

Metropolitan Transportation Authority

(A Component Unit of the State of New York)

Independent Auditor's Review Report

Interim Financial Statements as of and
for the Three-Month Period Ended March 31, 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated interim statements of the business-type activities of the Metropolitan Transportation Authority (the "MTA"), a component unit of the State of New York, which includes the consolidated interim statement of net position as of March 31, 2022, and the related consolidated interim statements of revenues, expenses and changes in net position and consolidated interim cash flows for the three-month periods ended March 31, 2022 and 2021, and the related notes (collectively referred to as the "interim financial information").

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Basis for Review Results

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the MTA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our reviews. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Emphasis of Matter

As discussed in Note 1 to the accompanying interim financial information, the MTA is a component unit of the State of New York. The MTA requires significant subsidies from and has material transactions with the City of New York, the State of New York, and the State of Connecticut, and depends on certain tax revenues that are economically sensitive. The accompanying interim financial information does not include any adjustments that might result from the outcome of this uncertainty.

Responsibilities of Management for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the interim financial information 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 interim financial information that is free from material misstatement, whether due to fraud or error.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 5-20 and 105-128 as listed in the table of contents be presented to supplement the interim financial information. Such information is the responsibility of management and, although not a part of the interim financial information, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the interim financial information 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, applicable to reviews of interim financial information. 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.

Supplementary Information

The supplementary information on pages 129-135 as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the interim financial information. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the interim financial information. The information has been subjected to the review procedures applied in our reviews of the interim financial information. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Report on Consolidated Statement of Net Position of the Business-Type Activities of the MTA as of December 31, 2021 and Reports on the Financial Statements of the Fiduciary Activities of the MTA as of December 31, 2021 and 2020

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the business-type activities of the MTA, which include the consolidated statement of net position as of December 31, 2021, and the related consolidated statement of revenues, expenses and changes in net position and cash flows for the year then ended (not presented herein), and the fiduciary activities of the MTA, which includes the statements of fiduciary net position as of December 31, 2021 and 2020, and the related statement of changes in fiduciary net position; and we expressed unmodified audit opinions on those financial statements of the business-type activities and fiduciary activities of the MTA in our reports dated June 2, 2022, which contained an emphasis of matter paragraph related to the significant subsidies the MTA receives from other governmental entities, and also contains other matter paragraphs related to the inclusion of required supplementary information and supplementary information in the financial statements. In our opinion, the accompanying consolidated statement of net position of the business-type activities of the MTA as of December 31, 2021 and the statements of fiduciary net position and statements of changes in fiduciary net position of the fiduciary activities of the MTA as of December 31, 2021 and 2020, are consistent, in all material respects, with the audited consolidated financial statements of the business-type activities and audited financial statements of the fiduciary activities of the MTA from which it has been derived.

Deloitte & Touche LLP

November 11, 2022

(A Component Unit of the State of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

**AS OF MARCH 31, 2022 AND DECEMBER 31, 2021 AND FOR THE THREE-MONTH PERIODS
ENDED MARCH 31, 2022 AND 2021**

(\$ In Millions, except as noted)

FINANCIAL REPORTING ENTITY

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

The Reporting entity includes:

(1) the MTA is comprised of the following:

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

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

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

- Pension Trust Funds:
 - MTA Defined Benefit Pension Plan
 - The Long Island Railroad Company Plan for Additional Pensions ("Additional Plan")
 - Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA Plan")
 - Metro-North Commuter Railroad Cash Balance Plan ("MNR Cash Balance Plan")

- Other Employee Benefit Trust Funds
 - MTA Other Postemployment Benefits Plan (“OPEB Plan”)

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

OVERVIEW OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

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

Management’s Discussion and Analysis

This MD&A provides a narrative overview and analysis of the financial activities of the Metropolitan Transportation Authority and its consolidated subsidiaries and affiliates (the “MTA” or “MTA Group”) as of March 31, 2022 and December 31, 2021 and for the three-month periods ended March 31, 2022 and 2021. For financial reporting purposes, the subsidiaries and affiliates of the MTA are blended component units. This management discussion and analysis is intended to serve as an introduction to the MTA Group’s consolidated interim financial statements. It provides an assessment of how the MTA Group’s position has improved or deteriorated and identifies the factors that, in management’s view, significantly affected the MTA Group’s overall financial position. It may contain opinions, assumptions, or conclusions by the MTA Group’s management that must be read in conjunction with, and should not be considered a replacement for, the consolidated interim financial statements.

The Consolidated Interim Financial Statements

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

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

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

The Fiduciary Funds Financial Statements

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

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

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

Notes to the Consolidated Interim Financial Statements

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

Required Supplementary Information

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

Supplementary Information - Combining Fiduciary Funds Financial Statements

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

Supplementary Information

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

CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The following sections discuss the significant changes in the MTA Group’s financial position as of March 31, 2022 and December 31, 2021 and for the three-month periods ended March 31, 2022 and 2021. An analysis of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, the information contained within the summaries of the consolidated interim financial statements and the various exhibits presented were derived from the MTA Group’s consolidated interim financial statements.

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

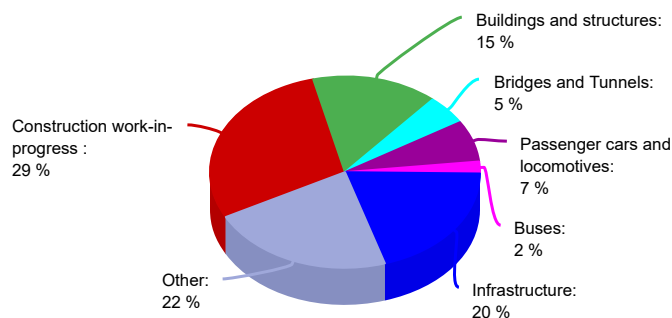
Capital assets include, but are not limited to: bridges, structures, tunnels, construction of buildings and the acquisition of buses, equipment, passenger cars, and locomotives.

Other assets include, but are not limited to: cash, restricted and unrestricted investments, State and regional mass transit taxes receivables, and receivables from New York State.

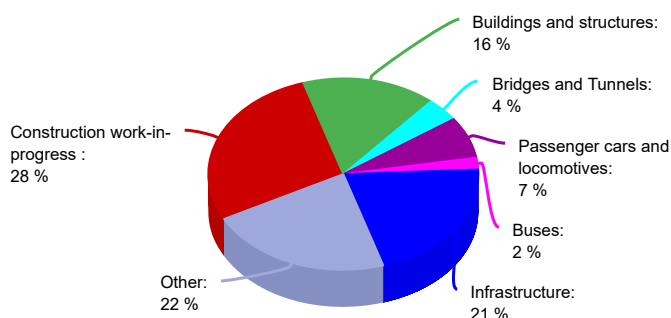
Deferred outflows of resources reflect: changes in fair market values of hedging derivative instruments that are determined to be effective, unamortized loss on refunding, deferred outflows from pension activities, and deferred outflows from OPEB activities.

| (In millions) | March 31, 2022 | December 31, 2021 | Increase / (Decrease) |
|---|-------------------|----------------------|--------------------------|
| Capital assets — net (see Note 6) | \$ 83,915 | \$ 83,759 | \$ 156 |
| Other assets | 20,094 | 19,998 | 96 |
| Total Assets | 104,009 | 103,757 | 252 |
| Deferred outflows of resources | 7,732 | 7,863 | (131) |
| Total assets and deferred outflows of resources | <u>\$ 111,741</u> | <u>\$ 111,620</u> | <u>\$ 121</u> |

Capital Assets, Net - March 31, 2022



Capital Assets, Net - December 31, 2021



Significant Changes in Assets and Deferred Outflows of Resources Include:

March 31, 2022 versus December 31, 2021

- Net capital assets increased on March 31, 2022 by \$156, or 0.2%. There was an increase in construction in progress of

\$404, an increase in other capital assets of \$367, an increase in infrastructure of \$8, an increase in buildings and structures of \$22, an increase in buses of \$109, and an increase in bridges and tunnels of \$2. The increases were offset by a net increase in accumulated depreciation of \$756. See Note 6 to the MTA's Consolidated Interim Financial Statements for further information. Some of the more significant projects contributing to the net increase included:

- Continued progress on the East Side Access, Second Avenue Subway and the subway action plan.
- Infrastructure work including:
 - o Repairs and improvements of all MTA Bridge and Tunnels' facilities.
 - o Construction of a third track between Floral Park and Hicksville by MTA Long Island Railroad.
 - o Improvements to MTA Long Island Railroad's road-assets, replacement of signal power lines, various right-of-way enhancements and upgrades of radio communications.
 - o Continued improvements to MTA Metro-North Railroad stations, tracks and structures, power rehabilitation of substations, and security.
 - o Subway and bus real-time customer information and communications systems.
 - o Continued structural rehabilitation and repairs of the ventilation system at various facilities.
 - o Continued improvements made to the East River Tunnel Fire and Life Safety project for 1st Avenue, Long Island City, and construction of three Montauk bridges.
 - o Continued passenger station rehabilitation for Penn Station and East Side Access Passenger station.
 - o Ongoing work by MTA New York City Transit to make stations fully accessible and structurally reconfigured in accordance with the Americans with Disability Act ("ADA") standards.
- Other assets increased by \$96 or 0.5%. The major items contributing to this change include:
 - An increase in investments of \$1,762, primarily due to FTA grants received in 2022 offset by the redemption of MTA Grant Anticipation Notes.
 - A net increase in cash of \$971 due to timing of New York State's funding towards the MTA Capital Program and processing of capital payments.
 - An increase in State and regional mass transit tax receivable of \$812.
 - An increase in State and local operating assistance of \$47.
 - An increase in Station Maintenance receivables of \$45.
 - An increase in Mortgage Recording tax of \$5.
 - A net increase in various other current and noncurrent assets of \$11.

