

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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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the New York City Transit Authority (the "Authority"), a public benefit corporation which is a component unit of the Metropolitan Transportation Authority ("MTA"), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue

as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MTA's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Authority's Net Pension Liability and Related Ratios for the MABSTOA Pension Plan, Schedule of the Authority's Proportionate Share of the Net Pension Liability in the NYCERS Pension Plan, Schedule of the Authority's Contributions to all Pension Plans, Schedule of the Authority's Proportionate Share of the Net OPEB Liability in the MTA OPEB Plan, and Schedule of the Authority's Contributions to the OPEB Plan and Notes to the Schedule of the Authority's Contribution to the OPEB Plan be presented to supplement the basic financial

statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte & Touche LLP

May 27, 2022

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

(In millions)	2021	2020	2019	Increase/(Decrease)	
				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:

December 31, 2021 versus 2020

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

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

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)	<u>2021</u>	<u>2020</u>	<u>2019</u>	Increase/(Decrease)	
				<u>2021-2020</u>	<u>2020-2019</u>
Net investment in capital assets	\$ 46,407	\$ 45,884	\$ 45,064	\$ 523	\$ 820
Unrestricted	<u>(21,757)</u>	<u>(24,060)</u>	<u>(21,090)</u>	<u>2,303</u>	<u>(2,970)</u>
Total net position	<u>\$ 24,650</u>	<u>\$ 21,824</u>	<u>\$ 23,974</u>	<u>\$ 2,826</u>	<u>\$(2,150)</u>

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,			Increase/(Decrease)	
	2021	2020	2019	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	<u>\$ 10,504</u>	<u>\$ 11,086</u>	<u>\$ 11,433</u>	<u>\$ (582)</u>	<u>\$ (347)</u>

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

Tax supported and operating assistance subsidies from New York State and The City have increased \$1,815, or 71.0% in 2021 and decreased \$1,515 or 35.6% in 2020, 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 real estate transfer tax ("mansion tax") from the Central Business District Tolling Program (CBDTP) Capital Lockbox of \$400. Pursuant to Public Authorities Law §553-j, created by the MTA Reform and Traffic Mobility Act enacted as part of the New York State budget for Fiscal Year 2019-2020, TBTA is required to establish the Central Business District Tolling (CBDT) capital lockbox fund consisting of all monies received by TBTA under CBDTP, as well as mansion tax and portions of New York City and State sales tax revenue. Monies in the fund are to be applied, subject to agreements with bondholders and applicable federal law, to the payment of operating, administration, and other necessary expenses of TBTA, or to New York City subject to the memorandum of understanding between the City and MTA Bridges and Tunnels properly allocable to the CBDTP, including the planning, designing, constructing, installing or maintaining of the CDBTP, including, without limitation, the CBDT collection system and the CBDT tolling infrastructure, the CBDT customer service center, and the costs of any MTA's capital projects included within the 2020-2024 MTA capital program or any successor programs. 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.

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.

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 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 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, was submitted by MTA to the New York State Department of Budget (DOB), which is the Authority managing COVID-19-related expense reimbursement from FEMA.

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

CONTACTING MTA CONTROLLER’S OFFICE

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

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)

	<u>Business-Type Activities</u>	
	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	<u>(6,998)</u>	<u>(9,551)</u>
Net receivables	1,092,243	590,545
Materials and supplies — at average cost — net	319,520	305,000
Prepaid expenses and other current assets	<u>38,718</u>	<u>40,035</u>
Total current assets	<u>1,478,100</u>	<u>1,163,707</u>
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	<u>773</u>	<u>594</u>
Total noncurrent assets	<u>47,629,341</u>	<u>46,134,734</u>
Total assets	<u>49,107,441</u>	<u>47,298,441</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pensions (Note 6)	1,167,397	1,575,101
Related to OPEB (Note 7)	<u>2,478,549</u>	<u>1,115,480</u>
Total deferred outflows of resources	<u>3,645,946</u>	<u>2,690,581</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 52,753,387</u>	<u>\$ 49,989,022</u>

(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)

