City metropolitan area's price inflation, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was lower than the national average in the fourth quarter of 2021, with the metropolitan area index increasing 4.6% while the national index increased 6.7% when compared with the fourth quarter of 2020. Regional prices for energy products increased 25.5%, while national prices of energy products rose 30.8%. In the metropolitan area, the CPI-U exclusive of energy products increased by 3.5%, while nationally, inflation exclusive of energy products increased 5.1%. The New York Harbor spot price for conventional gasoline increased substantially more, by 89.1%, from an average price of $1.25 per gallon to an average price of $2.36 per gallon between the fourth quarters of 2020 and 2021.

In its announcement on May 4, 2022, the Federal Open Market Committee ("FOMC") raised its target for the Federal Funds rate to the range of 0.75% to 1.00%. Previously, on March 16, 2022, the FOMC raised its target for the Federal Funds rate to the range of 0.25% to 0.50%. Prior to the March 16 increase, the Federal Funds rate target range was 0.00% to 0.25%, and was last changed on March 15, 2020, when it was reduced from a range of 1.50% to 1.75%. The FOMC cites the invasion of Ukraine by Russia as causing uncertainty for the US economy, creating additional upward pressure on inflation which will weigh on economic activity. Additionally, COVID-related lockdowns in China are likely to exacerbate supply chain disruptions. While economic activity edged down in the first quarter of 2022, household spending and fixed business investment remained strong. Job gains have been robust, and the national unemployment rate has declined substantially. Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices and broader price pressures. The FOMC seeks to achieve maximum employment and a 2 percent inflation rate over the longer run, and with appropriate firming of its monetary policy stance, the FOMC expects to achieve these goals. The FOMC also plans to begin, on June 1, reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The FOMC will continue to assess the economic outlook and is prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the FOMC's employment and inflation goals.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law and provided $4.0 billion in funding to the MTA, which assisted in covering operating losses through late July. The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") became law on December 27, 2020; the MTA received $4.1 billion from CRRSAA between in late December 2021 and January 2022. More recently, on March 11, 2021, the American Rescue Plan Act of 2021 ("ARPA") was signed in law; MTA expects to receive approximately $6.1 billion in aid from ARPA, of which a total of $4.9 billion was received as of April 2022.

The influence of the Federal Reserve's monetary policy on the mortgage market is a matter of interest to the MTA, since variability of mortgage rates can affect the number of real estate transactions and thereby impact receipts from the Mortgage Recording Taxes ("MRT") and the Urban Taxes, two important sources of MTA revenue. While real estate transaction activity initially was severely impacted by social distancing and the economic disruption caused by the COVID-19 pandemic, demand for suburban residential real estate and historically low mortgage rates for refinancing resulted in strong MRT revenue. Mortgage Recording Tax collections in the fourth quarter of 2021 were higher than the fourth quarter of 2020 by $36.7 million (29.2%). Average monthly receipts in the fourth quarter of 2021 were $9.6 million (15.1%) 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 2021—which are based on 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 $45.1 million (56.1%) higher than receipts during the fourth quarter of 2020. Average monthly receipts in the fourth quarter of 2021 were $37.9 million (51.4%) 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 $140.2 million in 2021 versus $95.4 million in 2020. Total ridership was 71.4 million in 2021 versus 45.8 million in 2020, an increase in passenger ridership of 25.6 million, or 56%. The increase in revenue is attributable to increased ridership and the resumption of fare collection which was suspended during the outbreak of the Coronavirus pandemic in March 2020. Calendar year 2021 ended with a $158.1 million cash surplus, while 2020 ended with a surplus of $100.6 million. This was attributable to the timing of New York City subsidy payments which cover shortfalls in working capital, and receipt of funds from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) during 2021. The MTA expects that, over time, Federal and State economic stimulus measures and the rebuilding of downtown infrastructure will further improve the New York City economy.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program **—** As last approved by the CPRB, the Bus Company's portion of the MTA's 2000-2004, 2005-2009, 2010-2014, 2015-2019 and 2020-2024 Capital Programs totaled $501.6 million, $152.0 million, $297.0 million, $376.0 million, and $870.7 million respectively.

On December 19, 2012, the MTA Board approved an amendment to the 2010-2014 Capital Program to add projects for the repair and restoration of MTA agency assets damaged as a result of Superstorm Sandy, which struck the region on October 29, 2012. The revised program provided for an additional $25.0 million to the Bus Company in Sandy recovery-related capital expenditures. On January 23, 2013, the amended program as submitted was deemed approved by the CPRB. On July 22, 2013, the MTA Board approved a further amendment to the 2010-2014 Capital Program to include specific revisions to planned projects and to include new resilience/mitigation initiatives in response to Superstorm Sandy. The further revised program provides for an additional $46.0 million to the Bus Company in resilience/mitigation-related capital expenditures. On August 27, 2013, the amended program as submitted was deemed approved by the CPRB. On July 28, 2014, the MTA Board approved an amendment to select elements of the MTA Sandy recovery-related capital expenditures and NYCT portions of the 2010-2014 Capital Program. The amendment transfers $46.0 million in resiliency/mitigation capital budget from the Bus Company to LIRR. On September 3, 2014, the amended program as submitted was deemed approved by the CPRB. On April 20, 2016, the MTA Board approved a fully funded 2015-2019 Capital Program. This submission was approved by the CPRB on May 23, 2016. On May 24, 2017, the MTA Board approved amendments to the 2010-2014 and the 2015-2019 capital programs primarily to reflect budgetary and funding adjustments to the Sandy program in the 2010-2014 Capital Program, and increasing support for priority projects in the 2015-2019 Capital Program. In the amendment to the 2010-2014 program, the $25.0 million originally budgeted for Bus Company's Sandy recovery project was adjusted to $15.0 million. The amended capital programs, as submitted, were deemed approved by the CPRB on July 31, 2017. On September 25, 2019, the MTA Board approved full amendments to the 2010-2014 and 2015-2019 capital programs reflecting updated project timing and cost estimates, new needs, and changing priorities. The amended 2010-2014 Capital Program adjusted the Bus Company's Sandy repair project to $11.0 million to reflect final project cost. The total values of Bus Company's core programs have not changed in both amendments.

As of December 31, 2021, $500.0 million has been committed under the 2000-2004 Program, of which $496.0 million has been expended. During 2021, 110 new buses were placed in service.

Among the projects included in the 2005-2009 MTA Bus Company Capital Program are initiatives to bring bus maintenance facilities up to a state of good repair and to replace heavy duty, non-revenue vehicles. As of December 31, 2021, $145.0 million has been committed under the 2005-2009 Program, of which $138.0 million has been expended.

The MTA Board approved 2010-2014 MTA Bus Company Capital Program, as last amended in 2019, 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, 2021, $286.0 million has been committed under the 2010-2014 Program, of which $265.0 million has been expended.

The MTA Board approved 2015-2019 MTA Bus Company Capital Program, as last amended in 2019, includes projects to replace the aging bus fleet, replace outdated depot equipment, and improve depot facilities. As of December 31, 2021, $318.0 million has been committed under the 2015-2019 Program, of which $143.0 million has been expended.

The MTA Board approved 2020 – 2024 MTA Bus Company Capital Program, as last amended in 2021, includes projects to replace the aging bus fleet, replace outdated depot equipment, and improve depot facilities. As of December 31, 2021, $80.0 million has been committed under the 2020-2024 Program, of which $0.0 has been expended.

CAPITAL FINANCING

The MTA 2000-2004 Capital Program includes $501.6 million in capital projects for MTA Bus, a substantial portion of which is designed for bus fleet replacement. The MTA 2005-2009 Capital Program includes $152.0 million in capital projects for MTA Bus, which includes improvements to bus maintenance and storage facilities. The MTA 2010-2014 Capital Program, as last approved by the MTA Board on September 25, 2019, 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 $870.4 million for MTA Bus, which includes bus fleet replacement as well as depot and equipment investments.

The MTA Bus capital projects included in the MTA 2000-2004 Capital Program, the MTA 2005-2009 Capital Program, the MTA 2010-2014 Capital Program, the MTA 2015-2019 Capital Program, and the MTA 2020-2024 Capital Program are funded from a combination of Federal grants, city funds, MTA Bond proceeds, and other sources. The combined funding sources for the 2000-2004 MTA Bus Company Capital Program include $49.0 million in City funds, $327.6 million in MTA Bond proceeds, and $125.0 million from other sources. The combined funding sources for the 2005-2009 MTA Bus Company Capital Program include $107.7 million in Federal funds, $41.4 million in City funds, and $2.9 million from other sources. The combined funding sources for the 2010-2014 MTA Bus Company Capital Program, as last amended by the MTA Board in September 2019, include $203.6 million in Federal funds, $50.9 million in City funds and $42.5 million in MTA Bond proceeds. The MTA Bus Company will also receive $11.0 million in federal reimbursement proceeds for Superstorm Sandy repair. The combined funding sources for the 2015-2019 MTA Bus Company Capital Program, as last approved by the MTA Board, includes $133.0 million in Federal funds, $32.0 million in City funds, and $211.0 million in MTA Bond proceeds. The 2020-2024 MTA Bus Company Capital Program will be funded by a combination of Federal, City and local capital resources.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

In alignment with the overall Metropolitan Transportation Authority's mission, MTA Bus endeavors to preserve and enhance the quality of life and economic health of the region it serves through the cost-efficient provision of safe, on-time, reliable and clean transportation services. It remains within the top 10 Bus companies in North America based on pre COVID-19 ridership and fleet size. It provides local and express bus service throughout the New York City boroughs of Queens, Brooklyn, Bronx and Manhattan.

The COVID-19 pandemic and economic slowdown caused bus ridership to fall by 80% on local routes, and more than 90% on Express routes during the height of the spread. Ridership returned to approximately 50% of pre-COVID ridership during the last quarter of 2020. Lower ridership coupled with decision to not collect fares on non-SBS Local routes for over 6 months, resulted in significantly reduced Farebox revenue. Fare collection on all buses resumed in September 2020. As an offset to revenue loss and increased expenses, MTA Bus received $335.5 million from the Federal CARES funding. This provided critically needed funds that avoided the need to reduce service and personnel. In tandem with the other MTA agencies, MTA Bus has undertaken extensive cost-cutting measures through reductions in overtime, the use of consultants and other non-personnel expenses.

The pandemic called for changes in Bus and facility cleaning procedures and frequency. The entire fleet is currently sanitized every 24 hours. Management continues to explore new cleaning technology such as electrostatic sprayers and ultra-violet light options. To enhance Bus Operator safety, polycarbonate and or vinyl barriers have been installed on over 90% of the fleet. There is wide distribution of mask and other PPE's to employees, as well as agency participation in mask distributions to the general public. The bus network redesign initiative that took a holistic look at bus service patterns by borough to better match service with current and future demands was suspended due to the pandemic. Bus lane enforcement and traffic light prioritizations initiatives continue and have produced improvements in bus speed and on-time service. Management actively seeks funding to acquire new technology to assist in meeting the operational and customer service benchmarks of the MTA. Various other initiatives aimed at improvements in scheduling, fleet safety, reliability and appearance are continuing. Significant roll-out of the OMNY fare payment system was achieved in subway stations, which upon full implementation, will include similar versions adaptable to fare collection on Buses. These mentioned items are but part of the more extensive and ongoing goals aimed at improving service and providing a positive customer experience.

Metropolitan Transportation Authority Transformation (MTA) initiative – There are ongoing projects led by consultants and internal specialists aimed at transforming how the agencies within the MTA conduct business. As per the Governor and State Legislator, the mandate is to gain efficiencies and savings while providing top quality service to our customers. MTA Bus is included in this all agency objective.

The MTA is still evaluating the impacts of the COVID-19 pandemic on its Capital program. The 2020-2024 Capital program was on pause during most of 2020. The replacement chassis wash at the College Point Depot was given the notice to proceed at the end of 2020, the joint Bus Command Center with NYCT Department of Buses was closed out in April of 2021, work continues on the Joint Bus Radio System and two major Bus replacement buys. The evaluation of Electric Buses is ongoing and when and how MTA Bus will participate, is being determined.

MTA Bus management continues to partner closely with our labor unions to manage the COVID-19 crisis as well as to negotiate expired labor contracts. We currently have six local bargaining units, four representing operating employees and one each for managerial and Administrative/Technical personnel.

MTA Bus follows the MTA Agency fare increase schedule and rates as approved by the MTA Board, with the last increase taking effect April 21, 2019. The congestion pricing plan aimed at generating revenue for the Transit system was passed but also delayed due to the pandemic. We await further updates.

Impacts from Global Coronavirus Pandemic:

On March 12, 2020, the World Health Organization declared the current novel coronavirus ("COVID-19") outbreak to be a pandemic in the face of the global spread of the virus. By order of Governor Cuomo ("New York State on PAUSE"), effective March 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a severe decline in the utilization of MTA Bus services, dramatic declines in ridership and fare revenues. Although certain restrictions have been subsequently lifted, it is expected that limitations will remain in place for some time.

- ***Ridership and Traffic Update.*** Ridership on MTA Buses continues to be below 2019 levels. The average monthly ridership reported as of April, 2022, when compared to the pre-pandemic equivalent period in 2019, is down 35 percent for MTA Bus.

- ***Federal Legislative Actions.*** Three major pieces of federal emergency legislation have provided and will provide incremental federal aid to the MTA. The first was the CARES Act, which was signed into law on March 27, 2020. The CARES Act, through the Federal Transit Administration's ("FTA") formula funding provisions provided $4.0 billion to MTA, of which $335.5 million was allocated to MTA Bus. The second major COVID-19 pandemic aid bill was the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA"), which became law on December 27, 2020. The MTA received $4.1 billion in aid from the CRRSAA between December 2021 and January 2022. Of that amount, MTA Bus received $308.5 million. The third major COVID-19 pandemic aid bill is the $1.9 trillion "American Rescue Plan Act of 2021 ("ARPA") which was signed into law by President Biden on March 11, 2021. On November 9, 2021, an agreement was reached on the allocation of the CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut. MTA is expected to receive approximately $6.1 billion in federal aid from ARP in 2022, of which a total of $4.9 billion was received as of April 2022 for allocation among the agencies. In September of 2021, additional ARPA assistance funding was made available to transit systems demonstrating additional pandemic associated needs. Details on the receipt and timing of the additional assistance are not yet available.

- ***Federal Reserve Bank of New York's Municipal Liquidity Facility LLC ("MLF")***. Due to the COVID-19 pandemic, the Federal Reserve established the MLF in April 2020 as a source of emergency financing by being available to purchase up to $500 billion of short-term notes from state and local governments and certain public entities to ensure they had access to credit during the COVID-19 pandemic. MTA was able to utilize the MLF twice before the MLF window closed at the end of December 2020. On August 26, 2020, MTA directly placed with the MLF $450.72 million Transportation Revenue BANs, Series 2020B, which were issued to retire existing Transportation Revenue BANs maturing on September 1, 2020. The MTA subsequently retired the MLF $450.72 million Transportation Revenue BANs, Series 2020B, with an issuance of Dedicated Tax Funds bonds on March 1, 2022. MTA issued into the MLF a second time by directly placing $2.907 billion Payroll Mobility Tax BANs issued for working capital on December 17, 2020. The $2.097 billion MLF loan matures in 2023.

- ***FEMA Reimbursement***. The MTA is eligible for Federal Emergency Management Agency ("FEMA") payments in addition to the CARES Act, CRRSAA and ARP funding, which are expected to cover expenses related to the COVID-19 pandemic, over and above normal emergency costs that are not covered by other federal funding. An estimated $651.7 million in direct COVID-19 related expenses, of which $36.8 million pertained to MTA Bus, incurred from the start of the pandemic through December 31, 2021, the cut-off date established by FEMA, was submitted by MTA to FEMA for reimbursement.

Labor Update

The status of MTA Bus's collective bargaining agreements is as follows:

- TWU Local 100
  - An MOU between MTA Bus Company and the TWU covering the period from May 16, 2019 through May 15, 2023 was approved by the MTA Board on January 23, 2020.

- ATU Local 1179
  - An Impasse Award was issued covering the contract period from May 2012 through October 2019. The Parties began negotiations for a successor agreement which were paused based on notice from MTA that a reevaluation of our budget and bargaining position is necessary in light of the financial burden resulting from the pandemic. The Union subsequently filed for impasse on or about August 4, 2020. The impasse award was issued on or about December 19, 2021 covering the term from November 1, 2019 to October 31, 2023.

- ATU Local 1181
  - An MOU covering the contract period from July 2012 through October 2019 was ratified by the MTA Board on July 25, 2018. An initial bargaining session was held on May 28, 2021, and the Parties are in the process of scheduling follow-up meetings.

- TWU Local 106, TSO (Transit Supervisors Organization)
  - An MOU between MTA Bus Company and TWU, Local 106 expired in 2013. The Parties proceeded to an Interest Arbitration and an award was issued on December 28, 2018, covering the period from June 8, 2013 through August 31, 2018. The Parties began negotiations for a successor agreement which were paused based on notice from MTA that a reevaluation of our budget and bargaining position is necessary in light of the financial burden resulting from the pandemic. The Union filed for impasse on or about June 11, 2020 and the case proceeded to hearing. The Parties entered into an MOU covering the period from September 2018 through December 2020, which was ratified by the Board on June 23, 2021.

- United Transit Leadership Organization (UTLO)
  - The UTLO and MTA Bus Company entered a preliminary MOU in November 2018, covering the period from November 2017 through June 2019. The Parties agreed to continue discussions regarding finalizing an initial collective bargaining agreement, which is still pending. The Parties entered into a successor MOU covering the period from July 1, 2019 through December 31, 2021, which was ratified by the MTA Board on December 15, 2021.

- TWU Local 100 (Administrative Personnel)
  - The TWU was certified as the bargaining representative for certain administrative, professional and technical titles on or about December 18, 2017. The Parties entered a limited MOU covering the period through July 13, 2019. The Parties agreed to continue discussions regarding finalizing an initial collective bargaining agreement. The Parties have held some initial discussions.

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MTA BUS COMPANY
(Component Unit of the MTA)

STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

(amounts in dollars)	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	$ 690,086	$ 473,245
Receivables:		
Due from MTA and other affiliated agencies (Note 12)	161,978,495	86,830,430
Invested funds at MTA (Note 4)	158,088,543	100,597,123
Subsidy due from New York City	5,542,747	4,889,548
Other subsidy	858,800	858,800
Other	428,742	227,946
Total receivables	326,897,327	193,403,847
Materials and supplies inventory, net of allowances of $2.6M and $2.4M in 2021 and 2020, respectively	14,493,842	14,447,829
Prepaid expenses and other current assets	5,755,754	5,887,433
Total current assets	347,837,009	214,212,354
CAPITAL ASSETS:		
Construction work in progress— (Note 5)	68,705,879	52,120,063
Capital assets — net of accumulated depreciation (Note 5)	341,411,742	312,093,555
Capital assets — net (Note 5)	410,117,621	364,213,618
Total Assets	757,954,630	578,425,972
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows for pensions (Note 6)	186,992,854	196,798,063
Deferred outflows for OPEB (Note 7)	215,930,464	163,504,624
Total Deferred Outflows of Resources	402,923,318	360,302,687
TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,160,877,948	$ 938,728,659
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 2,387,928	$ 8,368,752
Accrued expenses:		
Salaries, wages and payroll taxes	31,076,049	25,364,266
Vacation and sick pay benefits	49,669,621	49,111,549
Current portion - Estimated liability from injuries to persons (Note 9)	51,400,000	55,000,000
Current portion - Pollution remediation projects (Note 11)	7,640,544	6,081,286
Other	28,949,110	17,702,540
Total accrued expenses	168,735,324	153,259,641
Due to MTA and other affiliated agencies (Note 12)	46,225,773	36,221,929
Loan from MTA	-	50,000,000
Total current liabilities	217,349,025	247,850,322
NONCURRENT LIABILITIES:		
Postemployment benefits other than pensions (Note 7)	863,774,289	813,117,360
Estimated liability arising from injuries to persons (Note 9)	392,203,674	348,170,349
Net pension liability (Note 6)	298,533,534	294,879,731
Deferred payroll taxes	-	7,807,504
Pollution remediation projects (Note 11)	4,656,547	5,299,145
Total noncurrent liabilities	1,559,168,044	1,469,274,089
Total liabilities	1,776,517,069	1,717,124,411
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows for pensions (Note 6)	83,582,873	107,466,714
Deferred inflows for OPEB (Note 7)	119,819,618	78,314,003
Total Deferred Inflows of Resources	203,402,491	185,780,717
NET POSITION:		
Net Investment in Capital Assets	410,117,621	364,213,618
Unrestricted (deficit)	(1,229,159,233)	(1,328,390,087)
Total net position	(819,041,612)	(964,176,469)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 1,160,877,948	$ 938,728,659

See notes to financial statements.

MTA BUS COMPANY
(Component Unit of the MTA)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020

(amounts in dollars)

	2021	2020
OPERATING REVENUES:		
Fare revenue	$ 140,163,935	$ 95,403,036
Rents, freight, and other revenue	6,574,196	7,127,356
Total operating revenue	146,738,131	102,530,392
OPERATING EXPENSES:		
Salaries and wages	390,097,551	389,210,244
Retirement and other employee benefits	206,036,763	191,368,325
Postemployment benefits other than pensions	69,219,835	75,698,361
Fuel	23,656,761	14,035,073
Electric power	2,139,261	1,601,477
Insurance	5,212,325	4,602,301
Public liability claims	40,093,917	15,638,692
Materials and supplies	37,990,046	40,723,858
Professional services	26,959,479	24,416,517
Pollution remediation services	11,322	715,372
Maintenance and other operating expenses	28,959,609	29,749,662
Depreciation	47,062,423	47,471,781
Other business expenses	3,599,597	2,556,583
Total operating expenses	881,038,889	837,788,246
OPERATING LOSS	(734,300,758)	(735,257,854)
NONOPERATING REVENUES:		
NYC Operating subsidies	456,586,746	349,347,792
Federal subsidy - CRRSAA (2021) / CARES Act (2020)	308,540,000	335,484,180
Other Nonoperating revenues	23,883,477	24,454,040
Total nonoperating revenues	789,010,223	709,286,012
GAIN/(LOSS) BEFORE CAPITAL CONTRIBUTIONS	54,709,465	(25,971,842)
CAPITAL CONTRIBUTION	90,425,392	31,251,427
CHANGES IN NET POSITION	145,134,857	5,279,585
NET POSITION — Beginning of year	(964,176,469)	(969,456,054)
NET POSITION — End of year	$ (819,041,612)	$ (964,176,469)

See notes to financial statements.

MTA BUS COMPANY
(Component Unit of the MTA)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

(amounts in dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from passenger, tenants, advertisers, and others	$ 146,490,826	$ 100,114,313
Cash payments for payroll and related employee costs	(637,448,243)	(600,134,569)
Cash payments to suppliers for goods and services	(187,150,311)	(163,740,157)
Net cash used in operating activities	(678,107,728)	(663,760,413)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Subsidies received from NYC — operations	455,933,547	354,667,655
Federal CRRSAA / CARES Act subsidy	308,540,000	335,484,180
Receipt of mortgage recording tax revenue and New York City Transit Authority reimbursement	23,791,746	23,795,322
Loan from MTA	(50,000,000)	50,000,000
Net cash provided by noncapital financing activities	738,265,293	763,947,157
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributed	90,425,391	31,251,426
Capital project costs incurred for capital program	(92,966,426)	(42,812,110)
Net cash used in capital and related financing activities	(2,541,035)	(11,560,684)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in invested funds at MTA	(57,491,420)	(89,873,281)
Earnings on investments	91,731	658,718
Net cash used in investing activities	(57,399,689)	(89,214,563)
NET INCREASE/(DECREASE) IN CASH	216,841	(588,503)
CASH — Beginning of year	473,245	1,061,748
CASH — End of year	$ 690,086	$ 473,245

Continued

MTA BUS COMPANY
(Component Unit of the MTA)

STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED DECEMBER 31, 2021 AND 2020
(amounts in dollars)

	2021	2020
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS USED IN OPERATING ACTIVITIES:		
Operating loss	$ (734,300,758)	$ (735,257,854)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	47,062,423	47,471,781
Changes in operating assets and liabilities:		
Increase in receivables	(75,348,861)	(18,970,472)
(Increase) Decrease in material and supplies, and prepaid expenses	(260,572)	687,035
Increase in payables, accrued expenses & other liabilities	84,740,040	42,309,097
Net Cash Used in Operating Activities	$ (678,107,728)	$ (663,760,413)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
MTA Contributed capital assets	$ 74,143,870	$ 23,791,270

See notes to financial statements. (Concluded)

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 enjoys 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 the 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, 2021 and 2020.

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 Comprehensive Annual 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. 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”).

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 year ended December 31, 2021:

GASB Statement No. 98, The Annual Comprehensive Financial Report, requires that the term comprehensive annual financial report be replaced with annual comprehensive financial report and that the acronym CAFR be replaced with ACFR. The requirements of this Statement are effective for fiscal years ending after December 15, 2021, with early application encouraged. The adoption of this Statement did not have an 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
87	*Leases*	2022
91	*Conduit Debt Obligations 2021*	2022
92	*Omnibus 2020*	2022
93	*Replacement of Interbank Offered Rates*	2022
94	*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*	2023
96	*Subscription-based Information Technology Arrangements*	2023

Due from MTA and affiliated agencies — Fare revenue information for MTA Bus is collected by the NYCTA Metrocards automated fare collection (“AFC”) system. NYCTA wires funds to MTA Bus on the first business day of the week for transactions occurring during the prior week. MTA Bus has a receivable from NYCTA, which represents fares collected on behalf of MTA Bus up to the end of the reporting period, but not received by MTA Bus until the next period.

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 does record certain other capital assets, which are primarily buses and related equipment (see Note 5). Capital assets have minimum useful life of 3 years and a cost of more than $25,000.

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.

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, 2021 and 2020, amounted to $90.4 million and $31.3 million 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.

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 MTA Bus are reported as operating expenses. All other expenses are reported as nonoperating expenses.

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 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's Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of the 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.

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 2021 and 2020, MTA Bus received cash payments of $455.9 million and $354.7 million, respectively, in operating assistance from The City. At years ended December 31, 2021 and 2020, MTA Bus recorded a subsidy receivable due from The City of approximately $5.5 million and $4.9 million, respectively, pursuant to the agreement between MTA Bus 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 ($6.3 million). With the assistance of the NYCT (CPM Environmental Engineering) and independent consultants working on behalf of the New York City Department of Design and Construction, six Bus Company depots were designated for environmental soil and groundwater remediation work totaling $6.3 million. The City funded this reserve in June 2007 and the amount was used to fund the initial $6.3 million project, as well as future projects. In July 2011 and December 2021, The City funded the Environmental Remediation Reserve Fund with an additional $11.1 million and $2.2 million, respectively. During 2021, MTA Bus reduced the Environmental Remediation Reserve Fund by $0.7 million, based on actual cash expenditures, leaving a balance of $7.6 million as of December 31, 2021. The $2.2 million received in December was deposited into MTA Bus's short term investment fund and subsequently transferred to the Environmental Remediation Fund in January 2022. 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 12 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 and repayment of the $113.8 million intercompany capital pool loan. Amounts budgeted from MRT-2 funds for such purposes were $12.3 million for 2021. The $12.3 million received in 2021 was used to repay $2.0 million for debt service on transportation Revenue Bonds.

Pension Plans — Effective for the year-ended December 31, 2015, 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 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 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 — Effective for the year ended December 31, 2018, 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.

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.

NYCT Reimbursement — In accordance with the MTA's 2008 Adopted Budget Staff Summary, the NYCT 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 NYCT 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. 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, operates a liability insurance program ("ELF") that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limit is $8.0 million. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limit is $9.0 million. Effective November 1, 2012 the self-insured retention limits for ELF was increased to $10.0 million. Effective October 31, 2015, the self-insured retention limits for ELF were increased to $11.0 million. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50.0 million. The retrospective portion contains the same insurance agreements, participant retentions, and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Related Entities above their specifically assigned self-insured retention with a limit of $50.0 million per occurrence with a $50.0 million annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2021, the balance of the assets in this program was $192.67 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Related Entities additional coverage limits of $357.5 million for a total limit of $407.5 million ($357.5 million excess of $50.0 million). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50.0 million.

On March 1, 2021, the “nonrevenue fleet” automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for the MTA and its subsidiaries and affiliates with the exception of NYCT, MTA Bus and TBTA. The policy provides $11.0 million per occurrence limit with a $1.0 million per occurrence deductible. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

On March 1, 2021, the “Access-A-Ride” automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for NYCT’s Access-A-Ride program, including the contracted operators. This policy provides a $1.0 million per occurrence limit excess of $2.0 million self-insured retention.

Property Insurance – Effective May 1, 2020, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2021, 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 $500.0 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $500.0 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 earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 12, 2020 to April 30, 2023. The expanded protection is reinsured by MetroCat Re Ltd. 2020-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets-based property reinsurance. The MetroCat Re Ltd. 2020-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index value.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 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 $215.0 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 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 occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $215.0 million. Recovery under the terrorism policy is subject to a deductible of $25.0 million 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. The terrorism coverages expire at midnight on May 1, 2023.

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 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 $174.1 million liability reserve in the financial statements at December 31, 2021. During calendar year 2021, $23.3 million was paid to beneficiaries.

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 12). 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 $250,000 in the aggregate by the Federal Deposit Insurance Corporation ("FDIC") for each bank in which funds are deposited.

Cash in bank account balances in 2021 and 2020 that were not insured were maintained in major financial institutions. Management periodically reassess the credit worthiness of such financial institutions.

Cash at December 31, 2021 and 2020, consists of the following:

	2021		2020	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Insured (FDIC) and collateralized deposits	$ 311,929	$ 311,929	$ 280,232	$ 280,232
Commercially insured funds on-hand and in transit	378,157	1,284,155	193,013	1,279,835
Total cash	$ 690,086	$ 1,596,084	$ 473,245	$ 1,560,067

The on-hand and in-transit funds consist primarily of passenger revenue funds collected but not yet deposited and petty cash.

4. MTA INVESTMENT POOL

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 $91,731 and $658,718 for the years ended December 31, 2021 and 2020, respectively, included in "Other Nonoperating revenues" in the Statement of Revenues, Expenses and changes in Net Position. At December 31, 2021 and 2020, MTA Bus had intercompany investment pool balances of $158.1 million and $100.6 million, 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 Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), during 2021.

5. CAPITAL ASSETS

Capital assets as of December 31, 2021 and 2020, consist of the following:

	December 2020	Additions	Cost Adjustments	Transfers / disposals	December 2021
Capital Assets, at cost					
Buses	$ 680,524,033	$ 69,833,501	$	$ (30,736,278)	$ 719,621,257
Service Vehicles	3,059,744	-	-	-	3,059,744
Furniture, fixtures and equipment	28,064,390	-	-	-	28,064,390
Facilities & Yards	16,802,270	-	-	-	16,802,270
Capital Non Bus	233,675,632	4,310,369	2,236,740	-	240,222,741
	962,126,069	74,143,870	2,236,740	(30,736,278)	1,007,770,401
Non-Depreciable Assets					
Assets under construction	52,120,063	93,608,702	(642,277)	(76,380,610)	68,705,879
Total	$ 1,014,246,132	$ 167,752,573	$ 1,594,463	$ (107,116,888)	$ 1,076,476,280

	December 2020	Additions	Cost Adjustments	Transfers / disposals	December 2021
Accumulated Depreciation					
Buses	$ (556,887,561)	$ (25,183,832)	-	$ 30,736,278	$ (551,335,116)
Service Vehicles	(2,495,212)	(178,521)	-	-	(2,673,733)
Furniture, fixtures and equipment	(18,298,565)	(5,311,689)	-	-	(23,610,253)
Facilities & Yards	(14,139,033)	(404,119)	-	-	(14,543,153)
Capital Non Bus	(58,212,143)	(15,984,262)	-	-	(74,196,404)
Total	(650,032,514)	(47,062,423)		30,736,278	(666,358,659)
Capital Assets, net	**$ 364,213,618**	**$ 120,690,150**	**$ 1,594,463**	**$ (76,380,610)**	**$ 410,117,621**

Capital assets as of December 31, 2020 and 2019, consist of the following:

	December 2019	Additions	Cost Adjustments	Transfers / disposals	December 2020
Capital Assets, at cost					
Buses	$ 664,700,485	$ 15,808,061	$ 15,487	$ -	$ 680,524,033
Service Vehicles	3,107,736	-	-	(47,992)	3,059,744
Furniture, fixtures and equipment	26,016,960	2,047,430	-	-	28,064,390
Facilities & Yards	16,802,272	-	(2)	-	16,802,270
Capital Non Bus	225,199,689	7,983,209	615,021	(122,287)	233,675,632
	935,827,142	25,838,700	630,506	(170,279)	962,126,069
Non-Depreciable Assets					
Assets under construction	35,777,152	43,252,009	(903,443)	(26,005,654)	52,120,063
Total	$ 971,604,294	$ 69,090,709	$ (272,937)	$ (26,175,933)	$ 1,014,246,132

	December 2019	Additions	Cost Adjustments	Transfers / disposals	December 2020
Accumulated Depreciation					
Buses	$ (531,739,763)	$ (25,147,794)	$ (5)	$ -	$ (556,887,561)
Service Vehicles	(2,312,206)	(230,998)	-	47,992	(2,495,212)
Furniture, fixtures and equipment	(12,054,906)	(6,243,659)	-	-	(18,298,565)
Facilities & Yards	(13,686,084)	(452,949)	-	-	(14,139,033)
Capital Non Bus	(42,938,046)	(15,396,381)	(3)	122,287	(58,212,143)
Total	(602,731,005)	(47,471,781)	(8)	170,279	(650,032,514)
Capital Assets, net	**$ 368,873,289**	**$ 21,618,928**	**$ (272,945)**	**$ (26,005,654)**	**$ 364,213,618**

Effective January 1, 2020, in accordance with GASB Statement No. 89, the MTA no longer capitalizes interest costs related to the construction of capital assets.