Offsetting decreases were as follows:

- A decrease of \$3,519 in federal and state government receivables primarily due to Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA") funds received during 2022 which were accrued for in 2021.
- A decrease in other receivables from New York City and New York State of \$38.
- Deferred outflows of resources decreased by \$131 or 1.7%. This was primarily due to a decrease in deferred outflows related to loss on debt refunding of \$11, a decrease in deferred outflows related to pensions of \$8 and a decrease in deferred outflows related to change in the fair value of derivative instruments of \$112.

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

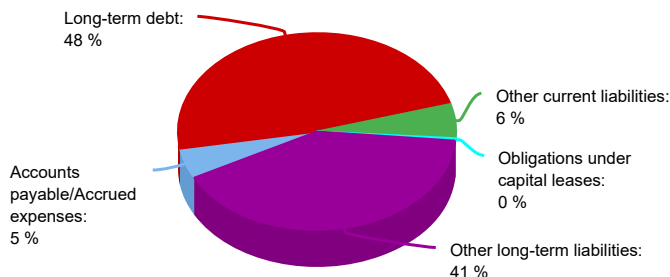
Current liabilities include: accounts payable, accrued expenses, current portions of long-term debt, capital lease obligations, pollution remediation liabilities, unredeemed fares and tolls, and other current liabilities.

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

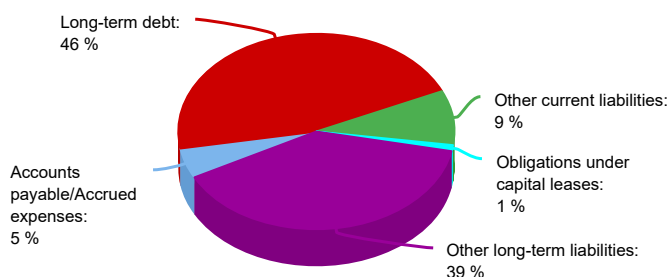
Deferred inflows of resources reflect unamortized gains on refunding, pension related deferred inflows, and deferred inflows from OPEB activities.

| (In millions) | March 31, 2022 | December 31, 2021 | Increase / (Decrease) |
|---|-------------------|----------------------|--------------------------|
| Current liabilities | \$ 10,422 | \$ 13,559 | \$ (3,137) |
| Non-current liabilities | 83,196 | 84,160 | (964) |
| Total liabilities | 93,618 | 97,719 | (4,101) |
| Deferred inflows of resources | 4,756 | 4,758 | (2) |
| Total liabilities and deferred inflows of resources | \$ 98,374 | \$ 102,477 | \$ (4,103) |

Total Liabilities - March 31, 2022



Total Liabilities - December 31, 2021



Significant Changes in Liabilities and Deferred Inflows of Resources Include:
March 31, 2022 versus December 31, 2021

- Current liabilities decreased by \$3,137 or 23.1%. The decrease was primarily due to:
 - A decrease in the current portion of long-term debt of \$4,665, primarily from the redemption of MTA Grant Anticipation Notes.
 - A decrease in capital accruals of \$160.
 - A decrease in other accrued expenses of \$86.
 - A net decrease of \$4 in employee related accruals.
 Offsetting increases were as follows:
 - An increase in unearned revenue of \$1,188 due to timing of New York State’s funding towards the MTA Capital Program and processing of capital payments.
 - An increase in interest payable of \$508.
 - An increase in accounts payable due to vendors of \$74.
 - An increase in estimated liability arising from injuries to persons (Note 10) of \$8.
- Non-current liabilities decreased by \$964 or 1.1%. This decrease was mainly due to:
 - A decrease in the non-current portion of long-term debt of \$983.
 - A decrease in derivative liabilities of \$109 resulting mainly from changes in market valuation and a reduction in the notional number of derivative contracts.
 Offsetting increases were as follows:
 - An increase in estimated liability arising from injuries to persons (Note 10) of \$103 due to revised calculations of the workers’ compensation reserve.
 - A net increase in other various non-current liabilities of \$21.
 - An increase in obligations under capital leases of \$2.
- Deferred inflows of resources decreased by \$2.

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

| (In millions) | March 31, 2022 | December 31, 2021 | Increase / (Decrease) |
|----------------------------------|-------------------|----------------------|--------------------------|
| Net investment in capital assets | \$ 32,712 | \$ 29,899 | \$ 2,813 |
| Restricted for debt service | 1,092 | 1,039 | 53 |
| Restricted for claims | 195 | 225 | (30) |
| Restricted for other purposes | 5,367 | 1,346 | 4,021 |
| Unrestricted | (25,999) | (23,366) | (2,633) |
| Total Net Position | <u>\$ 13,367</u> | <u>\$ 9,143</u> | <u>\$ 4,224</u> |

Significant Changes in Net Position Include:
March 31, 2022 versus December 31, 2021

At March 31, 2022, total net position increased by \$4,224 or 46.2%, when compared with December 31, 2021. This change is a result of net non-operating revenues of \$5,844 and appropriations, grants and other receipts externally restricted for capital projects of \$1,053 offset by operating losses of \$2,673.

The net investment in capital assets increased by \$2,813 or 9.4%. Funds restricted for debt service, claims and other purposes increased by \$4,044 or 154.9% in the aggregate, mainly due to scheduled debt service payments. Unrestricted net position decreased by \$2,633 or 11.3%.

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

| (In millions) | Three-Month Period Ended | | Increase / (Decrease) |
|--|--------------------------|-------------------|--------------------------|
| | March 31, 2022 | March 31, 2021 | |
| Operating revenues | | | |
| Passenger and tolls | \$ 1,370 | \$ 958 | \$ 412 |
| Other | 144 | 128 | 16 |
| Total operating revenues | <u>1,514</u> | <u>1,086</u> | <u>428</u> |
| Non-operating revenues | | | |
| Grants, appropriations and taxes | 2,247 | 1,517 | 730 |
| Other | 4,086 | 265 | 3,821 |
| Total non-operating revenues | <u>6,333</u> | <u>1,782</u> | <u>4,551</u> |
| Total revenues | <u>7,847</u> | <u>2,868</u> | <u>4,979</u> |
| Operating expenses | | | |
| Salaries and wages | 1,568 | 1,516 | 52 |
| Retirement and other employee benefits | 861 | 859 | 2 |
| Postemployment benefits other than pensions | 149 | 171 | (22) |
| Depreciation and amortization | 796 | 766 | 30 |
| Other expenses | 813 | 756 | 57 |
| Total operating expenses | <u>4,187</u> | <u>4,068</u> | <u>119</u> |
| Non-operating expenses | | | |
| Interest on long-term debt | 488 | 441 | 47 |
| Other net non-operating expenses | 1 | 1 | - |
| Total non-operating expenses | <u>489</u> | <u>442</u> | <u>47</u> |
| Total expenses | <u>4,676</u> | <u>4,510</u> | <u>166</u> |
| Gain / (Loss) before appropriations, grants and other receipts | | | |
| externally restricted for capital projects | 3,171 | (1,642) | 4,813 |
| Appropriations, grants and other receipts | | | |
| externally restricted for capital projects | 1,053 | 557 | 496 |
| Change in net position | <u>4,224</u> | <u>(1,085)</u> | <u>5,309</u> |
| Net position, beginning of period | <u>9,143</u> | <u>4,983</u> | <u>4,160</u> |
| Net position, end of period | <u>\$ 13,367</u> | <u>\$ 3,898</u> | <u>\$ 9,469</u> |

Revenues and Expenses, by Major Source:

Period ended March 31, 2022 versus 2021

Total operating revenues increased by \$428, or 39.4%. The increase was mainly due to the lifting of major travel restrictions of the Stay at Home Executive Order issued by New York State governor in March 2020 and a toll increase that became effective April 11, 2021. Fare and toll revenue had increases of \$307 and \$105, respectively. Other operating revenues increased by \$16 when compared with the same period in 2021 due to higher advertising revenues and higher paratransit reimbursement subsidy.