	<u>Business-Type Activities</u>	
	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	<u>1,741,059</u>	<u>1,604,819</u>
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	<u>2,139,734</u>	<u>2,812,900</u>
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	<u>22,361,630</u>	<u>23,939,557</u>
Total liabilities	<u>24,501,364</u>	<u>26,752,457</u>
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	<u>3,602,312</u>	<u>1,412,718</u>
NET POSITION:		
Net investment in capital assets	46,406,800	45,884,186
Unrestricted	<u>(21,757,089)</u>	<u>(24,060,339)</u>
Total net position	<u>24,649,711</u>	<u>21,823,847</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES		
AND NET POSITION	<u>\$ 52,753,387</u>	<u>\$ 49,989,022</u>

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	<u>168,248</u>	<u>111,188</u>
Total operating revenues	<u>2,815,312</u>	<u>2,376,604</u>
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	<u>86,089</u>	<u>50,053</u>
Total operating expenses	<u>10,503,999</u>	<u>11,085,592</u>
OPERATING LOSS	<u>(7,688,687)</u>	<u>(8,708,988)</u>

(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)	<u>235,811</u>	<u>222,142</u>
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	<u>(854)</u>	<u>-</u>
Total nonoperating income	<u>8,022,069</u>	<u>5,560,114</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	333,382	(3,148,874)
CAPITAL CONTRIBUTIONS (Note 2)	<u>2,492,482</u>	<u>998,229</u>
CHANGE IN NET POSITION	2,825,864	(2,150,645)
NET POSITION:		
Beginning of year	<u>21,823,847</u>	<u>23,974,492</u>
End of year	<u>\$24,649,711</u>	<u>\$21,823,847</u>
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	<u>(1,672,384)</u>	<u>(1,602,575)</u>
Net cash used in operating activities	<u>(6,015,038)</u>	<u>(5,418,842)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Subsidies received	7,433,167	5,684,134
MTA loan	<u>(800,000)</u>	<u>800,000</u>
Net cash provided by noncapital financing activities	<u>6,633,167</u>	<u>6,484,134</u>
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	<u>812,387</u>	<u>841,487</u>
Net cash used in capital and related financing activities	<u>(1,044,158)</u>	<u>(1,064,720)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in MTA investment pool	433,354	(32,721)
Interest on investments	<u>285</u>	<u>3,217</u>
Net cash provided by (used in) investing activities	<u>433,639</u>	<u>(29,504)</u>
NET INCREASE (DECREASE) IN CASH	7,610	(28,932)
CASH—Beginning of year	<u>20,009</u>	<u>48,941</u>
CASH—End of year	<u>\$ 27,619</u>	<u>\$ 20,009</u>

(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	<u>\$ (6,015,038)</u>	<u>\$ (5,418,842)</u>
SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES—Contributed capital assets		
	<u>\$ 1,450,996</u>	<u>\$ 1,801,018</u>

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	26,082	30,744
Investment receivables	5,532	1,902
Interest and dividends	1,746	1,351
Total receivables	<u>33,360</u>	<u>33,997</u>
Investments at fair value	<u>3,630,953</u>	<u>3,273,256</u>
TOTAL ASSETS	<u><u>\$3,676,134</u></u>	<u><u>\$3,315,329</u></u>
LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,565	\$ -
Payable for investment securities purchased	5,620	4,317
Accrued benefits payable	50	73
Accrued postretirement death benefits (PRDB) payable	5,405	4,204
Accrued 55/25 Additional Members Contribution (AMC) payable	3,847	4,643
Other liabilities	1,296	-
Total liabilities	17,783	13,237
NET POSITION—Restricted for pensions	<u>3,658,351</u>	<u>3,302,092</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$3,676,134</u></u>	<u><u>\$3,315,329</u></u>