6. EMPLOYEE BENEFITS:

Pensions — MTA Bus 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

MTA Defined Benefit Plan —

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 non-represented 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 non-represented employees and certain employees of MTA Bus. MTA Long Island Rail Road, MTA Metro-North Railroad, MTA, MTA Staten Island Railway 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 action of the MTA Board.

A stand-alone financial report may be obtained by writing to the MTA Comptroller, 2 Broadway, 16th Floor, New York, New York, 10004. Pension plan financials can also be found at www.mta.info.

Benefits Provided

MTA Defined Benefit 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 sixty-five.

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 sixty-two.

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; ten 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 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 is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

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 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.

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

In 2020, an amendment to the MTA Defined Benefit Plan was approved by the MTA Board to provide a COVID-19 Accidental Death Benefit. Chapter 89 of the Laws of 2020 (Chapter 89) was passed by the Legislature, and signed by the Governor, on May 30, 2020. Chapter 89 enacted Sections 361-b, 509-a and 607-i of the Retirement and Social Security Law and Section 13-149.1 of the New York City Administrative Code, to provide a special line-of-duty Accidental Death Benefit to eligible members of the Plan.

Contributions and Funding Policy

MTA Defined Benefit 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. Currently, non-represented employees at certain Depots, contribute $21.50 per week. Non-represented employees at Eastchester hired prior to 2007 contribute $25 per week. Represented employees at Baisley Park, College Point, Eastchester, Far Rockaway, JFK, LaGuardia and Yonkers Depots contribute $29.06 per week; Spring Creek represented employees contribute $32.00 per week. Certain limited number of represented employees promoted prior to the resolution of a bargaining impasse continue to participate in the 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, 2021 and 2020 were $59.6 million and $61.1 million, respectively. These costs represent the required actual contributions for the year stated.

Contributions as a percent of covered payroll are 16.1% and 16.0%, for the years ended December 31, 2021 and 2020, respectively.

Net Pension Liability

MTA Bus's net pension liability reported at December 31, 2021 was measured as of December 31, 2020. The total pension liability for the Plan was determined as of the actuarial valuation date of January 1, 2020 and rolled forward to the measurement date of December 31, 2020. MTA Bus's net pension liability reported at December 31, 2020 was measured as of December 31, 2019. The total pension liability for the Plan was determined as of the actuarial valuation date of January 1, 2019 and rolled forward to the measurement date of December 31, 2019. 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.

MTA Bus's net pension liability increased $3.6 million from the prior year.

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:

	MTA Defined Benefit Plan	
Valuation Date:	**January 1, 2020**	**January 1, 2019**
Investment Rate of Return	6.5% per annum, net of investment expenses.	6.50% per annum, net of investment expenses.
Salary Increases	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.
Inflation	2.25%; 3.25% for Railroad Retirement Wage Base.	2.25%; 3.25% for Railroad Retirement Wage Base.
Cost-of Living Adjustments	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.

Mortality: 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. They reflect mortality improvements both before and after the measurement date.

Pre-retirement: RP-2000 Employee Mortality Table for Males and Females with Blue collar adjustments.

Post-retirement Healthy Lives: 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, 2020 and 2019 valuations was the 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 the MTA Defined Benefit 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.

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:

	MTA Defined Benefit Plan	
Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
US Core Fixed Income	9.00%	0.78%
US Long Bonds	1.00%	1.82%
US Bank / Leveraged Loans	7.00%	2.73%
US Inflation-Indexed Bonds	2.00%	-0.07%
US High Yield Bonds	4.00%	3.84%
Emerging Markets Bonds	2.00%	4.19%
US Large Caps	12.00%	3.93%
US Small Caps	6.00%	5.11%
Foreign Developed Equity	12.00%	5.74%
Emerging Markets Equity	5.00%	7.53%
Global REITs	1.00%	5.65%
Private Real Estate Property	4.00%	3.85%
Private Equity	9.00%	9.02%
Commodities	1.00%	2.26%
Hedge Funds - MultiStrategy	16.00%	2.99%
Hedge Funds - Event-Driven	6.00%	3.16%
Hedge Funds - Equity Hedge	3.00%	3.42%
	100.00%	
Assumed Inflation - Mean		2.25%
Assumed Inflation - Standard Deviation		1.65%
Portfolio Nominal Mean Return		6.44%
Portfolio Standard Deviation		11.47%
Long Term Expected Rate of Return selected by MTA		**6.50%**

Discount Rate

As of December 31, 2021 and 2020, the discount rate used to measure the total pension liability of the MTA Defined Benefit 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.

MTA Bus's Proportion of Net Pension Liability — MTA Defined Benefit Plan

The following table presents MTA Bus's proportionate share of the net pension liability of the MTA Defined Benefit Plan at December 31, 2021 and 2020, and the proportion percentage of the net pension liability of the MTA Defined Benefit Plan allocated to MTA Bus:

	2021	2020
	(in millions, except for %)	
MTA Bus's proportionate share of the net pension liability	$ 298.53	$ 294.88
MTA Bus's proportion of the net pension liability	15.41%	17.08%

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 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 Bus's proportionate share of the net pension liability	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
		(in millions)	
2021	$ 485.86	$ 298.53	$ 145.12
2020	479.92	294.88	143.34

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

For the years ended December 31, 2021 and 2020, MTA Bus recognized pension expense of $49.2 million and $49.2 million, respectively, related to the pension plan.

At December 31, 2021 and 2020, MTA Bus reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(amounts in thousands)			
Differences between expected and actual experience	$ 33,658	$ (2,113)	$ 30,251	$ (2,914)
Changes in assumptions	82,552	(2,709)	105,447	(4,671)
Net difference between projected and actual earnings on pension plan investments	11,154	-	-	(24,949)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(78,761)	-	(74,933)
Employer contribution to plan subsequent to the measurement date of net pension liability	59,629	-	61,100	-
Total	$ 186,993	$ (83,583)	$ 196,798	$ (107,467)

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 the weighted average remaining service life of all members, beginning the year in which the deferred amount occurs.

$59.6 million and $61.1 million reported as deferred outflows of resources related to pensions resulting from MTA Bus's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended December 31, 2022 and 2021, respectively.

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, pay for the administrative cost of running 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 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.

- 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.

- 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.

- 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 $19,500 or $26,000 for those over age 50 for the year ending December 31, 2021.

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 makes a basic contribution equal to 2% of the member's compensation. The contributions for the years ended December 31, 2021 and 2020 were $0 and $0, respectively (in whole dollars). These members shall vest in the amount in the member's account attributable to the matching contributions and basic contributions as follows:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 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 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, 2021 and 2020, no forfeiture money was used to offset the employer contributions or for plan expenses.

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.

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, 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 Bus are members of the MTA Defined Benefit Plan.

The MTA Bus Company 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.

The MTA Bus Company 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);

(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

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, 2021 and 2020, MTA Bus paid $28.5 million and $25.6 million of PAYGO to the OPEB Plan, respectively. In addition, the OPEB Plan paid $12.5 million in OPEB benefits in 2020. The PAYGO amounts include an implicit rate subsidy adjustment of $595 and $791 for the years ended December 31, 2021 and 2020, respectively. There were no additional prior year implicit rate subsidy adjustments for the year ended December 31, 2021.

During 2012, the MTA funded $250 million into the Trust and an additional $50 million during 2013. There have been no further contributions made to the Trust. The investment Trust was liquidated in 2020 covering a portion of the year's benefit payments resulting in lower contributions than the payments for the year.

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, 2020 and December 31, 2019, the measurement dates, are 2.12% and 2.74%, 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, 2020 and 2019, the employer made a cash payment for retiree healthcare of $595 and $791, 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	**2020 Retirees**	**2019 Retirees**
	(amounts in thousands)	
Total blended premiums	$ 27,939	$ 24,855
Employment payment for retiree healthcare	595	791
Net Payments	**$ 28,534**	**$ 25,646**

(2) Net OPEB Liability

At December 31, 2021 and 2020, MTA Bus reported a net OPEB liability of $863.8 million and $813.1 million, 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, 2020 and 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019 and July 1, 2017, and rolled forward to December 31, 2020 and 2019, respectively. MTA Bus's proportion of the net OPEB liability was based on a projection of MTA Bus's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2021 and 2020, MTA Bus's proportion was 3.54% and 3.85%, 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, 2019 and July 1, 2017. Update procedures were used to roll forward the total OPEB liability to December 31, 2020, 2019 and 2018, the measurement dates. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

Valuation date	July 1, 2019	July 1, 2019	July 1, 2017
Measurement date	December 31, 2020	December 31, 2019	December 31, 2018
Discount rate	2.12%, net of expenses	2.74%, net of expenses	4.10%, net of expenses
Inflation	2.25%	2.25%	2.50%
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.50%	4.50%
Salary Increases	3.00%	3.00%	3.50%
Investment rate of return	2.12%	5.75%	6.50%

Healthcare Cost Trend — The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, healthcare reform provisions including changes due to H.R. Bill 1865, separately for NYSHIP and self-insured benefits administered by MTA New York City Transit. These assumptions are combined with long-term assumptions for dental and vision benefits of an annual trend of 3.5% plus Medicare Part B reimbursements of an annual trend of 4.5%, but not more than projected medical and pharmacy trends. The self-insured trend is applied directly for represented employees of MTA New York City Transit, MTA Staten Island Railway and MTA Bus. This valuation reflects updated healthcare-related assumptions, including changes due to H.R. Bill 1865 Further Consolidated Appropriations Act, 2020, which repealed the Cadillac Tax on health plans. This change decreased MTA Bus's OPEB liability by $43.1 million as of the valuation date July 1, 2019 and reporting year ended December 31, 2020, using a discount rate of 4.10%.

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	NYSHIP		MTA Bus	
Year Ending	< 65	>=65	< 65	>=65
2021	6.2	5.7	6.1	5.1
2022	5.7	5.4	5.6	5.1
2023	5.1	5.1	5.1	5.1
2024	5.0	5.0	5.0	5.0
2025	4.9	4.9	4.9	4.9
2026	4.8	4.8	4.8	4.8
2027	4.7	4.7	4.7	4.7
2028	4.6	4.6	4.6	4.6
2029	4.5	4.5	4.5	4.5
2039	4.6	4.6	4.6	4.6
2049	4.8	4.8	4.8	4.7
2059	4.5	4.5	4.5	4.5
2069	4.2	4.2	4.2	4.2
2079	3.8	3.8	3.8	3.8
2089	3.8	3.8	3.8	3.8
2099	3.8	3.8	3.8	3.8
2100				

For purposes of applying the EntryAge Normal cost method, the healthcare trend prior to the valuation date are based on the ultimate rates, which are 3.8% for medical and pharmacy costs.

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

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

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

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

Expected Rate of Return on Investments — The 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, 2020 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	100.0%	-0.54%
Assumed Inflation - Mean		2.25%
Assumed Inflation - Standard Deviation		1.65%
Portfolio Nominal Mean Return		1.73%
Portfolio Standard Deviation		1.20%
Long Term Expected Rate of Return selected by MTA		**2.12%**

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, 2020 and 2019 of 2.12% and 2.74%, 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 that is 1-percentage point lower or 1-percentage point higher than the actual discount rate used for the measurement:

Proportionate share of the net OPEB liability	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
		(in millions)	
2021	$ 994.30	$ 863.77	$ 757.01
2020	933.10	813.12	714.39

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:

Proportionate share of the net OPEB liability	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(in millions)	
2021	$ 728.82	$ 863.77	$ 1,036.66
2020	694.33	813.12	963.40

* 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, 2021 and 2020, MTA Bus recognized OPEB expense of $69.2 million and $75.7 million, 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.

At December 31, 2021 and 2020, MTA Bus reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(amounts in thousands)			
Differences between expected and actual experience	$ 6,827	$ (1,770)	$ 8,678	$ (545)
Changes in assumptions	83,275	(37,876)	31,375	(50,582)
Net difference between projected and actual earnings on OPEB plan investments	2,143	-	-	(670)
Changes in proportion and differences between contributions and proportionate share of contributions	94,805	(80,174)	110,347	(26,517)
Employer contribution to plan subsequent to the measurement date of net OPEB liability	28,534	-	25,646	-
Sub-total	$ 215,584	$ (119,820)	$ 176,046	$ (78,314)
OPEB trust reimbursement			(12,541)	-
Total	$ 215,584	$ (119,820)	$ 163,505	$ (78,314)

For the years ended December 31, 2021 and 2020, $28.8 million and $25.6 million was reported as deferred outflows of resources related to OPEB. This amount includes both MTA Bus'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 ended December 31, 2021 and December 31, 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2021 will be recognized in OPEB expense as follows:

Year ending December 31:	
2022	$ 9,305,002
2023	9,491,679
2024	9,187,443
2025	6,822,080
2026	12,572,631
Thereafter	19,851,577
	$ 67,230,412

8. DUE TO NYCTA

NYCTA bills MTA Bus for the administration and payment of health and welfare claims, for materials and supplies issued from NYCTA storerooms, and for NYCTA employees that have been permanently assigned to MTA Bus. In addition, MTA Bus is charged for the cost of labor and overhead for operating support (mainly NYCTA Department of Buses) and for employees assigned to MTA Bus to perform facilities related maintenance, construction and repair work.

9. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

MTA Bus establishes its liability for injuries to persons, excluding employees, on the basis of independent actuarial estimates of future liability. A summary of activity in estimated liability arising from injuries to persons and damage to third-party property, for the years ended December 31, 2021 and 2020, is as follows:

	2021	2020
	(amounts in thousands)	
Balance — beginning of year	$ 240,343	$ 259,417
Activity during the year:		
Current year claims and changes in estimates	40,094	15,639
Claims paid	(10,940)	(34,713)
Balance — end of year	269,497	240,343
Less — current liability	(30,300)	(35,500)
Noncurrent liability	$ 239,197	$ 204,843

Not included in the 2021 and 2020 amounts are $21.1 million and $19.5 million, respectively, of current liability and $153.0 million and $143.3 million, respectively, of noncurrent liability related to employees.

10. CONTINGENCIES

Neither the MTA nor its Component Unit, MTA Bus, assumed any liability for claims, suits, and any other pending litigation matters arising from or in connection with the operation of the former seven privately franchised bus companies prior to their merger dates into MTA Bus. Beginning January 3, 2006, and on each of the three merger dates occurring thereafter (Green Bus on January 9, 2006, Jamaica Bus on January 30, 2006, and Triboro Coach on February 2006), MTA Bus assumed responsibility for all liability claims arising from operating the former City 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.

11. ENVIRONMENTAL POLLUTION REMEDIATION

MTA Bus implemented GASB Statement No. 49 in 2008. In accordance with GASB Statement No. 49, a pollution remediation expense provision totaling $11,322 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, 2021, and 2020, the pollution remediation liability totaled $12.3 million and $11.4 million 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.

During 2005, environmental consultants, on behalf of the New York City Department of Design performed on site investigation at the former Green, Jamaica and Triboro Coach Bus lines prior to their merger into MTA Bus. As a result of the site investigations, these depots were found to require extensive soil and groundwater remediation. The Transit Authority's Capital Programs Management Environmental Engineering Division estimated that the cost to remediate the contaminated sites would total approximately $4.3 million. During 2006, the New York State Department of Environmental Conservation issued stipulation and consent decrees requiring MTA Bus to commence soil and ground water remediation at the College Point and Eastchester depots. The estimated cost for cleanup efforts at these sites was approximately $2.0 million. Pursuant to the letter agreement between The City and the MTA, remediation costs will be reimbursable by The City and, as such, a reserve for environmental remediation was not recorded in MTA Bus's financial statements. As stated in Note 2, The City funded the $6.3 million in estimated costs for potential environmental remediation. In July 2011 and December 2021, The City funded the Environmental Remediation Reserve Fund with an additional $11.1 million and $2.2 million, respectively. At December 31, 2021, the Environmental Remediation Reserve fund had a balance of $7.6 million remaining for future Environmental projects. The $2.2 million received in December was deposited into MTA Bus's short term investment fund and subsequently transferred to the Environmental Remediation Fund in January 2022.

	2021	2020
	(amounts in thousands)	
Balance beginning of year	$ 11,380	$ 11,543
Activity during the year:		
Current year changes in estimates	1,571	295
Payments	(654)	(458)
Balance end of year	12,297	11,380
Less - current liability	(7,640)	(6,081)
Non current liability	$ 4,657	$ 5,299

12. RELATED PARTY TRANSACTIONS

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.

Due from/to MTA and affiliated agencies consists of the following at December 31, 2021 and 2020:

	2021		2020	
	Receivable	(Payable)	Receivable	(Payable)
	(amounts in thousands)			
MTA	$ 142,023	$ 11,966	$ 74,174	$ 53,370
Affiliated agencies	19,955	34,260	12,656	32,852
Total MTA and affiliated agencies	$ 161,978	$ 46,226	$ 86,830	$ 86,222

13. NOVEL CORONAVIRUS (COVID-19)

On March 12, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in the face of the global spread of the virus. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China and has since spread globally, including to the United States and to New York State. On March 7, 2020, Governor Cuomo declared a Disaster Emergency in the State of New York. On March 13, 2020, President Trump declared a national state of emergency as a result of the COVID-19 pandemic. By order of Governor Cuomo (New York State on PAUSE), effective March 22, 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The PAUSE order was lifted on May 15, 2020 for five New York regions that met the requirements to start opening. However, a new order was signed by Governor Cuomo on May 15, 2020 extending the PAUSE to June 13, 2020 for New York City, Long Island and the Hudson Valley. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a sharp decline in the utilization of MTA Bus services, dramatic declines in ridership and fare revenues. A significant development has been the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID-19 were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15 after the State reached its goal of 70% of adults receiving at least a first dose of the vaccine. MTA has seen ridership steadily improve since the low point of ridership during the pandemic in 2020; however, the surge from the Omicron variant in mid-December has slowed ridership growth.

Coronavirus Aid, Relief and Economic Security Act ("CARES Act'). The CARES Act is a $2.2 trillion economic stimulus bill passed by Congress and signed into law by the President on March 27, 2020 in response to the economic fallout of the COVID-19 pandemic in the United States. The CARES Act through the Federal Transit Administration's ("FTA") formula funding provisions provided approximately $4 billion to MTA. Funding was provided at 100 percent Federal share, with no local match required, and is available to support operating, and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders. On May 8, 2020, the FTA approved MTA's initial grant application of $3.9 billion. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 million in additional formula grant allocations to MTA for a CARES Act grant total of $4.0 billion. As of December 31, 2020, a total of $335.5 million has been released to MTA Bus for operating assistance that occurred from January 20, 2020 through July 31, 2020. MTA Bus has received all CARES Act funding as provided in the first congressional relief package.

Federal Reserve Bank of New York's Municipal Liquidity Facility LLC ("MLF"). Due to the COVID-19 pandemic, the Federal Reserve established the MLF in April 2020 as a source of emergency financing by being available to purchase up to $500 billion of short-term notes from state and local governments and certain public entities to ensure they had access to credit during the COVID-19 pandemic. MTA was able to utilize the MLF twice before the MLF window closed at the end of December 2020. On August 26, 2020, MTA directly placed with the MLF $450.72 million Transportation Revenue BANs, Series 2020B, which were issued to retire existing Transportation Revenue BANs maturing on September 1, 2020. The MTA subsequently retired the MLF $450.72 million Transportation Revenue BANs, Series 2020B, with an issuance of Dedicated Tax Funds bonds on March 1, 2022. MTA issued into the MLF a second time by directly placing $2.907 billion Payroll Mobility Tax BANs issued for working capital on December 17, 2020. The $2.097 billion MLF loan matures in 2023.

Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA"). On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA") that includes $900 billion for various COVID-19 economic relief programs to address hardships caused by the coronavirus pandemic and a $1.4 trillion government funding package to fund the government through September 30, 2021. Included in the legislation is $45 billion in financial assistance to the transportation industry, including $16 billion for another round of airline employee and contractor payroll support: $14 billion for transit; $10 billion for highways; $2 billion for intercity buses; $2 billion for airports; and $1 billion for Amtrak. The MTA received $4.1 billion in aid from CRRSAA between December 2021 and January 2022. Release of such funds by the FTA was awaiting agreement of the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey and Connecticut, which was made on November 9, 2021. MTA Bus received $261.2 million in December 2021 with the balance of $47.3 million received in January 2022. This federal relief is expected to offset operating deficits in 2021.

American Rescue Plan Act ("ARPA"). On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 ("ARPA"). The $1.9 trillion package is intended to combat the COVID-19 pandemic, including the public health and economic impacts. The package includes $30 billion of direct federal aid to transportation agencies. Release of such funds was awaiting agreement on the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut which was made on November 9, 2021. The MTA expects to receive initially $6.1 billion in aid from ARPA in 2022, of which a total of $4.9 billion was received as of April 2022 for allocation among the agencies. In September of 2021, additional assistance funding was made available to transit systems demonstrating additional pandemic associated needs. Details on the receipts and timing of the additional assistance is not yet available.

Federal Emergency Management Agency ("FEMA") Reimbursement. The MTA is eligible for FEMA payments which are expected to cover expenses related to the COVID-19 pandemic, over and above normal emergency costs that are not covered by other federal funding. An estimated $651.7 million of direct COVID-19 related expenses, of which $36.8 million pertained to MTA Bus, incurred from the start of the pandemic through December 31, 2021, the cut-off date established by FEMA, was submitted by MTA to FEMA for reimbursement.

14. SUBSEQUENT EVENTS

MTA Bus has evaluated all subsequent events through May 27, 2022 to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2021. As of May 27, 2022, there were no subsequent events that required recognition or disclosure.

* * * * * *

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

MTA BUS COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA BUS'S PROPORTIONATE SHARE OF NET PENSION LIABILITY IN THE MTA DEFINED BENEFIT PLAN
FOR THE YEARS ENDED DECEMBER 31:

	MTA Defined Benefit Plan						
	2020	2019	2018	2017	2016	2015	2014
	(in millions, except %)						
MTA Bus's proportion of the net pension liability	15.41%	17.08%	17.11%	16.45%	20.10%	15.94%	16.51%
MTA Bus's proportionate share of the net pension liability	$ 298.53	$ 294.88	$ 301.79	$ 166.59	$ 269.74	$ 205.69	$ 170.80
MTA Bus's actual covered-employee payroll	$ 380.79	$ 367.06	$ 367.80	$ 323.41	$ 325.65	$ 289.49	$ 312.78
MTA Bus's proportionate share of the net pension liability as a percentage of its covered-employee payroll	78.40%	80.34%	82.05%	51.51%	82.83%	71.05%	54.61%
Plan fiduciary net position as a percentage of the total pension liability	72.13%	73.48%	73.33%	79.87%	71.82%	70.44%	70.44%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available. In accordance with GASB No. 68, information was not readily available for periods prior to 2014.

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MTA BUS COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA BUS'S CONTRIBUTIONS FOR ALL PENSION PLANS FOR THE YEARS ENDED DECEMBER 31:

	2021	2020	2019	2018	2017	2016	2015	2014
				(amounts in dollars)				
MTA Defined Benefit Plan								
Actuarially Determined Contribution	$ 59,629,303	$ 60,549,060	$ 59,767,691	$ 56,730,919	$ 52,132,718	$ 44,927,266	$ 43,851,553	$ 45,717,151
Actual Employer Contribution	59,629,303	61,100,000	59,768,598	57,263,638	50,478,821	44,299,995	45,928,494	46,605,811
Contribution Deficiency (Excess)	-	(550,940)	(907)	(532,719)	1,653,897	627,271	(2,076,941)	(888,660)
Covered Payroll	370,579,809	380,786,471	367,056,233	367,801,828	323,411,424	325,651,222	289,491,290	312,783,778
Contributions as a % of Covered Payroll	16.09%	16.05%	16.28%	15.57%	15.61%	13.60%	15.87%	14.90%

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 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: covered employees.

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, 2017 and 2015 funding valuation.

Changes of Assumptions

There were no changes of benefit assumptions in the January 1, 2016 and January 1, 2015 funding valuation.

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available. In accordance with GASB No. 68, information was not readily available for periods prior to 2014.

MTA BUS COMPANY
(Component Unit of the MTA)

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

Plan Measurement Date (December 31):	2020	2019	2018	2017
	(in millions, except %)			
MTA Bus's proportion of the net OPEB liability	3.54%	3.85%	3.24%	3.39%
MTA Bus's proportionate share of the net OPEB liability	$ 863.77	$ 813.12	$ 633.57	$ 695.53
MTA Bus's covered payroll	$ 380.79	$ 367.06	$ 367.80	$ 275.14
MTA Bus's proportionate share of the net OPEB liability as a percentage of its covered payroll	226.84%	221.52%	172.26%	252.79%
Plan fiduciary net position as a percentage of the total OPEB liability	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.

MTA BUS COMPANY
(Component Unit of the MTA)

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

	2021	2020	2019	2018	2017
		(in millions, except %)			
Actuarially Determined Contribution	N/A	N/A	N/A	N/A	N/A
Actual Employer Contribution (1)	$ 29.56	$ 25.65	$ 29.26	$ 23.21	$ 22.10
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A
Covered Payroll	$ 370.58	$ 380.79	$ 367.06	$ 367.80	$ 275.14
Actual Contribution as a Percentage of Covered Payroll	7.98%	6.74%	7.97%	6.31%	8.03%

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $595, $791, $975, $770 and $909 for the years ended December 31, 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, 2019
Measurement date	December 31, 2020
Discount rate	2.12%, net of expenses
Inflation	2.25%
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	2.12%

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

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

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.

Triborough Bridge and Tunnel Authority

(Component Unit of the Metropolitan Transportation Authority)

Financial Statements as of and for the Years Ended December 31, 2021 and 2020, Required Supplementary Information, and Independent Auditor's Report

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

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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, 2021 AND 2020
($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, 2021 and 2020. This discussion and analysis is intended to serve as an introduction to MTA Bridges and Tunnels' financial statements which have the following components: (1) Management's Discussion and Analysis ("MD&A"), (2) Financial Statements (3) Notes to the Financial Statements, and (4) Required Supplemental Information.

Management's Discussion and Analysis

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

The Financial Statements Include

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

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

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

The Notes to the Financial Statements Provide

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

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

Required Supplementary Information

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

FINANCIAL REPORTING ENTITY

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

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

On April 1, 2019 the MTA Reform and Traffic Mobility Act ("the Act") was enacted as part of the State budget for Fiscal Year 2019-2020. Pursuant to Public Authorities Law section 553-J, created by the Act, MTA Bridges and Tunnels is required to establish the Central Business District tolling capital lock-box fund which is kept separate and apart from TBTA operating monies. The fund shall consist of monies received through the Central Business District Tolling Program (CDBTP), as well as real estate transfer tax ("Mansion Tax") and Portions of City and State wide sales taxes ("Internet Tax").

Monies in the fund are be applied, subject to agreements with bondholders and applicable Federal law, to the payment of operating, administration, and other necessary expenses of the Authority, or to the City of New York subject to the memorandum of understanding including the planning, designing, constructing, installing or maintaining of the CBDTP, including, without limitation, the Central Business District tolling infrastructure, the Central Business District Tolling Collection System and the Central Business District tolling Customer Service Center, and the costs of any Metropolitan Transportation Authority capital projects included within the 2020 to 2024 MTA capital program or any successor programs.

In April 2020, the New York State Legislature passed legislation that was signed by the Governor which permitted MTA to use funds in the CBDT Capital Lockbox in all or any of the fiscal years of the authority beginning in 2020 through 2021 to offset decreases in revenue, including but not limited to, lost taxes, fees, charges, fares and tolls, due in whole or in part, or increases in operating costs due in whole to the state disaster emergency caused by the novel coronavirus, COVID-19.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in MTA Bridges and Tunnels' financial position for the years ended December 2021 and 2020. Additionally, an examination of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are in conformity with MTA Bridges and Tunnels' financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America.

(In thousands)

Assets and Deferred Outflows of Resources	**As of December 31,** 2021	2020	2019	**Increase/(Decrease)** 2021–2020	2020–2019
Capital Assets—Net	$ 7,607,152	$7,250,134	$6,660,639	$ 357,018	$ 589,495
Other Assets	4,713,719	1,847,806	1,444,762	2,865,913	403,044
Deferred Outflows of Resources	579,546	565,003	527,388	14,543	37,615
Total Assets and Deferred Outflows of Resources	$ 12,900,417	$9,662,943	$8,632,789	$ 3,237,474	$1,030,154

Significant Changes in Assets and Deferred Outflows of Resources

December 31, 2021 versus 2020:

Total assets and deferred outflows of resources increased by $3,237,474 for the year ended December 31, 2021.

Capital assets, net, increased $357,018 for the year ended December 31, 2021. This increase was primarily due to net additions to under construction work of $186,661 which includes a write-off of costs related to a study that has no future benefit of $8,854, primary structures of $194,667, property road and equipment of $102,508, roadway of $43,063, open road tolling systems and equipment of $8,469, buildings of $8,218 and other of $5,733. These increases in assets were offset by accumulated depreciation of $192,301. See Capital Asset footnote for further details.

Other assets increased by $2,865,913 for the year ended December 31, 2021. The increase was primarily due to a new loan receivable relating to MTA PMT bonds of $2,088,314, higher restricted short-term investments of $867,269, of which $803,104 is due to restricted PMT proceeds, higher unrestricted short-term investments of $129,343 and higher accounts receivable of $116,509. This increase was offset by lower cash of $290,007, which was mainly due to internet and mansion tax cash transferred out in the current year.

There was an increase in deferred outflows of resources of $14,543. This was due to an increase in the deferred outflows of resources related to OPEB of $100,142, offset by decreases in the change in fair market value of derivative instruments of $45,445, deferred financing costs of $24,264 and the deferred outflows related to pension of $15,890 resulting from changes in the proportionate share of the net pension liability of New York City Employees Retirement System.

December 31, 2020 versus 2019:

Total assets and deferred outflows of resources increased by $1,030,154 for the year ended December 31, 2020.

Capital assets, net increased $589,495 for the year ended December 31, 2020. This increase was primarily due to additions to under construction work of $168,859, property road and equipment of $181,942, roadway of $173,153, primary structures of $165,618, open road tolling systems and equipment of $41,030, other of $24,764, buildings of $13,704 and toll equipment of $50. These increases in assets were offset by accumulated depreciation of $179,625. See Capital Asset footnote for further details.

Other assets increased by $403,044 for the year ended December 31, 2020. The increase was primarily due to higher cash of $357,922, mainly due to the internet tax revenue receipts of $253,779 and the mansion tax revenue receipts of $102,905. There were also higher unrestricted invested funds at MTA of $67,736, higher restricted short-term investments of $13,881 and higher accounts receivable of $76,061, mainly from Tolls-By-Mail and E-ZPass violation receivables. These increases were offset by lower unrestricted investments of $11,312 and higher allowance for doubtful accounts of $85,079, mainly attributable to higher toll receivables and toll violations in addition to the percentage used in determining the allowance for doubtful accounts.