- Total non-operating revenues increased by \$4,551, or 255.4%.
 - Other subsidies increased by \$3,774, primarily due to an increase of \$3,817 in funds from the Federal government's American Rescue Plan Act ("ARPA") to support operations, an increase in operating subsidies from New York City of \$43 for MTA Bus and MTA Staten Island Railway, an increase in other net non-operating expenses of \$8, and an increase in Station maintenance of \$1. This was offset by a decrease in subsidies from the Connecticut Department of Transportation for the MTA Metro-North Railroad of \$48 and an increase in interest expense of \$47.
 - Grants, appropriations, and taxes increased by \$730 primarily due to an increase in Metropolitan Mass Transportation Operating Assistance of \$319, an increase in Urban Tax of \$129, an increase in Mansion Tax of \$89, an increase in Operating Assistance of \$57, an increase in Payroll Mobility Tax of \$47, an increase in Mortgage Recording tax of \$42, an increase in New York City Assistance Fund of \$34, an increase in Aid Trust subsidies of \$20, and an increase in Mass Transportation Trust Fund from New York State of \$10. This was offset by a decrease in Internet Sales Tax of \$17.
- Labor costs increased by \$32, or 1.3%. The major changes within this category are:
 - Salaries, wages and overtime increased by \$52, primarily due to higher overtime of \$38.
 - Retirement and employee benefits increased by \$2.
 - Postemployment benefits other than pensions decreased by \$22 based on changes in the actuarial estimates.
- Non-labor operating costs increased by \$87, or 5.7%. The variance was primarily due to:
 - An increase in depreciation of \$30 primarily due to more assets placed in service in the current year.
 - An increase in electric power of \$29 and fuel of \$23 due mainly to increased service levels and rates.
 - A net increase in other expenses of \$25.
 - An increase in paratransit service contracts of \$9.
 - An increase in material and supplies of \$7, mainly due to higher maintenance and repairs requirements.
 Offsetting decreases were as follows:
 - A decrease in Maintenance and other operating contracts of \$17.
 - A decrease in Insurance of \$11.
 - A decrease in professional service contracts of \$6 due to changes in consulting services.
 - A decrease in claims arising from injuries to persons of \$2 based on changes in estimated claim provisions.
- Total net non-operating expenses increased by \$47, or 10.6%, due to an increase in interest on long-term debt.
- Appropriations, grants and other receipts externally restricted for capital projects increased by \$496, or 89.0% mainly due to timing of requisitioning for Federal and State grants.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Economic Conditions

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

After preliminary MTA system-wide utilization through the fourth quarter of 2021 rebounded past the depths experienced in 2020, with ridership up by 257.3 million trips (27.0%) over the 2020 ridership level, year-over-year improvements continued during the first quarter of 2022, which was up 118.6 million trips (53.9%) compared with the first quarter of 2021. The effective shut-down in mid-March 2020 of the metropolitan area in response to the COVID-19 pandemic resulted in a severe decline in the utilization of MTA services that began to slowly improve as effective vaccinations became available and the region moved through State-mandated re-opening phases. As vaccination rates increased, social distancing mandates were eased and the region moved into a late-pandemic phase with businesses bringing back employees, restaurants and bars increasing seating capacity and cultural institutions reopening. Increases in infections and hospitalizations brought on by COVID-19 variants changed conditions during the latter part of the 2021 and during the first quarter of 2022, slowing the economic recovery. When compared with the first quarter of 2021, MTA New York City Transit subway ridership increased by 89.2 million trips (67.7%), MTA New York City Transit bus increased by 14.6 million trips (22.8%), MTA Long Island Rail Road ridership increased by 4.9 million trips (90.5%), MTA Metro-North Railroad increased by 4.7 million trips (106.4%), MTA Bus increased by 4.9 million trips (35.2%), and MTA Staten Island Railway increased by 227 thousand trips (91.0%). Vehicle traffic at MTA Bridges and Tunnels facilities in 2021 increased by 54.1 million crossings (21.4%) compared with crossings during 2020. In the first quarter of 2022, crossings were up 9.2 million (14.5%) compared with the first quarter of 2021.

The Central Business District Tolling Program (CBDTP) was authorized by the MTA Reform and Traffic Mobility Act and enacted in April 2019. The CBDTP will impose a toll for vehicles entering or remaining in the Central Business District (CBD), which is defined as Manhattan south of and inclusive of 60th Street, not including 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). If implemented, changes in travel patterns are predicted as drivers to the CBD may avoid the toll by switching to transit or other modes, taking alternative routes, or not making the trip. While originally scheduled to go into effect in 2021, the MTA did not receive approval from the Federal Highway Administration (FHWA) to proceed with the required Environment Assessment until March 2021. The FHWA and MTA are currently coordinating to finalize the Environmental Assessment.

Seasonally adjusted non-agricultural employment in New York City for the first quarter was higher in 2022 than in 2021 by 283.8 thousand jobs (6.9%). On a quarter-to-quarter basis, New York City employment gained 50.0 thousand jobs (1.1%), the seventh consecutive quarterly increase. These increases were preceded by the steep decline of 891.4 thousand jobs (19.0%) during the second quarter of 2020.

National economic growth, as measured by Real Gross Domestic Product (“RGDP”), decreased at an annualized rate of 1.5% in the first quarter of 2022, according to the most recent advance estimate released by the Bureau of Economic Analysis; in the fourth quarter of 2021, the revised RGDP increased 6.9 percent. The decrease in first quarter real GDP reflected decreases in private inventory investment, exports, federal government spending, and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased. Personal consumption expenditures, nonresidential fixed investment, and residential fixed investment increased. The decrease in private inventory investment was led by decreases wholesale trade (primarily motor vehicles), as well as mining, utilities, and construction (notably, utilities). Within exports, widespread decreases in nondurable goods were partly offset by an increase in “other” business services (mainly financial services). The decrease in federal government spending primarily reflected a decrease in defense spending on intermediate goods and services. The increase in imports was led by increases in durable goods (notably, nonfood and nonautomotive consumer goods). The increase in personal consumption expenditures reflected widespread increases in services (led by housing and utilities). Within goods, an increase in durable goods (led by motor vehicles and parts) was offset by a decrease in nondurable goods (led by gasoline and other energy goods). The increase in nonresidential fixed investment reflected increases in equipment and intellectual property products.

The New York City metropolitan area’s price inflation rate, as measured by the Consumer Price Index for All Urban Consumers (“CPI-U”), was lower than the national average in the first quarter of 2022, with the metropolitan area index increasing 5.5% while the national index increased 8.0% when compared with the first quarter of 2021. Regional prices for energy products increased 25.6%, while national prices of energy products rose 28.3%. In the metropolitan area, the CPI-U exclusive of energy products increased by 4.3%, while nationally, inflation exclusive of energy products increased 6.5%. The New York Harbor spot price for conventional gasoline increased substantially more, by 57.7%, from an average price of \$1.77 per gallon to an average price of \$2.79 per gallon between the first quarters of 2021 and 2022.

In its January 15, 2022 announcement, the Federal Open Market Committee (“FOMC”) raised its target for the Federal Funds rate to the 1.50% to 1.75% range, the third increase since March. The Federal Funds rate target had been in the 0.00% to 0.25% range from March 15, 2020 until the FOMC increased the target to the 0.25% to 0.50% range on March 16, 2022; the target was further increased to the 0.75% to 1.00% range on May 4, 2022. In support of its actions, FOMC cited the recent pick-up in overall economic activity after edging down during the first quarter of 2022, along with robust jobs gains and continued low unemployment. Further, inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, energy prices are high and broader price pressures remain. The Russian invasion of Ukraine has created additional upward pressure both on inflation and global economic activity. Supply chain disruptions have been exacerbated by China’s COVID-19-related lockdowns. The FOMC seeks to achieve maximum employment, with a two percent inflation rate over the longer term. In addition to increases in the Federal Funds rate target, the FOMC since May has been to reducing its holdings of

Treasury securities and agency mortgage-backed securities The FOMC is prepared to adjust the stance of its monetary policy as appropriate if risks emerge that could impede its employment and inflation goals based on assessments of the economic outlook, and will consider information on public health, labor market conditions, inflation pressures and expectations, and financial and international developments.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was signed into law and provided \$4.0 billion in funding to the MTA, which assisted in covering operating losses through late July. The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (“CRRSAA”) became law on December 27, 2020; the MTA received \$4.1 billion from CRRSAA between in late December 2021 and January 2022. On March 11, 2021, the American Rescue Plan Act of 2021 (“ARPA”) was signed into law, and MTA expects to receive \$6.1 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, along with historically low mortgage rates, significantly strengthened mortgage activity; mortgage refinancing activity was also strong due to low mortgage rates. Mortgage Recording Tax collections in the first quarter of 2022 were higher than the first quarter of 2021 by \$47.8 million (33.7%). Average monthly receipts in the first quarter of 2022 were \$0.5 million (0.8%) 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 first quarter of 2022 (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 \$166.3 million (167.4%) higher than receipts during the first quarter of 2021. Average monthly receipts in the first quarter of 2022 were \$15.0 million (20.3%) higher than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

Results of Operations

MTA Bridges and Tunnels - For the three months ended March 31, 2022, operating revenue from tolls totaled \$525, which was \$105, or 25.0%, higher than the three months of 2021. Paid traffic for the first quarter of 2022 totaled 72.8 million crossings, which was 9.1 million, or 14.3% above the first quarter of 2021. Traffic continued to recover from the impacts of the Covid-19 pandemic but is still below pre-pandemic levels. March traffic was 27.4 million vehicles, which was 12.4% higher than in the same period in 2021, which is mainly due to improvement in the regional economy and the rebound of traffic as Covid-19 pandemic impact eases.