* 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	24,935	24,709
Total contributions	<u>181,139</u>	<u>184,195</u>
Investments income:		
Net appreciation (depreciation) in fair value of investments	401,056	40,738
Dividend income	42,762	29,752
Interest income	8,197	8,943
Less—investment expenses	<u>31,205</u>	<u>20,046</u>
Investment income—net	<u>420,810</u>	<u>59,387</u>
Total additions	<u>601,949</u>	<u>243,582</u>
DEDUCTIONS:		
Benefit payments and withdrawals	243,251	237,931
Distribution to participants	2,175	-
Administrative expenses	<u>264</u>	<u>244</u>
Total deductions	<u>245,690</u>	<u>238,175</u>
Net increase in fiduciary net position	356,259	5,407
NET POSITION—Restricted for pensions:		
Beginning of year	<u>3,302,092</u>	<u>3,296,685</u>
End of year	<u>\$ 3,658,351</u>	<u>\$ 3,302,092</u>

* 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 consolidated financial statements. The Authority is operationally and legally independent of the MTA. The Authority enjoys certain rights typically associated with separate legal status including, in some cases, the ability to issue debt. However, the Authority is included in the MTA's consolidated financial statements as a blended component unit because of the MTA's financial accountability and the Authority is under the direction of the MTA Board (a reference to "MTA Board" means the board of MTA and/or the boards of the Authority and other MTA component units that apply in the specific context, all of which are comprised of the same persons). Under accounting principles generally accepted in the United States of America (GAAP), the MTA is required to include the Authority in its consolidated financial statements.

MaBSTOA is a component unit of the Transit Authority and, therefore, the financial results of MaBSTOA are combined with those of the Transit Authority in the consolidated financial statements. MaBSTOA is operationally and legally independent of the Authority. MaBSTOA enjoy certain rights typically associated with separate legal status. However, MaBSTOA is included in the Authority's consolidated financial statements as a blended component unit because of the Authority's financial accountability. The Manhattan and Bronx Surface Transit Operating Authority Pension Plan (MaBSTOA Plan) is categorized as a Pension Fund and is a fiduciary component unit of the Authority.

The Authority has material transactions with affiliated agencies included in the MTA financial reporting group. Such agencies include the MTA, Triborough Bridge and Tunnel Authority (TBTA), Metro North Commuter Railroad (MNCR), Long Island Rail Road (LIRR), MTA Bus Company (MTA Bus), Staten Island Rapid Transit Operating Authority (SIRTOA), and First Mutual Transportation Assurance Company (FMTAC). See Note 9.

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

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

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

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 Statement for the year ended December 31, 2021:

GASB Statement No. 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. The requirements of this Statement are effective for fiscal years ended 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	<i>Leases</i>	2022
91	<i>Conduit Debt Obligations 2021</i>	2022
92	<i>Omnibus 2020</i>	2022
93	<i>Replacement of Interbank Offered Rates</i>	2022
94	<i>Public-Private And Public-Public Partnerships and Availability Payment Arrangements</i>	2023
96	<i>Subscription-based Information Technology Arrangements</i>	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.

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.

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. In 2021, the Authority received an allocation from the MTA of TBTA's internet and real estate transfer tax from the Central Business District Tolling Program (CBDTP) Capital Lockbox.

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, Dutchess, and Westchester. This tax requires certain employers that have payroll expenses within the MCTD to pay at a rate of 0.34% of an employer's payroll expenses for all covered employees for each calendar quarter. The effective date of this tax was March 1, 2009 for employers other than public schools districts; September 1, 2009 for public schools districts, and January 1, 2009 for individuals. Also in 2009, several amendments to the existing tax law provided the MTA supplemental revenues to

be deposited into the MTA’s Aid Trust Account. These amendments imposed a supplemental fee of one dollar for each six month period of validity of a learner’s permit or a driver’s license issued to a person residing in the MCTD, a supplemental fee of twenty-five dollars per year on the registration and renewals of registrants of motor vehicles who reside within the MCTD, imposed on taxicab owners a tax of fifty cents per ride on taxicab rides originating in New York City and terminating within the MCTD, and a supplemental tax of 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	<u>1,578,111</u>	<u>476,458</u>
	<u>\$ 3,282,947</u>	<u>\$ 1,702,113</u>

* 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 includes \$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, nonoperating revenues included operating assistance of \$2.830 billion 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	<u>780,899</u>	<u>(1,043,434)</u>
 Total capital contributions	 <u>\$ 2,492,482</u>	 <u>\$ 998,229</u>