There was an increase in deferred outflows of resources of $37,615. This was due to an increase in the deferred outflows related to pension of $10,013 resulting from changes in the proportionate share of the net pension liability of New York City Employees Retirement System. There was also an increase in deferred outflows related to other post-employment benefits of $10,544 mainly due to higher expense and actual experience of $8,274 and an increase in the change in fair market value of derivative instruments of $37,874. These increases were offset by a decrease in the unamortized loss on debt refunding of $20,816.

(in thousands)

Total Liabilities and Deferred Inflows of Resources	**As of December 31, 2021**	**2020**	**2019**	**Increase/(Decrease) 2021–2020**	**2020–2019**
Current Liabilities	$ 1,507,010	$ 1,318,083	$ 1,301,315	$ 188,927	$ 16,768
Noncurrent Liabilities	13,789,192	10,668,094	10,338,112	3,121,098	329,982
Deferred Inflow of Resources	241,861	120,080	109,410	121,781	10,670
Total Liabilities and Deferred Inflows of Resources	$15,538,063	$12,106,257	$11,748,837	$ 3,431,806	$357,420

Significant Changes in Liabilities and Deferred Inflows of Resources

December 31, 2021 versus 2020:

Total liabilities and deferred inflows of resources increased by $3,431,806 for the year ended December 31, 2021.

Current liabilities increased by $188,927 for the year ended December 31, 2021. Unearned toll revenue was higher by $70,616, which was due to the easing up of the COVID-19 pandemic. There was an increase in interest payable of $22,245 and current portion of long-term debt obligations of $17,690. Both of these increases were primarily due from the issuance of new PMT bonds. There were also increases in due to NYCTA and MTA of $55,083 and $53,312, respectively, due to higher surplus paid, and higher accrued salaries of $9,313. These increases were offset by lower accounts payable of $20,365 and lower payable to MTA of $17,373.

Non-current liabilities increased by $3,121,098 for the year ended December 31, 2021. The increase was mainly due to higher long-term debt obligations of $3,189,274 of which $2,863,787 relate to the issuance of new PMT bonds and $325,487 relate to senior and subordinate bonds. There was also an increase in postemployment benefits other than pensions of $174,084 attributable to the portion of overall liability increasing from 3.85% to 4.05%. These increases were offset by lower net pension liability of $195,722, which was due to higher investment income and lower net derivative liabilities of $45,466.

There was a net increase in deferred inflows of resources of $121,781. This amount was mainly due to higher investment income on pensions of $134,372, slightly offset by lower related to OPEB of $12,591.

December 31, 2020 versus 2019:

Total liabilities and deferred inflows of resources increased by $357,420 for the year ended December 31, 2020.

Current liabilities increased by $16,768 for the year ended December 31, 2020. There was an increase in accounts payable and accrued other expenses of $31,410 mainly due to higher contractor's retainage of $15,430 and accrued expenses payable of $7,573. There was also an increase in accrued salaries of $5,944. These increases were partially offset by decreases in unearned tolls revenue of $18,260, which were attributable to decreases in traffic as a result of the COVID-19 pandemic and less replenishment to customer E-ZPass accounts.

Non-current liabilities increased by $329,982 for the year ended December 31, 2020. There was an increase in long-term debt of $249,598, net derivative instrument liabilities of $37,842 and other long-term liabilities of $2,617. See derivative instrument footnotes and debt footnotes for further details. There was also an increase in net pension liability of $29,258 and in post-employment benefits other than pensions of $11,804. These increases were slightly offset by a decrease in estimated liability arising from injuries to persons of $2,034.

There was a net increase in deferred inflows of resources relating to pensions and OPEB of $10,670. This was due to an increase related to OPEB of $30,708 offset by a decrease in the proportionate share of projected and actual earnings on pension plan investments of $20,038.

(In thousands)

	As of December 31,			Increase/(Decrease)	
Net Position	**2021**	**2020**	**2019**	**2021–2020**	**2020–2019**
Net investment in capital assets	$ 2,147,194	$ 2,295,343	$ 2,097,086	$ (148,149)	$198,257
Restricted	1,606,192	747,646	890,638	858,546	(142,992)
Unrestricted	(6,391,032)	(5,486,303)	(6,103,772)	(904,729)	617,469
Total net position	$(2,637,646)	$(2,443,314)	$(3,116,048)	$ (194,332)	$672,734

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

Significant Changes in Net Position

December 31, 2021 versus 2020:

In 2021 the total net position decreased by $194,332. This was due to operating income of $1,542,747 plus net non-operating income of $395,561 less net transfers out of $1,036,544 for operating surplus and $1,096,096 for internet and mansion transfers.

December 31, 2020 versus 2019:

In 2020 the total net position increased by $672,734. This was due to operating income of $1,024,399 plus non-operating revenue of $117,746, less net transfers out of $469,411 (principally operating surplus).

Condensed Statements of Revenues, Expenses and Changes in Net Position (in thousands)

	Years Ended December 31,			Increase/(Decrease)	
	2021	**2020**	**2019**	**2021–2020**	**2020–2019**
Operating revenues	$ 2,194,391	$ 1,660,735	$ 2,094,850	$ 533,656	$(434,115)
Operating expenses	(651,644)	(636,336)	(701,286)	(15,308)	64,950
Operating income	1,542,747	1,024,399	1,393,564	518,348	(369,165)
Nonoperating revenue (expense) excluding transfers out	395,561	117,746	(141,634)	277,815	259,380
Income before contributions and transfers	1,938,308	1,142,145	1,251,930	796,163	(109,785)
Transfers in—MTA	491	3,344	12,301	(2,853)	(8,957)
Transfers out	(2,133,131)	(472,755)	(779,075)	(1,660,376)	306,320
Changes in net position	(194,332)	672,734	485,156	(867,066)	187,578
Net position—Beginning of year	(2,443,314)	(3,116,048)	(3,601,204)	672,734	485,156
Net position—End of year	$(2,637,646)	$(2,443,314)	$(3,116,048)	$ (194,332)	$ 672,734

Operating Revenues

For the year ended December 31, 2021, the operating revenues increased by $533,656 as compared to December 31, 2020. The current year included a toll increase effective April 11, 2021. Total crossings in 2021 were 307.3 million versus 253.2 million crossings in 2020, an increase of 21.4%. See “Overall Financial Position and Results of Operations and Important Economic Conditions” below.

For the year ended December 31, 2020, the operating revenues decreased by $434,115 as compared to December 31, 2019. Traffic in 2020 was dramatically impacted by COVID-19 as MTA Bridges and Tunnels crossings decreased from a record 329.4 million in 2019 to 253.2 million crossings in 2020, a decrease of 23.1%. See “Overall Financial Position and Results of Operations and Important Economic Conditions” below.

Revenue by Major Source

MTA Bridges and Tunnels tolls accounted for 98.9% and 98.7% of operating revenues in 2021 and 2020, respectively. The remaining revenue primarily represented income from parking fees (net of operating expenses) collected at the Battery Parking Garage and fees collected from E-ZPass customers.

Toll revenues (net of bad debt expense relating to toll collections) were $2,169,877 and $1,639,753 for the years ended December 31, 2021 and December 31, 2020, respectively.

Operating Expenses

Operating expenses, including depreciation, increased for the year ended December 31, 2021, as compared to the prior year by $15,308. The increase was primarily due to higher depreciation expense of $21,292, higher post-employment benefits other than pensions of $16,441, and higher professional services of $10,590 due to higher legal expenses. There was also an increase in credit card fees of $5,388 and higher insurance expense of $3,910. These increases were offset by lower retirement and other employee benefits of $30,243 and lower maintenance and other operating contracts of $11,839, mainly from major maintenance and painting projects.

Operating expenses, including depreciation, decreased for the year ended December 31, 2020, as compared to the prior year by $64,950. The decrease was primarily due to lower maintenance and other operating contracts of $18,029, lower salaries and wages of $16,749, lower credit card fees of $10,193, lower retirement and other employee benefits of $9,136, lower insurance expense of $9,003, lower professional services of $6,510, and lower post-employment benefits other than pensions of $6,361. These decreases were offset by higher depreciation expense of $13,154.

Non-operating Revenues (Expenses)

Net non-operating revenue increased by $277,815 for the year ended December 31, 2021. This increase was mainly due to higher internet tax and mansion tax of $84,507 and $214,713, respectively, for the Central Business District tolling, and higher interest income of $37,295 for the new PMT interest income on senior bonds and premium/discount due to reimbursement for interest expense from MTA. This increase was offset by higher interest expense of $56,881, mostly related to senior bonds, including the new PMT interest expense and premium/discount.

Net non-operating revenue increased by $259,380 for the year ended December 31, 2020. This increase was mainly due to an internet and mansion tax for the Central Business District tolling of $280,939, partially offset by lower interest expense of $16,515, which was a result of discontinuation of capitalized interest upon the adoption of GASB Statement No. 89.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Economic Conditions/Results of Operations

Two key economic factors that have statistically significant relationships to changes in traffic volumes are regional non-farm employment and inflation (CPI-U). Based on data from the U.S. Bureau of Labor Statistics, regional employment declined on average by 10.4% in 2020, while 2021 increased by 2.7%. Inflation was 1.7% in 2020, however, we had a sharp increase to 3.3% in 2021.

As we distanced ourselves from the Covid-19 pandemic it's impact on the volume of MTA Bridges and Tunnels crossings in 2021 began to ease. Following a year of a record 329.4 million crossings in 2019, the volume of Bridges and Tunnels traffic plummeted by 23.1% in 2020 to 253.2 million crossings. However, in 2021 our total crossings were 307.3 million, an increase of 54.1 million crossings, or, 21.4% from 2020. Toll revenue for the year totaled a record $2,169.9 million, aided by the traffic recovery from 2020, as well as the toll increase implemented in April 2021.

In the fourth quarter 2021, crossings were up 13.0 Million (19.2%) compared with the fourth quarter of 2020. The 2019 New York State Budget approved congestion pricing in Manhattan south of 60th Street, which will likely impact ridership and vehicle crossings once implemented. While originally scheduled to go into effect in 2021, the MTA only received approval on March 30, 2021, after significant delays, by the Federal Highway Administration to proceed with the Environmental Assessment which will allow for the final design and construction of the tolling infrastructure to proceed.

Traffic in 2020 was dramatically impacted by COVID-19 as B&T crossings decreased from a record 329.4 million in 2019 to 253.2 million crossings in 2020, a decrease of 23.1%. At the beginning of the pandemic there was an immediate decline of traffic, with B&T crossings seeing April traffic 65% below 2019 levels. Traffic began to rebound in May and this recovery lasted through October. An increase in COVID cases, coupled with winter weather, helped depress traffic in November and December; however, traffic levels remained above the revised forecasts in the July Financial Plan. Toll revenue for the year totaled $1.639 billion, which was $431.7 million, or 20.8% lower than 2019.

In its announcement on May 4, 2022, the Federal Open Market Committee ("FOMC") raised its target for the Federal Funds rate to the range of 0.75% to 1.00%. Previously, on March 16, 2022, the FOMC raised its target for the Federal Funds rate to the range of 0.25% to 0.50%. Prior to the March 16 increase, the Federal Funds rate target range was 0.00% to 0.25%, and was last changed on March 15, 2020, when it was reduced from a range of 1.50% to 1.75%. The FOMC cites the invasion of Ukraine by Russia as causing uncertainty for the US economy, creating additional upward pressure on inflation which will weigh on economic activity. Additionally, COVID-related lockdowns in China are likely to exacerbate supply chain disruptions. While economic activity edged down in the first quarter of 2022, household spending and fixed business investment remained strong. Job gains have been robust, and the national unemployment rate has declined substantially. Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices and broader price pressures. The FOMC seeks to achieve maximum employment and a 2 percent inflation rate over the longer run, and with appropriate firming of its monetary policy stance, the FOMC expects to achieve these goals. The FOMC also plans to begin, on June 1, reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The FOMC will continue to assess the economic outlook and is prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the FOMC's employment and inflation goals.

The E-ZPass electronic toll collection system continued to facilitate management of high traffic volumes. E-ZPass market share remained consistent overall, with a slight increase in Passenger Vehicles market share and a slight decrease in Commercial vehicles market share from 2020 to 2021.

	2021	**2020**	**2019**
Total	94.9 %	95.2 %	95.1 %
Average weekday	95.3	95.6	95.7
Passenger vehicles	95.2	95.5	95.6
Commercial vehicles	96.7	97.1	96.6
Average weekend	93.9	94.1	93.8

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program

MTA Bridge and Tunnels' facilities are all in a state of good repair. MTA Bridge and Tunnels' portion of the MTA's Capital Program for 2020-2024 totals $2,823,652 (*this excludes $503,000 for Central Business District Tolling Program ("CBDTP") discussed below*) for normal replacement and system improvement projects. The commitments made during the fourth quarter 2021 were $114,931 bringing the total commitment under the five-year plan to $277,129.

MTA Bridge and Tunnels' portion of the MTA's Capital Program for 2015-2019 totals $2,935,089 for normal replacement and system improvement projects. The commitments made during the fourth quarter 2021 were $22,686 bringing the total commitment under the five-year plan to $2,522,540. All planned major projects in the 2015-2019 program have been committed. The differential between the total program value and the committed value reflects a combination of good bid savings and project contingency, which are held in reserve for potential re-programming for additional future work.

MTA Bridge and Tunnels' portion of the Capital Program for 2010-2014 totals $2,021,982 for normal replacement and system improvement projects. The commitments made during the fourth quarter 2021 were $6,997 bringing the total commitment under the five-year plan is $1,957,374.

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 2021. The total commitment under the five-year plan is $1,117,160.

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

Approximately 59% of the projected expenditures in the 2015-2019 Capital Program will be incurred at three facilities: The Robert F. Kennedy Bridge, the Throgs Neck Bridge and the Verrazzano-Narrows Bridge. Other major projects in the 2015-2019 Capital Program include the skewback retrofit and the reconstruction of the upper and lower level toll plaza decks and southbound approach roadway (Phase B) at the Henry Hudson Bridge, the rehabilitation of the Queens Midtown Tunnel controls and communication systems, rehabilitation of the Hugh L. Carey Tunnel ventilation systems, and scour protection, repair and replacement of the pier fender systems at the Cross Bay Bridge.

Approximately 63% of the expenditures in the 2010-2014 Capital Program have been incurred at three facilities: the Robert F. Kennedy Bridge, the Bronx-Whitestone Bridge, and the Verrazzano-Narrows Bridge. Other major projects in the 2010-2014 Plan included the rehabilitation of tunnel walls, roadway drainage, fire lines and ceiling repairs (Phase II) and replacement of electrical switchgear and power distribution equipment at the Brooklyn-Battery Tunnel, upper and lower level toll plazas deck rehabilitation at the Henry Hudson Bridge and a facility-wide electrical upgrade, vent building switchgear and motor control center replacement at the Queens Midtown Tunnel. All original plan projects from the 2010-2014 program have been completed.

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

MTA Bridge and Tunnels' portion of the MTA's Capital Program for Sandy Restoration and Resiliency totals $764,980 of which $595,959 is for facility restoration and $169,021 is for facility mitigation projects. The total commitment made during the fourth quarter 2021 was $2,062. The total commitment under these plans is $689,083 to date.

Approximately 92% of the expenditures have been incurred at the Hugh L. Carey and Queens Midtown Tunnels.

On April 11, 2019, legislation was signed into law enabling the Triborough Bridge and Tunnel Authority (TBTA) to implement the nation's first ever CBDTP as part of the Fiscal Year 2020 New York State Budget. The planning, design, construction, operations and maintenance of the CBDTP will primarily be the responsibility of TBTA though it will also require the involvement of various other regional agencies and stakeholders. The CBDTP will reduce congestion and enhance mobility in Manhattan's Central Business District (south of and inclusive of 60th street).

MTA Bridge and Tunnels' Central Business District Tolling Program (CBDTP) totals $503,000, which represents the total capital budget established to support the entire CBDTP. Key components include program and construction management; design, construction, and integration of the toll technology system and infrastructure; development of Customer Service Centre Software and build-out: the Environmental Assessment; and outreach and education. A contract with TransCore was executed on October 31, 2019, one month ahead of schedule. TransCore will design, build, operate, and maintain the tolling system. There were no commitments made during the fourth quarter 2021. The total commitment under this plan is $344,208 to date.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

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

The initial impact of social distancing and Governor Cuomo's PAUSE Executive Order resulted in a severe decline in MTA Bridge and Tunnel crossing traffic and toll revenues. The steep fall in vehicle volume reflects the initial impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic. MTA Bridge and Tunnel reports that system traffic level declined an estimated 65% from April 3, 2020 to May 2, 2020 versus the same period in 2020. Additionally, traffic levels for the period from May 3, 2020 to May 17, 2020 were down 53% year over year, indicating a modest improvement. Traffic rebounded from May through October but remained below 2019 levels.

- ***Ridership and Traffic Update.*** Daily ridership on MTA facilities continues to be well-below 2019 levels. While ridership has been steadily increasing, March 31, 2022, ridership compared to the pre-pandemic equivalent day in 2019 is down 44 percent on the subways, 44 percent for bus (combined NYCT bus and MTA Bus Company), 46 percent on MTA Metro-North Railroad, and 43 percent on the MTA Long Island Rail Road. Traffic crossings at MTA Bridges and Tunnels facilities are nearly at pre-pandemic levels with toll revenues comprising approximately 12% of our operating budget net of bridge and tunnel operations and associated debt service.

Capital Work Accelerations during summer of 2021

There were no accelerated capital projects during 2021. Many capital projects were accelerated in 2020 where possible to complete traffic impacting work while traffic volumes were lower than normal, per New York State Executive Order 202.6, under which construction of roads, bridges, and transit facilities is deemed an essential construction activity for continuation during the current COVID-19 restrictions. This resulted in several projects being completed well ahead of schedule in 2020.

Verrazzano-Narrows Bridge Rebate Programs

The cost of the 2020-2021 (covering the period April 2020 through March 2021) Verrazzano-Narrows Bridge Rebate Programs totaled $21.2 million. The rebates for Staten Island Residents were $14.9 million and the rebates for the Verrazzano-Narrows Bridge Commercial Rebate Program were $6.3 million. These programs were funded by the State and MTA, with the State's contribution provided by appropriations to MTA. The State's initial contribution was $15.3 million ($12.5 million Resident Program and $2.8 million Commercial Program) and the MTA contribution was $7 million ($3.5 million Resident Program and $3.5 million Commercial Program).

The projected annualized cost of the 2021-2022 (covering the period April 2021 through March 2022) Verrazzano-Narrows Bridge Rebate Programs is expected to total $29.3 million. The rebates for Staten Island Residents are estimated to be $22.2 million and the rebates for the Verrazzano-Narrows Bridge Commercial Rebate Program are estimated to be $7.1 million. These programs were funded by the State and MTA, with the State's contribution provided by appropriations to the MTA. The State's contribution was $24 million ($21.2 million Resident Program and $2.8 million Commercial Program) and the MTA contribution was $7 million ($3.5 million Resident Program and $3.5 million Commercial Program).

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 2021-2022 Verrazzano-Narrows Bridge Rebate Programs, net of offsets, will be insufficient to fund the 2021-2022 Verrazzano-Narrows Bridge Commercial Rebate Program for the full Program year, MTA Bridges and Tunnels may reduce the rebate amount under such Program to a percentage that is forecast to be payable in full for the remainder of the Program year with the available funds. However, in the event that such MTA and State funds allocated to MTA for the 2021-2022 Verrazzano-Narrows Bridge Rebate Programs are fully depleted at any time during the 2021-2022 Verrazzano-Narrows Bridge Rebate Programs annual period, the 2021-2022 Verrazzano-Narrows Bridge Rebate Programs will cease and Staten Island residents will be charged the applicable resident discount toll and trucks and other commercial vehicles will be charged the applicable New York Customer Service Center E-ZPass toll for the Verrazzano-Narrows Bridge.

The Verrazzano-Narrows Bridge 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.

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

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2021 AND 2020
($ in thousands)

	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash—unrestricted (Note 3)	$ 217,264	$ 507,271
Unrestricted investments (Note 4)	234,636	105,293
Restricted investments (Note 4)	1,203,090	335,821
Invested funds at MTA—unrestricted (Note 5)	372,582	369,405
Invested funds at MTA—restricted (Note 5)	403,101	411,825
Accrued interest receivable	305	271
Accounts receivable	481,932	365,423
Less allowance for doubtful accounts	(308,109)	(268,166)
Due from MTA (Note 18)	2,485	2,370
Loan receivable from MTA (Note 18)	2,088,314	-
Prepaid expenses	6,912	7,066
Total current assets	4,702,512	1,836,579
NON-CURRENT ASSETS:		
Capital assets (Note 6):		
Land and construction work-in-progress	912,733	726,072
Other capital assets (net of accumulated depreciation)	6,694,419	6,524,062
Due from MTA (Note 18)	7,740	7,740
Derivative instrument assets (Note 13)	3,467	3,487
Total non-current assets	7,618,359	7,261,361
TOTAL ASSETS	12,320,871	9,097,940
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pensions (Note 7)	58,432	74,322
Related to other post-employment benefits (Note 8)	175,636	75,494
Accumulated decreases in fair value of derivative instruments (Note 13)	169,931	215,376
Loss on debt refunding	175,547	199,811
Total deferred outflows of resources	579,546	565,003
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$12,900,417	$9,662,943

(Continued)

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

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2021 AND 2020
($ in thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	2021	2020
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 174,975	$ 195,340
Accrued expenses:		
Interest	68,828	46,403
Payable to MTA (Note 18)	378,317	395,690
Payable to NYCTA—operating expense (Note 18)	37	44
Accrued salaries	29,978	20,665
Accrued vacation and sick pay benefits	19,624	20,807
Total accrued expenses	496,784	483,609
Current portion—long-term debt (Notes 9 to 12)	329,955	312,265
Current portion—estimated liability from injuries to persons (Note 15)	6,741	7,325
Due to NYCTA—operating surplus (Note 1 and 18)	86,176	31,093
Due to MTA—operating surplus (Note 1 and 18)	104,525	51,213
Unearned tolls revenue (includes $95,693 and $42,602 in 2021 and 2020, respectively, due to other toll agencies)	307,854	237,238
Total current liabilities	1,507,010	1,318,083
NON-CURRENT LIABILITIES:		
Estimated liability arising from injuries to persons (Note 15)	49,149	48,583
Post employment benefits other than pensions (Note 8)	987,443	813,359
Long-term debt (Notes 9 to 12)	12,459,678	9,270,404
Net pension liability (Note 7)	59,821	255,543
Other long-term liabilities	-	2,617
Derivative instrument liabilities (Note 13)	147,415	201,846
Due to MTA—change in fair value of derivative (Note 13 and 18)	25,982	17,017
Obligations under capital leases (Note 14)	59,704	58,725
Total non-current liabilities	13,789,192	10,668,094
TOTAL LIABILITIES	15,296,202	11,986,177
DEFERRED INFLOWS OF RESOURCES:		
Related to pensions (Note 7)	159,325	24,953
Related to other post-employment benefits (Note 8)	82,536	95,127
TOTAL DEFERRED INFLOWS OF RESOURCES	241,861	120,080
NET POSITION:		
Net investment in capital assets	2,147,194	2,295,343
Restricted	1,606,192	747,646
Unrestricted	(6,391,032)	(5,486,303)
Total net position	(2,637,646)	(2,443,314)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$12,900,417	$ 9,662,943

See notes to financial statements. (Concluded)

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 ($ in thousands)

	2021	2020
OPERATING REVENUES:		
Bridges and tunnels	$ 2,169,877	$ 1,639,753
Building rentals and fees	22,928	19,908
Other income	1,586	1,074
Total operating revenues	2,194,391	1,660,735
OPERATING EXPENSES:		
Salaries and wages	111,545	117,466
Retirement and other employee benefits	46,720	76,963
Post employment benefits other than pensions	76,558	60,117
Electric power	3,977	3,888
Fuel	1,765	1,725
Insurance	11,007	7,097
Maintenance and other operating contracts	120,520	132,359
Professional service contracts	27,567	16,977
Materials and supplies	3,300	2,182
Depreciation	201,356	180,064
Credit card fees	32,834	27,446
Other	14,495	10,052
Total operating expenses	651,644	636,336
OPERATING INCOME	1,542,747	1,024,399
NON-OPERATING REVENUES (EXPENSES):		
Build America Bonds subsidy	8,536	8,599
Interest expense	(386,441)	(329,560)
Interest expense—capital lease obligation	(5,350)	(5,268)
Interest income on PMT	37,295	-
Change in fair value of derivative financial instruments (Note 13)	8,965	(3,250)
Change in fair value of derivative—due to MTA	(8,965)	3,250
Internet revenue tax	344,916	260,409
Mansion revenue tax	394,291	179,578
Investment income	94	763
Other non-operating revenue	2,220	3,225
Total non-operating revenue (expenses)	395,561	117,746
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,938,308	1,142,145
TRANSFERS IN—Metropolitan Transportation Authority	491	3,344

(Continued)

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 ($ in thousands)

	2021	2020
TRANSFERS OUT (Note 1):		
New York City Transit Authority	$ (463,827)	$ (180,671)
Metropolitan Transportation Authority	(573,208)	(292,084)
Internet and mansion transfers	(1,096,096)	-
	(2,133,131)	(472,755)
CHANGE IN NET POSITION	(194,332)	672,734
NET POSITION—Beginning of year	(2,443,314)	(3,116,048)
NET POSITION—End of year	$(2,637,646)	$(2,443,314)

See notes to financial statements.

(Concluded)

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
($ in thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tolls collected	$ 2,183,752	$ 1,630,836
Building rentals and fees received	24,526	20,556
Payroll and related fringe benefits	(211,276)	(224,179)
Other operating expenses	(213,728)	(182,803)
Net cash provided by operating activities	1,783,274	1,244,410
CASH FLOWS PROVIDED/(USED) BY NONCAPITAL FINANCING ACTIVITIES—		
Transfer internet & mansion revenue to MTA	(1,096,096)	-
Internet & mansion tax revenue	719,411	-
Proceeds from PMT bonds	2,865,821	-
PMT bonds interest paid on debt	31,209	-
Subsidies paid to affiliated agencies	(928,734)	(498,983)
Net cash used in noncapital financing activities	1,591,611	(498,983)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payment for capital assets	(578,619)	(702,179)
Internet and mansion tax	-	439,987
Principal payments on Senior, Subordinate, COPS, and BAN	(312,265)	(310,380)
Bond proceeds	717,086	749,774
Bonds refunded	-	(125,917)
Interest payments	(386,559)	(382,059)
Net cash used in capital and related financing activities	(560,357)	(330,774)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gross sales of short-term securities	6,828,403	5,167,325
Gross purchases of short-term securities	(7,800,101)	(5,224,056)
PMT bonds interest received on debt	(45,910)	-
PMT bonds principal received on debt	(4,611)	-
Transfer of PMT proceeds bond to MTAHQ	(2,082,257)	-
Investment interest earned	(59)	-
Net cash used in investing activities	(3,104,535)	(56,731)
NET INCREASE IN CASH	(290,007)	357,922
CASH—Beginning of year	507,271	149,349
CASH—End of year	$ 217,264	$ 507,271

(Continued)

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
($ in thousands)

	2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH OPERATING ACTIVITIES:		
Operating income	$ 1,542,747	$ 1,024,399
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	201,356	180,064
On-behalf payments related to rent (Note 16)	(2,219)	(2,169)
GASB 68 pension expense adjustment	(45,917)	(5,245)
GASB 75 OPEB expense adjustment	61,350	31,969
Net decrease in receivables	(56,930)	12,278
Net (decrease) increase in operating payables	3,548	14,010
Net (decrease) increase in prepaid expenses	609	3,720
Net increase (decrease) in accrued salary costs, vacation and insurance	8,113	3,645
Net increase (decrease) in unearned revenue	70,617	(18,261)
NET CASH OPERATING ACTIVITIES	$ 1,783,274	$ 1,244,410
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital asset related liabilities	$ 61,498	$ 89,868
Interest expense includes amortization of net (premium)	$ (74,877)	$ (70,883)

See notes to financial statements. (Concluded)

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, 2021 AND 2020
($in thousands, except as noted)

1. BASIS OF PRESENTATION

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

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

All Authority toll facilities operate E-ZPass in conjunction with a regional electronic toll collection system. MTA Bridges and Tunnels' annual net earnings before depreciation and other adjustments ("operating transfer") are transferred to the New York City Transit Authority ("TA") and the MTA pursuant to provisions of the Act. In addition, MTA Bridges and Tunnels annually transfers its unrestricted investment income to the MTA. The operating transfer and the investment income transfer can be used to fund operating expenses or capital projects. The TA receives $24,000 plus 50% of MTA Bridges and Tunnels' remaining annual operating transfer, as adjusted, to reflect certain debt service transactions and the MTA receives the balance of the operating transfer, as adjusted, to reflect certain debt service transactions, plus the annual unrestricted investment income. Transfers are made during the year. The remaining amount due at December 31, 2021 and 2020, of $190,701 and $82,306, 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, 2021 and 2020, were as follows:

	2021	2020
Operating transfer	$1,037,035	$472,755
Investment income (excludes unrealized gain or loss)	94	763
	$1,037,129	$473,518

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

New Accounting Standards Adopted—The MTA Bridges and Tunnels adopted the following GASB Statements for the year ended December 31, 2021:

GASB Statement No. 98, The Annual Comprehensive Financial Report, requires that the term comprehensive annual financial report be replaced with annual comprehensive financial report and that the acronym CAFR be replaced with ACFR. The requirements of this Statement are effective for fiscal years ending after December 15, 2021, with early application encouraged. The adoption of this Statement did not have an impact on the financial position, results of operations or cash flows of the MTA Bridges and Tunnels.

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

GASB Statement No.	GASB Accounting Standard	MTA Required Year of Adoption
87	*Leases*	2022
91	*Conduit Debt Obligations 2021*	2022
92	*Omnibus 2020*	2022
93	*Replacement of Interbank Offered Rates*	2022
94	*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*	2023
96	*Subscription-based information technology arrangements*	2023

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

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

MTA Bridges and Tunnels has two toll rebate programs at the Verrazzano-Narrows Bridge: the Staten Island Resident ("SIR") Rebate Program, available for residents of Staten Island participating in the Staten Island Resident E-ZPass toll discount plan, and the Verrazzano-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 Verrazzano- Narrows Bridge Commercial Rebate Program and Staten Island Resident Rebate Program are funded by the State and the MTA.

Non-operating Revenues—Build America Bonds subsidy—MTA Bridges and Tunnels is receiving cash subsidy payments from the U.S. Treasury equal to 35% of the interest payable on the Series of Bonds issued as "Build America Bonds" and authorized by the Recovery Act. The Internal Revenue Code of 1986 imposes requirements that MTA Bridges and Tunnels must meet and continue to meet after the issuance in order to receive the cash subsidy payments. The interest on these bonds is fully subject to Federal income taxation. On April 1, 2019 the MTA Reform and Traffic Mobility Act ("the Act") was enacted as part of the State budget for Fiscal Year 2019-2020. Pursuant to Public Authorities Law section 553-J, created by the Act, MTA Bridges and Tunnels is required to establish the Central Business District tolling capital lock-box fund which is kept separate and apart from TBTA operating monies. The fund shall consist of monies received through the Central Business District Tolling Program (CDBTP), as well as real estate transfer tax ("Mansion Tax") and Portions of City and State wide sales taxes.

Monies in the fund are to be applied, subject to agreements with bondholders and applicable Federal law, to the payment of operating, administration, and other necessary expenses of the Authority, or to the City of New York subject to the memorandum of understanding including the planning, designing, constructing, installing or maintaining of the CDBTP, including, without limitation, the Central Business District tolling infrastructure, the Central Business District Tolling Collection System and the Central Business District tolling Customer Service Center, and the costs of any Metropolitan Transportation Authority capital projects included within the 2020 to 2024 MTA capital program or any successor programs.

In April 2020, the New York State Legislature passed legislation that was signed by the Governor which permitted MTA to use funds in the CBDT Capital Lockbox in all or any of the fiscal years of the authority beginning in 2020 through 2021 to offset decreases in revenue, including but not limited to, lost taxes, fees, charges, fares and tolls, due in whole or in part, or increases in operating costs due in whole to the state disaster emergency caused by the novel coronavirus, COVID-19. During 2021, $739 million in revenue was earned for internet and mansion 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, insurance, depreciation, etc.) are reported as operating expenses. All other expenses (e.g. interest on long-term debt, etc.) are reported as non-operating expenses.