MTA New York City Transit - For the three months ended March 31, 2022, revenue from fares was \$641, an increase of \$210, or 48.7%, compared to March 31, 2021. For the same comparative period, total operating expenses were higher by \$14, or 0.5%, totaling \$2,672 for the three months ended March 31, 2022.

MTA Long Island Rail Road – Total operating revenue for the three months ended March 31, 2022 was \$94, which was higher by \$42, or 80.8%, compared to three months ended March 31, 2021. For the same comparative period, operating expenses were higher by \$32, or 6.9%, totaling \$498 for the three months ended March 31, 2022.

MTA Metro-North Railroad – For the three months ended March 31, 2022, operating revenues totaled \$87, an increase of \$46, or 112.2%, compared to March 31, 2021. During the same period, operating expenses increased by \$56, or 15.1%, to \$426. For the three months ended March 31, 2022, fare revenue increased by 135.3% to \$80 compared to March 31, 2021. Passenger fares accounted for 92.0% and 82.9% of operating revenues in 2022 and 2021, respectively. The remaining revenue represents collection of rental income from stores in and around passenger stations and revenue generated from advertising.

The MTA receives the equivalent of four quarters of Metropolitan Mass Transportation Operating Assistance (“MMTOA”) receipts each year, with the state advancing the first quarter of each succeeding calendar year’s receipts in the fourth quarter of the current year. This results in little or no Metropolitan Mass Transportation Operating Assistance receipts being received during the first quarter of each calendar year. The MTA has made other provisions to provide for cash liquidity during this period. During March 2016, the State appropriated \$1.6 billion in MMTOA funds. There has been no change in the timing of the State’s payment of, or MTA’s receipt of, Dedicated Mass Transportation Trust Fund (“MTTF”) receipts, which MTA anticipates will be sufficient to make monthly principal and interest deposits into the Debt Service Fund for the Dedicated Tax Fund Bonds. The total MRT for the period ended March 31, 2022 was \$194 compared to \$152 at March 31, 2021.

Capital Programs

At March 31, 2022, \$8,713 had been committed and \$2,041 had been expended for the 2020-2024 MTA Bridges and Tunnels Capital Program, \$29,377 had been committed and \$21,226 had been expended for the combined 2015-2019 MTA Capital Programs and the 2015-2019 MTA Bridges and Tunnels Capital Program, and \$28,988 had been committed and \$27,110 had been expended for the combined 2010- 2014 MTA Capital Programs and the 2010-2014 MTA Bridges and Tunnels Capital Program, and \$24,125 had been committed and \$23,929 had been expended for the combined 2005-2009 MTA Capital Programs and the 2005-2009 MTA Bridges and Tunnels Capital Program.

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

2020-2024 Capital Program – Capital programs totaling \$55,334 covering the years 2020-2024 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the “2020–2024 Commuter Capital Program”), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the “2020–2024 Transit Capital Program”) were originally approved by the MTA Board on September 25, 2019. The capital programs were subsequently submitted to the Capital Program Review Board (“CPRB”) on October 1, 2019 and approved on January 1, 2020. The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the “2020–2024 MTA Bridges and Tunnels Capital Program”) was approved by the MTA Board on September 25, 2019 and was not subject to CPRB approval.

The combined funding sources for the 2020–2024 MTA Capital Programs and the 2020-2024 MTA Bridges and Tunnels Capital Program, include \$15,000 in Central Business District tolling sources, \$10,000 in new revenue sources, \$9,785 in MTA bonds and PAYGO, \$3,327 in MTA Bridges and Tunnels bonds, \$10,696 in Federal funds, \$3,000 in State of New York funding, \$3,007 in City of New York funding, and \$520 in other contributions.

2015-2019 Capital Program — Capital programs covering the years 2015-2019 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the “2015–2019 Commuter Capital Program”), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the “2015–2019 Transit Capital Program”) were originally approved by the MTA Board in September 2014. The capital programs were subsequently submitted to the Capital Program Review Board (“CPRB”) in October 2014. This plan was disapproved by the CPRB, without prejudice, in October 2014. The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the “2015–2019 MTA Bridges and Tunnels Capital Program”) was approved by the MTA Board in September 2014 and was not subject to CPRB approval.

On April 20, 2016, the MTA Board approved revised capital programs for the years covering 2015-2019. The revised capital programs provided for \$29,456 in capital expenditures. On May 23, 2016, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems as submitted. The revised 2015-2019 MTA Bridges and Tunnels Capital Program, was approved by the MTA Board on April 20, 2016. On February 23, 2017, the MTA Board approved a revision to the CPRB portion of the capital programs for the years covering 2015-2019, adding \$119 transferred from prior capital programs to support additional investment projects. On March 30, 2017, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems as submitted. On May 24, 2017, the MTA Board approved a full amendment to the 2015-2019 Capital Programs to reflect updated project estimates and rebalanced programs to address budgetary and funding needs of priority projects that include Second Avenue Subway Phase 2, MTA Long Island Rail Road regional mobility, station enhancement work, investments at Penn Station, and new Open Road Tolling at MTA Bridges and Tunnels. On July 31, 2017, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems totaling \$29,517, as submitted. The revised 2015-2019 MTA Bridges and Tunnels Capital Program totaling \$2,940, as approved by the MTA Board in May 2017, was not subject to CPRB approval. On December 13, 2017, the MTA Board approved an amendment adding \$349 to the 2015-2019 Capital Program for the Transit system in support of the NYC Subway Action Plan. On April 25, 2018, the MTA Board approved a full amendment to increase the 2015-2019 Capital Programs to \$33,270 reflecting updated project cost estimates, emerging new needs across the agencies, and reallocation of funds within the East Side Access and Regional Investment programs, among others. On May 31, 2018, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems totaling \$30,334, as submitted. The revised 2015-2019 MTA Bridges and Tunnels Capital Program totaling \$2,936, as approved by the MTA Board in April 2018, was not subject to CPRB approval. On September 25, 2019, the MTA Board approved a full amendment to increase the 2015-2019 Capital Programs to \$33,913 reflecting updated project timing and cost estimates, new needs, and changing priorities. On February 21, 2020, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems totaling \$30,977, as submitted. The revised 2015-2019 MTA Bridges and Tunnels Capital Program totaling \$2,936, as approved by the MTA Board in September 2019, was not subject to CPRB approval.

By March 31, 2022, the revised 2015-2019 Capital Programs provided \$33,969 in capital expenditures, of which \$16,749 relates to ongoing repairs of, and replacements to, the transit system operated by MTA New York City Transit and MaBSTOA and the rail system operated by MTA Staten Island Railway; \$6,142 relates to ongoing repairs of, and replacements to, the commuter system operated by MTA Long Island Rail Road and MTA Metro-North Railroad; \$7,507 relates to the expansion of existing rail networks for both the transit and commuter systems to be managed by MTA Capital Construction; \$258 relates to Planning and Customer Service; \$376 relates to MTA Bus Company initiatives; and \$2,935 in capital expenditures for ongoing repairs of, and replacements to, MTA Bridges and Tunnels facilities.

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

from asset sale/leases, and \$273 from other sources.

2010-2014 Capital Program — Capital programs covering the years 2010–2014 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the “2010–2014 Commuter Capital Program”), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the “2010–2014 Transit Capital Program”) were originally approved by the MTA Board in September 2009. The capital programs were subsequently submitted to the CPRB in October 2009. This plan was disapproved by the CPRB, without prejudice, in December 2009 allowing the State Legislature to review funding issues in their 2010 session. The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the “2010–2014 MTA Bridges and Tunnels Capital Program”) was approved by the MTA Board in September 2009 and was not subject to CPRB approval. The MTA Board approved the revised plan for the Transit and Commuter systems on April 28, 2010 and CPRB approval of the five- year program of projects was obtained on June 1, 2010. The approved CPRB program fully funded only the first two years (2010 and 2011) of the plan, with a commitment to come back to CPRB with a funding proposal for the last three years for the Transit and Commuter Programs. On December 21, 2011, the MTA Board approved an amendment to the 2010-2014 Capital Program for the Transit, Commuter, and Bridges and Tunnels systems that fund the last three years of the program through a combination of self-help (efficiency improvements and real estate initiatives), participation by our funding partners, and innovative and pragmatic financing arrangements. On March 27, 2012, the CPRB deemed approved the amended 2010-2014 Capital Programs for the Transit and Commuter systems as submitted.