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—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	<u>14,758</u>	<u>-</u>	<u>12,015</u>	<u>-</u>
	<u>\$27,619</u>	<u>\$ 12,354</u>	<u>\$20,009</u>	<u>\$ 7,641</u>

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

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

4. MTA INVESTMENT POOL

The MTA, on behalf of the Authority, invests funds which are not immediately required for the Authority's operations, in securities permitted by the State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero coupon bonds. All investments are held by the MTA's agent, in custody accounts, in the name of the MTA. The Authority records its position in the Pool based upon a net asset value derived on assets invested in the Pool plus all realized income and losses earned. The Authority's earnings from short-term investments approximated \$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	<u>4,491,664</u>	<u>2,435,710</u>	<u>(1,878,438)</u>	<u>5,048,936</u>
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	<u>67,916,098</u>	<u>2,060,378</u>	<u>(104,627)</u>	<u>69,871,849</u>
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	<u>(26,425,594)</u>	<u>(2,092,209)</u>	<u>103,773</u>	<u>(28,414,030)</u>
Total capital assets being depreciated—net	<u>41,490,504</u>	<u>(31,831)</u>	<u>(854)</u>	<u>41,457,819</u>
Capital assets—net	<u>\$ 45,982,168</u>	<u>\$ 2,403,879</u>	<u>\$ (1,879,292)</u>	<u>\$ 46,506,755</u>

	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	<u>4,025,832</u>	<u>2,797,956</u>	<u>(2,332,124)</u>	<u>4,491,664</u>
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	<u>65,532,085</u>	<u>2,414,785</u>	<u>(30,772)</u>	<u>67,916,098</u>
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	<u>(24,392,235)</u>	<u>(2,064,131)</u>	<u>30,772</u>	<u>(26,425,594)</u>
Total capital assets being depreciated—net	<u>41,139,850</u>	<u>350,654</u>	<u>-</u>	<u>41,490,504</u>
Capital assets—net	<u>\$ 45,165,682</u>	<u>\$ 3,148,610</u>	<u>\$ (2,332,124)</u>	<u>\$ 45,982,168</u>

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.

As of December 31, 2021, \$76.2 billion has been committed to the Authority's Capital Program.

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	<u>11,178</u>	<u>42,694</u>
Total minimum lease payments	<u>197,478</u>	576,189
Less interest		<u>(391,205)</u>
Present value of net minimum lease payments		<u><u>\$184,984</u></u>

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	<u>(55,062)</u>	<u>(52,651)</u>
Capital lease—building—net	<u>\$ 59,427</u>	<u>\$ 61,838</u>

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	<u>13,702</u>	<u>13,702</u>
	307,996	307,996
Less accumulated depreciation	<u>(221,086)</u>	<u>(217,862)</u>
Total leasehold improvements	<u>\$ 86,910</u>	<u>\$ 90,134</u>

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	<u>1,040</u>	<u>1,023</u>
Total	<u>15,779</u>	<u>15,889</u>

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:

Valuation Date	MaBSTOA		NYCERS	
	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:

Asset Class	MaBSTOA Plan	
	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
	<u>100.00 %</u>	
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	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	<u>6.00</u>	7.10
	<u>100.00 %</u>	
Assumed inflation—mean		2.50
Long term expected rate of return		7.00

Discount Rate

The discount rate used to measure the total pension liability was 6.5% 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	<u>\$4,246,385</u>	<u>\$3,306,615</u>	<u>\$ 939,770</u>

	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	<u>\$4,122,934</u>	<u>\$3,300,268</u>	<u>\$ 822,666</u>

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	<u>\$ 1,421,343</u>	<u>\$ 939,770</u>	<u>\$ 531,498</u>	<u>\$ 1,293,875</u>	<u>\$ 822,666</u>	<u>\$ 422,759</u>

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	<u>\$3,581,942</u>	<u>\$1,365,129</u>	<u>\$ (515,695)</u>	<u>\$7,313,292</u>	<u>\$4,891,900</u>	<u>\$2,848,251</u>

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	<u>(36,550)</u>	<u>749,518</u>
Total	<u>\$ 103,730</u>	<u>\$ 904,539</u>

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

Pension Plan	Recognition Period (in Years)		
	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	<u>(64)</u>	<u>(3,244)</u>	<u>(3,308)</u>
Total	<u>\$ 191,730</u>	<u>\$ (2,227,309)</u>	<u>\$ (2,035,579)</u>

Deferred Compensation Plans—As permitted by Internal Revenue Code Section 457, the Authority has established a trust or custodial account to hold plan assets for the exclusive use of the participants and their beneficiaries. Plan assets and liabilities are not reflected on the Authority's consolidated statements of net position.