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

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

Investments are recorded on the MTA Bridges and Tunnels statement of net position at fair value, except for 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, 2021 and December 31, 2020.

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

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

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

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

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

Net investment in Capital Assets

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

Restricted

Nonexpendable—Net position subject to externally imposed stipulations such that the Authority maintains them permanently. For the years ended December 31, 2021 and 2020, 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, 2021 and 2020, the Authority had expendable restricted net position related to (1) Debt Service of $176,772 and $126,676, (2) the Necessary Reconstruction Reserve of $647,316 and $620,970 and (3) Payroll Mobility Tax $782,104 and $0, respectively.

Unrestricted

Net position that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by actions of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Subsidies—Subsidies provided by MTA Bridges and Tunnels represent its operating transfer and investment income computed on an accrual basis. In 2021 MTA Bridges and Tunnels transferred out internet and mansion tax to MTA of $1,096,096.

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

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

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

3. CASH

The Bank balances are insured up to $250 in the aggregate by the Federal Deposit Insurance Corporation (“FDIC”) for each bank in which funds are deposited. Unrestricted cash represents Mansion tax of $129,622 and Internet Tax of $74,059 for a total of $203,681.

Cash at December 31, 2021 and 2020 consists of the following:

	2021		2020	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits	$ 250	$ 250	$ 250	$ 250
Collateralized deposits	217,014	216,796	507,021	506,829
	$ 217,264	$ 217,046	$ 507,271	$ 507,079

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 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, 2021 and 2020 (in thousands):

	December 31, 2021	Fair Value Measurements		December 31, 2020	Fair Value Measurements	
		Level 1	Level 2		Level 1	Level 2
Investments by fair value level:						
Debt securities:						
U.S. treasury securities	$ 1,427,700	$ 1,427,700	$ -	$390,711	$390,711	$ -
Commercial paper	-	-		44,669	-	44,669
Repurchase agreements	10,026	10,026	-	5,734	5,734	-
Total debt securities	1,437,726	1,437,726	-	441,114	396,445	44,669
Total investments by fair value level	1,437,726	$ 1,437,726	$ -	441,114	$396,445	$44,669
Total investments	$ 1,437,726			$441,114		

Investments classified as Level 1 of the fair value hierarchy, totaling $1,437,726 and $396,445 as of December 31, 2021 and 2020, 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.

Commercial paper totaling $0 and $44,669, as of December 31, 2021 and 2020, 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.

Investments available to pay operating and maintenance expenses, debt service and operating surplus transfers, at December 31, 2021 and 2020, are as follows (in thousands):

Investments	**2021**	**2020**
CURRENT:		
Restricted:		
Bond Proceeds Fund	$ 996,475	$ 179,315
Primarily Necessary Reconstruction Fund	30,310	29,830
Debt Service Fund	173,217	126,021
Cost of Issuance Fund	3,088	655
Total current—restricted	1,203,090	335,821
Total current—unrestricted	234,636	105,293
TOTAL—CURRENT	$ 1,437,726	$ 441,114

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.

MTA Bridges and Tunnels' accrual of the liability to the federal government for rebate of arbitrage income from tax-exempt borrowings was $0 at December 31, 2021 and 2020.

The fair value of the above investments consists of $234,636 and $105,293 in 2021 and 2020 in unrestricted investments respectively, and $1,203,090 and $335,821 in 2021 and 2020 in restricted investments, respectively. Investments had weighted average monthly yields ranging from 0.063% to 0.151%, for the year ended December 31, 2021 and 0.078% to 1.534%, for the year ended December 31, 2020. The net unrealized gain on investments was $73 and $6 for the years ended December 31, 2021 and 2020, 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, 2021		December 31, 2020	
	Fair Value	Duration (In years)	Fair Value	Duration (In years)
U.S. Treasuries	$ 1,427,700	0.01	$ 390,711	0.10
Repurchase agreements	10,026	*	5,734	*
Commercial paper	-	*	44,669	*
Total fair value	1,437,726		441,114	
Modified duration	-	0.01	-	0.10
Total investments	$ 1,437,726		$ 441,114	

* Duration is less than a month

Credit Risk—At December 31, 2021 and 2020, 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, 2021	Percent of Portfolio	December 31, 2020	Percent of Portfolio
A-1	$ -	0 %	$ 44,669	10 %
Not Rated	10,026	1	5,734	1
U.S. Government	1,427,700	99	390,711	89
Total	1,437,726	100 %	441,114	100 %
Total investment	$ 1,437,726		$ 441,114	

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 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, 2021 were $372,582 for short-term unrestricted and $403,101 for short-term restricted. The amounts related to investment pool funds for the year ended December 31, 2020 were $369,405 for short-term unrestricted and $411,825 for short-term restricted.

6. CAPITAL ADDITIONS AND DELETIONS

Capital assets at December 31, 2021 consisted of the following additions/reclassification and deletions/reclassifications (in thousands):

	Balance December 31, 2019	Additions/ Transfers	Deletions/ Transfers	Balance December 31, 2020	Additions/ Transfers	Deletions/ Transfers	Balance December 31, 2021
Capital assets not being depreciated:							
Land	$ 52,940	$ -	$ -	$ 52,940	$ -	$ -	$ 52,940
Construction in progress	504,273	768,927	600,068	673,132	563,792	377,131	859,793
Total capital assets not being depreciated	557,213	768,927	600,068	726,072	563,792	377,131	912,733
Capital assets being depreciated:							
Building—2 Broadway	81,972	-	-	81,972	-	-	81,972
Primary structures	3,807,405	165,618	-	3,973,023	194,667	-	4,167,690
Toll equipment	524	50	-	574	-	-	574
Buildings	670,842	13,704	-	684,546	8,218	-	692,764
Roadway	2,159,739	173,153	-	2,332,892	43,063	-	2,375,955
Property—Road and equipment	558,168	181,942	-	740,110	102,508	-	842,618
ORT systems and equipment	415,928	41,030	-	456,958	8,469	-	465,427
Other	238,825	24,764	-	263,589	5,733	-	269,322
Total capital assets being depreciated	7,933,403	600,261	-	8,533,664	362,658	-	8,896,322
Less accumulated depreciation:							
Building—2 Broadway	45,233	1,101	-	46,334	1,100	-	47,434
Primary structures	661,530	38,335	-	699,865	40,144	-	740,009
Toll equipment	18	13	-	31	14	-	45
Buildings	221,703	16,993	-	238,696	17,231	-	255,927
Roadway	602,567	76,948	-	679,515	80,879	-	760,394
Property—Road and equipment	37,447	16,401	-	53,848	19,983	-	73,831
ORT systems and equipment	45,816	21,541	-	67,357	22,871	-	90,228
Other	215,663	8,293	-	223,956	10,079	-	234,035
Total accumulated depreciation	1,829,977	179,625	-	2,009,602	192,301	-	2,201,903
Total capital assets being depreciated—Net of accumulated depreciation	6,103,426	420,636	-	6,524,062	170,357	-	6,694,419
Capital assets—Net	$6,660,639	$1,189,563	$600,068	$7,250,134	$ 734,149	$377,131	$7,607,152

In 2021 and 2020, capital asset additions included $20,936 and $20,725, respectively, of costs incurred by engineers working on capital projects. Upon the adoption of GASB Statement No. 89, there was no capitalized interest in 2021 and 2020.

7. EMPLOYEE BENEFITS

Plan Description

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

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

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

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

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

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

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

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

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

Benefits Provided—NYCERS provides three main types of retirement benefits: Service Retirements, Ordinary Disability Retirements (non-job-related disabilities) and Accident Disability Retirements (job-related disabilities) to participants generally based on salary, length of service, and member Tiers. Chapter 89 of the Laws of 2020, passed by the Legislature and signed by the Governor on May 30, 2020, provides benefits to statutory beneficiaries of members whose death was a result or was contributed to by COVID-19. This act adds Retirement and Social Security Law Sections 509-a and 607-i and Administrative Code of the City of New York Section 13-149.1 by providing an Accidental Death Benefit to eligible members of the NYCERS Plan.

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

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

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

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

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

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

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

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

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

MTA Bridges and Tunnels is required to contribute at an actuarially determined rate. MTA Bridges and Tunnels contributions to NYCERS for the years ended December 31, 2021 and December 31, 2020 were $35,491 and $40,790, respectively.

Net Pension Liability—MTA Bridges and Tunnels net pension liability for the NYCERS pension plan reported at December 31, 2021 and December 31, 2020 was measured as of June 30, 2021 and June 30, 2020, respectively. The total pension liability at December 31, 2021 and December 31, 2020 for the NYCERS pension plan was determined as of the actuarial valuation dates as of June 30, 2020 and June 30, 2019, respectively, and updated to roll forward the total pension liability to the measurement dates, respectively. The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by NYCERS. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the Plan; and investments are reported at fair value.

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

	NYCERS	
Valuation Date:	**June 30, 2020**	**June 30, 2019**
Investment Rate of Return	7.00% per annum, net of investment expenses	7.00% per annum, net of investment expenses
Salary Increases	In general, merit and promotion increases, plus assumed General Wage increases of 3.0% per year.	In general, merit and promotion increases, plus assumed General Wage increases of 3.0% per year.
Inflation	2.50%	2.50%
Cost-of Living Adjustments	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees
Mortality	Mortality tables for service and disability pensioners were developed from an experience study of the plan. The mortality tables for beneficiaries were developed from an experience review.	Mortality tables for service and disability pensioners were developed from an experience study of the plan. The mortality tables for beneficiaries were developed from an experience review.
Pre-retirement	N/A	N/A
Post-retirement—Healthy Lives	N/A	N/A
Post-retirement—Disabled Lives	N/A	N/A

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

The target asset allocations of the fund and the expected real rate of return (RROR) for the asset class in NYCERS was as of the measurement dates of June 30, 2021 and is summarized as follows:

Asset Class	NYCERS 2021 Target Asset Allocation	NYCERS 2021 Long-Term Expected Real Rate of Return
Public markets:		
U.S. public market equities	27.0 %	7.1 %
Developed public market equities	12.0	7.2
Emerging public market equities	5.0	9.0
Fixed income	30.5	1.8
Private markets (alternative investments):		
Private Equity	8.0	11.3
Private real estate	7.5	6.9
Infrastructure—	4.0	6.0
Opportunistic fixed income	6.0	7.1
	100 %	
Assumed inflation—mean		2.50 %
Long term expected rate of return		7.00 %

Asset Class	NYCERS 2020 Target Asset Allocation	NYCERS 2020 Long-Term Expected Real Rate of Return
Public markets:		
U.S. public market equities	27.00 %	7.60 %
Developed public market equities	12.00	7.70
Emerging public market equities	5.00	10.60
Fixed income	30.50	3.10
Private markets (alternative investments):		
Private Equity	8.00	11.20
Private real estate	7.50	7.00
Infrastructure—	4.00	6.80
Opportunistic fixed income	6.00	6.50
	100 %	
Assumed inflation—mean		2.50 %
Long term expected rate of return		7.00 %

Discount Rate—The discount rate used to measure the total pension liability was 7.0% for the NYCERS plan as of June 30, 2021 and June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for the pension plan and that employer contributions will be made at the rates determined by the pension plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and non-active members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MTA Bridges and Tunnels Proportion of Net Pension Liability—NYCERS—The following table presents the MTA Bridges and Tunnels proportionate share of the net pension liability of NYCERS at the measurement date of June 30, 2021 and 2020, and the proportion percentage of the net pension liability of NYCERS allocated to MTA Bridges and Tunnels:

	2021	2020
	($ in millions)	
Bridges and Tunnels proportion of the net pension liability	0.933 %	1.212 %
Bridges and Tunnels proportionate share of the net pension liability	$ 59.82	$ 255.54

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, 2021 and 2020, 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, 2021			June 30, 2020		
	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	$ 156.97	$ 59.82	$ (22.60)	$ 382.04	$ 255.54	$ 148.79

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—For the years ended December 31, 2021 and 2020, MTA Bridges and Tunnels recognized pension expense as follows (in thousands):

NYCERS	$ (11,273)	$ 35,492

For the years ended December 31, 2021 and 2020, the MTA Bridges and Tunnels reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In millions)	
Differences between expected and actual experience	$ 15,356	$ 6,920
Changes in assumptions	55	7,422
Net difference between projected and actual earnings on pension plan investments	-	87,789
Proportionate share of contributions	7,593	57,194
Employer contribution to plan subsequent to the measurement date of net pension liability	35,428	-
Total	$ 58,432	$ 159,325

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In millions)	
Differences between expected and actual experience	$ 25,740	$ 11,527
Changes in assumptions	108	7,569
Net difference between projected and actual earnings on pension plan investments	12,137	-
Proportionate share of contributions	-	5,857
Employer contribution to plan subsequent to the measurement date of net pension liability	36,337	-
Total	$ 74,322	$ 24,953

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

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

	Recognition Period (in Years)		
Pension Plan	**Difference between Expected and Actual Experience**	**Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contribution**	**Changes in Actuarial Assumptions**
NYCERS	6.04	6.04	6.04

For the years ended December 31, 2021 and 2020, $35,428 and $36,337, 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 $35,428 will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2021, will be recognized as pension expense as follows (in millions):

Years Ending December 31	**Increase/(Decrease) in Pension Expense**
2022	$ (34,182)
2023	(33,288)
2024	(25,502)
2025	(33,178)
2026	(9,776)
Thereafter	(395)
Total	$ (136,321)

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

Certain MTA Bridges and Tunnels employees are participants in a second deferred compensation plan established in accordance with Internal Revenue Code Section 401(k). Participation in the plan is available to all nonunion and certain other employees. All amounts of compensation deferred under the plan, and all income attributable to such compensation, are solely the property of the participants; accordingly, this plan is not reflected in the accompanying consolidated statements of net position. MTA Bridges and Tunnels did not contribute to the plan in 2021 and 2020.

8. OTHER POSTEMPLOYMENT BENEFITS

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

(1) Plan Description

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

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

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

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

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

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

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

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

(a) have retired;

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

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

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

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

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

Contributions—MTA Bridges and Tunnels is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the "pay-as-you-go" ("PAYGO") amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the year-ended December 31, 2021, MTA Bridges and Tunnels paid $28,855 of PAYGO to the OPEB Plan.

During 2012, the MTA funded $250 million into the Trust and an additional $50 million during 2013. There have been no further contributions made to the Trust. No funds from the Trust were received by MTA Bridges and Tunnels for reimbursement to pay healthcare premiums in 2020. 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, 2020 and December 31, 2019, the measurement dates, are 2.12% and 2.74%, 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, 2020 and 2019, the employer made a cash payment for retiree healthcare of $2,495 and $3,782, 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	**2020 Retirees**	**2019 Retirees**
	(In thousands)	
Total blended premiums	$ 26,823	$ 25,532
Employment payment for retiree healthcare	2,495	3,782
Net payments	$ 29,318	$ 29,314

(2) Net OPEB Liability

At December 31, 2021 and 2020, MTA Bridges and Tunnels reported a net OPEB liability of $987,443 and $813,359, 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, 2020 and 2019, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019, and rolled forward to December 31, 2020 and 2019, respectively. The MTA Bridges and Tunnels proportion of the net OPEB liability was based on a projection of the MTA Bridges and Tunnels long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2021 and 2020, the MTA Bridges and Tunnels proportion was 4.05% and 3.85%, respectively.

OPEB Plan Fiduciary Net Position—The fiduciary net position has been determined on the same basis used by the OPEB plan. The OPEB plan uses the accrual basis of accounting under which contributions from the employer are recognized when paid. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported are fair value based on quoted market prices or net asset value.

(*3) Actuarial Assumptions*

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

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

The total OPEB liability was determined by an actuarial valuation performed on July 1, 2019 and update procedures were used to roll forward the total OPEB liability to December 31, 2020 and 2019, the measurement dates, respectively. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

	2021	**2020**
Valuation date	July 1, 2019	July 1, 2019
Measurement date	December 31, 2020	December 31, 2019
Discount rate	2.12%—net of expenses	2.74%—net of expenses
Inflation	2.25%	2.25%
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%	4.50%
Investment rate of return	2.12%	5.75%

Salary Increases

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

Years of Employment	**2021 Rate of Increase**	**2020 Rate of Increase**
0	11.00 %	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 healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, healthcare reform provision including changes due to H.R. 1865 (December 2019), separately for NYSHIP. Long-term assumptions for dental and vision benefits increase are 3.5% plus Medicare Part B reimbursements 4.5%, but not more than projected medical and pharmacy trends.

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

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

	NYSHIP 2021		**MTA Bridges and Tunnels 2021**	
Fiscal Year	**< 65**	**>=65**	**< 65**	**>=65**
2021	6.20 %	5.70 %	5.80 %	4.00 %
2022	5.70	5.40	5.50	4.60
2023	5.10	5.10	5.10	5.10
2024	5.00	5.00	5.00	5.00
2025	4.90	4.90	4.90	4.90
2026	4.80	4.80	4.80	4.80
2027	4.70	4.70	4.70	4.70
2028	4.60	4.60	4.60	4.60
2029	4.50	4.50	4.50	4.50
2039	4.60	4.60	4.60	4.60
2049	4.80	4.80	4.80	4.70
2059	4.50	4.50	4.50	4.50
2069	4.20	4.20	4.20	4.20
2079	3.80	3.80	3.80	3.80
2089	3.80	3.80	3.80	3.80
2099	3.80	3.80	3.80	3.80

	NYSHIP 2021		**MTA Bridges and Tunnels 2020**	
Fiscal Year	**< 65**	**>=65**	**< 65**	**>=65**
2020	6.80 %	5.90 %	6.20 %	3.70 %
2021	6.20	5.70	5.80	4.00
2022	5.70	5.40	5.50	4.60
2023	5.10	5.10	5.10	5.10
2024	5.00	5.00	5.00	5.00
2025	4.90	4.90	4.90	4.90
2026	4.80	4.80	4.80	4.80
2027	4.70	4.70	4.70	4.70
2028	4.60	4.60	4.60	4.60
2029	4.50	4.50	4.50	4.50
2039	4.60	4.60	4.60	4.60
2049	4.80	4.80	4.80	4.70
2059	4.50	4.50	4.50	4.50
2069	4.20	4.20	4.20	4.20
2079	3.80	3.80	3.80	3.80
2089	3.80	3.80	3.80	3.80
2099	3.80	3.80	3.80	3.80

For purposes of applying the Entry Age Normal Cost method, the healthcare trend prior to the valuation date are based on the ultimate rate, which is 3.8% for medical and pharmacy costs.

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

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

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

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

Expected Rate of Return on Investments—The 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, 2020 are as follow.

Asset Class	**Index**	**Target Allocation**	**Long-Term Expected Real Rate of Return**
US cash	BAML 3-Mon Tbill	100.00 %	(0.54)%
Assumed Inflation - Mean			2.25 %
Assumed Inflation - Standard Deviation			1.65 %
Portfoli Nominal Mean return			1.73 %
Portfolio Standard Deviation			1.20 %
Long term expected rate of return selected by MTA			2.12 %

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, 2020 and 2019, of 2.12% and 2.74%, 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):

2021	**1% Decrease (1.12%)**	**Discount Rate (2.12%)**	**1% Increase (3.12%)**
Proportionate share of the net OPEB liability	$ 1,136.66	$ 987.44	$ 865.39

2020	**1% Decrease (1.74%)**	**Discount Rate (2.74%)**	**1% Increase (3.74%)**
Proportionate share of the net OPEB liability	$ 933.44	$ 813.40	$ 714.65

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):

2021	**1% Decrease**	**Healthcare Cost Current Trend Rate** *	**1% Increase**
Proportionate share of the net OPEB liability	$ 833.16	$ 987.44	$1,185.08

2020	**1% Decrease**	**Healthcare Cost Current Trend Rate** *	**1% Increase**
Proportionate share of the net OPEB liability	$ 694.59	$ 813.40	$ 963.75

* 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, 2021 and 2020, MTA Bridges and Tunnels recognized OPEB expense of $76,558 and $60,117, 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 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, 2021	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 7,804	$ (2,023)
Changes in assumptions	95,198	(43,299)
Net difference between projected and actual earnings on OPEB plan investments	2,449	
Changes in proportion and differences between contributions and proportionate share of contributions	41,330	(37,214)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	28,855	-
Total	$175,636	$(82,536)

	December 31, 2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 8,680	$ (545)
Changes in assumptions	31,384	(50,597)
Net difference between projected and actual earnings on OPEB plan investments	-	(671)
Changes in proportion and differences between contributions and proportionate share of contributions	6,112	(43,314)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	29,318	-
Total	$ 75,494	$ (95,127)

At December 31, 2021 and 2020, MTA Bridges and Tunnels reported as deferred outflow of resources related to OPEB $175,636, and $75,494, respectively. This amount includes both MTA Bridges and Tunnels contributions subsequent to the measurement date and an implicit rate subsidy adjustment of $28,855 that will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2021, will be recognized in OPEB expense as follows (in thousands):

Years Ending December 31	
2022	$ 8,065
2023	8,278
2024	7,930
2025	5,679
2026	7,300
Thereafter	26,993
	$ 64,245

9. LONG-TERM DEBT

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

- General Revenue Bonds,
- Payroll Mobility Tax Bonds, and
- Subordinate Revenue Bonds.

The Metropolitan Transportation Authority (“MTA”) and the Triborough Bridge and Tunnel Authority (“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 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.

The following represents MTA Bridges and Tunnels' issuance of long-term debt in 2021:

- On January 21, 2021, MTA Bridges and Tunnels remarketed 2005B-2 of $187,200 from a Daily Mode to a Weekly Mode. The irrevocable direct-pay letter of credit issued by Citibank, N.A was replaced by irrevocable direct-pay letter of credit with State Street Bank and Trust Company.
- On February 01, 2021, MTA Bridges and Tunnels remarked 2005B-4A of $104,700 from Term Rate Mode bearing interest at a variable interest rate equal to the adjusted LIBOR Rate to the Term Rate Mode bearing at a variable rate based on the SOFR index.
- On March 31, 2021, MTA Bridges and Tunnels issued $400,000 General Revenue Bonds, Series 2021A to finance bridge and tunnel projects.
- On May 5, 2021, MTA Bridges and Tunnels issued $1,238,210 PMT BOND 2021A to retire MTA Bond 2018B-2 and 2015X. This bond is not for the benefit of MTA Bridges and Tunnels capital projects.
- On June 10, 2021, MTA Bridges and Tunnels issued $192,835 Second Subordinate BAN, Series 2021A to finance CBDTP project.
- On August 31, 2021, MTA Bridges and Tunnels issued $369,195 PMT BOND 2021B to retire MTA BAN 2018C-2. This bond is not for the benefit of MTA Bridges and Tunnels capital projects.
- On September 30, 2021, MTA Bridges and Tunnels issued $856,585, PMT BOND to retire MTA Bond 2011C-D, 2015D-1 and 2016B, plus finance MTA projects. This bond is not for the benefit of MTA Bridges and Tunnels capital projects.
- On October 27, 2021, MTA Bridges and Tunnels remarked 2002F of $111,175 from variable interest rate to Fixed Rate Mode.
- On October 27, 2021, MTA Bridges and Tunnels remarked 2008B-2 of $53,005 from variable interest rate to Fixed Rate Mode.

MTA Bridges and Tunnels' non-current portion of long-term debt as of December 31, 2021 and 2020, is comprised of the following (in thousands):

Senior Revenue Bonds (Notes 10)	$ 8,681,913	$ 8,503,101
PMT Bonds (Note 10)	$ 2,863,787	-
Subordinate Revenue Bonds (Note 11)	688,320	767,303
CBD BAN (Note 12)	225,658	-
Total long-term debt—net of premiums and discounts	$ 12,459,678	$ 9,270,404

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

Resolution	Series	Provider	Exp. Date
TBTA General Revenue	2001C	State Street	June 26, 2023
TBTA General Revenue	2003B-1	U.S. Bank National Assoc.	January 17, 2025
TBTA General Revenue	2005A	Barcleys Bank	January 24, 2024
TBTA General Revenue	2005B-2ab	State Street	January 21, 2026
TBTA General Revenue	2005B-3	State Street	June 26, 2023
TBTA General Revenue	2005B-4c	U.S. Bank National Assoc.	May 26, 2022
TBTA General Revenue	TBTA 2018E Taxable	Bank of America, N.A.	December 12, 2022

According to the terms of the Credit and Liquidity Agreements, if the remarketing agent fails to remarket any of the bonds listed above that are tendered by the holders, the bank is required (subject to certain conditions) to purchase such unremarketed portion of the bonds. Bonds owned by the bank and not remarketed after a specified amount of time (generally 90 days) are payable to the bank as a term loan over five years in ten equal semiannual principal payments including interest thereon. As of December 31, 2021, 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, 2021 and 2020, 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.

	2021	**2020**
	(In millions)	
MTA Bridges and Tunnels:		
General Purpose Revenue Bonds	$ 458	$ 539
Special Obligation Subordinate Bonds	59	74
Total	$ 517	$ 613

MTA Bridges and Tunnels had no refunding transactions that resulted in any increased against aggregate debt service payments in 2021 and 2020.

For the years ended December 31, 2021 and 2020, the accounting loss/gain on bond refunding totaled $0 million and $0 million, respectively. Unamortized losses related to bond refundings were as follows (in millions):

	December 31, 2019	(Gain) Loss on Refunding	Current Year Amortization	December 31, 2020	(Gain) Loss on Refunding	Current Year Amortization	December 31, 2021
TBTA:							
General Revenue Bonds	$ 192	$ -	$ (17)	$ 175	$ -	$ (21)	$ 154
Subordinate Revenue Bond	29	-	(4)	25	-	(3)	22
	221	-	(21)	200	-	(24)	176
Total	$ 221	$ -	$ (21)	$ 200	$ -	$ (24)	$ 176

10. DEBT—SENIOR REVENUE BONDS

Senior Revenue Bonds at December 31, 2021, consist of the following (in thousands):

	Original Issuance	December 31, 2020	Issued	Principal Repayments	December 31, 2021
Series 2001B&C, 4.10%–5.25%	$ 296,400	$ 95,370	$ -	$ 6,345	$ 89,025
Series 2002F	246,480	144,835	111,175	144,835	111,175
Series 2003B	250,000	146,225	-	8,905	137,320
Series 2005A	150,000	102,070	-	-	102,070
Series 2005B	800,000	564,900	-	3,300	561,600
Series 2008B	252,230	166,770	53,005	63,650	156,125
Series 2009A-1	150,000	62,700	-	-	62,700
Series 2009B - BAB	200,000	200,000	-	-	200,000
Series 2010A-2 - BAB	280,400	280,400	-	8,510	271,890
Series 2011A	609,430	49,680	-	24,255	25,425
Series 2012A	231,490	162,045	-	5,210	156,835
Series 2012B	1,353,055	879,105	-	115,915	763,190
Series 2013B	257,195	180,550	-	38,010	142,540
Series 2013C	200,000	141,830	-	4,290	137,540
Series 2014A	250,000	186,110	-	5,125	180,985
Series 2015A	225,000	189,760	-	3,350	186,410
Series 2015B	65,000	58,905	-	1,360	57,545
Series 2016A	541,240	498,030	-	6,210	491,820
Series 2017A	300,000	300,000	-	-	300,000
Series 2017B	902,975	902,975	-	-	902,975
Series 2017C	720,990	720,990	-	-	720,990
Series 2018A	351,930	351,930	-	-	351,930
Series 2018B	270,090	270,090	-	-	270,090
Series 2018C	159,280	159,280	-	-	159,280
Series 2018D	125,000	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
	$ 10,314,120	8,039,470	564,180	439,270	8,164,380
Add net unamortized bond (discount) and premium		704,046	90,587	31,830	762,803
		$ 8,743,516	$ 654,767	$ 471,100	$ 8,927,183

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Senior Revenue Bonds at December 31, 2020, consist of the following (in thousands):

	Original Issuance	December 31, 2019	Issued	Principal Repayments	December 31, 2020
Series 2001B&C, 4.10%–5.25%	$ 296,400	$ 101,475	$ -	$ 6,105	$ 95,370
Series 2002F	246,480	154,095	-	9,260	144,835
Series 2003B	250,000	162,490	-	16,265	146,225
Series 2005A	150,000	102,070	-	-	102,070
Series 2005B	800,000	567,900	-	3,000	564,900
Series 2008B	252,230	166,770	-	-	166,770
Series 2009A-1	150,000	65,050	-	2,350	62,700
Series 2009B - BAB	200,000	200,000	-	-	200,000
Series 2010A-1	66,560	8,105	-	8,105	-
Series 2010A-2 - BAB	280,400	280,400	-	-	280,400
Series 2011A	609,430	72,810	-	23,130	49,680
Series 2012A	231,490	167,055	-	5,010	162,045
Series 2012B	1,353,055	989,810	-	110,705	879,105
Series 2013B	257,195	216,830	-	36,280	180,550
Series 2013C	200,000	145,955	-	4,125	141,830
Series 2014A	250,000	191,085	-	4,975	186,110
Series 2015A	225,000	192,950	-	3,190	189,760
Series 2015B	65,000	60,240	-	1,335	58,905
Series 2016A	541,240	505,575	-	7,545	498,030
Series 2017A	300,000	300,000	-	-	300,000
Series 2017B	902,975	902,975	-	-	902,975
Series 2017C	720,990	720,990	-	-	720,990
Series 2018A	351,930	351,930	-	-	351,930
Series 2018B	270,090	270,090	-	-	270,090
Series 2018C	159,280	159,280	-	-	159,280
Series 2018D	125,000	125,000	98,985	125,000	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
	$ 9,855,680	7,781,865	623,985	366,380	8,039,470
Add net unamortized bond (discount) and premium		642,755	129,151	67,860	704,046
		$ 8,424,620	$ 753,136	$ 434,240	$ 8,743,516

PMT Bonds at December 31, 2021, consist of the following (in thousands):

	Original Issuance	December 31, 2020	Issued	Principal Repayments	December 31, 2021
PMT 2021A	-	-	1,238,210	-	1,238,210
PMT 2021B	-	-	369,195	-	369,195
PMT 2021C	-	-	856,585	-	856,585
	$ -	-	2,463,990		2,463,990
Add net unamortized bond (discount) and premium		-	408,157		408,157
		$ -	$ 2,872,147	$	$ 2,872,147

Debt Service Requirements Senior:

Years Ending December 31	Principal	Interest (In thousands)	Aggregate Debt Service
2022	$ 245,270	$ 367,779	$ 613,049
2023	267,340	356,614	623,954
2024	301,330	343,003	644,333
2025	312,360	329,598	641,958
2026	342,235	314,607	656,842
2027–2031	1,997,125	1,308,374	3,305,499
2032–2036	1,458,185	934,882	2,393,067
2037–2041	1,165,710	634,540	1,800,250
2042–2046	961,270	394,695	1,355,965
2047–2051	721,680	172,925	894,605
2052-2056	391,875	45,635	437,510
	$ 8,164,380	$ 5,202,652	$ 13,367,032

Debt Service Requirements PMT:

Years Ending December 31	Principal	Interest (In thousands)	Aggregate Debt Service
2022	$ 8,360	$ 95,671	$ 104,031
2023	26,730	94,794	121,524
2024	1,285	94,094	95,379
2025	15,965	93,663	109,628
2026	11,530	92,975	104,505
2027–2031	30,375	458,346	488,721
2032–2036	254,725	439,791	694,516
2037–2041	341,685	393,964	735,649
2042–2046	604,040	315,935	919,975
2047–2051	1,027,545	151,340	1,178,885
2052-2056	141,750	16,776	158,526
	$ 2,463,990	$ 2,247,349	$ 4,711,339

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

Subordinate Revenue Bonds at December 31, 2021, consist of the following (in thousands):

	Original Issuance	December 31, 2020	Addition/ Retirements during 2021	December 31, 2021
Series 2002E	$ 756,095	$ 36,080	$ (36,080)	$ -
Series 2013A	761,599	720,645	(8,390)	712,255
Series 2013D	313,975	110,645	(27,380)	83,265
	$ 1,831,669	867,370	(71,850)	795,520
Add net unamortized bond (discount) and premium		(28,217)	(2,658)	(30,875)
		$ 839,153	$ (74,508)	$ 764,645

Subordinate Revenue Bonds at December 31, 2020, consist of the following (in thousands):

	Original Issuance	December 31, 2019	Addition/ Retirements during 2020	December 31, 2020
Series 2002E	$ 756,095	$ 70,585	$ (34,505)	$ 36,080
Series 2013A	761,599	728,415	(7,770)	720,645
Series 2013D	313,975	137,370	(26,725)	110,645
	$ 1,831,669	936,370	(69,000)	867,370
Add net unamortized bond (discount) and premium		(25,194)	(3,023)	(28,217)
		$ 911,176	$ (72,023)	$ 839,153

Debt Service Requirements:

Years Ending December 31	Principal	Interest (In thousands)	Aggregate Debt Service
2022	$ 76,325	$ 26,823	$ 103,148
2023	81,115	23,330	104,445
2024	74,060	19,596	93,656
2025	78,070	16,014	94,084
2026	63,460	12,210	75,670
2027–2031	360,475	19,940	380,415
2032–2036	62,015	468	62,483
	$ 795,520	$ 118,381	$ 913,901

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 June 10, 2021, MTA Bridges and Tunnels issued $192,835 General Revenue Bond Anticipation Notes, Series 2021A. The net proceeds were issued to finance capital cost for Central Business District Tolling Program.