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

On August 27, 2013, the CPRB deemed approved those amended 2010-2014 Capital Programs for the Transit and Commuter systems as submitted. On July 28, 2014, the MTA Board approved an amendment to select elements of the Disaster Recovery (Sandy) and MTA New York City Transit portions of the 2010- 2014 Capital Programs, and a change in the funding plan. On September 3, 2014, the CPRB deemed approved the amended 2010-2014 Capital Programs for the Transit and Commuter systems as submitted.

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

By March 31, 2022, the 2010-2014 MTA Capital provided \$31,697 in capital expenditures, of which \$11,371 relates to ongoing repairs of, and replacements to, the transit system operated by MTA New York City Transit and MaBSTOA and the rail system operated by MTA Staten Island Railway; \$3,917 relates to ongoing repairs of, and replacements to, the commuter system operated by MTA Long Island Rail Road and MTA Metro-North Railroad; \$5,861 relates to the expansion of existing rail networks for both the transit and commuter systems to be managed by MTA Capital Construction; \$256 relates to a multi-faceted security program including MTA Police Department; \$216 relates to MTA Interagency; \$297 relates to MTA Bus Company initiatives; \$2,022 relates to the ongoing repairs of, and replacements to, MTA Bridges and Tunnels facilities; and \$7,757 relates to Superstorm Sandy recovery/mitigation capital expenditures.

The combined funding sources for the CPRB-approved 2010–2014 MTA Capital Programs and 2010–2014 MTA Bridges and Tunnels Capital Program include \$11,625 in MTA Bonds, \$2,022 in MTA Bridges and Tunnels dedicated funds, \$7,402 in Federal Funds, \$132 in MTA Bus Federal and City Match, \$719 from City Capital Funds, and \$1,270 from other sources. Also included is \$770 in State Assistance funds added to re-establish a traditional funding partnership. The funding strategy for Superstorm Sandy repair and restoration assumes the receipt of \$6,697 in insurance and federal reimbursement proceeds (including interim borrowing by MTA to cover delays in the receipt of such proceeds), \$171 in pay-as-you-go capital, supplemented, to the extent necessary, by external borrowing of up to \$889 in additional MTA and MTA Bridges and Tunnels bonds.

2005-2009 Capital Program — Capital programs covering the years 2005–2009 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the “2005–2009 Commuter Capital Program”), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the “2005–2009 Transit Capital Program”) were originally approved by

the MTA Board in April 2005 and subsequently by the CPRB in July 2005. The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the “2005–2009 MTA Bridges and Tunnels Capital Program”) was approved by the MTA Board in April 2005 and was not subject to CPRB approval. The 2005–2009 amended Commuter Capital Program and the 2005–2009 Transit Capital program (collectively, the “2005–2009 MTA Capital Programs”) were last amended by the MTA Board in July 2008. This latest 2005–2009 MTA Capital Program amendment was resubmitted to the CPRB for approval in July 2008, and was approved in August 2009.

As last amended by the MTA Board, the 2005–2009 MTA Capital Programs and the 2005–2009 MTA Bridges and Tunnels Capital Program, provided for \$23,717 in capital expenditures. By March 31, 2022, the 2005–2009 MTA Capital Programs budget increased by \$634 primarily due to the receipt of new American Recovery and Reinvestment Act (“ARRA”) funds and additional New York City Capital funds for MTA Capital Construction work still underway. Of the \$24,353 provided in capital expenditures, \$11,515 relates to ongoing repairs of, and replacements to the transit system operated by MTA New York City Transit and MABSTOA and the rail system operated by MTA Staten Island Railway; \$3,723 relates to ongoing repairs of, and replacements to, the commuter system operated by MTA Long Island Rail Road and MTA Metro-North Railroad; \$166 relates to certain interagency projects; \$7,671 relates generally to the expansion of existing rail networks for both the transit and commuter systems to be managed by the MTA Capital Construction Company (including the East Side Access, Second Avenue Subway and No. 7 subway line) and a security program throughout MTA’s transit network; \$1,127 relates to the ongoing repairs of, and replacements to, bridge and tunnel facilities operated by MTA Bridges and Tunnels; and \$152 relates to capital projects for the MTA Bus.

The combined funding sources for the MTA Board-approved 2005–2009 MTA Capital Programs and 2005–2009 MTA Bridges and Tunnels Capital Program include \$11,189 in MTA and MTA Bridges and Tunnels Bonds (including funds for LaGuardia Airport initiative), \$1,450 in New York State general obligation bonds approved by the voters in the November 2005 election, \$7,776 in Federal Funds, \$2,838 in City Capital Funds, and \$1,100 from other sources.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The 2022 MTA February Financial Plan

The February Financial Plan (“the February Plan”) incorporates into the MTA baseline several Board-approved policies and other items that were captured “below-the-line” in the November Plan. Additionally, significant changes to the 2022 Adopted Budget and 2022–2025 Financial Plan are included:

NYS Subsidies. The 2022–2023 NYS Executive Budget appropriation provides favorable changes of \$337 million in 2022 appropriated Metropolitan Mass Transportation Operating Assistance (MMTOA) and Petroleum Business Tax (PBT) subsidies for the MTA. Out-year projections of subsidies for 2023 through 2025, based on estimates provided by the New York State, are also expected to be favorable when compared with the November Plan, by \$481 million in 2023, \$544 million in 2024 and \$565 million in 2025. Over the Financial Plan period, these State subsidies are expected to surpass the November Financial Plan projections by \$1.9 billion.

2022 Fare Increase. With the appropriation of additional subsidy revenue, the proposed mid-2022 four percent fare rate increase is no longer being considered. This increase was initially proposed for implementation in March 2021 and deferred in prior financial plans. This action will reduce fare revenue by \$717 million over the Plan period.

Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) Federal Aid. Federal CRRSAA aid was anticipated in the November Plan to total \$4.0 billion, but receipts have been favorable, totaling \$4.1 billion, and are reflected in Agency baseline financials as Other Operating Revenue. It should be noted that total expected federal aid from CRRSAA and ARPA remain unchanged at \$10.5 billion and, as a result, ARPA receipts are now projected to be \$6.1 billion, down from \$6.5 billion projected in the November Plan.

East Side Access. A portion of the costs associated with the operations and maintenance of the East Side Access terminal and right-of-way that was below-the-line in the November Plan have been incorporated into LIRR, MNR and MTAHQ baselines. A portion of East Side Access expenses remains below-the-line in the February Plan: \$19 million in 2022, \$32 million in 2023, \$32 million in 2024 and \$33 million in 2025. These expenses are expected to be allocated into Agency baselines in the 2022 July Financial Plan.

Consolidated Call Center. Expenses associated with the MTA Consolidated Call Center, designed to improve operations by simplifying workstreams, reducing redundancies and standardizing processes and allowing the MTA to deliver a clear, high quality and consistent “One MTA” customer experience, has been incorporated into Agency baselines. Over the course of this Plan, there is no change from the November Plan, although \$3 million in expenses anticipated in 2021 have been shifted to 2022, for an initial net investment of \$4 million in 2022, followed by savings efficiencies from attrition resulting in net savings of \$1 million in 2023, \$2 million in 2024 and \$4 million in 2025.

The February Plan incorporates minor technical adjustments to Agency financials that total \$1.8 million in favorable change over the 2022 to 2025 Plan period. Additionally, the February Plan includes adjustments to the City Subsidy for MTA Bus

and the City Subsidy for Staten Island Railway to reflect revised Agency financial results used to estimate the distribution of CRRSAA and ARPA funding to each operating agency. These adjustments reduce City Subsidy by a combined \$341 million over the Plan period.

More detailed information on the February Plan can be found in the MTA 2021 Adopted Budget February Financial Plan 2021-2024 at www.MTA.info.

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 have eased, and the region moved into a late-pandemic phase. A significant development has been the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID-19 were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15 after the State reached its goal of 70% of adults receiving at least a first dose of the vaccine. Ridership levels continue to show improvement, although ridership remains significantly below pre-pandemic levels. MTA New York City Subway resumed 24 hours a day service on May 17, 2021, after subway service was shut down overnight for over a year to allow for thorough disinfecting of the system and other enhancements. MTA Long Island Rail Road currently operates on an 87% pre-pandemic service level. MTA Metro-North Railroad currently operates on an 89% pre-pandemic service level during the week and 100% on weekends relative to pre-pandemic levels.