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

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	2019
	Retirees	Retirees
	(in thousands)	
Total blended premiums	\$ 473,163	\$ 484,380
Employment payment for retiree healthcare	<u>16,435</u>	<u>21,259</u>
Net payments	<u>\$ 489,598</u>	<u>\$ 505,639</u>

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	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:

Years of Service	NYCERS Rate of Increase	Years of Service	MaBSTOA	
			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:

Trend from Year Ending	NYSHIP Trend		Self-Insured Trend	
	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			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%)
	(in thousands)			(in thousands)		
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 * (in thousands)	1% Increase	1% Decrease	Healthcare Cost Current Trend Rate * (in thousands)	1% Increase
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	<u>576,808</u>	<u>-</u>	<u>236,729</u>	<u>-</u>
Total	<u>\$ 2,478,549</u>	<u>\$ 971,928</u>	<u>\$1,115,480</u>	<u>\$ 924,143</u>

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	<u>344,124</u>
Total	<u>\$ 929,813</u>

8. LOANS PAYABLE

Loans Payable—The MTA and the New York Power Authority (NYPA) entered into an updated Energy Services Program Agreement (ESP Agreement). The ESP Agreement authorized the Authority, as an affiliate of the MTA, to enter into a Customer Installation Commitment (CIC) with NYPA for turn-key, energy efficiency projects, which would usually be long-term funded and constructed by NYPA. The repayment period for the NYPA loan can be up to 20 years, but can be repaid at any time without penalty.

The debt service requirements at December 31, 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	<u>3,121</u>	<u>63</u>	<u>3,184</u>
Total	61,308	<u>\$7,286</u>	<u>\$68,594</u>
Less current portion	<u>8,127</u>		
Long-term loans payable	<u>\$53,181</u>		

The above interest amounts include both fixed and variable rate calculations. Interest on the variable-rate loan is paid at the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) rate and is reset annually.

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 back 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	<u>138,290</u>	<u>(23,218)</u>	<u>84,326</u>	<u>(13,079)</u>
Total MTA and constituent authorities	<u>\$ 6,566,362</u>	<u>\$(5,726,981)</u>	<u>\$ 5,519,080</u>	<u>\$ (5,085,139)</u>

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	<u>(275,827)</u>	<u>(271,446)</u>
Balance at end of year	3,619,531	3,397,276
Less current portion	<u>(369,470)</u>	<u>(323,640)</u>
Long-term liability	<u>\$3,250,061</u>	<u>\$3,073,636</u>

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	<u>(37,438)</u>	<u>(98,901)</u>
Balance at end of year	97,424	99,635
Less current portion	<u>(19,485)</u>	<u>(19,927)</u>
Long-term liability	<u>\$ 77,939</u>	<u>\$ 79,708</u>

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

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	<u>351,830</u>	<u>329,940</u>
Total assets and deferred outflows of resources	<u>1,041,256</u>	<u>906,354</u>
Current liabilities	582,496	545,857
Non-current liabilities	1,807,223	1,621,628
Deferred inflows of resources	<u>3,896</u>	<u>115,036</u>
Total liabilities and deferred inflows of resources	<u>2,393,615</u>	<u>2,282,521</u>
Net Investment in capital assets	667,775	556,875
Unrestricted	<u>(2,020,134)</u>	<u>(1,933,042)</u>
Total net position	<u>\$ (1,352,359)</u>	<u>\$ (1,376,167)</u>
 For the Year Ended December 31:		
Fare revenue	\$ 249,883	\$ 194,552
Advertising and other revenue	<u>14,499</u>	<u>14,295</u>
Total operating revenue	<u>264,382</u>	<u>208,847</u>
Total labor expenses	1,173,324	1,117,187
Total non-labor expenses	138,774	71,705
Depreciation	<u>89,028</u>	<u>85,646</u>
Total operating expenses	<u>1,401,126</u>	<u>1,274,538</u>
Operating (deficit) surplus	<u>(1,136,744)</u>	<u>(1,065,691)</u>
Loss before capital contributions	(1,136,744)	(1,065,691)
Capital contributions	<u>1,160,552</u>	<u>363,000</u>
Change in net position	23,808	(702,691)
Net position, beginning of the year	<u>(1,376,167)</u>	<u>(673,476)</u>
Net position, end of year	<u>\$ (1,352,359)</u>	<u>\$ (1,376,167)</u>