(In thousands)	December 31, 2020	Issued	Principal Repayments & Retirements During 2021	December 31, 2021
Series 2021A	$ -	$ 192,835	$ -	$ 192,835
Add net unamortized bond premium	-	37,553	4,730	32,823
	$ -	$ 230,388	$ 4,730	$ 225,658

Debt Service Requirements:

Years Ending December 31	Principal	Interest (In thousands)	Aggregate Debt Service
2022	$ -	$ 9,642	$ 9,642
2023	-	9,642	9,642
2024	-	9,642	9,642
2025	192,835	9,642	202,477
	$ 192,835	$ 38,568	$ 231,403

13. GASB 53—DERIVATIVE INSTRUMENTS

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

For the year ended December 31, 2021, the MTA Bridges and Tunnels is reporting gain, derivative instrument liabilities and deferred outflows from derivative instruments in the amounts of $8,965, $147,415 and $169,931, respectively. The gain of $8,965 is related to swaps on MTA bonds which is offset by a loss of $8,965 reflected in other operating income. Also recognized in the same period are derivative instrument assets of $3,467.

For the year ended December 31, 2020, the MTA Bridges and Tunnels is reporting loss, derivative instrument liabilities and deferred outflows from derivative instruments in the amounts of $3,250,

$201,846 and $215,376, respectively. The loss of $3,250 is related to swaps on MTA bonds which is offset by a gain of $3,250 reflected in other operating income. Also recognized in the same period are derivative instrument assets of $3,487.

GASB Statement No. 53—Accounting and Financial Reporting for Derivative Instruments
Summary Information as of December 31, 2021

	Bond Resolution	Series	Type of Derivative	Cash Flow or Fair Value Hedge	Effective Methodology	Trade/ Entered Date	Notional Amount as of 12/31/2021 (In millions)	Fair Values as of 12/31/2021 (In millions)
Investment Swap	MTA Transportation Revenue Bond	2002G-1	Pay-Fixed Swap	N/A	N/A	4/21/2016	$ 81.065	$ (4.482)
	MTA Transportation Revenue Bond	2011B	Pay-Fixed Swap	N/A	N/A	4/21/2016	91.135	(13.305)
Hedging Swaps	MTA Bridges & Tunnels Senior Revenue Bonds	2018E (Citi 2002F)	Pay-fixed swap	Cash flow	Dollard Offset	6/2/2005	187.200	(30.789)
	MTA Bridges & Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Pay-fixed swap	Cash flow	Synthetic Instrument	4/21/2016	19.775	(2.043)
	MTA Bridges & Tunnels Senior Revenue Bonds	2005B	Pay-fixed swap	Cash flow	Synthetic Instrument	6/2/2005	561.600	(92.368)
	MTA Bridges & Tunnels Senior Revenue Bonds	2001C	Pay-fixed swap	Cash flow	Synthetic Instrument	4/21/2016	9.000	(0.963)

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2021, classified by type, and the changes in fair value of such derivative instruments from the year ended December 31, 2020, are as follows (in millions):

(In Millions)	Changes In Fair Value		Fair Value at December 31, 2021		Notional Amount
	Classification	Amount	Classification	Amount	
Government Activities					
Cash Flow hedges— pay-fixed interest rate swaps	Deferred Inflow of resources	$(45.445)		$(126.163)	$ 777.575
Investment swap— pay-fixed interest rate swaps	Investment income	8.965		(17.787)	172.200

The summary above reflects a total number of four (4) 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 (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. LEASE TRANSACTION

2 Broadway—On July 29, 1998 the MTA, (solely on behalf of MTA Long Island Rail Road and MTA Metro-North Railroad, MTA New York City Transit, and MTA Bridges and Tunnels) entered into a lease and related agreements whereby each agency, as sub lessee, will rent, an office building at Two Broadway in lower Manhattan. The triple-net-lease has an initial stated term of approximately 50 years, with the right to extend the lease for two successive 15-year periods at a rental of at least 95% of fair market rent. Remaining payments under the lease approximate $1.2 billion. Under the subleases, the lease is apportioned as follows: MTA New York City Transit, 68.7%, MTA, 21%; and MTA Bridges and Tunnels, 10.3%. However, the involved agencies have agreed to sub-sublease space from one another as necessary to satisfy actual occupancy needs. The agencies will be responsible for obligations under the lease based on such actual occupancy percentages. Actual occupancy percentages at December 31, 2021, for the MTA New York City Transit, MTA Bridges and Tunnels and MTA (including MTA Bus, MTA Capital Construction Company and MTA Business Service Center) were 49.8%, 7.4% and 42.8%, respectively. MTA Bridges and Tunnels' sublease is for a year-to-year term, automatically extended, except upon the giving of a nonextension notice by MTA.

The lease is comprised of both operating and capital elements, with the portion of the lease attributable to the land recorded as an operating lease, and the portion of the lease attributable to the building recorded as a capital lease. MTA Bridges and Tunnels has recorded capital lease assets using the net present value, and using a borrowing rate of 9.11%, and has reflected a capital lease obligation as of December 31, 2021 and 2020, of $59,704 and $58,725, respectively.

MTA pays the lease payments on behalf of MTA Bridges and Tunnels and subsequently makes monthly chargebacks in the form of rental payments. During 2021, the total of the rental payments charged to MTA Bridges and Tunnels was $2,219 less than the lease payment made by MTA on behalf of MTA Bridges and Tunnels.

Total net obligations under all capital leases as of December 31, 2021 and 2020, are as follows (in thousands):

	2021	**2020**
Beginning of the year	$ 58,725	$ 57,828
Additions	979	897
End of year	$ 59,704	$ 58,725

The adjusted capital lease for the building is being amortized over the remaining life of the lease. The cost of the building and related accumulated amortization at December 31, 2021 and 2020, is as follows (in thousands):

	2021	**2020**
Capital lease—building	$ 81,865	$ 81,865
Less accumulated amortization	(47,434)	(46,333)
Capital lease—building—net	$ 34,431	$ 35,532

Net minimum capital and operating lease payments are as follows (in thousands):

Years Ending December 31	**Capital Aggregate Lease Payments**	**Operating Aggregate Lease Payments**
2022	$ 4,371	$ 2,405
2023	4,371	2,405
2024	5,008	2,405
2025	5,008	2,405
2026	5,008	2,405
2027–2031	29,018	12,026
2032–2036	35,216	12,026
2037–2041	39,990	12,026
2042–2046	44,197	12,026
2047–2049	13,779	3,608
Minimum future lease payments	185,966	63,737
Amount representing interest	(126,262)	-
Present value of capital lease obligations	$ 59,704	$ 63,737

Total accumulated depreciation under capital leases was approximately $47,434 and $46,333 in 2021 and 2020, respectively.

Rental amount incurred during 2021 and 2020 were $186 and $235, respectively.

15. 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, 2021 and 2020, is as follows (in thousands):

	2021	**2020**
Balance—beginning of year	$ 55,908	$ 58,555
Activity during the year:		
Current year claims and changes in estimates	5,582	3,173
Claims paid	(5,600)	(5,820)
Balance—end of year	55,890	55,908
Less current portion	(6,741)	(7,325)
Long-term liability	$ 49,149	$ 48,583

Liability Insurance— The First Mutual Transportation Assurance Company ("FMTAC"), an insurance captive subsidiary of MTA, operates a liability insurance program ("ELF") that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limits are: $8 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road, and MTA Metro-North Railroad; $2.3 million for MTA Long Island Bus and MTA Staten Island Railway; and $1.6 million for MTAHQ and MTA Bridges and Tunnels. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limits are: $9 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $2.6 million for MTA Long Island Bus and MTA Staten Island Railway; and $1.9 million for MTAHQ and MTA Bridges and Tunnels. Effective November 1, 2012 the self-insured retention limits for ELF were increased to the following amounts: $10 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $3 million for MTA Staten Island Railway; and $2.6 million for MTAHQ and MTA Bridges and Tunnels. Effective October 31, 2015 the self-insured retention limits for ELF were increased to the following amounts: $11 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $3.2 million for MTA Staten Island Railway; MTAHQ and MTA Bridges and Tunnels. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50 million. The retrospective portion contains the same insurance agreements, participant retentions, and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Group entities above their specifically assigned self-insured retention with a limit of $50 million per occurrence with a $50 million annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2021, the balance of the assets in this program was $192.67 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $357.5 million for a total limit of $407.5 million ($357.5 million excess of $50 million). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50 million.

Property Insurance— Effective May 1, 2021, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2021, FMTAC directly insures property damage claims of the Related Entities in excess of a $25 million per occurrence deductible, subject to an annual $75 million aggregate deductible. The total All Risk program annual limit is $500 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $500 million per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of $100 million of fully collateralized earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 12, 2020 to April 30, 2023. The expanded protection is reinsured by MetroCat Re Ltd. 2020-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2020-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index value.

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

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any "certified" act of terrorism up to a maximum recovery of $215 million for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the "certified" acts of terrorism insurance or (3) 100% of any "certified" terrorism loss which exceeds $5 million and less than the $200 million TRIPRA trigger up to a maximum recovery of $200 million for any occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $215 million. Recovery under the terrorism policy is subject to a deductible of $25 million per occurrence and $75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed $75 million future losses in that policy year are subject to a deductible of $7.5 million. The terrorism coverages expire at midnight on May 1, 2023.

16. COMMITMENTS AND CONTINGENCIES

At December 31, 2021 and 2020, MTA Bridges and Tunnels had unused standby letters of credit, relative to insurance, amounting to $1.812 and $2.712 million, respectively.

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

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

17. SWAP AGREEMENTS

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

Swap Agreements Relating to Synthetic Fixed Rate Debt

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

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

Terms and Fair Value—The terms, fair values and counterparties of the outstanding swaps of MTA Bridges and Tunnels are reflected in the following tables (as of December 31, 2021).

MTA Bridges and Tunnels Senior Lien Revenue Bonds							
Associated Bond Issue	Notional Amounts as of 12/31/2021 (In millions)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values as of 12/31/2021 (In millions)	Swap Termination Date	Counterparty
Series 2018E [7]	$ 187.200	07/07/05	3.076 %	67% of one-month LIBOR [1]	$ (30.789)	01/01/32	Citibank, N.A.
Series 2005B-2a,b,c, 2005B-3 and 2005B-4a,b,c,d,e [1]	561.600	07/07/05	3.076	67% of one-month LIBOR [1]	(92.368)	01/01/32	33% each—JPMorgan Chase Bank, NA, BNP Paribas North America, Inc. and UBS AG
Total	$ 748.800				$ (123.157)		

MTA Bridges and Tunnels Subordinate Revenue Bonds							
Associated Bond Issue	Notional Amounts as of 12/31/2021 (In millions)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values as of 12/31/2021 (In millions)	Swap Termination Date	Counterparty
Series 2005A	$ 19.775	04/01/16	3.09 %	Lesser of Actual Bond or 67% of one-month LIBOR	$ (2.043)	01/01/30	U.S. Bank N.A., Wells Fargo Bank, N.A.
Series 2001C [6]	9.000	04/01/16	3.52	67% of one-month LIBOR [1]	(0.963)	01/01/30	U.S. Bank N.A., Wells Fargo Bank, N.A.
Total	$ 28.775				$ (3.006)		

(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.

(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, 2021:

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

Swap Notional Summary—The following table sets forth the notional amount of Synthetic Fixed Rate debt and the outstanding principal amount of the underlying floating rate series as of December 31, 2021 (in thousands):

Series	Outstanding Principal	Notional Amount
TBTA 2005B-4 (a,b,c,d,e)	$ 187,200	$ 187,200
TBTA 2005B-3	187,200	187,200
TBTA 2005B-2 (a,b,c)	187,200	187,200
TBTA 2005A	102,070	19,775
TBTA 2003B (1,2,3)	137,320	51,995
TBTA 2018E	148,470	135,205
TBTA 2001C	89,025	9,000
2002G-1	81,065	81,065
2011B	99,560	91,135
Total	$ 1,219,110	$ 949,775

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, 2021, all the valuations were in liability positions to MTA Bridges and Tunnels; accordingly, no collateral was posted by any of the counterparties.

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

Counterparty	**Notional Amount (In thousands)**	**% of Total Notional Amount**
JPMorgan Chase Bank, NA	$ 187,200	19.70 %
UBS AG	187,200	19.70
Citibank, N.A.	187,200	19.70
BNP Paribas North America, Inc.	187,200	19.70
U.S. Bank National Association	100,487	10.58
Wells Fargo Bank, N.A.	100,488	10.62
Total	$ 949,775	100.00 %

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.

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.

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

Associated Bond Issue	Bond Maturity Date	Swap Termination Date
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C (swaps with U.S. Bank/Wells Fargo)	January 1, 2032	January 1, 2030
MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 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, 2035	January 1, 2030 (U.S. Bank/Wells Fargo) January 1, 2032 (Citibank)

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

As of December 31, 2021, the aggregate mid-market valuation of MTA Bridges and Tunnels' swaps subject to collateral posting agreements was $143,949; as of this date, MTA Bridges and Tunnels was not subject to collateral posting based on its credit ratings (see further details below).

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

MTA Bridges and Tunnels Senior Lien

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

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

MTA Bridges and Tunnels Subordinate Lien

Counterparty	**MTA Bridges and Tunnels Collateral Thresholds (Based on Lowest Rating)**	**Counterparty Collateral Thresholds (Based on Lowest Rating)**
U.S. Bank National Association; 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 Principal**	**Variable-Rate Bonds Interest**	**Net Swap Payments**	**Total**
		(In millions)		
2022	$ 27.6	$ 34.9	$ (6.8)	$ 55.7
2023	28.6	33.8	(6.8)	55.6
2024	57.2	31.5	(6.4)	82.3
2025	30.4	30.3	(6.4)	54.3
2026	31.5	29.1	(6.4)	54.2
2027–2031	543.0	95.3	(22.8)	615.5
2032–2036	184.1	3.0	(0.1)	187.0
2037–2041	-	1.0	-	1.0

18. RELATED PARTY TRANSACTIONS

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

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

The Metropolitan Transportation Authority ("MTA") and the Triborough Bridge and Tunnel Authority ("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 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.

During 2021, Triborough Bridge and Tunnel Authority issued bonds backed by payroll mobility tax revenues. The proceeds of these bonds are sent to MTA for the capital needs of New York City Transit and Commuter Rail. 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.

Due from/to MTA and affiliated agencies consists of the following at December 31, 2021 and 2020 (in thousands):

	2021		2020	
	Receivable	**(Payable)**	**Receivable**	**(Payable)**
Due from (due to) MTA	$ 10,225	$ (508,824)	$ 10,110	$ (446,903)
Loan receivable due from (due to) MTA	2,088,314	-	-	(17,017)
Due from (due to) affiliated agencies	-	(86,213)	-	(31,137)
	$2,098,539	$ (595,037)	$ 10,110	$ (495,057)

19. NOVEL CORNAVIRUS (COVID-19)

On March 12, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in the face of the global spread of the virus. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China, and has since spread globally, including to the United States and to New York State. On March 7, 2020, Governor Cuomo declared a Disaster Emergency in the State of New York. On March 13, 2020, President Trump declared a national state of emergency as a result of the COVID-19 pandemic. By order of Governor Cuomo (“New York State on PAUSE”), effective March 22, 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The PAUSE order was lifted on May 15, 2020 for five New York regions that met the requirements to start opening. However, a new order was signed by Governor Cuomo on May 15, 2020 extending the PAUSE to June 13, 2020 for New York City, Long Island, and the Hudson Valley. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a sharp decline in the utilization of MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, and MTA Bridge and Tunnel crossing traffic and toll revenues. A significant development has been the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID-19 were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15 after the State reached its goal of 70% of adults receiving at least a first dose of the vaccine. Traffic crossings at MTA Bridges and Tunnels facilities are nearly at pre-pandemic levels. .

Coronavirus Aid, Relief and Economic Security Act ("CARES Act")—The CARES Act is a $2.2 trillion economic stimulus bill passed by Congress and signed into law by the President on March 27, 2020 in response to the economic fallout of the COVID-19 pandemic in the United States. The CARES Act through the Federal Transit Administration's ("FTA") formula funding provisions are providing approximately $4 billion to MTA. Funding will be provided at a 100% Federal share, with no local match required, and is available to support operating, capital and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders. On May 8, 2020, the FTA approved MTA's initial grant application of $3.9 billion. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 million in additional formula grant allocations to MTA for a CARES Act grant total of $4.010 billion. As of December 31, 2020, a total of $4.010 billion has been released to MTA for operating assistance that occurred from January 20, 2020 through July 31, 2020. The MTA has received all CARES Act funding as provided in the first congressional relief package.

Federal Reserve Bank of New York's Municipal Liquidity Facility LLC ("MLF")—Due to the COVID-19 pandemic, the Federal Reserve established the MLF in April 2020 as a source of emergency financing by being available to purchase up to $500 billion of short-term notes from state and local governments and certain public entities to ensure they had access to credit during the COVID-19 pandemic. MTA was able to utilize the MLF twice before the MLF window closed at the end of December 2020. On August 26, 2020, MTA directly placed with the MLF $450.72 million Transportation Revenue BANs, Series 2020B, which were issued to retire existing Transportation Revenue BANs maturing on September 1, 2020. MTA issued into the MLF a second time by directly placing $2.907 billion Payroll Mobility Tax BANs issued for working capital on December 17, 2020. The MTA expects to issue long-term bonds in 2023 to repay the MLF loan.

Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA")—On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA") which includes $900 billion in supplemental appropriations for COVID-19, $14 billion of which will be allocated to support the transit industry during the COVID-19 public health emergency was signed into law. The supplemental finding will be provided a 100 percent federal share, with no local match required. CRRSAA through FTA's formula funding provisions has provided $4.1 billion to MTA. This federal relief offsets operating deficits in 2021. The funds were received in late December 2021 OF $0.6 and January 2022 of $3.5 billion.

Federal Emergency Management Agency ("FEMA") Reimbursement—The MTA is eligible for FEMA payments which are expected to cover expenses related to the COVID-19 pandemic, over and above normal emergency costs that are not covered by other federal funding. An estimated $651.7 of direct COVID-19 related expenses incurred from the start of the pandemic through December 31, 2021, the cut-off date established by FEMA, was submitted by MTA to FEMA for reimbursement.

20. SUBSEQUENT EVENTSSUBSEQUENT E

On January 19, 2022, MTA effectuated a mandatory tender and remarketed $96,335 of Triborough Bridge and Tunnel Authority General Revenue Variable Rate Bonds, Subseries 2003B-1 because the irrevocable direct-pay Letter of Credit ("LOC") issued by Bank of America, N.A. was expiring by its terms. The LOC associated with Subseries 2003B-1 was replaced with an irrevocable direct-pay LOC issued by U.S. Bank National Association.

On February 10, 2022, MTA issued $592,680 of Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2022A.The Series 2021A Bonds were issued to (i) retire MTA outstanding Dedicated Tax Fund Bond Anticipation Notes 2019a (DTF 2019A BAND), and pay certain financing, legal, and miscellaneous expenses.

On April 5, 2022, MTA has a forward delivery (anticipated August 2022 delivery) refunding of 1.000 billion of Triborough Bridge and Tunnel authority Payroll Mobility Tax Senior Lien Bonds, Series 2022B. The series 2022B Bond were issued 2002D-1 and 2012C,D,F,H and pay certain financing, legal and miscellaneous expenses.On May 05, 2022, MTA issued $927,950 of Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2022C.The Series 2021C Bonds were issued to (i) retire MTA outstanding Transportation Revenue Bond Anticipation Notes 2019B, and pay certain financing, legal, and miscellaneous expenses.

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

	NYCERS					
	2021	**2020**	**2019**	**2018**	**2017**	**2016**
Authority's proportion of the net pension liability	0.933 %	1.212 %	1.222 %	1.155 %	1.308 %	1.266 %
Authority's proportionate share of the net pension liability	$ 59.82	$ 255.54	$ 226.29	$ 203.71	$ 271.61	$ 307.60
Authority's actual covered-employee payroll	$ 114.46	$ 121.31	$ 157.46	$ 126.57	$ 130.30	$ 133.89
Authority's proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	52.26 %	210.65 %	143.71 %	160.95 %	208.450 %	229.741 %
Plan fiduciary net position as a percentage of the total pension liability	93.14 %	76.93 %	78.83 %	78.83 %	74.80 %	69.57 %

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

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 34,591	$ 40,790	$ 48,538	$ 38,697	$ 41,272	$ 44,609	$ 41,812	$ 33,023	$ 33,461	$ 36,183
Contributions in relation to the contractually required contribution	34,591	40,790	48,538	38,697	41,272	44,609	41,812	33,023	33,461	36,183
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$119,482	$126,895	$164,110	$133,494	$144,992	$137,900	$150,652	$167,988	$132,095	$128,184
Contributions as a percentage of covered-employee payroll	28.95 %	32.14 %	29.58 %	28.99 %	28.47 %	32.35 %	27.75 %	19.66 %	25.33 %	28.23 %

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, 2020 funding valuation.

Changes of Assumptions

There were no changes of benefit assumptions in the June 30, 2020 fund valuation.

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY IN THE MTA OPEB PLAN
AT DECEMBER 31,
(In millions)

Plan Measurement Date (December 31):	**2020**	**2019**	**2018**	**2017**
MTA Bridges and Tunnels proportion of the net OPEB liability	4.05 %	3.85 %	4.09 %	4.06 %
MTA Bridges and Tunnels proportionate share of the net OPEB liability	$ 987.443	$ 813.359	$ 801.555	$ 823.748
MTA Bridges and Tunnels covered payroll	$ 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	778.16 %	495.62 %	600.44 %	730.82 %
Plan fiduciary net position as a percentage of the total OPEB liability	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.

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

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

	2021	2020	2019	2018
Actuarially determined contribution	N/A	N/A	N/A	N/A
Actual employer contribution [1]	$ 28,855	$ 29,318	$ 29,314	$ 28,291
Contribution deficiency (excess)	N/A	N/A	N/A	N/A
Covered payroll	$119,482	$126,895	$164,110	$133,494
Actual contribution as a percentage of covered payroll	24.15 %	23.10 %	17.86 %	21.19 %

[1] Actual employer contribution includes the implicit rate of subsidy adjustment of $1,290, $2,495, $3,782, and $3,650 for the years ended December 31, 2021, 2020, 2019, and 2018, 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, 2019	July 1, 2019	July 1, 2018
Measurement date	December 31, 2020	December 31, 2019	December 31, 2018
Discount rate	2.12%—net of expenses	2.74%—net of expenses	4.10%—net of expenses
Inflation	2.25%	2.50%	2.50%
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.50%	4.50%
Investment rate of return	2.12%	5.75%	6.50%

Changes of Benefit Terms—In the July 1, 2019 actuarial valuation, there were no changes to the benefit terms.

Changes of Assumptions—In the July 1, 2019actuarial 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.

Staten Island Rapid Transit Operating Authority

(Component Unit of the Metropolitan Transportation Authority)

Financial Statements as of and for the
Years Ended December 31, 2021 and 2020,
Required Supplementary Information, and
Independent Auditor's Report

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction to the Annual Report—The following is a narrative overview and analysis of the financial activities of Staten Island Rapid Transit Operating Authority ("SIRTOA" or "Authority") for the years ended December 31, 2021 and 2020. This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements and Notes to the 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 for the years ended December 31, 2021 and 2020. This management discussion and analysis ("MD&A") is intended to serve as an introduction to the Authority's financial statements. It provides an assessment of how Authority's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected Authority's overall financial position. It may contain opinions, assumptions or conclusions by 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 Include—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 outflow of resources), present obligations to sacrifice resources that the Authority has little or no discretion to avoid (liabilities), and acquisition of net assets by the Authority that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources being reported as net position.

The 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 over the past year and can be used to determine how the Authority has funded its costs.

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.

The Notes to the Financial Statements—The notes provide information that is essential to understanding the basic 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 net pension liability and net other postemployment benefits (OPEB) liability, employer contribution to its pension plan and OPEB, related rations, and actuarial assumptions used to calculate the net OPEB liability.

FINANCIAL REPORTING ENTITY

SIRTOA 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 pay 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 in order 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) in order to continue operating within the limits of the funds.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in the Authority's financial position for the years ended December 31, 2021 and 2020. Additionally, an examination of major economic factors and industry trends 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 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, distinguishing between capital and other assets, and deferred outflows of resources:

	December 31,			Increase/(Decrease)	
	2021	2020	2019	2021–2020	2020–2019
Capital assets—net	$ 651,684,086	$ 575,069,147	$ 431,089,860	$ 76,614,939	$ 143,979,287
Other assets	57,951,254	45,911,380	57,255,758	12,039,874	(11,344,378)
Deferred outflows of resources	46,906,104	42,774,793	35,804,684	4,131,311	6,970,109
Total assets and deferred outflows of resources	$ 756,541,444	$ 663,755,320	$ 524,150,302	$ 92,786,124	$ 139,605,018

Significant changes in assets and deferred outflows of resources include:

December 31, 2021 versus 2020—Net capital assets increased from December 31, 2020 to December 31, 2021 by $76,614,939 or 13.3%. The net additions to capital assets of $88,086,871 or 11.1% results from the increase in construction in progress, structures, stations, signals, partly offset by an increase in accumulated depreciation of $11,471,932 or 5.2% due to depreciation of assets. More detailed information about the Authority's capital assets is presented in Note 5 to the financial statements.

Other assets increased by $12,039,874 or 26.2% compared with the prior year. This increase is primarily attributable to the increase in the NYC operating recovery subsidy receivable of $8,229,500, estimated for the operating deficit for calendar year 2021, and the increase in receivable from MTA of $4,746,536. The increase was partially offset by a decrease in receivable from New York City Transit Authority of $660,768 and a decrease in MTA capital program funds receivable of $511,558 mainly due to a decrease in billings of capital projects in 2021 compared to 2020.

Deferred outflows of resources increased by $4,131,311 or 9.7% compared with prior year. The net increase was due to an increase of $4,836,801 related to OPEB, primarily due to changes in assumptions 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*, partially offset by a decrease of $705,490 related to pension based upon the most recent actuarial valuation report in accordance with GASB Statements No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Refer to Notes 6 and 7 to the financial statements for more information regarding SIRTOA's pension and postemployment benefits other than pension, respectively.

December 31, 2020 versus 2019—Net capital assets increased from December 31, 2019 to December 31, 2020 by $143,979,287 or 33.4%. The net additions to capital assets of $154,810,360 or 24.2% results from the increase in construction in progress, structures, stations, equipment and other, partly offset by an increase in accumulated depreciation of $10,831,073 or 5.2% due to depreciation of assets. More detailed information about the Authority's capital assets is presented in Note 5 to the financial statements.

Overall, other assets decreased by $11,344,378 or 19.8% compared with the prior year. This decrease is primarily attributable to the decrease in the NYC operating recovery subsidy receivable of $10,795,500, estimated for the operating deficit for calendar year 2020, and the decrease in receivable from NYC Department of Education of $799,629 related to lower student ridership in 2020 due to the COVID-19 pandemic. The decrease was partially offset by an increase in MTA capital program funds receivable of $486,777 mainly due to an increase in billings of capital projects in the 4th quarter of 2020 compared to 2019.

Deferred outflows of resources increased by $6,970,109 or 19.5% compared with prior year. The net increase was due to an increase of $8,950,520 related to pension based upon the most recent actuarial valuation report in accordance with GASB Statements No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, partially offset by a decrease of $1,980,411 related OPEB 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*. Refer to Notes 6 and 7 to the financial statements for more information regarding SIRTOA's pension and postemployment benefits other than pension, respectively.

Total liabilities, distinguishing between long-term liabilities and current liabilities, and deferred inflows of resources:

		December 31,		Increase/(Decrease)	
	2021	2020	2019	2021–2020	2020–2019
Current liabilities	$ 42,787,283	$ 35,314,381	$ 51,461,451	$ 7,472,902	$ (16,147,070)
Long-term liabilities	138,492,282	124,891,758	128,145,364	13,600,524	(3,253,606)
Total liabilities	181,279,565	160,206,139	179,606,815	21,073,426	(19,400,676)
Deferred inflows of resources	17,047,563	23,150,832	7,623,857	(6,103,269)	15,526,975
Total liabilities and deferred inflows of resources	$ 198,327,128	$ 183,356,971	$ 187,230,672	$ 14,970,157	$ (3,873,701)

Significant changes in liabilities and deferred inflows of resources include:

December 31, 2021 versus 2020—Liabilities increased from December 31, 2020 to December 31, 2021 by $21,073,426 or 13.2%. Current liabilities increased by $7,472,902, due primarily to an increase of $4,300,444 in Due to MTA for changes in the MTA investment pool, increase of $2,691,620 in accrued retroactive salaries and wages, increase of $799,323 in accounts payable, and increase of $538,017 in accrued payroll taxes and related liabilities for the reclassification of the 2020 payroll tax deferral relief offered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act from long-term to short-term liability. The increase is partially offset by the decrease of $716,978 in accrued sick and vacation pay. The increase in long-term liabilities of $13,600,524 was mainly due to the increase in net OPEB liability of $11,116,349 and increase in net pension liability of $3,976,300, partially offset by the decrease in estimated liability arising from injuries to persons of $1,140,944, based upon the most current actuarial valuations.

Deferred inflows of resources decreased by $6,103,269 or 26.4% compared with prior year. The net decrease was due to a decrease of $3,301,373 related to pension, primarily due to changes in projected versus actual plan investment earnings based upon the most current actuarial valuation report in accordance with GASB Statements No. 68 and No. 71, and due to the decrease of $2,801,896 related to OPEB, primarily due to changes in proportionate share and differences in employer contributions based upon the most current actuarial valuation report in accordance with GASB Statement No. 75. Refer to Notes 6 and 7 to the financial statements for more information regarding the Authority's pension and postemployment benefits other than pension, respectively.

December 31, 2020 versus 2019—Liabilities decreased from December 31, 2019 to December 31, 2020 by $19,400,676 or 10.8%. Current liabilities decreased by $16,147,070, due primarily to a decrease of $20,287,081 in Due to MTA for changes in the MTA investment pool. The decrease is partially offset by the increase of $2,230,476 in accrued retroactive salaries and wages primarily related to the United Transportation Union ("UTU") retroactive payments, the increase of $955,356 in accrued payroll taxes due to higher accruals of employer social security taxes in 2020, as payments are due in 2021 and 2022 under the payroll tax deferral relief offered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The decrease in long-term liabilities of $3,253,606 was mainly due to the decrease in net OPEB liability of $11,200,751, partially offset by the increase in net pension liability of $6,433,461 and the increase in estimated liability arising from injuries to persons of $898,018, based upon the most current actuarial valuations.

Deferred inflows of resources increased by $15,526,975 or 203.7% compared with prior year. The increase was primarily due to an increase of $12,786,181 related to OPEB based upon the most current actuarial valuation report in accordance with GASB Statement No. 75, and the increase of $2,740,794 related to pension based upon the most current actuarial valuation report in accordance with GASB Statements No. 68 and GASB No. 71. Refer to Notes 6 and 7 to the financial statements for more information regarding the Authority's pension and postemployment benefits other than pension, respectively.

Total net position, distinguishing among investment in capital assets, restricted amounts, and unrestricted amounts:

		December 31,		Increase/(Decrease)	
	2021	2020	2019	2021–2020	2020–2019
Investment in capital assets	$ 651,684,086	$ 575,069,147	$ 431,089,860	$ 76,614,939	$ 143,979,287
Unrestricted	(93,469,770)	(94,670,798)	(94,170,230)	1,201,028	(500,568)
Total net position	$ 558,214,316	$ 480,398,349	$ 336,919,630	$ 77,815,967	$ 143,478,719

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of two sections: investment in capital assets and unrestricted. Investment in capital assets include capital assets, net of accumulated depreciation, reduced by outstanding debt, net of applicable debt service reserves. The Authority has no restricted net position. All other assets, deferred outflows of resources, liabilities, and deferred inflows of resources are unrestricted.