- **Ridership and Traffic Update.** Daily ridership on MTA facilities continues to be well-below 2019 levels. While ridership has been steadily increasing, ridership compared to the pre-pandemic equivalent day in 2019 is down 49 percent on the subways, 47 percent for bus (combined NYCT bus and MTA Bus Company), 42 percent on MTA Metro-North Railroad, and 41 percent on the MTA Long Island Rail Road. Traffic crossings at MTA Bridges and Tunnels facilities are nearly at pre-pandemic levels with toll revenues comprising approximately 12% of our operating budget net of bridge and tunnel operations and associated debt service.
- **Federal Legislative Actions.** Three major pieces of federal emergency legislation have provided and will provide incremental federal aid to the MTA. The first was the CARES Act, which was signed into law on March 27, 2020. The CARES Act, through the Federal Transit Administration’s (“FTA”) formula funding provisions provided \$4.0 billion to MTA. The second major COVID-19 pandemic aid bill was the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (“CRRSAA”), which became law on December 27, 2020. The MTA received \$4.1 billion in aid from the CRRSAA between December 2021 (\$0.6 billion) and January 2022 (\$3.5 billion). The third major COVID-19 pandemic aid bill is the \$1.9 trillion “American Rescue Plan Act of 2021 (“ARPA”) which was signed into law by President Biden on March 11, 2021. On November 9, 2021, an agreement was reached on the allocation of the CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut. MTA is expected to receive approximately \$6.1 billion in federal aid from ARPA in 2022, of which a total of \$5.8 billion was received as of June 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 \$731.7 of direct COVID-19 related expenses incurred from the start of the pandemic through March 31, 2022 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.

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

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.

Tropical Storm Sandy Update

The total allocation of emergency relief funding from the Federal Transit Administration (“FTA”) to MTA in connection with Superstorm Sandy to date is \$5.83 billion, including \$1.599 billion allocated on September 22, 2014, through a competitive resiliency program. A total of \$5.81 billion in FTA Emergency Relief Funding has been executed: seven repair/local priority resiliency grants totaling \$4.55 billion and seventeen competitive resiliency grants totaling \$1.26 billion. As of March 31, 2022, MTA has drawn down a total of \$3.71 billion in grant reimbursement for eligible operating and capital expenses. The balance of funds to be drawn down from all twenty-four grants is available to MTA for reimbursement of eligible expenses as requisitions are submitted by MTA and approved by FTA. Additional requisitions are in process. At MTA and Amtrak’s request, in April 2018, FTA transferred \$13.5 of MTA’s emergency relief allocation to the Federal Railroad Administration (“FRA”) to allow Amtrak to execute a portion of MTA Long Island Rail Road’s Competitive Resilience scope.

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

Labor Update

Since the resumption of labor negotiations in the first quarter of 2021, after a lengthy pause interposed by the emergence of COVID-19, the MTA has sought labor agreements, both equitable and financially prudent, whose economic provisions would be patterned after those contained in the 2019-2023 TWU deal. Throughout 2021 and through the first quarter of 2022, the MTA has continued to pursue a collective bargaining strategy that recognizes both the dedication of our represented workforce and the significant financial uncertainty cast by pandemic.

As previously reported, successful negotiations through the first quarter of 2022 have produced labor agreements covering more than 90% of represented employees at Long Island Railroad and more than 60% at Metro-North. These agreements award general wage increases of 2.0% and 2.25% for 2019 and 2020, respectively, truncating the four-year pattern established in the 2019-2023 deal between New York City Transit and its largest union, TWU Local 100; and deferring its later wage increases (2.5% for 2021 and 2.75% for 2022) until negotiations on further provisions could proceed with improved estimates of the long-term effects of COVID on MTA’s finances.

Additionally, and in parallel with this collective bargaining effort, through the first quarter of 2022 the MTA has been able to settle terms with several other unions that follow other recognized agreement patterns, including nearly 1,300 represented employees whose agreements, having expired prior to 2019, mirror the provisions of the 2017-2019 TWU agreement.

In the first quarter of 2022, although negotiations with MTA’s represented employees continued apace, no new labor agreements were brought to the MTA Board for approval. The following summarizes in greater detail the status of MTA’s labor relations through March 31, 2021.

MTA Long Island Rail Road – As of March 31, 2022, MTA Long Island Rail Road had approximately 7,015 employees. Approximately 6,251 of the railroad’s employees are represented by 8 different unions in 19 bargaining units. Collective bargaining efforts in the first and second quarters of 2021 produced several agreements that were ratified and approved by the MTA Board in June. These agreements, reached separately with all MTA Long Island Rail Road unions other than the Brotherhood of Locomotive Engineers and a small group of Supervisors in the International Railway Supervisors Association, cover approximately 93% of the represented workforce at MTA Long Island Rail Road. Spanning the two-year period from April 16, 2019 through April 15, 2021, the agreements include identical provisions. They each award the same wage increases as the first two years of the current 4-year TWU Local 100 agreement: that is, 2.0% on the first day of the new agreement and an additional 2.25% one year later. They include no other financial terms. Because all the MTA Long Island Rail Road agreements passed by the Board in June span through April 2021, the railroad’s represented population are seeking new terms going forward.

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

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

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

All the MTA Metro-North Railroad labor agreements passed in 2021 covered periods that had either lapsed or would lapse before the end of 2021. Hence, at the end of the first quarter of 2022, MTA Metro-North Railroad’s represented population of

approximately 5,115 employees will be seeking new agreement terms going forward.

MTA Headquarters – As of March 31, 2022, nearly all the 3,370 represented MTA Headquarters’ employees were under expired labor agreements. Labor agreements with MTA Police members of the Police Benevolent Association (“PBA”) and of the Commanding Officers Association (“COA”) expired in October 2018, and negotiations to establish new terms with these MTA Police unions, currently covering more than 1,000 employees, or around 31% of MTA Headquarters’ represented population, were delayed by the circumstances surrounding the COVID-19 pandemic. Also, MTA Headquarters’ agreements with the Transportation Communications unions (“TCU”), currently representing approximately 841 employees who work at MTA Headquarters, are all beyond term. These include IT employees of TCU Local 982, whose agreement expired on December 31, 2019; and Business Service Center, Pensions and Procurement employees, represented by TCU Local 643, whose agreement expired March 31, 2020.

MTA New York City Transit/Manhattan and Bronx Surface Transit Operating Authority -- MTA New York City Transit and MaBSTOA currently employ approximately 45,711 people, 44,531 of whom are represented by 12 unions with 19 bargaining units. Aside from the TWU Local 100 agreement, which covers approximately 37,000 employees, by the fourth quarter MTA New York City Transit/MaBSTOA had settled terms with three separate bargaining units of TWU Local 106, whose agreements had expired prior to 2019 and whose new terms corresponded to the TWU Local 100 pattern established for that union’s 2017-2019 round of bargaining. The agency had also reached a 2017-2019 pattern-based agreement for a small unit of supervisory employees represented by Special Inspectors Supervisors Employee Association (“SISEA”).

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

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

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

Aside from TWU Local 100 and the ATU’s, at the end of the first quarter of 2022, the vast majority of the remaining represented population at MTA New York City Transit will be seeking new agreement terms going forward.

MTA Bus Company – As of March 31, 2022, MTA Bus Company has 3,807 employees, approximately 3,680 of whom are represented by three different unions (now including UTLO) and five bargaining units. The largest of these is TWU Local 100, whose members were co-parties to the agreement approved by the MTA Board in January 2020 and whose current agreement will run through May 14, 2023.

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

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

MTA Bridges and Tunnels – As of March 31, 2022, MTA Bridges and Tunnels has 928 employees, approximately 746 of whom were represented by three different labor unions (four bargaining units). All MTA Bridges and Tunnels’ labor agreements have expired. In July of 2020, the labor agreement with approximately 339 Maintainers, members of DC 37 Local 1931, expired. The most recent Memorandum of Understanding between the agency and the MTA Bridges and Tunnels Officers Benevolent Association (“BTOBA”), having been passed by the MTA Board in June 2019, expired shortly afterwards (in September of 2019), and its members remained without a successor agreement throughout 2020 and through the fourth quarter of 2021. Negotiations with the Superior Officers Benevolent Association (“SOBA”) representing approximately 121 supervisory officers, which expired March 14, 2012, have advanced to mediation. SOBA, at the time ineligible to seek binding interest arbitration, requested that the Public Employment Relations Board (“PERB”) appoint a fact-finder. This request was granted, and the parties, at year-end, awaited the conclusions of this endeavor. Finally, MTA Bridges and Tunnels’ agreement with approximately 34 administrative and clerical employees represented by the American Federation of State, County and Municipal Employees, District Council 37, Local 1655 (“DC37 Local 1655”) expired in the second quarter, on May 25, 2021. Like most represented employees at MTA,

the represented population at MTA Bridges and Tunnels is seeking new agreements going forward.