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. 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 million of direct COVID-19 related expenses incurred from the start of the pandemic through December 31, 2021, was submitted by MTA to the New York State Department of Budget (DOB), which is the agency managing Covid-19 related expense reimbursement from FEMA.

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

On the morning of April 12, 2022, a gunman wearing a gas mask threw two smoke grenades onto the train and opened fire on the Manhattan NYCT bound N train as the train traveled between the 59th street and 36th street stations in Brooklyn. Police reported that the gunman was able to fire off 33 shots, striking 10 people. In addition, at least 19 other people were injured as a result of this incident. The ultimate extent of this incident on the Authority's financial position cannot be reasonably estimated at this time.

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REQUIRED SUPPLEMENTARY INFORMATION

(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	<u>(238)</u>	<u>(221)</u>	<u>(214)</u>	<u>(209)</u>	<u>(188)</u>	<u>(180)</u>	<u>(175)</u>
Net change in total pension liability	123	312	135	139	145	61	119
Total pension liability—beginning	<u>4,123</u>	<u>3,811</u>	<u>3,676</u>	<u>3,537</u>	<u>3,392</u>	<u>3,331</u>	<u>3,212</u>
Total pension liability—ending(a)	<u>4,246</u>	<u>4,123</u>	<u>3,811</u>	<u>3,676</u>	<u>3,537</u>	<u>3,392</u>	<u>3,331</u>
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	<u>3,300</u>	<u>2,844</u>	<u>2,919</u>	<u>2,556</u>	<u>2,292</u>	<u>2,265</u>	<u>2,094</u>
Plan fiduciary net position—ending(b)	<u>3,306</u>	<u>3,300</u>	<u>2,844</u>	<u>2,919</u>	<u>2,556</u>	<u>2,292</u>	<u>2,265</u>
Employer's net pension liability—ending(a)-(b)	<u>\$ 940</u>	<u>\$ 823</u>	<u>\$ 967</u>	<u>\$ 757</u>	<u>\$ 981</u>	<u>\$ 1,100</u>	<u>\$ 1,066</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77.9 %</u>	<u>80.0 %</u>	<u>74.6 %</u>	<u>79.4 %</u>	<u>72.3 %</u>	<u>67.6 %</u>	<u>68.0 %</u>
Covered-employee payroll	<u>802</u>	<u>787</u>	<u>776</u>	<u>750</u>	<u>717</u>	<u>687</u>	<u>653</u>
Employer's net pension liability as a percentage of covered-employee payroll	<u>117.1 %</u>	<u>104.6 %</u>	<u>124.6 %</u>	<u>100.9 %</u>	<u>136.8 %</u>	<u>160.1 %</u>	<u>163.2 %</u>

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available. In accordance with GASB No. 68, information was not readily available for periods prior to 2014.

(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.

(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	<u>156.2</u>	<u>159.5</u>	<u>206.4</u>	<u>205.4</u>	<u>202.7</u>	<u>220.7</u>	<u>214.9</u>	<u>226.4</u>	<u>234.5</u>	<u>228.9</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2.9</u>	<u>\$ (2.9)</u>	<u>\$ 0.2</u>	<u>\$ -</u>				
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	<u>\$ 807.7</u>	<u>841.9</u>	<u>904.1</u>	<u>768.4</u>	<u>759.6</u>	<u>753.2</u>	<u>694.4</u>	<u>708.2</u>	<u>702.9</u>	<u>695.8</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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)

(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	\$ 16,490	\$ 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.