December 31, 2021 versus 2020—Total net position was $558,214,316 at the end of 2021, a net increase of $77,815,967 or 16.2% from the end of 2020. The net increase was due to an operating loss of $75,370,836, offset by nonoperating income of $65,158,769, and MTA capital contributions of $88,028,034.

December 31, 2020 versus 2019—Total net position was $480,398,349 at the end of 2020, a net increase of $143,478,719 or 42.6% from the end of 2019. The net increase was due to an operating loss of $68,000,897, offset by nonoperating income of $56,732,432, and MTA capital contributions of $154,747,184.

Condensed statements of revenues, expenses, and changes in net position

	Year Ended December 31,			Increase/(Decrease)	
	2021	2020	2019	2021–2020	2020–2019
Operating revenues	$ 3,291,825	$ 3,478,101	$ 9,366,481	$ (186,276)	$ (5,888,380)
Operating expenses	(78,662,661)	(71,478,998)	(75,220,218)	(7,183,663)	3,741,220
Operating loss	(75,370,836)	(68,000,897)	(65,853,737)	(7,369,939)	(2,147,160)
Nonoperating revenues (expenses):					
Grants, appropriations, and taxes	7,100,381	4,869,504	5,899,094	2,230,877	(1,029,590)
Subsidies	26,854,500	28,760,500	53,460,200	(1,906,000)	(24,699,700)
Federal Transit Administration CARES Act reimbursement	-	23,294,537	-	(23,294,537)	23,294,537
Federal Transit Administration CRRSAA	31,224,173	-	-	31,224,173	-
Other nonoperating revenue/ expenses—net	(20,285)	(192,109)	(1,113,893)	171,824	921,784
Total net nonoperating revenues	65,158,769	56,732,432	58,245,401	8,426,337	(1,512,969)
Loss before capital contributions	(10,212,067)	(11,268,465)	(7,608,336)	1,056,398	(3,660,129)
Capital contributions	88,028,034	154,747,184	105,438,904	(66,719,150)	49,308,280
Change in net position	77,815,967	143,478,719	97,830,568	(65,662,752)	45,648,151
Net position—beginning of year	480,398,349	336,919,630	239,089,062	143,478,719	97,830,568
Net position—end of year	$ 558,214,316	$ 480,398,349	$ 336,919,630	$ 77,815,967	$ 143,478,719

Revenues, by major source:

	Year Ended December 31,			Increase/(Decrease)	
	2021	2020	2019	2021–2020	2020–2019
Fare revenue	$ 2,375,948	$ 2,343,411	$ 6,661,698	$ 32,537	$ (4,318,287)
Student and elderly reimbursement	473,673	628,107	1,829,059	(154,434)	(1,200,952)
Other	442,204	506,583	875,724	(64,379)	(369,141)
Total operating revenue	$ 3,291,825	$ 3,478,101	$ 9,366,481	$ (186,276)	$ (5,888,380)

December 31, 2021 versus 2020— Revenues from fares and student and elderly reimbursements were $2,849,621 in 2021, a decrease of 4.1% from the prior year. Ridership in 2021 was 1.468 million, an increase of 3.0% from 2020. The decrease in revenue was due to lower student reimbursements in 2021 as a result of the COVID-19 pandemic school remote learning. Other revenues in 2021 consist mainly of advertising revenue and rental income. The decrease in other revenues of $64,379 or 12.7% from prior year was mainly related to reduction of advertising revenues.

December 31, 2020 versus 2019—Revenues from fares and student and elderly reimbursements were $2,971,518 in 2020, a decrease of 65.0% from the prior year. Ridership in 2020 was 1.426 million, a decrease of 66.8% from 2019. The decrease in revenue was due to lower passenger ridership as a result of the COVID-19 pandemic travel restrictions and service reductions. Other revenues in 2020 consist mainly of advertising revenue and rental income. The decrease in other revenues of $369,141 or 42.2% from prior year was mainly related to reduction of advertising revenues.

Operating Expenses:

	Year Ended December 31,			Increase/(Decrease)	
(In thousands)	**2021**	**2020**	**2019**	**2021–2020**	**2020–2019**
Salaries and wages	$ 29,118	$ 28,406	$ 28,221	$ 712	$ 185
Health and welfare	6,934	5,002	5,908	1,932	(906)
Pensions	9,268	8,279	7,535	989	744
Other post employment benefits	5,957	5,239	8,325	718	(3,086)
Other fringe benefits	3,447	1,962	2,699	1,485	(737)
Traction and propulsion power	3,913	3,601	3,947	312	(346)
Materials and supplies	2,312	2,637	2,495	(325)	142
Insurance	1,299	966	1,022	333	(56)
Public liability claims	(458)	887	1,486	(1,345)	(599)
Maintenance and other					0
operating contracts	1,529	858	931	671	(73)
Professional service contracts	2,402	1,535	893	867	642
Environmental remediation	733	831	(108)	(98)	939
Depreciation	11,472	10,831	11,630	641	(799)
Other business expenses	737	445	236	292	209
Total operating expenses	$ 78,663	$ 71,479	$ 75,220	$ 7,184	$ (3,741)

December 31, 2021 versus 2020—Operating expenses increased by $7,183,663 or 10.1%. Salaries and wages increased by 711,954 mainly due to higher overtime expenses as a result of vacancies, offset by lower base pay. The increase of $1,932,819 in health and welfare expense was mainly due to the increase in employee per capita claims. Other fringe benefits increased by $1,484,192 due primarily to higher Workers' Compensations' reserve requirements based on the latest actuarial valuation. Pension expenses and other postemployment benefits increased by $989,129 and $718,327, respectively, based on the most current actuarial valuations. Professional service contract increased by $866,913 due to station cleaning and disinfection related to COVID-19 pandemic response measures. Maintenance and other operating expenses increased by $671,096 due to higher cleaning costs related to COVID-19 pandemic response measures. Depreciation expense increased by $640,859 mainly due to additional capital projects reaching substantial completion and starting depreciation including right-of-way equipment, and station accessibility (ADA) improvement assets. Public liability claims decreased by $1,344,973 based on the most current actuarial valuation update, reflecting lower claims activity.

December 31, 2020 versus 2019—Operating expenses decreased by $3,741,220 or 5.0%. The decrease of $906,505 in health and welfare was mainly due to lower prices/rates as a result of implementing market checks and pricing controls to prevent the overpricing of medications. Pension expenses increased by

$734,716 and other postemployment benefits decreased by $3,086,374, based on the most current actuarial valuations. Other fringe benefits decreased by $736,771 due primarily to lower Workers' Compensations' reserve requirements upon the latest actuarial valuation. Public liability claims decreased by $599,660, based on the most current actuarial valuation update, reflecting lower claims activity due to reduced risk of much lower ridership in 2020. Professional service contract increased by $641,672 due to station cleaning and disinfection related to COVID-19 pandemic response measures. Environmental remediation expenses increased by $939,111 due to higher than estimated pollution remediation work associated with the St. George Interlocking, New Dorp and Prince's Bay Station capital projects. Depreciation expense decreased by $798,782 mainly due to the impact of no depreciation expense activity in 2020 for major capital projects that were fully depreciated during 2019.

Nonoperating Revenues and Expenses:

Nonoperating revenues include various forms of State, The City, MTA subsidies and operating assistance. These subsidies are subject to annual appropriations by governmental units and periodic approval of the tax subsidies. The City and MTA subsidies are provided primarily to fund the operating deficit of SIRTOA.

NYC operating recovery subsidy decreased by $1,906,000 compared to prior year as the actual 2020 operating deficit, invoiced in 2021, was less than the estimate reported in the year-ended December 31, 2020.

In 2021, nonoperating revenues included the MTA operating assistance allocation of $31,224,173 from the Federal government under the COVID-19 economic relief program known as the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA")

In 2020, nonoperating revenues included the MTA operating assistance allocation of $23,294,537 from the Federal government's Coronavirus Aid, Relief and Economic Security Act ("CARES Act") in response to the economic fallout of the COVID-19 pandemic.

Detailed information about the CRRSAA and the CARES Act is presented in Note 14 to the consolidated financial statements.

Operating assistance subsidies from New York State and The City increased by $324,877 compared to 2020 due to the improvement of COVID-19 pandemic resulting in higher levels of tax supported subsidies.

Capital contributions from the MTA of $88,028,034 in 2021 decreased from $154,747,184 in 2020 due to timing of capital program funding from several sources including bonds, Federal, State and City funding.

Changes in Net Position:

The change in net position represents the net total of capital contributions, operating losses and nonoperating income. Net position increased by $77,815,967 in 2021 and increased by $143,478,719 in 2020. The change in net position for both years was due to capital contributions from the MTA and nonoperating income less operating losses.

Budget Highlights—Operating revenue in 2021 of $3.292 million was below budget by $0.9 million, or 21.4%. Farebox revenue of $2.376 million, overran the budget by $0.6 million, or 32%, reflecting an improvement over the worst-case recovery projection. Other operating revenue of $0.916 million, was below budget by $1.47 million, or 61.6%, due mainly to school fare reimbursement underruns and a shortfall in advertising revenue.

Operating expenses of $78.663 million were below budget by $4.963 million, or 5.9%. Labor expenses (including GASB 68 & GASB 75 adjustments to pension and OPEB, respectively) of $54.724 million were lower by a net $3.786 million, or 6.5%. Labor expense favorability was primarily a result of underruns in health & welfare and OPEB expenses of $4.065 million, or 24.0%. Favorable actuarial valuations of GASB

75 in addition to favorable rates, higher prescription drug contract rebates, and vacancy savings resulted in significant underruns. Reimbursable overhead credits were unfavorable by $0.014 million, due to effective overhead rate credits vs budget and reimbursable work requirements. Overtime expenses were above budget by $0.918 million, or 38%, due to vacancies and maintenance activities. Penson expenses (including GASB 68 adjustments) of $9.268 million, were over budget by $1.686 million or 22.2% due to adjustments per the latest GASB 68 actuarial valuation. This provided a partial offset to general favorability of labor expense categories.

Non-labor expenses were under budget by a net $1.177 million, or 4.7%. Maintenance contract expenses underran by $0.690 million, or 31.1% due to constraints upon contract work in progress due to COVID-19 restrictions. Electric power underran the budget by $0.272 million, or 7%, due to lower consumption, and Other Business Expense was unfavorable by $0.708 million, or 2,442%, due to timing of expenses. Claims expense of -$0.458 million, underran the budget by $1.451 million due to timing of payments. Materials and supplies were over budget by $0.567 million, or 32.5%, due to fleet and facilities maintenance requirements and professional service contracts were lower than budget by $0.255 million, or 9.6%, due to COVID-19 response measures.

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. Staten Island Rapid Transit Operating Authority (SIRTOA) consists of the commuter rail service in Staten Island.

SIRTOA system-wide utilization in 2021 of 1.468 million trips increased by a net 0.042 million trips, or 3% relative to 2020, reflecting the drastic reduction in all system-wide ridership in 2021 due to the impact of the COVID-19 pandemic. The ridership gradually increased after the New York State On Pause executive order on travel restrictions was lifted as of June 25, 2021.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was higher in 2021 than in 2020 by 199.1 thousand jobs (4.9%). On a quarter-to-quarter basis, New York City employment gained 70.5 thousand jobs (1.7%), the sixth consecutive quarterly increase. These increases were preceded by the steep decline of 888.8 thousand jobs (19.0%) during the second quarter of 2020.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 6.9% in the fourth quarter of 2021, according to the most recent advance estimate released by the Bureau of Economic Analysis; in the third quarter of 2021, the revised RGDP increased 2.3 percent. The increase in fourth quarter real GDP reflected increases in private inventory investment, exports, personal consumption expenditures, and nonresidential fixed investment that were partly offset by decreases in both federal and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased. The increase in private inventory investment was led by retail and wholesale trade industries, with inventory investment by motor vehicle dealers the leading contributor for retail trade. The increase in exports reflected increases in both goods and services. The increase in exports of goods was widespread, led by consumer goods, industrial supplies and materials, and foods, feeds, and beverages, while the increase in exports of services was led by travel. The increase in personal consumption expenditures primarily reflected an increase in services, led by health care, recreation, and transportation. The increase in nonresidential fixed investment primarily reflected an increase in intellectual property products that was partly offset by a decrease in structures. The decrease in federal government spending primarily reflected a decrease in defense spending on intermediate goods and services. The decrease in state and local government spending reflected decreases in consumption expenditures (led by compensation of state and local government employees, notably education) and in gross investment (led by new educational structures). The increase in imports primarily reflected an increase in goods (led by non-food and non-automotive consumer goods, as well as capital goods). The acceleration in real GDP in the fourth quarter primarily reflected an upturn in exports, accelerations in private inventory investment and personal consumption expenditures, and smaller decreases in residential fixed investment and federal government spending that were partly offset by a downturn in state and local government spending. Additionally, imports accelerated.

The New York City metropolitan area's price inflation, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was lower than the national average in the fourth quarter of 2021, with the metropolitan area index increasing 4.6% while the national index increased 6.7% when compared with the fourth quarter of 2020. Regional prices for energy products increased 25.5%, while national prices of energy products rose 30.8%. In the metropolitan area, the CPI-U exclusive of energy products increased by 3.5%, while nationally, inflation exclusive of energy products increased 5.1%. The New York Harbor spot price for conventional gasoline increased substantially more, by 89.1%, from an average price of $1.25 per gallon to an average price of $2.36 per gallon between the fourth quarters of 2020 and 2021.

In its announcement on May 4, 2022, the Federal Open Market Committee ("FOMC") raised its target for the Federal Funds rate to the range of 0.75% to 1.00%. Previously, on March 16, 2022, the FOMC raised its target for the Federal Funds rate to the range of 0.25% to 0.50%. Prior to the March 16 increase, the Federal Funds rate target range was 0.00% to 0.25%, and was last changed on March 15, 2020, when it was reduced from a range of 1.50% to 1.75%. The FOMC cites the invasion of Ukraine by Russia as causing uncertainty for the US economy, creating additional upward pressure on inflation which will weigh on economic activity. Additionally, COVID-related lockdowns in China are likely to exacerbate supply chain disruptions. While economic activity edged down in the first quarter of 2022, household spending and fixed business investment remained strong. Job gains have been robust, and the national unemployment rate has declined substantially. Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices and broader price pressures. The FOMC seeks to achieve maximum employment and a 2 percent inflation rate over the longer run, and with appropriate firming of its monetary policy stance, the FOMC expects to achieve these goals. The FOMC also plans to begin, on June 1, reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The FOMC will continue to assess the economic outlook and is prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the FOMC's employment and inflation goals.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law and provided $4.0 billion in funding to the MTA, which assisted in covering operating losses through late July. The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") became law on December 27, 2020; the MTA received $4.1 billion from CRRSAA in December 2021 and January 2022. More recently, on March 11, 2021, the American Rescue Plan Act of 2021 ("ARPA") was signed in law, and MTA expects to receive $6.4 billion in aid from ARPA.

The influence of the Federal Reserve's monetary policy on the mortgage market is a matter of interest to the MTA, since variability of mortgage rates can affect the number of real estate transactions and thereby impact receipts from the Mortgage Recording Taxes ("MRT") and the Urban Taxes, two important sources of MTA revenue. While real estate transaction activity initially was severely impacted by social distancing and the economic disruption caused by the COVID-19 pandemic, demand for suburban residential real estate and historically low mortgage rates for refinancing resulted in strong MRT revenue. Mortgage Recording Tax collections in the fourth quarter of 2021 were higher than the fourth quarter of 2020 by $36.7 million (29.2%). Average monthly receipts in the fourth quarter of 2021 were $9.6 million (15.1%) 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 2021—which are based on 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 $45.1 million (56.1%) higher than receipts during the fourth quarter of 2020. Average monthly receipts in the fourth quarter of 2021 were $37.9 million (51.4%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

Results of Operations and Overall Financial Position—Total revenue from fares and student and elderly reimbursements was $2,849,621 in 2021, a decrease of 4.1% from the prior year. Ridership in 2021 was 1.468 million, an increase of 3.0% from 2020. Total non-reimbursable expenses, including depreciation, pension costs, other post-employment benefits and environmental remediation, were $78,662,661 in 2021, an increase of 10.1%.

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.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program—The MTA has ongoing programs on behalf of its 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 Transit Authority's portion of the current MTA Capital Program for 2020–2024, which includes SIRTOA, totals $35.1 billion. As of December 31, 2021, $3.6 billion has been encumbered under the five-year plan, of which approximately $0.7 billion has been expended. Funding for the Capital Program comes from new money bonds, federal grants, bonds supported by the payroll mobility tax applied within the MTA regional district, The City capital funding and other sources.

In 2021, SIRTOA committed one project to replace 15,747 feet of mainline track ($35.2 million). In 2021, SIRTOA completed four projects: the construction of a new power substation at Tottenville to improve reliability of train service ($25.0 million), modification of the SIRTOA train tracking system to include a non-reporting block alarm ($2.2 million), stations component repairs at St. George, Clifton, Eltingville, Annadale, Huguenot, and Tottenville stations ($17.1 million), and flood resiliency improvements at St. George Terminal ($51.8 million) to protect the terminal and yard from future storm events.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Annual balanced budgets are maintained through 2025, consistent with the November 2021 Financial Plan. This balancing is only achieved with the receipt of $10.5 billion in federal aid from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA), which is on top of the $4 billion received in 2020 from the Coronavirus Aid, Relief and Economic Security (CARES) Act, the implementation of the fare and toll rate increases proposed for 2023 and 2025, and the use of $499 million in deficit borrowing proceeds.

Impacts from Global Coronavirus Pandemic:

On March 12, 2020, the World Health Organization declared the current novel coronavirus ("COVID-19") outbreak to be a pandemic in the face of the global spread of the virus. By order of Governor Cuomo ("New York State on PAUSE"), effective March 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a severe decline in the utilization of MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, and MTA Bridge and Tunnel crossing traffic and toll revenues. Social distancing mandates has eased, and the region moved into a late-pandemic phase. A significant development has been the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID-19 were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15 after the State reached its goal of 70% of adults receiving at least a first dose of the vaccine. Ridership levels continue to show improvement, although ridership remains significantly below pre-pandemic levels. MTA New York City Subway resumed 24 hours a day service on May 17, 2021, after subway service was shut down overnight for over a year to allow for thorough disinfecting of the system and other enhancements.

- ***Ridership and Traffic Update.*** Daily ridership on MTA facilities continues to be well-below 2019 levels. While ridership has been steadily increasing, March 31, 2022, ridership compared to the pre-pandemic equivalent day in 2019 is down 44 percent on the subways, 44 percent for bus (combined NYCT bus and MTA Bus Company), 46 percent on MTA Metro-North Railroad, and 43 percent on the MTA Long Island Rail Road. Traffic crossings at MTA Bridges and Tunnels facilities are nearly at pre-pandemic levels with toll revenues comprising approximately 12% of our operating budget net of bridge and tunnel operations and associated debt service.
- ***Federal Legislative Actions.*** Three major pieces of federal emergency legislation have provided and will provide incremental federal aid to the MTA. The first was the CARES Act, which was signed into law on March 27, 2020. The CARES Act, through the Federal Transit Administration's ("FTA") formula funding provisions provided $4.0 billion to MTA. The second major COVID-19 pandemic aid bill was the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA"), which became law on December 27, 2020. The MTA received $4.1 billion in aid from the CRRSAA between December 2021 of $0.6 million and January 2022 of $3.5 billion. The third major COVID-19 pandemic aid bill is the $1.9 trillion "American Rescue Plan Act of 2021 ("ARPA") which was signed into law by President Biden on March 11, 2021. On November 9, 2021, an agreement was reached on the allocation of the CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut. MTA is expected to receive approximately $6.1 billion in federal aid from ARPA in 2022, of which a total of $4.9 billion was received as of April 2022 for allocation among the agencies. In September of 2021, additional ARPA Assistance funding was made available to transit systems demonstrating additional pandemic associated needs. Details on the receipts and timing of the additional assistance is not yet available.

- ***FEMA Reimbursement.*** The MTA is eligible for Federal Emergency Management Agency ("FEMA") payments in addition to the CARES Act, CRRSAA and ARPA funding, which are expected to cover expenses related to the COVID-19 pandemic, over and above normal emergency costs that are not covered by other federal funding. An estimated $651.7 million of direct COVID-19 related expenses incurred from the start of the pandemic through December 31, 2021, the cut-off date established by FEMA, was submitted by MTA to FEMA for reimbursement.

For additional information, refer to Note 11 to the financial statements for more information regarding the impact from the COVID-19 pandemic.

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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, 2021 AND 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2021	2020
CURRENT ASSETS:		
Cash (Note 3)	$ 184,312	$ 154,170
Receivables:		
New York City Department of Education	265,433	72,151
NYC operating recovery	47,675,600	39,446,100
Due from New York City Transit Authority (Note 10)	1,009,207	1,669,975
Due from MTA (Note 10)	4,800,311	53,775
MTA capital program funds receivable (Note 10)	534,587	1,046,145
Other	990,739	727,748
Less allowance for doubtful accounts	(13,939)	-
Net receivables	55,261,938	43,015,894
Materials and supplies—at average cost—net	1,497,788	1,860,668
Prepaid expense and other current assets	1,007,216	880,648
Total current assets	57,951,254	45,911,380
NONCURRENT ASSETS:		
Capital assets (Note 5):		
Construction work-in progress	325,258,572	327,239,127
Other capital assets—net of accumulated depreciation	326,425,514	247,830,020
Total capital assets—net of accumulated depreciation	651,684,086	575,069,147
Total assets	709,635,340	620,980,527
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pension (Note 6)	27,451,635	28,157,125
Related to OPEB (Note 7)	19,454,469	14,617,668
Total deferred outflows of resources	46,906,104	42,774,793
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$756,541,444	$ 663,755,320

See notes to financial statements.

(Continued)

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2021 AND 2020

	2021	2020
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 1,802,737	$ 1,003,414
Accrued retroactive salaries and wages	8,036,804	5,345,184
Accrued sick and vacation pay	4,387,287	5,104,265
Accrued payroll taxes and related liabilities	1,624,697	1,722,191
Due to New York City Transit Authority (Note 10)	2,228,682	1,940,946
Due to MTA (Note 4 and 10)	23,022,150	18,721,706
Estimated liability arising from injuries to persons (Note 8)	1,292,420	1,130,878
Pollution remediation projects (Note 9)	392,506	345,797
Total current liabilities	42,787,283	35,314,381
NONCURRENT LIABILITIES:		
Net pension liability (Note 6)	39,714,065	35,737,765
Net OPEB liability (Note 7)	79,821,314	68,704,965
Estimated liability arising from injuries to persons (Note 8)	17,226,077	18,367,021
Pollution remediation projects (Note 9)	1,730,826	1,543,990
Other	-	538,017
Total noncurrent liabilities	138,492,282	124,891,758
Total liabilities	181,279,565	160,206,139
DEFERRED INFLOWS OF RESOURCES:		
Related to pension (Note 6)	641,526	3,942,899
Related to OPEB (Note 7)	16,406,037	19,207,933
Total deferred inflows of resources	17,047,563	23,150,832
NET POSITION:		
Investment in capital assets	651,684,086	575,069,147
Unrestricted	(93,469,770)	(94,670,798)
Total net position	558,214,316	480,398,349
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 756,541,444	$ 663,755,320

See notes to financial statements. (Concluded)

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, 2021 AND 2020

	2021	2020
OPERATING REVENUE:		
Fare revenue	$ 2,375,948	$ 2,343,411
Student fare reimbursement	440,001	594,435
Elderly fare reimbursement	33,672	33,672
Other	442,204	506,583
Total operating revenues	3,291,825	3,478,101
OPERATING EXPENSES:		
Salaries and wages	29,117,854	28,405,900
Health and welfare	6,934,342	5,001,523
Pensions	9,267,736	8,278,607
Other post employment benefits	5,957,337	5,239,010
Other fringe benefits	3,446,653	1,962,461
Traction and propulsion power	3,912,793	3,600,837
Materials and supplies	2,311,779	2,637,372
Insurance	1,298,822	966,425
Public liability claims (Note 2)	(458,376)	886,597
Maintenance and other operating expenses	1,529,518	858,422
Professional service contracts	2,401,993	1,535,080
Environmental remediation	733,009	830,560
Depreciation	11,471,932	10,831,073
Other business expenses	737,269	445,131
Total operating expenses	78,662,661	71,478,998
OPERATING LOSS	(75,370,836)	(68,000,897)
NONOPERATING REVENUE—Operating assistance subsidies:		
New York State tax supported subsidy	5,779,241	3,841,310
New York State—18B Assistance	718,186	456,975
New York City—18B Assistance	602,954	571,219
NYC operating recovery subsidy (Note 2)	26,854,500	28,760,500
Federal Transit Administration CARES Act reimbursement (Note 11)	-	23,294,537
Federal Transit Administration CRRSAA (Note 11)	31,224,173	-
Total nonoperating revenues	65,179,054	56,924,541
Other nonoperating (expenses) income—net	(20,285)	(192,109)
Total nonoperating income	65,158,769	56,732,432
LOSS BEFORE CAPITAL CONTRIBUTIONS	(10,212,067)	(11,268,465)
CAPITAL CONTRIBUTIONS—MTA contributions for capital projects	88,028,034	154,747,184
INCREASE IN NET POSITION	77,815,967	143,478,719
NET POSITION—Beginning of year	480,398,349	336,919,630
NET POSITION—End of year	$558,214,316	$ 480,398,349

See notes to financial statements.

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts	$ 2,571,460	$ 4,219,872
Rent and other receipts	442,204	506,583
Payroll and related fringe benefits	(48,142,657)	(40,123,164)
Other operating expenses	(11,584,202)	(10,278,287)
Net cash used in operating activities	(56,713,195)	(45,674,996)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES—		
Subsidies received	52,622,258	67,396,236
Net cash provided by noncapital financing activities	52,622,258	67,396,236
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital project costs incurred for capital program	(1,497,217)	(5,837,861)
Interest paid	(22,233)	(200,358)
Payments on MTA Transportation bonds issued to fund capital assets	(278,298)	(287,061)
Reimbursement of capital project costs from MTA	1,728,279	4,800,111
Net cash used in capital and related financing activities	(69,469)	(1,525,169)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in MTA investment pool	4,187,365	(20,195,259)
Interest and dividends on investment	3,183	681
Net cash provided by (used in) investing activities	4,190,548	(20,194,578)
NET INCREASE IN CASH	30,142	1,493
CASH—Beginning of year	154,170	152,677
CASH—End of year	$ 184,312	$ 154,170

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES—
MTA contributed capital assets to SIRTOA of $88,028,034 and $154,747,184 in 2021 and 2020, respectively.

See notes to financial statements.

(Continued)

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss before non-operating revenues and contributions	$(75,370,836)	$ (68,000,897)
Adjustments to reconcile operating loss to net cash used in operating activities—depreciation	11,471,932	10,831,073
Changes in operating assets and liabilities:		
(Increase) decrease in receivable from New York City Department of Educ	(193,282)	799,629
Decrease (increase) in receivable from MTA	3,637	(25,597)
Decrease in due from New York City Transit Authority	237,891	576,472
(Increase) decrease in other receivables	(249,052)	284,110
Decrease in materials and supplies inventory	362,880	66,613
Increase in other assets	(126,568)	(340,273)
Decrease (increase) in deferred outflows of resources related to pension	705,490	(8,950,520)
Increase (decrease) in deferred outflows of resources related to OPEB	(4,836,801)	1,980,411
Increase in accounts payable	799,323	81,536
Increase in accrued retroactive salaries and wages	2,691,620	2,230,476
(Decrease) increase in accrued sick and vacation	(716,978)	416,572
(Decrease) increase in payroll taxes and related liabilities	(97,494)	955,356
Increase in net pension liability	3,976,300	6,433,461
Increase (decrease) in due to MTA	112,337	(42,896)
Increase in due to New York City Transit Authority	287,736	401,074
Increase (decrease) in net OPEB liability	11,116,349	(11,200,751)
(Decrease) increase in estimated liabilities arising from personal injuries	(979,402)	933,603
Increase in liability for environmental pollution remediation	733,009	830,560
(Decrease) increase in deferred inflows of resources related to pension	(3,301,373)	2,740,794
(Decrease) increase in deferred inflows of resources related to OPEB	(2,801,896)	12,786,181
(Decrease) increase in other long term liability	(538,017)	538,017
NET CASH USED IN OPERATING ACTIVITIES	$(56,713,195)	$ (45,674,996)

See notes to financial statements. (Concluded)

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, 2021 AND 2020

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 enjoy 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 in order 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) in order to continue operating within the limits of the funds.

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.

SIRTOA 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—SIRTOA adopted the following GASB Statements for the year ended December 31, 2021:

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, requires that the term comprehensive annual financial report be replaced with annual comprehensive financial report and that the acronym CAFR be replaced with ACFR. The requirements of this Statement are effective for fiscal years ending after December 15, 2021, with early application encouraged. The adoption of this Statement did not have an impact on the financial position, results of operations or cash flows of SIRTOA.

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 SIRTOA upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	SIRTOA Required Year of Adoption
87	*Leases*	2022
91	*Conduit Debt Obligations 2021*	2022
92	*Omnibus 2020*	2022
93	*Replacement of Interbank Offered Rates*	2022
94	*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*	2023
96	*Subscription-based Information Technology Arrangements*	2023

Capital Assets—SIRTOA is part of the MTA five-year Capital Program ("Capital Program"). The costs of capital assets acquired and transferred to SIRTOA without payment obligation under the MTA Capital Program is reflected in the accompanying financial statements under the captions "Capital Assets" and "Investment in Capital Assets."

The cost of SIRTOA's City funded in-house track rehabilitation is reflected in the accompanying financial statements under the captions "Capital Assets" and "Investment in Capital Assets."

Capital assets are carried at cost and are depreciated on a straight-line basis over their estimated useful lives of 25 years for shops and yards, stations and signals. Track is depreciated over 30 years while structures and equipment and others are depreciated over 10 years. Vehicles are depreciated over 5 and 10 years, depending on their nature.

Net Position—SIRTOA follows the "business type" activity requirements of GASB Statement No. 34, which requires that resources be classified for accounting and reporting purposes into the following two net position categories:

- ***Investment in Capital Assets***—Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- ***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.

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 the New York City Transit Authority 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. The New York City Transit Authority administers all tax-supported subsidies for SIRTOA on a formula amount determined by passenger ridership and vehicle revenue miles. The tax-based 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 2021 and 2020, 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, 2021, SIRTOA recorded a NYC operating recovery receivable and subsidy revenue of $47,675,600 and $26,854,500, respectively for the calendar year 2021. In 2021, SIRTOA received $18,625,000 from The City for calendar year 2020 operating deficit. At December 31, 2020, SIRTOA recorded a NYC operating recovery receivable and subsidy revenue of $39,446,100 and $28,760,500, respectively for the calendar year 2020. In 2020, SIRTOA received $39,520,000 from The City for calendar year 2019 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.

In 2021, nonoperating revenues included the MTA operating assistance allocation of $31,224,173 from the Federal government under the COVID-19 economic relief program known as the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA")

In 2020, nonoperating revenues included the MTA operating assistance allocation of $23,294,537 from the Federal government's Coronavirus Aid, Relief and Economic Security Act ("CARES Act") in response to the economic fallout of the COVID-19 pandemic.

Detailed information about the CRRSAA and CARES Act is presented in Note 11 to the financial statements.

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).

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

Prepaid Expenses and Other Current Assets — SIRTOA prepaid $1.0 million in risk management related insurance coverage during 2021. **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, 2021 and 2020, consist of the following:

	2021	2020
Capital assets contributed by MTA from:		
Federal grants	$ 9,064,720	$ 1,936,707
Other than federal grants	79,241,616	153,097,539
Principal and interest payments on MTA Transportation bonds issued to fund capital assets	(278,298)	(287,061)
Total capital contributions	$ 88,028,038	$ 154,747,185

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

Pollution Remediation Projects—Pollution remediation costs are being expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (see Note 9). 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.

Public Liability Claims—SIRTOA establishes its liability to employees and to the general public on the basis of independent actuarial estimates of future liability.