MTA Staten Island Railway – During the first quarter of 2022, MTA Staten Island Railway had 343 employees, approximately 315 of whom were represented by four different unions. In December, the MTA Board approved a 2-year, TWU-patterned agreement with 25 members of the Transportation Communications Union. It awards general wage increases of 2.0% and 2.25% for 2019 and 2020, respectively, with no other financial terms. However, the agreement covers the twenty-four month period through April 16, 2021 and was expired upon ratification. Labor agreements with all three of the railway's other unions at the end of 2021 were also expired, and all represented employees at MTA Staten Island Railway will be seeking new terms going forward.

(A Component Unit of the State of New York)

**CONSOLIDATED INTERIM STATEMENT OF NET POSITION AS OF MARCH 31, 2022
AND CONSOLIDATED STATEMENT OF NET POSITION AS OF DECEMBER 31, 2021
(\$ In millions)**

| | Business-Type Activities | |
|---|---------------------------------|------------------------------|
| | March 31, 2022 | December 31, 2021 |
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | |
| CURRENT ASSETS: | | |
| Cash unrestricted (Note 3) | \$ 421 | \$ 526 |
| Cash restricted (Note 3) | 1,332 | 256 |
| Unrestricted investments (Note 3) | 7,870 | 6,111 |
| Restricted investments (Note 3) | 2,368 | 5,451 |
| Restricted investments held under capital lease obligations (Notes 3 and 8) | 151 | 151 |
| Receivables: | | |
| Station maintenance, operation, and use assessments | 161 | 116 |
| State and regional mass transit taxes | 979 | 167 |
| Mortgage Recording Tax receivable | 68 | 63 |
| State and local operating assistance | 58 | 11 |
| Other receivable from New York City and New York State | 206 | 244 |
| Due from Build America Bonds | 3 | 1 |
| Capital project receivable from federal and state government | 36 | 3,555 |
| Other | 706 | 720 |
| Less allowance for doubtful accounts | (345) | (333) |
| Total receivables — net | <u>1,872</u> | <u>4,544</u> |
| Materials and supplies | 685 | 675 |
| Prepaid expenses and other current assets (Note 2) | 196 | 173 |
| Total current assets | <u>14,895</u> | <u>17,887</u> |
| NON-CURRENT ASSETS: | | |
| Capital assets (Note 6): | | |
| Land and construction work-in-progress | 24,030 | 23,626 |
| Other capital assets (net of accumulated depreciation) | 59,885 | 60,133 |
| Unrestricted investments (Note 3) | 1,170 | 1,001 |
| Restricted investments (Note 3) | 3,654 | 739 |
| Restricted investments held under capital lease obligations (Notes 3 and 8) | 254 | 252 |
| Other non-current receivables | 98 | 100 |
| Receivable from New York State | 10 | 10 |
| Other non-current assets | 13 | 9 |
| Total non-current assets | <u>89,114</u> | <u>85,870</u> |
| TOTAL ASSETS | <u>104,009</u> | <u>103,757</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Accumulated decreases in fair value of derivative instruments (Note 7) | 272 | 384 |
| Loss on debt refunding (Note 7) | 729 | 740 |
| Deferred outflows related to pensions (Note 4) | 2,698 | 2,706 |
| Deferred outflows related to OPEB (Note 5) | 4,033 | 4,033 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>7,732</u> | <u>7,863</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 111,741</u> | <u>\$ 111,620</u> |

See Independent Auditor's Review Report and
notes to the consolidated interim financial statements.

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(A Component Unit of the State of New York)
**CONSOLIDATED INTERIM STATEMENT OF NET POSITION AS OF MARCH 31, 2022
AND CONSOLIDATED STATEMENT OF NET POSITION AS OF DECEMBER 31, 2021
(\$ In millions)**

| | Business-Type Activities | |
|--|---------------------------------|------------------------------|
| | March 31, 2022 | December 31, 2021 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 452 | \$ 378 |
| Accrued expenses: | | |
| Interest | 825 | 317 |
| Salaries, wages and payroll taxes | 555 | 575 |
| Vacation and sick pay benefits | 1,127 | 1,113 |
| Current portion — retirement and death benefits | 39 | 37 |
| Current portion — estimated liability from injuries to persons (Note 10) | 551 | 543 |
| Capital accruals | 351 | 511 |
| Accrued expenses | 469 | 589 |
| Other | 533 | 499 |
| Total accrued expenses | <u>4,450</u> | <u>4,184</u> |
| Current portion — loan payable (Note 7) | 13 | 14 |
| Current portion — long-term debt (Note 7) | 3,404 | 8,069 |
| Current portion — obligations under capital lease (Note 8) | 15 | 14 |
| Current portion — pollution remediation projects (Note 12) | 29 | 29 |
| Unearned revenues | 2,059 | 871 |
| Total current liabilities | <u>10,422</u> | <u>13,559</u> |
| NON-CURRENT LIABILITIES: | | |
| Net pension liability (Note 4) | 4,899 | 4,899 |
| Estimated liability arising from injuries to persons (Note 10) | 4,660 | 4,557 |
| Post-employment benefits other than pensions (Note 5) | 24,409 | 24,409 |
| Loan payable (Note 7) | 79 | 82 |
| Long-term debt (Note 7) | 47,448 | 48,431 |
| Obligations under capital leases (Note 8) | 425 | 423 |
| Pollution remediation projects (Note 12) | 116 | 116 |
| Contract retainage payable | 418 | 416 |
| Derivative liabilities (Note 7) | 283 | 392 |
| Other long-term liabilities | 459 | 435 |
| Total non-current liabilities | <u>83,196</u> | <u>84,160</u> |
| TOTAL LIABILITIES | <u>93,618</u> | <u>97,719</u> |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Gain on debt refunding | 29 | 31 |
| Deferred inflows related to pensions (Note 4) | 2,994 | 2,994 |
| Deferred inflows related to OPEB (Note 5) | 1,733 | 1,733 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>4,756</u> | <u>4,758</u> |
| NET POSITION: | | |
| Net investment in capital assets | 32,712 | 29,899 |
| Restricted for debt service | 1,092 | 1,039 |
| Restricted for claims | 195 | 225 |
| Restricted for other purposes (Note 2) | 5,367 | 1,346 |
| Unrestricted | (25,999) | (23,366) |
| TOTAL NET POSITION | <u>13,367</u> | <u>9,143</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 111,741</u> | <u>\$ 111,620</u> |

See Independent Auditor's Review Report and notes to the consolidated interim financial statements.

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(A Component Unit of the State of New York)
**CONSOLIDATED INTERIM STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**
THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021
(\$ In millions)

| | Business-Type Activities | |
|---|---------------------------------|---------------------------|
| | March 31, 2022 | March 31, 2021 |
| OPERATING REVENUES: | | |
| Fare revenue | \$ 845 | \$ 538 |
| Vehicle toll revenue | 525 | 420 |
| Rents, freight, and other revenue | 144 | 128 |
| Total operating revenues | 1,514 | 1,086 |
| OPERATING EXPENSES: | | |
| Salaries and wages | 1,568 | 1,516 |
| Retirement and other employee benefits | 861 | 859 |
| Postemployment benefits other than pensions (Note 5) | 149 | 171 |
| Electric power | 132 | 103 |
| Fuel | 61 | 38 |
| Insurance | 1 | 12 |
| Claims | 91 | 93 |
| Paratransit service contracts | 88 | 79 |
| Maintenance and other operating contracts | 144 | 161 |
| Professional service contracts | 109 | 115 |
| Pollution remediation projects (Note 12) | 1 | 1 |
| Materials and supplies | 130 | 123 |
| Depreciation (Note 2) | 796 | 766 |
| Other | 56 | 31 |
| Total operating expenses | 4,187 | 4,068 |
| OPERATING LOSS | (2,673) | (2,982) |
| NON-OPERATING REVENUES (EXPENSES): | | |
| Grants, appropriations and taxes: | | |
| Tax-supported subsidies — NYS: | | |
| Mass Transportation Trust Fund subsidies | 137 | 127 |
| Metropolitan Mass Transportation Operating Assistance subsidies | 649 | 330 |
| Payroll Mobility Tax subsidies | 627 | 580 |
| MTA Aid Trust Account subsidies | 52 | 32 |
| Internet sales tax subsidies | 81 | 98 |
| Tax-supported subsidies — NYC and Local: | | |
| Mortgage Recording Tax subsidies | 194 | 152 |
| Urban Tax subsidies | 220 | 91 |
| Mansion Tax | 152 | 63 |
| Other subsidies: | | |
| Operating Assistance - 18-B program | 57 | - |
| Build America Bond subsidy | 2 | 2 |
| NYC Assistance Fund | 76 | 42 |
| Subtotal grants, appropriations and taxes | \$ 2,247 | \$ 1,517 |

See Independent Auditor's Review Report and
notes to the consolidated interim financial statements.