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, 2021 and 2020 of $594,687 and $596,346, respectively.

Revenue Recognition—Revenues from the sales of farecards are recognized as income as the farecards are used and are reported as operating income.

Operating Expenses—Operating expenses are recognized in the accounting period in which the liability is incurred. All expenses related to operating SIRTOA (e.g., salaries, insurance, depreciation, etc.) are reported as operating expenses.

Pension Plans—Effective for the year-ended December 31, 2015, 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—Effective for the year ended December 31, 2018, SIRTOA 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.

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.

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.

3. CASH

Bank balances are insured up to $250,000 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, 2021 and 2020, is due to deposits in transit offset by any outstanding checks.

At December 31, 2021 and 2020, cash consisted of:

	2021		2020	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits ("FDIC")	$ 184,312	$ 179,970	$ 154,170	$ 149,788

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 statues 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 on assets invested in the Pool plus all realized income and losses earned. SIRTOA's earnings from short-term investments were $1,948 and $8,249 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, SIRTOA had a negative investment pool balance of $22,377,182 and $18,189,817, respectively, as funds were used for working capital purposes to offset the timing of the NYC operating recovery subsidy. The $22,377,182 and $18,189,817 were included in the Due to MTA on the Statements of Net Position.

5. CAPITAL ASSETS

Capital assets at December 31 consisted of the following:

	December 2020	Additions/ Reclassifications	Deletions/ Reclassifications	December 2021
Capital assets not being depreciated—				
Construction work-in-progress	$ 327,239,127	$ 88,086,871	$ (90,067,426)	$ 325,258,572
Total capital assets not being depreciated	327,239,127	88,086,871	(90,067,426)	325,258,572
Capital assets being depreciated:				
Track	35,254,473	-	-	35,254,473
Structures	79,386,575	(34,276)	-	79,352,299
Cars	28,772,654	-	-	28,772,654
Shops and yard	23,531,629	-	-	23,531,629
Stations	271,646,255	88,670,878	-	360,317,133
Signals	9,625,535	1,430,824	-	11,056,359
Vehicles	3,514,448	-	-	3,514,448
Equipment and other	14,808,292	-	-	14,808,292
Total capital asset being depreciated	466,539,861	90,067,426	-	556,607,287
Less accumulated depreciation:				
Track	(20,071,276)	(1,175,832)	-	(21,247,108)
Structures	(46,393,454)	(1,524,429)	-	(47,917,883)
Cars	(24,491,942)	(311,325)	-	(24,803,267)
Shops and yard	(20,394,430)	(469,225)	-	(20,863,655)
Stations	(85,179,905)	(7,467,924)	-	(92,647,829)
Signals	(6,801,778)	(213,436)	-	(7,015,214)
Vehicles	(2,667,851)	(181,167)	-	(2,849,018)
Equipment and other	(12,709,205)	(128,594)	-	(12,837,799)
Total accumulated depreciation	(218,709,841)	(11,471,932)	-	(230,181,773)
Total capital assets being depreciated—net	247,830,020	78,595,494	-	326,425,514
Capital assets—net	$ 575,069,147	$ 166,682,365	$ (90,067,426)	$ 651,684,086

	December 2019	Additions/ Reclassifications	Deletions/ Reclassifications	December 2020
Capital assets not being depreciated— Construction work-in-progress	$ 173,689,056	$ 154,810,360	$ (1,260,289)	$ 327,239,127
Total capital assets not being depreciated	173,689,056	154,810,360	(1,260,289)	327,239,127
Capital assets being depreciated:				
Track	35,254,473	-	-	35,254,473
Structures	78,952,227	434,348	-	79,386,575
Cars	28,772,654	-	-	28,772,654
Shops and yard	23,531,629	-	-	23,531,629
Stations	271,316,434	329,821	-	271,646,255
Signals	9,625,535	-	-	9,625,535
Vehicles	3,514,448	-	-	3,514,448
Equipment and other	14,312,172	496,120	-	14,808,292
Total capital asset being depreciated	465,279,572	1,260,289	-	466,539,861
Less accumulated depreciation:				
Track	(18,895,443)	(1,175,833)	-	(20,071,276)
Structures	(44,868,785)	(1,524,669)	-	(46,393,454)
Cars	(24,175,059)	(316,883)	-	(24,491,942)
Shops and yard	(19,925,205)	(469,225)	-	(20,394,430)
Stations	(78,456,456)	(6,723,449)	-	(85,179,905)
Signals	(6,625,370)	(176,408)	-	(6,801,778)
Vehicles	(2,324,966)	(342,885)	-	(2,667,851)
Equipment and other	(12,607,484)	(101,721)	-	(12,709,205)
Total accumulated depreciation	(207,878,768)	(10,831,073)	-	(218,709,841)
Total capital assets being depreciated—net	257,400,804	(9,570,784)	-	247,830,020
Capital assets—net	$ 431,089,860	$ 145,239,576	$ (1,260,289)	$ 575,069,147

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 Bus"). MTA Long Island Rail Road, MTA Metro-North Railroad, MTA, MTA Staten Island Railway 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 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 the MTA Comptroller, 2 Broadway, 16th Floor, New York, New York, 10004 or at www.mta.info.

Benefits Provided:

Pension Benefits—Retirement benefits are paid from the Plan to covered MTA Staten Island Railway 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 MTA Staten Island Railway employees. The disability retirement allowance for represented covered MTA Staten Island Railway employees is calculated based on the participant's credited service and FAS but not less than ⅓ of FAS. Death benefits are paid to the participant's beneficiary in the event of the death of a covered MTA Staten Island Railway 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 MTA Staten Island Railway 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 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 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.

In 2020, an amendment to the MTA Plan was approved by the Board to provide a COVID-19 Accidental Death Benefit. Chapter 89 of the Laws of 2020 (Chapter 89) was passed by the Legislature, and signed by the Governor, on May 30, 2020. Chapter 89 enacted Sections 361-b, 509-a and 607-i of the Retirement and Social Security Law and Section 13-149.1 of the New York City Administrative Code, to provide a special line-of-duty Accidental Death Benefit to eligible members of the Plan. This special benefit expired on December 31, 2020.

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. The following summarizes the types of employee contributions made to the Plan. MTA Staten Island Railway employees contribute 3% of salary except for represented employees hired on or after June 1, 2010 who contribute 4%. For the MTA Staten Island Railway employees, contributions are not required after the completion of ten years of credited service.

The actual employer contributions for the year ended December 31, 2021 and 2020, were $7,887,319 and $8,054,872, respectively.

Net Pension Liability—SIRTOA's net pension liability reported at December 31, 2021 and 2020 were measured as of December 31, 2020 and December 31, 2019, respectively. The total pension liability for the Plan was determined as of the actuarial valuation dates of January 1, 2020 and 2019, and rolled forward to the measurement date of December 31, 2020 and 2019, 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. 2020	January 1. 2019
Investment rate of return	6.50% per annum, net of investment expenses	6.50% 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 1.350%, if applicable.	60% of inflation assumption or 1.350%, if applicable.

Mortality—The actuarial assumptions used in the January 1, 2020 and January 1, 2019 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: The MTA plans utilized RP-2000 Employee Mortality Table for Males and Females with Blue collar adjustments.

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: 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 the Plan. 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.

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 table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
US Core Fixed Income	9.00%	0.78%
US Long Bonds	1.00%	1.82%
US Bank / Leveraged Laons	7.00%	2.73%
US Inflation-Indexed Bonds	2.00%	-0.07%
US High Yield Bonds	4.00%	3.84%
Emerging Markets Bonds	2.00%	4.19%
US Large Caps	12.00%	3.93%
US Small Caps	6.00%	5.11%
Foreign Developed Equity	12.00%	5.74%
Emerging Markets Equity	5.00%	7.53%
Global REITs	1.00%	5.65%
Private Real Estate Property	4.00%	3.85%
Private Equity	9.00%	9.02%
Commodities	1.00%	2.26%
Hedge Funds — MultiStrategy	16.00%	2.99%
Hedge Funds — Event-Driven	6.00%	3.16%
Hedge Funds — Equity Hedge	3.00%	3.42%
	100.00%	
Assumed Inflation — Mean		2.25%
Assumed Inflation — Standard Deviation		1.65%
Portfolio Arithmetic Mean Return as per Actuary		6.44%
Portfolio Standard Deviation		11.47%
Long Term Expected Rate of Return selected by MTA		6.50%

Discount Rate—As of December 31, 2020 and 2019, the discount rate used to measure the total pension liability of the MTA Plan was 6.50% and 6.50%, respectively. 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, 2020 and 2019 and the proportion percentage of the net pension liability of the Plan allocated to SIRTOA:

	December 31, 2020	December 31, 2019
SIRTOA's proportion of the net pension liability	2.05%	2.07%
SIRTOA's proportionate share of the net pension liability	$ 39,714,065	$ 35,737,765

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.

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:

December 31, 2020			December 31, 2019		
1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
$ 57,647,301	$ 39,714,065	$ 24,613,170	$ 52,817,108	$ 35,737,765	$ 21,355,903

Pension Expense, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pension—For the years ended December 31, 2021 and 2020, SIRTOA recognized pension expense of $9,267,736 and $8,278,607, respectively, related to the Plan.

For the years ended December 31, 2021 and 2020, SIRTOA reported deferred outflows of resources and deferred inflows of resources for the Plan as follows:

	December 31, 2021		December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,477,519	$ 281,136	$ 3,666,271	$ 353,118
Net difference between projected and actual earnings on pension plan investments	1,483,830	-	-	3,023,705
Changes in proportion and differences between contributions and proportionate share of contributions	2,621,079	-	3,656,410	-
Changes in actuarial assumptions	10,981,888	360,390	12,779,572	566,076
Employer contribution to plan subsequent to the measurement date of net pension liability	7,887,319	-	8,054,872	-
Total	$ 27,451,635	$ 641,526	$ 28,157,125	$ 3,942,899

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 the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over an 8.6-year close period beginning the year in which the deferred amount occurs. There were no new annual differences due to changes in actuarial assumptions.

For the years ended December 31, 2021 and 2020, $7,887,319 and $8,054,872, respectively, were reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement dates. The amount $7,887,319 will be recognized as a reduction of the net pension liability in the year-ended December 31, 2022. Other amounts reported as deferred outflows of resources related to pension at December 31, 2021 will be recognized as pension expense as follows:

Year Ending Decemer 31	
2022	$ 3,207,351
2023	4,137,919
2024	2,114,107
2025	3,391,305
2026	2,501,513
Thereafter	3,570,596
Total	$18,922,791

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 2021 or 2020.

7. OTHER POSTEMPLOYMENT BENEFITS

SIROTA 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 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 Comptroller, 2 Broadway, 16th Floor, New York, New York, 10004 or at www.mta.info.

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

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.

SIRTOA 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 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 ("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.

Contribution*s*—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 year-ended December 31, 2021 and 2020, SIRTOA paid $2,868,441 and $1,719,892 of PAYGO to the OPEB Plan, respectively. In addition, the OPEB Plan paid $650,084 in OPEB benefits for the year ended December 31, 2020. The PAYGO amounts included an implicit rate subsidy adjustment of $0 and $146,000 for the years ended December 31, 2021 and 2020, respectively.

During 2012, the MTA funded $250 million into the Trust and an additional $50 million during 2013. There have been no further contributions made to the Trust. The investment trust paid benefits in 2020 covering a portion of the year's benefit payments resulting in lower contributions than the payments for the year.

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 20-Bond General Obligation Index. As a result, the discount rates as of December 31, 2020 and 2019, the measurement dates, are 2.12% and 2.74%%, respectively.

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue on the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore are partially subsidized by the active employees. As shown in the following table, for the year ended December 31, 2020 and 2019, the employer made a cash payment for retiree healthcare of $146,000 and $250,000, 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	**2020 Retirees**	**2019 Retirees**
Total blended premiums	$ 2,223,976	$ 2,242,326
Employment payment for retiree healthcare	146,000	250,000
Net Payments	$ 2,369,976	$ 2,492,326

Net OPEB Liability—SIRTOA's proportionate share of the Plan's net OPEB liability reported at December 31, 2021 and 2020 was measured as of the OPEB Plan's fiscal year-end of December 31, 2020 and 2019, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019, and rolled forward to December 31, 2020 and 2019, respectively. 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:

	December 31, 2020	December 31, 2019
SIRTOA's proportion of the net OPEB liability	0.327 %	0.325 %
SIRTOA's proportionate share of the net OPEB liability	$ 79,821,314	$ 68,704,965

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 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 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. SIRTOA 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, 2019. Update procedures were used to roll forward the total OPEB liability to December 31, 2020 and 2019, 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, 2019	July 1, 2019
Measurement date	December 31, 2020	December 31, 2019
Discount rate	2.12%	2.74%
Inflation	2.25%	2.25%
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll	Level percentage of payr
Normal cost increase factor	4.25%	4.50%
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	2.12%	5.75%

Salary Scale—Salary increases vary by years of service. Rates are shown below for the measurement date December 31, 2020:

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

Healthcare Cost Trend—The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, healthcare reform provisions including changes due to H.R. 1865 (December 2019), separately for NYSHIP and self-insured benefits administered by SIRTOA. Long-term trend increases are 3.5% for dental and vision benefits and 4.5% for Medicare Part B reimbursements, but no more than projected medical and pharmacy trends. The self-insured trend is applied directly for represented employees.

This valuation reflects updated healthcare-related assumptions, including changes due to H.R. 1865 Further Consolidated Appropriation Act, 2020, which repealed the Cadillac tax on health plans. This change decreased SIRTOA's OPEB liability by $4,015,000 as of the valuation date July 1, 2019 and reporting year-ended December 31, 2020, using a discount rate of 4.10%.

Healthcare Cost Trend Rates—The following lists illustrative rates for the NYSHIP and self-insured trend assumptions for the measurement date December 31, 2020:

	NYSHIP Trend		Self-Insured Trend	
Trend from Year Ending	**Pre-65 Trend**	**Post-65 Trend**	**Pre-65 Trend**	**Post-65 Trend**
2020 to 2021	6.20 %	5.70 %	6.10 %	5.10 %
2021 to 2022	5.70	5.40	5.60	5.10
2022 to 2023	5.10	5.10	5.10	5.10
2023 to 2024	5.00	5.00	5.00	5.00
2022 to 2025	4.90	4.90	4.90	4.90
2025 to 2026	4.80	4.80	4.80	4.80
2026 to 2027	4.70	4.70	4.70	4.70
2027 to 2028	4.60	4.60	4.60	4.60
2028 to 2029	4.50	4.50	4.50	4.50
2038 to 2039	4.60	4.60	4.60	4.60
2048 to 2049	4.80	4.80	4.80	4.80
2058 to 2059	4.50	4.50	4.50	4.50
2068 to 2069	4.20	4.20	4.20	4.20
2078 to 2079	3.80	3.80	3.80	3.80
2088 to 2089	3.80	3.80	3.80	3.80
2098 to 2099	3.80	3.80	3.80	3.80
2108 to 2109				

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date are based on the ultimate rates, which are 3.8% for medical and pharmacy costs.

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

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

Postretirement 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.

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

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

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
US cash	BAML 3-Mon Tbill	100.00 %	(0.54)%
Assumed Inflation-Mean			2.25 %
Assumed Inflation-Standard Deviation			1.65 %
Portfolia Norminal Mean Return			1.73 %
Portfolia Standard Deviation			1.20 %
Long Term Expected Rate of Return selected by MTA			2.12 %

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, 2020 and 2019 of 2.12% and 2.74%, 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:

	December 31, 2020			December 31, 2019		
	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Proportionate share of the net OPEB liability	$ 91,880,843	$ 79,821,314	$ 69,953,230	$ 78,843,209	$ 68,704,965	$ 60,362,753

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:

	December 31, 2020			December 31, 2019		
	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
Proportionate share of the the net OPEB liability	$ 67,347,733	$ 79,821,314	$ 95,794,984	$ 58,668,325	$ 68,704,965	$ 81,403,197

* 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 year ended December 31, 2021 and 2020, SIRTOA recognized OPEB expense of $5,957,337 and $5,239,010, 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 8.1-year close period, beginning the year in which the deferred amount occurs.

At December 31, 2021 and 2020, SIROTA reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	December 31, 2021		December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 630,865	$ 163,527	$ 733,226	$ 46,062
Changes in assumptions	7,695,480	3,500,152	2,651,054	4,273,959
Net difference between projected and actual earnings on OPEB plan investments	198,011.00	-	-	56,643
Changes in proportion and differences between contributions and proportionate share of contributions	8,061,672	12,742,358	9,513,496	14,831,269
Employer contributions to the plan subsequent to the measurement of net OPEB liability	2,868,441	-	1,719,892	-
Total	$ 19,454,469	$ 16,406,037	$ 14,617,668	$ 19,207,933

For the year ended December 31, 2021 and 2020, $2,868,441 and $1,719,892, respectively, were reported as deferred outflows of resources related to OPEB resulting from both SIRTOA's contributions subsequent to the measurement date and an implicit rate subsidy adjustment. The amount of $2,868,441 will be recognized as a reduction of the net OPEB liability in the year-ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2021 will be recognized in OPEB expense as follows:

Year Ending December 31	
2022	$ 356,219
2023	373,470
2024	345,355
2025	126,772
2026	(671,140)
Thereafter	(350,685)
Total	$ 179,991

8. RISK MANAGEMENT

SIRTOA 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.

There are a number of claims and suits against SIRTOA for injuries to persons. The amounts claimed are significantly higher than the amount which management estimates will ultimately be paid. Although simple claims for minor amounts are frequently settled shortly after they arise, the settlement of more complex and large claims may take years after the claim is asserted.

It is not possible to determine with any certainty the amount for which each claim will ultimately be settled because there are many subjective factors in such determinations and all of the issues may not be known for months or even years after the incident at issue.

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. 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.

SIRTOA establishes its liabilities to employees and to the general public on the basis of independent actuarial estimates of future liability.

A summary of activity in the estimated liability arising from injuries to persons, including employees, and damage to third-party property, for the year ended December 31, 2021 and 2020, is as follows:

	2021	2020
Balance — beginning of year	$ 19,497,899	$ 18,564,296
Activity during the year:		
Current year claims and changes in estimates	313,018	2,085,890
Claims paid	(1,292,420)	(1,152,287)
Balance — end of year	18,518,497	19,497,899
Less current portion	(1,292,420)	(1,130,878)
Long-term liability	$ 17,226,077	$ 18,367,021

First Mutual Transportation Assurance Company (FMTAC), an insurance captive subsidiary of MTA, operates a liability insurance program (ELF) that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limit is $2.3 million for SIRTOA. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limit is $2.6 million for SIRTOA. Effective November 1, 2012, the self-insured retention limits for ELF was increased to $3 million for SIRTOA. Effective October 31, 2015 the self-insured retention limits for ELF was increased to $3.2 million for SIRTOA. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50 million. The retrospective portion contains the same insurance agreements, participant retentions, and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Group entities above their specifically assigned self-insured retention with a limit of $50 million per occurrence with a $50 million annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2021, the balance of the assets in this program was $192.67 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $357.5 million for a total limit of $407.5 million ($357.5 million excess of $50 million). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50 million.

On March 1, 2021, 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 per occurrence deductible. Primary limits of $6 million were procured through the commercial marketplace. Excess limits of $5 million were procured through FMTAC. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

Property Insurance — Effective May 1, 2021, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2021, FMTAC directly insures property damage claims of the Related Entities in excess of a $25 million per occurrence deductible, subject to an annual

$75 million aggregate deductible. The total All Risk program annual limit is $500 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $500 million per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of $100 million of fully collateralized earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 12, 2020 to April 30, 2023. The expanded protection is reinsured by MetroCat Re Ltd. 2020-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2020-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index value.

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

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any "certified" act of terrorism up to a maximum recovery of $215 million for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the "certified" acts of terrorism insurance or (3) 100% of any "certified" terrorism loss which exceeds $5 million and less than the $200 million TRIPRA trigger up to a maximum recovery of $200 million for any occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $215 million. Recovery under the terrorism policy is subject to a deductible of $25 million per occurrence and $75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed $75 million future losses in that policy year are subject to a deductible of $7.5 million. The terrorism coverages expire at midnight on May 1, 2023.

At December 31, 2021, SIRTOA had no outstanding claims requiring FMTAC coverage. At December 31, 2021, FMTAC had $1,081.8 million of assets to insure current and future claims.

9. 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 years.

Operating Lease—SIRTOA is currently obligated under an operating lease agreement for its main office. The lease expires on January 13, 2023. Future minimum base rent under the lease is $244,178 commencing January 14, 2022, with rent increasing at a rate of 2.5% per annum over the life of the lease.

Years Ending December 31	Operating
2022	$244,178
2023	250,282
Total minimum lease payments	$494,460

Total rent expense for the years ended December 31, 2021 and 2020, were $395,840 and $282,164, respectively.

Pollution Remediation—In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, in 2021 and 2020, SIRTOA recognized $733,009 and $830,560, respectively, in pollution remediation expenses. The expense provision was measured at its current value utilizing the prescribed expected cash flow method (see Note 2). Pollution remediation obligations are estimates 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, 2021 and 2020, were as follows:

	2021	2020
Balance at beginning of year	$ 1,889,787	$ 1,792,726
Activity during the year:		
Change in estimates	733,009	830,560
Payments	(499,464)	(733,499)
Balance at end of year	2,123,332	1,889,787
Less current portion	(392,506)	(345,797)
Long-term liability	$ 1,730,826	$ 1,543,990

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

10. 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 consolidated 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 New York City Transit Authority 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 New York City Transit Authority 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 New York City Transit Authority, included in the accompanying consolidated statements of net position. Related party transactions consist of the following at December 31, 2021 and 2020:

	2021		2020	
	Receivable	(Payable)	Receivable	(Payable)
MTA	$ 5,334,898	$ (23,022,150)	$ 1,141,204	$ (18,762,990)
New York City Transit Authority	1,009,207	(2,228,682)	1,669,975	(1,940,946)
Total MTA and New York City Transit Authority	$ 6,344,105	$ (25,250,832)	$ 2,811,179	$ (20,703,936)

11. NOVEL CORONAVIRUS (COVID-19)

On March 12, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in the face of the global spread of the virus. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China, and has since spread globally, including to the United States and to New York State. On March 7, 2020, Governor Cuomo declared a Disaster Emergency in the State of New York. On March 13, 2020, President Trump declared a national state of emergency as a result of the COVID-19 pandemic. By order of Governor Cuomo ("New York State on PAUSE"), effective March 22, 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The PAUSE order was lifted on May 15, 2020 for five New York regions that met the requirements to start opening. However, a new order was signed by Governor Cuomo on May 15, 2020 extending the PAUSE to June 13, 2020 for New York City, Long Island, and the Hudson Valley. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a sharp decline in the utilization of MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, and MTA Bridge and Tunnel crossing traffic and toll revenues. A significant development has been the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID-19 were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15, 2021 after the State reached its goal of 70% of adults receiving at least a first dose of the vaccine. MTA has seen ridership steadily improve since the low point of ridership during the pandemic in 2020; however, the surge from the Omicron variant in mid-December has slowed ridership growth.

Coronavirus Aid, Relief and Economic Security Ac ("CARES Act'). The CARES Act is a $2.2 trillion economic stimulus bill passed by Congress and signed into law by the President on March 27, 2020 in response to the economic fallout of the COVID-19 pandemic in the United States. The CARES Act through the Federal Transit Administration's ("FTA") formula funding provisions provided approximately $4 billion to MTA. Funding was provided at a 100 percent Federal share, with no local match required, and is available to support operating, and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders. On May 8, 2020, the FTA approved MTA's initial grant application of $3.9 billion. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 in additional formula grant allocations to MTA for a CARES Act grant total of $4.0 billion. As of December 31, 2020, a total of $4.0 billion was released to MTA for operating assistance that occurred from January 20, 2020, through July 31, 2020.The MTA has received all CARES Act funding as provided in the first congressional relief package.

Federal Reserve Bank of New York's Municipal Liquidity Facility LLC ("MLF"). Due to the COVID-19 pandemic, the Federal Reserve established the MLF in April 2020 as a source of emergency financing by being available to purchase up to $500 billion of short-term notes from state and local governments and certain public entities to ensure they had access to credit during the COVID-19 pandemic. MTA was able to utilize the MLF twice before the MLF window closed at the end of December 2020. On August 26, 2020, MTA directly placed with the MLF $450.72 Transportation Revenue BANs, Series 2020B, which were issued to retire existing Transportation Revenue BANs maturing on September 1, 2020.The MTA subsequently retired the MLF $450.72 Transportation Revenue BANs, Series 2020B, with an issuance of Dedicated Tax Funds bonds on March 1, 2022. MTA issued into the MLF a second time by directly placing $2.907 billion Payroll Mobility Tax BANs issued for working capital on December 17, 2020. The $2.907 billion MLF loan matures in 2023.

Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA"). On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA") that includes $900 billion for various COVID-19 economic relief programs to address hardships caused by the coronavirus pandemic and a $1.4 trillion government funding package to fund the government through September 30, 2021.Included in the legislation is $45 billion in financial assistance to the transportation industry, including $16 billion for another round of airline employee and contractor payroll support: $14 billion for transit; $10 billion for highways; $2 billion for intercity buses; $2 billion for airports; and $1 billion for Amtrak. The MTA received $4.1 billion in aid from the CRRSAA between December 2021 of $.6 million and January 2022 of $3.5 billion. Release of such funds by the FTA was awaiting agreement of the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut which made on November 9, 2021. This federal relief is expected to offset operating deficits in 2021.

American Rescue Plan Act ("ARPA"). On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 ("ARPA"). The $1.9 trillion package is intended to combat the COVID-19 pandemic, including the public health and economic impacts. The package includes $30 billion of direct federal aid to transportation agencies. Release of such funds was awaiting agreement on the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut which was made on November 9, 2021. The MTA expects to receive initially $6.1 billion in aid from ARPA in 2022. In September of 2021, Additional Assistance funding was made available to transit systems demonstrating additional pandemic associated needs. Details on the receipts and timing of the additional assistance is not yet available.

Federal Emergency Management Agency ("FEMA") Reimbursement. The MTA is eligible for FEMA payments which are expected to cover expenses related to the COVID-19 pandemic, over and above normal emergency costs that are not covered by other federal funding. An estimated $651.7 million of direct COVID-19 related expenses incurred from the start of the pandemic through December 31, 2021, the cut-off date established by FEMA, was submitted by MTA to FEMA for reimbursement.

Commercial Bank Lines of Credit—As part of the MTA's liquidity resources, the MTA has three available commercial lines of credit totaling $2.150 billion, two of which are taxable revolving credit agreements and one of which is a taxable term credit agreement. The agreements were entered into pursuant to the Transportation Revenue Anticipation Note Resolution, amended and restated through May 20, 2020. Draws under the credit agreements will be evidenced by revenue anticipation notes.

- On August 24, 2017, MTA entered into a taxable revolving credit agreement with JPMorgan Chase Bank, National Association that is active through August 24, 2022, and is for a total available credit of $800 million.
- On August 24, 2019, MTA entered into a taxable revolving credit agreement with Bank of America, National Association that is active through August 24, 2022, and was amended on April 6, 2020, increasing the line of credit to $400 million.
- On May 22, 2020, MTA entered into a taxable credit agreement with JPMorgan Chase Bank, National Association, as administrative agent, and Industrial and Commercial Bank of China Limited, New York Branch, and Bank of China, New York Branch, collectively as lenders, for a line of credit of $950 million with a commitment termination date of May 22, 2022.

To provide liquidity, MTA drew on its commercial bank lines of credit in 2020 in the amount of $476 million; the lines of credit are expected to be repaid in 2022.

12. SUBSEQUENT EVENTS

The company has evaluated all subsequent events through May 27, 2022, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2021. As of May 27, 2022, there were no subsequent events that required recognition or disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF SIRTOA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IN THE MTA DEFINED BENEFIT PENSION PLAN AT DECEMBER 31
(In thousands)

	2020	2019	2018	2017	2016	2015	2014
SIRTOA's proportion of the net pension liability	2.05 %	2.07 %	2.09 %	2.12 %	2.19 %	2.15 %	2.16 %
SIRTOA's proportionate share of the net pension liability	$39,714	$35,738	$29,304	$20,029	$22,778	$27,605	$22,346
SIRTOA's actual covered-employee payroll	$25,210	$24,730	$24,343	$23,461	$28,235	$19,779	$18,770
SIRTOA's proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	157.53 %	144.51 %	120.38 %	85.37 %	80.67 %	139.57 %	119.05 %
Plan fiduciary net position as a percentage of the total pension liability	72.13 %	73.48 %	73.33 %	79.87 %	71.82 %	70.44 %	74.77 %

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
In accordance with GASB No. 68, information was not readily available for periods prior to 2014.

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF SIRTOA'S CONTRIBUTIONS TO THE MTA DEFINED BENEFIT PENSION PLAN FOR THE YEARS ENDED DECEMBER 31
(In thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 7,887	$ 8,055	$ 7,244	$ 6,930	$ 6,719	$ 6,360	$ 5,885	$ 5,865
Actual employer contribution	7,887	8,055	7,244	7,876	6,132	5,885	6,165	8,580
Contribution deficiency (excess)	$ -	$ -	$ -	$ (946)	$ 587	$ 475	$ (280)	$ (2,715)
Covered payroll	$24,610	$25,210	$24,730	$24,343	$23,461	$28,235	$19,779	$18,770
Contribution as a % of covered payroll	32.05 %	31.95 %	29.29 %	32.36 %	26.14 %	20.84 %	31.17 %	45.71 %

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available. In accordance with GASB No. 68, information was not readily available for periods prior to 2014.

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, 2020 funding valuation.

Changes of Assumptions
There were no changes of benefit assumptions in the January 1, 2020 funding valuation.

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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

Plan Measurement Date (December 31)	2020	2019	2018	2017
SIRTOA's proportion of the net OPEB liability	0.33 %	0.33 %	0.41 %	0.34 %
SIRTOA's proportionate share of the net OPEB liability	$79,821	$68,705	$79,906	$69,429
SIRTOA's covered payroll	$25,210	$24,730	$24,343	$20,061
SIRTOA's proportionate share of the net OPEB liability as a percentage of its covered payroll	316.62 %	277.82 %	328.25 %	346.09 %
Plan fiduciary net position as a percentage of the total OPEB liability	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.

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
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
(In thousands)

	2021	2020	2019	2018
Actuarially determined contribution	n/a	n/a	n/a	n/a
Actual employer contribution [(1)]	2,868	1,720	2,492	2,820
Contribution deficiency (excess)	n/a	n/a	n/a	n/a
Covered payroll	24,610	25,210	24,730	24,343
Actual contribution as a percentage of covered payroll	11.65 %	6.82 %	10.08 %	11.58 %

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $0, $146, $250, and $283 for the years ended December 31, 2021, 2020, 2019 and 2018, respectively.

Notes to Schedule of SIRTOA's Contribution to the OPEB Plan:

Methods and Assumptions Used to Determine Contribution Rates:

Valuation date	July 1, 2019	July 1, 2019
Measurement date	December 31, 2020	December 31, 2019
Discount rate	2.12%	2.74%
Inflation	2.25%	2.25%
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	2.12%	5.75%

Changes of Benefit Terms: In the July 1, 2019 valuations, there were no changes to the benefit terms.

Changes of Assumptions: In the July 1, 2019 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.

First Mutual Transportation Assurance Company

(Component Unit of the Metropolitan Transportation Authority)

Financial Statements as of and for the Years Ended December 31, 2021 and 2020, and Independent Auditor's Report

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority:

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") for the years ended December 31, 2021 and 2020. This discussion and analysis is 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 for the years ended December 31, 2021 and 2020. 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.

	As of December 31,			Increase/(Decrease)	
(In thousands)	**2021**	**2020**	**2019**	**2021–2020**	**2020–2019**
ASSETS					
CURRENT ASSETS	$ 229,578	$ 287,716	$ 318,792	$ (58,138)	$ (31,076)
NONCURRENT ASSETS	852,278	698,669	652,135	153,609	46,534
TOTAL ASSETS	$ 1,081,856	$ 986,385	$ 970,927	$ 95,471	$ 15,458

Significant Changes in Assets

<u>December 31, 2021 versus December 31, 2020</u>

Total assets have increased by $95,471 or 9.7 percent, from December 31, 2020 to December 31, 2021. The fluctuation in the total assets of FMTAC was the result of an increase reinsurance recoverable, investments and premium receivable partially offset by a decrease in cash and cash equivalents. Reinsurance recoverable increased due to anticipated recoveries for property damage caused by the remenents of Hurricane Ida. Investments increased as premiums received by the Company were transferred to the investment accounts. The increase in premium receivable was due to additional Owner Controlled Insurance Programs ("OCIP") and Builders Risk premiums written in 2021. Cash and cash equivalents decreased due to premium refunds to the MTA as well as claim and operating expense payouts.

<u>December 31, 2020 versus December 31, 2019</u>

Total assets have increased by $15,458 or 1.6 percent, from December 31, 2019 to December 31, 2020. The fluctuation in the total assets of FMTAC was the net result of an increase investments offset by a decrease in premium receivable due from affiliates. Investments increased primarily due to a combination of realized gains reinvested and unrealized gains. The decrease in premiums receivable was due to the receipt of Owner Controlled Insurance Programs ("OCIP") premiums from affiliates.

(In thousands)	As of December 31, 2021	2020	2019	Increase/(Decrease) 2021–2020	2020–2019
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES	$ 217,250	$ 208,537	$ 270,314	$ 8,713	$ (61,777)
NONCURRENT LIABILITIES	644,996	490,701	481,908	154,295	8,793
RESTRICTED NET POSITION	219,610	287,147	218,705	(67,537)	68,442
TOTAL LIABILITIES AND NET POSITION	$ 1,081,856	$ 986,385	$ 970,927	$ 95,471	$ 15,458

Significant Changes in Liabilities

December 31, 2021 versus December 31, 2020

Total liabilities from December 31, 2020 to December 31, 2021 have increased by $163,008 or 23.3 percent. The increase in liabilities is due to an increase in loss and loss adjustment expenses reserves and reinsurance recoverable and partially offset by a decrease in unearned premium. The increase in loss and loss adjustment expense reserves is primarily relating to the LIRR stations, all agency protective liability and excess loss programs. The increase in reserve recoverable is due to property damage caused by the remenents of Hurricane Ida. The decrease in unearned premium was due to additional OCIP premium earned. Earned premium for OCIP casualty programs are based on completion of the project construction.

December 31, 2020 versus December 31, 2019

Total liabilities from December 31, 2019 to December 31, 2020 have decreased by $52,984 or 7.0 percent. The decrease in liabilities is primarily due to a decrease in unearned premium mainly due to the earning of OCIP premium and partially offset by an increase in ceded premium payable due to the renewal of the MetroCat program.

Significant Changes in Net Position

December 31, 2021 versus December 31, 2020

In 2021, the restricted net position decrease of $67,537 is comprised of operating revenues of $103,234 less non-operating loss of $8,305 and operating expenses of $162,466.

December 31, 2020 versus December 31, 2019

In 2020, the restricted net position increase of $68,442 is comprised of operating revenues of $127,024 and non-operating income of $53,729 less operating expenses of 112,311.

Condensed Statements of Revenues, Expenses and Changes in Net Position

(In thousands)	2021	2020	2019	Increase/(Decrease) 2021–2020	Increase/(Decrease) 2020–2019
OPERATING REVENUES	$ 103,234	$127,024	$128,623	$ (23,790)	$ (1,599)
OPERATING EXPENSES	162,466	112,311	163,170	50,155	(50,859)
OPERATING INCOME/(LOSS)	(59,232)	14,713	(34,547)	(73,945)	49,260
NON-OPERATING INCOME / (LOSS)	(8,305)	53,729	47,106	(62,034)	6,623
CHANGE IN NET POSITION	(67,537)	68,442	12,559	(135,979)	55,883
RESTRICTED NET POSITION— Beginning of year	287,147	218,705	206,146	68,442	12,559
RESTRICTED NET POSITION— End of year	$ 219,610	$287,147	$218,705	$ (67,537)	$ 68,442

Operating Revenues—The decrease of $23,790 or 18.7 percent, over the 2020 operating revenues is primarily due to a decrease in earned premium from the paratransit programs and the OCIP casualty program. Earned premium for OCIP casualty programs are based on completion of the project construction.

The decrease of $1,599 or 1.2 percent, over the 2019 operating revenues is primarily due to a decrease in earned premium from the stations and force programs offset by an increase in earned premium from the OCIP casualty program. Earned premium for OCIP casualty programs are based on completion of the project construction.

Operating Expenses—Operating expenses between 2020 and 2021 increased by 44.7 percent, or $50,155. The increase was primarily due to an increase in loss and loss adjustment expenses primarily with the LIRR stations, all agency protective liability, ELF, builders risk and paratransit partially offset by a decrease in OCIP loss and loss adjustment expenses.

Operating expenses between 2019 and 2020 decreased by 31.2 percent, or $50,859. The decrease was primarily due to a decrease in loss and loss adjustment expenses primarily with the Paratransit (reduced ridership due to COVID-19) and OCIP programs (some construction projects delayed by COVID-19) and partially offset by an increase in ELF loss and loss adjustment expenses.

Non-operating Income—Non-operating income between 2020 and 2021 decreased by 115.5 percent, or $62,034. This is a result of net unrealized losses and a decrease in interest and realized gain income on investments held by FMTAC.

Non-operating income between 2019 and 2020 increased by 14.1 percent, or $6,623. This is a result of an increase in income primarily from realized gains and interest 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, 2021, all programs administered by FMTAC have been reviewed and approved.

As of December 31, 2021 and 2020, 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 $4.1 billion net underwriting loss in 2021 due to a 45.4% decrease in policyholder dividends and an 11.7% increase in net losses partially offset by a 7.4% growth in net earned premiums to $665 billion. The US Industry posted a combined ratio of 99.6% in 2021. Net Income grew 4.5% to $63.6 billion in 2021 from $60.9 billion in 2020. Investment income grew 8.5% year over year to $56.1 billion.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

MTA Long Island Rail Road—New Hyde Park Collision. On October 8, 2016 while the MTA Long Island Rail Road was conducting track work east of the New Hyde Park Station on track placed out of service, a piece of track equipment derailed fouling live track and was struck by a train carrying passengers, causing the passenger train to derail. The majority of the personal injury claims appear to be soft-tissue, with a few fractures and Post Traumatic Stress Disorder claims. The most seriously injured claimant allegedly sustained two fractured legs, requiring five surgeries to date. The current outstanding reserves are $5.5 million; which is in excess of the Force $11 million policy limits and $7.3 million paid by the ELF program.

MTA Long Island Rail Road—Atlantic Terminal Bumper Block Strike. An incident occurred on January 4, 2017 when an MTA Long Island Rail Road Far Rockaway Line train struck a bumper block in the Atlantic Terminal-Brooklyn Station. At this time, there does not appear to be any catastrophic injuries stemming from this incident with worst injuries seen so far are bone fractures and various trauma to the head/neck. If plaintiffs are successful in their claims against MTA Long Island Rail Road, damages could impact FMTAC and excess layers of insurance. The current outstanding reserves are $8.0 million; which is in excess of the Stations $11 million policy limits and $11 million paid by the ELF program.

NYCTA Bicycle Case- On April 10, 2016, the Plaintiff rode his bicycle, through a cordoned off construction site beneath the elevated BMT line on Broadway in Bushwick, Brooklyn. The MTA New York City Transit Authority was replacing rotted cross ties and lowering them into a designated “drop zone.” Plaintiff was hit by a discarded tie that was being dropped to the ground per MTA New York City Transit Authority protocols. Plaintiff sustained severe and permanent injuries including paraplegia. A Kings County jury found the MTA New York City Transit Authority 100% liable and returned a $110 million verdict. The Authority has a reasonable chance of persuading the trial court to order a new trial. FMTAC writes an all agency excess liability policy for $50 million per occurrence in- excess of the MTA New York Transit Authority’s $11 million self-insured retention. If the case is not settled, litigation is likely to continue for at least 3 years. The FMTAC excess liability policy covering October 31, 2015-October 31, 2016 would be responsible for any settlement up to $40.2 million excess of the Agency retention of $11 million.

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 to December 31, 2027. For additional information, please refer to the property section under Note 5.

Background Relating to the Global Coronavirus Pandemic - The coronavirus ("COVID-19") outbreak continues to have an adverse and severe impact on the MTA's financial condition and operating results. On March 12, 2020 the World Health Organization declared the COVD-19 outbreak to be a pandemic in the face of the global spread of the virus. The COVID-19 pandemic has dramatically altered the behavior of businesses and people in a manner that continues to have negative effects on global and local economies. On March 7, 2020 Governor Cuomo declared a Disaster Emergency in the State of New York and on March 13, 2020 President Donald Trump declared a national state of emergency as a result of the COVID-19 pandemic. The State's NY Forward guidelines promulgated in May, 2020 established metrics to implement a staged reopening of the State and progress has been made, particularly with increased availability of vaccines COVID-19 impacts to the Company are as follows:

- Dramatic declines in MTA public transportation system ridership has had a negative impact on the Company's revenue as some premiums are based on ridership, traffic on platforms and percentage of completion of construction projects. The steep fall in ridership volume, as well as the temporary suspension of certain construction projects reflects impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic.

- Three major pieces of federal emergency legislation have provided and will provide a projected cumulative total of $14.5 billion of incremental aid to MTA. Up to this point, there has been no interruption in the MTA paying premiums to the Company.

- Actuarial projections of loss and loss expenses reflect the decline in ridership and traffic for the Company for the most recent policy period.

- The ultimate extent of the COVID-19 outbreak on the Company's financial position cannot be reasonably estimated at this time.

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FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020
(In thousands)

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 3)	$ 62,323	$ 83,915
Investments (Note 4)	106,296	135,315
Funds held by reinsurer (Note 5)	7,301	7,614
Premiums receivable due from affiliates (Note 7)	49,971	53,577
Interest income receivable (Note 4)	3,077	3,739
Reinsurance receivable	606	1,660
Intercompany receivable	-	1,893
Other assets	4	3
Total current assets	229,578	287,716
NONCURRENT ASSETS:		
Investments (Note 4)	739,231	688,639
Premiums receivable due from affiliates (Note 7)	19,500	6,143
Reinsurance recoverable	92,609	3,276
Owner Controlled Insurance Programs asset	938	611
Total noncurrent assets	852,278	698,669
TOTAL ASSETS	$ 1,081,856	$ 986,385
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Unearned premiums	$ 127,188	$ 133,935
Ceded premium payable	11,071	5,801
Reinsurance recoverable - current portion	606	1,660
Loss and loss adjustment expense liability (Note 6)	71,734	53,888
Losses payable	1,310	7,212
Due to affiliates	3,750	4,488
Accrued expenses	1,591	1,553
Total current liabilities	217,250	208,537
NONCURRENT LIABILITIES:		
Loss and loss adjustment expense liability (Note 6)	552,387	480,057
Reinsurance recoverable reserves (Note 6)	92,609	3,276
Ceded premium payable	-	7,368
Total noncurrent liabilities	644,996	490,701
Total liabilities	862,246	699,238
RESTRICTED NET POSITION	219,610	287,147
TOTAL LIABILITIES AND NET POSITION	$ 1,081,856	$ 986,385

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
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands)

	2021	2020
OPERATING REVENUES:		
Gross premiums written	$ 157,702	$ 124,459
Premiums ceded	(61,303)	(65,799)
Change in unearned premiums	6,835	68,364
Total operating revenues	103,234	127,024
OPERATING EXPENSES:		
Loss and loss adjustment	151,576	103,017
Underwriting	2,025	2,607
General and administrative	8,865	6,687
Total operating expenses	162,466	112,311
OPERATING (LOSS)/INCOME	(59,232)	14,713
NON-OPERATING INCOME:		
Net investment (loss)/income	(8,305)	53,729
Total non-operating (loss)/income	(8,305)	53,729
CHANGE IN NET POSITION	(67,537)	68,442
RESTRICTED NET POSITION—Beginning of year	287,147	218,705
RESTRICTED NET POSITION—End of year	$ 219,610	$ 287,147

See notes to financial statements.

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Premiums and other receipts	$ 84,638	$ 81,438
Other operating expenses	(77,014)	(102,938)
Net cash provided/(used) by operating activities	7,624	(21,500)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(711,855)	(569,267)
Sales and maturities of investments	664,729	548,629
Earnings on investments	17,910	21,878
Net cash (used)/provided by investing activities	(29,216)	1,240
NET DECREASE IN CASH AND CASH EQUIVALENTS	(21,592)	(20,260)
CASH AND CASH EQUIVALENTS—Beginning of year	83,915	104,175
CASH AND CASH EQUIVALENTS—End of year	$ 62,323	$ 83,915
RECONCILIATION OF OPERATING (LOSS)/INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating (loss)/income	$ (59,232)	$ 14,713
Adjustments to reconcile to net cash used in operating activities:		
Net decrease in accounts payable, accrued expenses and other liabilities	163,008	(52,984)
Net decrease in receivables	(96,152)	16,771
Net cash provided/(used) by operating activities	$ 7,624	$ (21,500)

See notes to financial statements.

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 Comprehensive Annual 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. Cash equivalents 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.

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.

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

At December 31, 2021 and 2020, cash and cash equivalents consisted of (in thousands):

	2021		2020	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits	$ 250	$ 250	$ 250	$ 250
Loss escrows	7,009	7,009	7,009	7,009
Uninsured deposits	55,064	55,064	76,656	76,656
	$ 62,323	$ 62,323	$ 83,915	$ 83,915

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 $7,009 and $7,009 as of December 31, 2021 and 2020, respectively.

All other funds are invested by the Company as described in Note 4.

4. INVESTMENTS

The fair value and cost basis of investments consist of the following at December 31, 2021 and 2020 (in thousands):

	2021		2020	
	Fair Value	**Cost**	**Fair Value**	**Cost**
Funds for claim payments	$ 513,632	$ 505,836	$ 463,241	$ 436,106
Security trust funds	331,895	324,741	360,713	343,363
	$ 845,527	$ 830,577	$ 823,954	$ 779,469

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 restricted per the Statement of Net Position and are to be used to pay claims or pay administration expenses of the Company or as collateral for letter of credit obligations.

All funds of the Company 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 at December 31, 2021 and 2020.

The yield to maturity rate was 1.41% for the year ended December 31, 2021, and 0.76% for the year ended December 31, 2020. For the year ended December 31, 2021, the change in net unrealized gain/loss on investments was a decrease of $52,176. For the year ended December 31, 2020, the change in net unrealized gain/loss on investments was an increase of $22,641.

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 100 basis point change in interest rates. Duration is expressed as a 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, 2021 and 2020. 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)	2021		2021			
		Duration		Fair Value Measurements		
Investment Type	**Fair Value**	**(years)**	**Total**	**Level 1**	**Level 2**	**Level 3**
Treasury [1]	$ 369,687	5.13	$ 369,687	$ -	$ 369,687	$ -
Agency [2]	132,558	5.67	132,558	-	132,558	-
Asset backed securities	23,263	3.83	23,263	-	23,263	-
Commercial mortgage backed securities	166,035	4.29	166,035	-	166,035	-
Foreign bonds	20,026	7.08	20,026	20,026	-	-
Corporate bonds	136,446	6.92	136,446	136,446	-	-
Equities	589		589	589	-	-
Total	848,604		848,604	$ 157,061	$ 691,543	$ -
Less accrued interest	(3,077)		(3,077)			
Total investments	$ 845,527		$ 845,527			

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)	2020		2020			
		Duration		Fair Value Measurements		
Investment Type	**Fair Value**	**(years)**	**Total**	**Level 1**	**Level 2**	**Level 3**
Treasury [1]	$ 275,227	3.33	$ 275,227	$ -	$ 275,227	$ -
Agency [2]	138,632	4.99	138,632	-	138,632	-
Asset backed securities	41,146	2.36	41,146	-	41,146	-
Commercial mortgage backed securities	150,710	4.24	150,710	-	150,710	-
Foreign bonds	27,382	7.06	27,382	27,382	-	-
Corporate bonds	194,596	6.12	194,596	194,596	-	-
Total	827,693		827,693	$ 221,978	$ 605,715	$ -
Less accrued interest	(3,739)		(3,739)			
Total investments	$ 823,954		$ 823,954			

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, 2021, 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	$ 304,736	35.9
AA	29,041	3.4
A	72,108	8.5
BBB	60,036	7.1
Not rated	12,407	1.5
Credit risk debt securities	478,328	56.4
U.S. Government bonds	369,687	43.6
Total fixed income securities	848,015	100 %
Equities	589	
Less accrued interest	(3,077)	
Total investments	$ 845,527	

Credit Risk—At December 31, 2020, 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	$ 311,364	37.6
AA	42,024	5.1
A	118,383	14.3
BBB	67,870	8.2
BB	601	0.1
Not rated	12,225	1.5
Credit risk debt securities	552,467	66.8
U.S. Government bonds	275,226	33.2
Total fixed income securities	827,693	100 %
Less accrued interest	(3,739)	
Total investments	$ 823,954	

5. INSURANCE PROGRAMS

Property Program—Effective May 1, 2021, 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. FMTAC is reinsured in the domestic, Asian, London, European, and Bermuda marketplaces for this coverage. 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 earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 12, 2020 to April 30, 2023. The expanded protection is reinsured by MetroCat Re Ltd. 2020-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2020-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index.

Terrorism Program—Effective May 1, 2021, FMTAC extended its prior period 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, 2021 to May 1, 2023.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of "certified" losses in 2021, 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 2021. 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 2021—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 2021 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. 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, 2021, FMTAC also provides an All-Agency Excess Liability Policy to the MTA and its subsidiaries and affiliates with the limits: i) $65,000 (65%) of $100,000 excess $95,000 and ii) 100,000 (91%) of $110,000 excess $195,000 and iii) $100,000 (97.6%) of $102,500 excess $305,000. The limits are fully reinsured in the domestic, London, European and Bermuda marketplaces. The limits also exclude claims arising from acts of terrorism.

Stations and Force Liability—Effective December 15, 2021, the Company renewed its direct insurance for the first $11,000 per occurrence losses for Long Island Rail Road Company and Metro-North Commuter Railroad Company 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, 2021, the net retention to the Company is $2,000. 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, 2021, 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 $2,000 per occurrence of per claim.

Non-Revenue—Effective March 1, 2021, the Company renewed, with the MTA, a deductible reimbursement policy for the auto liability of MTA's non-revenue fleet. The Company is responsible for the first $1,000 per occurrence of every claim, excluding Allocated Loss Adjusted Expenses ("ALAE"). Under a separate reinsurance agreement with Travelers, effective March 1, 2021, the Company assumed 100% of the Allocated Loss Adjusted Expenses. Effective March 1, 2021, the Company issued a $5,000 excess of $6,000 per claim policy with no aggegrate.

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 Incentive Award Payable as the Company may have to make payments to contractors with favorable loss experience.

OCIP (asset)/liability consists of the following at December 31, 2021 and 2020 (in thousands):

	2021	**2020**
NYCT structures lines	$ 532	$ 532
LIRR/MNCR 2000–2004 Capital Improvement Program	(2,462)	(2,462)
NYCT 2000–2004 line structures/shops, yards and depots Capital Improvements Program	(1,894)	(1,825)
NYCT 2000–2004 stations and escalators/elevators Capital Improvements Program	(716)	(691)
LIRR/MNR 2005–2009 Capital Improvement Program	(21)	(20)
CCC Second Ave. Subway	3,623	3,855
OCIP (asset)	$ (938)	$ (611)

The activity of all funds held by the OCIP reinsurer consists of the following for 2021 and 2020 (in thousands):

	2021	**2020**
Funds held by OCIP insurers—beginning of year	$ 7,614	$ 7,513
Interest income	14	113
Reimbursement to the Company for Safety and Loss Control		
Claims payments	(327)	(12)
Funds held by OCIP reinsurer	$ 7,301	$ 7,614

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) Long Island Rail Road ("LIRR")/Metro-North Commuter Railroad Company ("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 consist 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 $2 and $23 during the years ended December 31, 2021 and 2020, 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. In 2021, there were withdrawals from the Company of $0 and claim payments of $94.

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 $0 and $4 in interest income during the years ended December 31, 2021 and 2020, respectively. There were no withdrawals from the company during the years ended December 31, 2021 and 2020, 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 2021 and 2020, $5,447 and $5,668 has been set aside to cover this exposure, respectively. During 2021 and 2020, the Company earned $12 and $86 in interest with claim payments of $233 and $167 on this OCIP, 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 December 31, 2022. 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.

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.

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.

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 $3,601. 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 will expire 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 will expire on January 1, 2024.

6. LOSS AND LOSS ADJUSTMENT EXPENSES AND REINSURANCE

The following schedule presents changes in the loss and loss adjustment expense liabilities during 2021 and 2020 (in thousands):

	2021	2020
Loss and loss adjustment expenses liability—beginning of year	$ 538,881	$ 535,453
Loss reinsurance recoverable on unpaid losses and loss expenses	(3,276)	(12,601)
Net balance—beginning of year	535,605	522,852
Loss and loss adjustment expenses	151,576	103,017
Payments attributable to insured events of the current year	(62,454)	(90,264)
Net balance—end of year	624,727	535,605
Plus reinsurance recoverable on unpaid losses and loss expenses	92,609	3,276
Loss and loss adjustment expenses liability—end of year	717,336	538,881
Less current portion	72,340	55,548
Long-term liability	$ 644,996	$ 483,333

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, 2021 and 2020, was as follows (in thousands):

	2021		2020	
	Receivable	Earned	Receivable	Earned
LIRR	$ 7,448	$ 10,042	$ 2,077	$ 9,153
MNCR	1,851	2,613	(251)	3,266
MTA	60,172	90,579	57,894	114,605
	$ 69,471	$ 103,234	$ 59,720	$ 127,024

Included in General and Administrative expenses for the years ended December 31, 2021 and 2020, respectively, are amounts the MTA charged of $7,970 and $6,094, respectively, to FMTAC for risk management services provided to the Company of which $3,750 and $4,488 remain as a liability at December 31, 2021 and 2020, respectively.

8. NYCTA BICYCLE CASE

On April 10, 2016, the Plaintiff rode his bicycle, through a cordoned off construction site beneath the elevated BMT line on Broadway in Bushwick, Brooklyn. The MTA New York City Transit Authority was replacing rotted cross ties and lowering them into a designated "drop zone." Plaintiff was hit by a discarded tie that was being dropped to the ground per MTA New York City Transit Authority protocols. Plaintiff sustained severe and permanent injuries including paraplegia. A Kings County jury found the MTA New York City Transit Authority 100% liable and returned a $110 million verdict. The Authority has a reasonable chance of persuading the trial court to order a new trial. FMTAC writes an all agency excess liability policy for $50 million per occurrence in- excess of the MTA New York Transit Authority's $11 million self-insured retention. If the case is not settled, litigation is likely to continue for at least 3 years. The FMTAC excess liability policy covering October 31, 2015 - October 31, 2016 would be responsible for any settlement up to $37.2 million excess of the Agency retention of $11 million.

9. BACKGROUND RELATING TO THE GLOBAL CORONAVIRUS PANDEMIC

The coronavirus outbreak continues to have an adverse and severe impact on the MTA's financial condition and operating results. On March 12, 2020, the World Health Organization declared the COVD-19 outbreak to be a pandemic in the face of the global spread of the virus. The COVID-19 pandemic has dramatically altered the behavior of businesses and people in a manner that continues to have negative effects on global and local economies. On March 7, 2020 Governor Cuomo declared a Disaster Emergency in the State of New York and on March 13, 2020 President Donald Trump declared a national state of emergency as a result of the COVID-19 pandemic. The State's NY Forward guidelines promulgated in May, 2020 established metrics to implement a staged reopening of the State and progress has been made, particularly with increased availability of vaccines. COVID-19 impacts to the Company are as follows:

- Dramatic declines in MTA public transportation system ridership has had a negative impact on the Company's revenue as some premiums are based on ridership, traffic on platforms and percentage of completion of construction projects. The steep fall in ridership volume, as well as the temporary suspension of certain construction projects reflects impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic.

- Three major pieces of federal emergency legislation have provided and will provide a projected cumulative total of $14.5 billion of incremental aid to MTA. Up to this point, there has been no interruption in the MTA paying premiums to the Company.

- Actuarial projections of loss and loss expenses reflect the decline in ridership and traffic for the Company for the most recent policy period.

- The ultimate extent of the COVID-19 outbreak on the Company's financial position cannot be reasonably estimated at this time.

10. SUBSEQUENT EVENTS

FMTAC evaluated subsequent events from January 1, 2022 through May __, 2022, the date the financial statements were issued. FMTAC concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

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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, 2021, 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 May 27, 2022, which expresses an unmodified opinion on those financial statements and includes an emphasis-of-matter paragraph regarding the Authority requires 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.

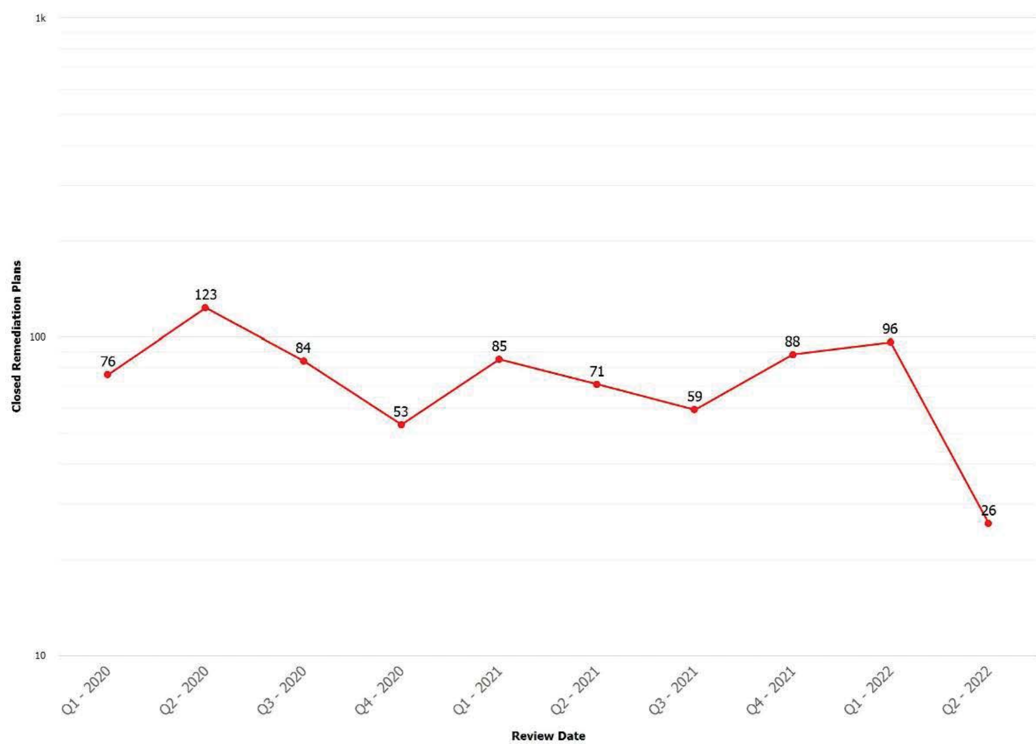
May 27, 2022

Corporate Compliance

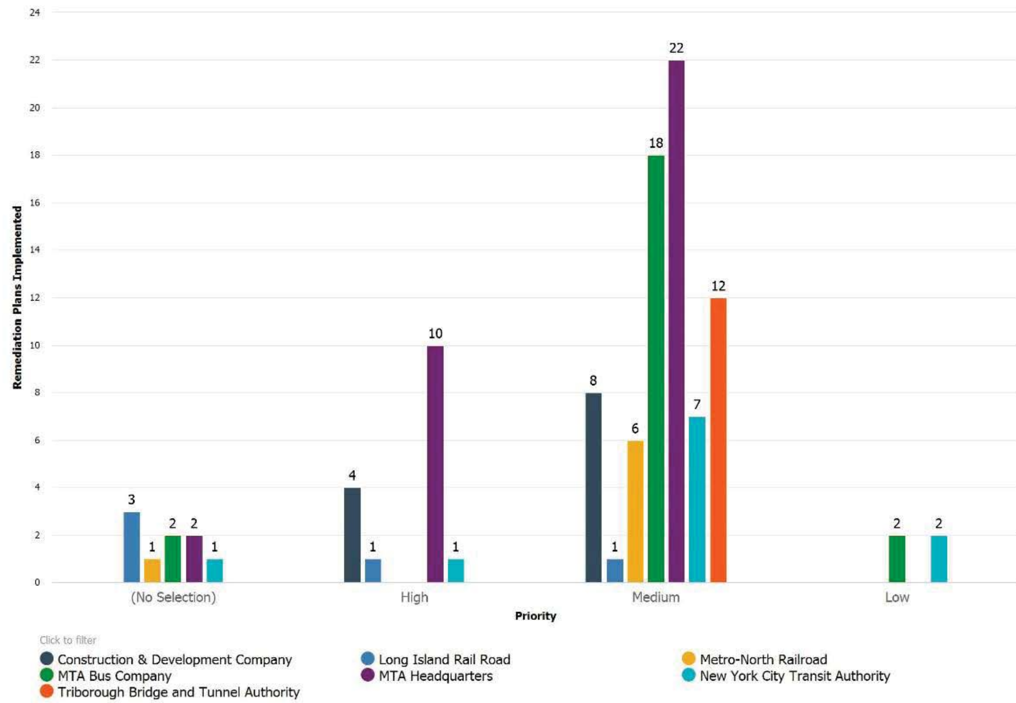
Remediation Plans Monitoring
Six Months Past Due Report

Report to the Audit Committee
May 23, 2022

Remediation Plans Closure Trending by Quarter

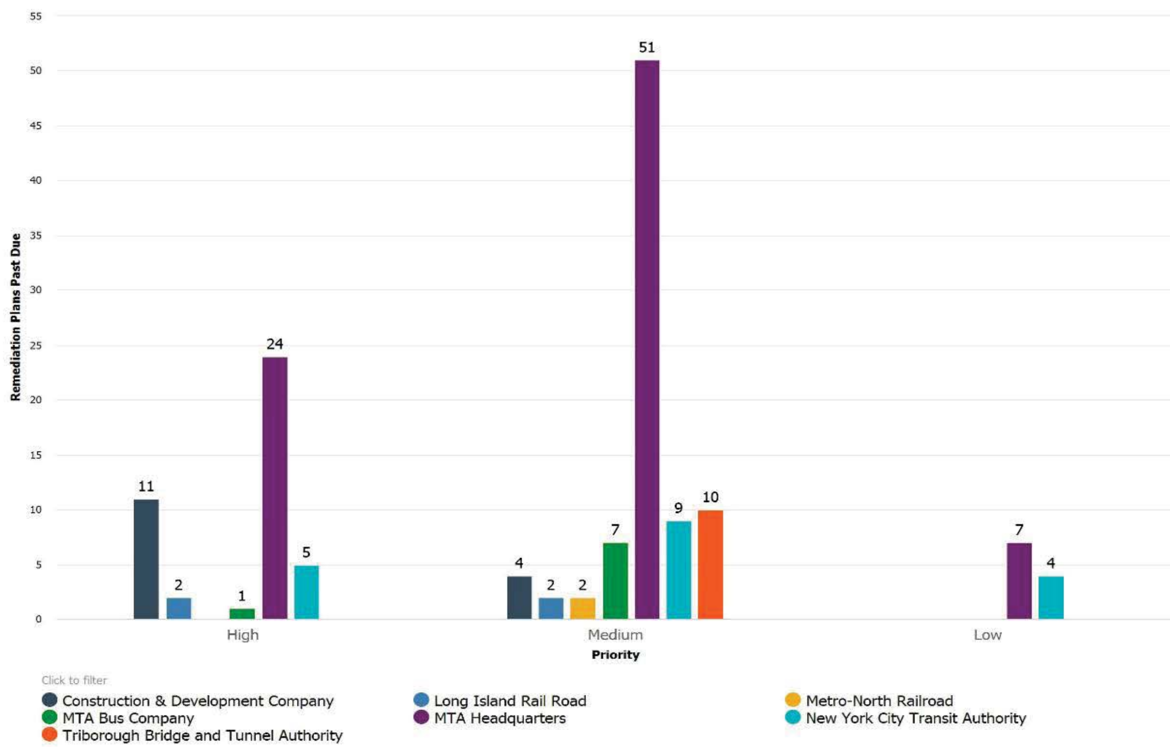


Remediation Plans Implemented Awaiting Closure



Total Pending Closure Approval: 103

Remediation Plans Six Months Past Due by Agency & Priority



Remediation Plans Six Month Past Due which are High Priority By Business