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(A Component Unit of the State of New York)

**CONSOLIDATED INTERIM STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021

(\$ In millions)

| | Business-Type Activities | |
|--|---------------------------------|---------------------------|
| | March 31, 2022 | March 31, 2021 |
| NON-OPERATING REVENUES (EXPENSES): | | |
| Connecticut Department of Transportation | \$ 61 | \$ 109 |
| Subsidies paid to Dutchess, Orange, and Rockland Counties | (1) | (1) |
| Interest on long-term debt (Note 2) | (488) | (441) |
| Station maintenance, operation and use assessments | 45 | 44 |
| Operating subsidies recoverable from NYC | 172 | 129 |
| Federal Transit Administration reimbursement related ARPA | 3,817 | - |
| Other net non-operating expenses | (9) | (17) |
| Net non-operating revenues | <u>5,844</u> | <u>1,340</u> |
| GAIN / (LOSS) BEFORE APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS | 3,171 | (1,642) |
| APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS | <u>1,053</u> | <u>557</u> |
| CHANGE IN NET POSITION | 4,224 | (1,085) |
| NET POSITION— Beginning of period | <u>9,143</u> | <u>4,983</u> |
| NET POSITION — End of period | <u>\$ 13,367</u> | <u>\$ 3,898</u> |

See Independent Auditor's Review Report and
notes to the consolidated interim financial statements.

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(A Component Unit of the State of New York)

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021
(\$ In millions)

| | Business-Type Activities | |
|---|---------------------------------|---------------------------|
| | March 31, 2022 | March 31, 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Passenger receipts/tolls | \$ 1,342 | \$ 963 |
| Rents and other receipts | 225 | 156 |
| Payroll and related fringe benefits | (2,534) | (2,518) |
| Other operating expenses | (607) | (711) |
| Net cash used by operating activities | <u>(1,574)</u> | <u>(2,110)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Grants, appropriations, and taxes | 1,618 | 1,810 |
| Operating subsidies from CDOT | 57 | 110 |
| Subsidies paid to Dutchess, Orange, and Rockland Counties | (9) | (10) |
| Federal Transit Administration reimbursement related to COVID-19 | 7,336 | - |
| Net cash provided by noncapital financing activities | <u>9,002</u> | <u>1,910</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| MTA bond proceeds | 617 | 982 |
| MTA Bridges and Tunnels bond proceeds | 751 | 488 |
| MTA bonds refunded/reissued | (175) | (171) |
| MTA Bridges and Tunnels bonds refunded/reissued | - | (1) |
| MTA anticipation notes redeemed | (5,139) | - |
| MTA credit facility refunded | (815) | (1) |
| Capital lease payments and terminations | - | 1 |
| Federal and local grants | 352 | 317 |
| Other capital financing activities | 1,038 | (324) |
| Payment for capital assets | (1,416) | (1,065) |
| Debt service payments | (96) | (75) |
| Internet and Mansion Tax | 237 | 161 |
| Net cash (used by) / provided by capital and related financing activities | <u>(4,646)</u> | <u>312</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of long-term securities | (7,473) | (2,722) |
| Sales or maturities of long-term securities | 529 | 953 |
| Net sales or maturities of short-term securities | 5,132 | 1,420 |
| Earnings on investments | 1 | 3 |
| Net cash used by investing activities | <u>(1,811)</u> | <u>(346)</u> |
| NET INCREASE (DECREASE) IN CASH | 971 | (234) |
| CASH — Beginning of period | 782 | 1,026 |
| CASH — End of period | <u>\$ 1,753</u> | <u>\$ 792</u> |

See Independent Auditor's Review Report and notes to the consolidated interim financial statements.

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(A Component Unit of the State of New York)

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021
(\$ In millions)

| | Business-Type Activities | |
|---|---------------------------------|---------------------------|
| | March 31, 2022 | March 31, 2021 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES: | | |
| Operating loss (Note 2) | \$ (2,673) | \$ (2,982) |
| Adjustments to reconcile to net cash used in operating activities: | | |
| Depreciation and amortization | 795 | 766 |
| Net increase in payables, accrued expenses, and other liabilities | (43) | 173 |
| Net increase in deferred outflows related to pensions | (9) | - |
| Net decrease in receivables | 338 | (67) |
| Net decrease in materials and supplies and prepaid expenses | 18 | - |
| NET CASH USED BY OPERATING ACTIVITIES | <u>\$ (1,574)</u> | <u>\$ (2,110)</u> |
| NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Noncash investing activities: | | |
| Interest expense includes amortization of net (premium) / discount (Note 2) | \$ 153 | \$ 97 |
| Total Noncash investing activities | <u>153</u> | <u>97</u> |
| Noncash capital and related financing activities: | | |
| Capital assets related liabilities | 351 | 426 |
| Capital leases related liabilities | 440 | 434 |
| Total Noncash capital and related financing activities | <u>791</u> | <u>860</u> |
| TOTAL NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES | <u>\$ 944</u> | <u>\$ 957</u> |

See Independent Auditor's Review Report and notes to the consolidated interim financial statements.

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(A Component Unit of the State of New York)

**STATEMENTS OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
AS OF DECEMBER 31, 2021 AND 2020
(\$ In thousands)**

| | Fiduciary Activities | |
|---|-----------------------------|--------------------------|
| | December 31, 2021 | December 31, 2020 |
| ASSETS: | | |
| Cash | \$ 39,379 | \$ 20,258 |
| Receivables: | | |
| Employee loans | 26,082 | 30,744 |
| Participant and union contributions | (20) | (6) |
| Investment securities sold | 5,671 | 4,671 |
| Accrued interest and dividends | 4,882 | 4,438 |
| Other receivables | 3,770 | 21,784 |
| Total receivables | 40,385 | 61,631 |
| Investments at fair value | 10,144,509 | 9,009,691 |
| Total assets | <u>\$ 10,224,273</u> | <u>\$ 9,091,580</u> |
| LIABILITIES: | | |
| Accounts payable and accrued liabilities | \$ 8,315 | \$ 5,777 |
| Payable for investment securities purchased | 14,759 | 8,780 |
| Accrued benefits payable | 74 | 115 |
| Accrued postretirement death benefits (PRDB) payable | 5,405 | 4,204 |
| Accrued 55/25 Additional Members Contribution (AMC) payable | 3,847 | 4,643 |
| Other liabilities | 2,987 | 353 |
| Total liabilities | 35,387 | 23,872 |
| NET POSITION: | | |
| Restricted for pensions | 10,188,803 | 9,067,578 |
| Restricted for postemployment benefits other than pensions | 83 | 130 |
| Total net position | 10,188,886 | 9,067,708 |
| Total liabilities and net position | <u>\$ 10,224,273</u> | <u>\$ 9,091,580</u> |

See Independent Auditor's Review Report and
notes to the consolidated interim financial statements.

(A Component Unit of the State of New York)

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2019
(\$ In thousands)**

| | Fiduciary Activities | |
|--|-----------------------------|--------------------------|
| | December 31, 2021 | December 31, 2020 |
| ADDITIONS: | | |
| Contributions: | | |
| Employer contributions | \$ 1,362,952 | \$ 941,094 |
| Non-Employer contributions | - | - |
| Implicit rate subsidy contribution | 52,933 | 69,472 |
| Participant rollovers | - | - |
| Member contributions | 58,840 | 56,856 |
| Total contributions | <u>1,474,725</u> | <u>1,067,422</u> |
| Investment income: | | |
| Net (depreciation) / appreciation in fair value of investments | 1,112,770 | 39,569 |
| Dividend income | 115,369 | 76,709 |
| Interest income | 20,453 | 27,059 |
| Less: | | |
| Investment expenses | 85,192 | 60,561 |
| Investment income, net | <u>1,163,400</u> | <u>82,776</u> |
| Other additions: | | |
| Total additions | <u>2,638,125</u> | <u>1,150,198</u> |
| DEDUCTIONS: | | |
| Benefit payments and withdrawals | 1,456,931 | 1,339,727 |
| Implicit rate subsidy payments | 52,933 | 69,472 |
| Transfer to other plans | 474 | (645) |
| Distribution to participants | 2,175 | - |
| Administrative expenses | 4,434 | 4,725 |
| Other deductions | - | - |
| Total deductions | <u>1,516,947</u> | <u>1,413,279</u> |
| Net (decrease) / increase in fiduciary net position | 1,121,178 | (263,081) |
| NET POSITION: | | |
| Restricted for Benefits: | | |
| Beginning of year | 9,067,708 | 9,330,789 |
| End of year | <u>\$ 10,188,886</u> | <u>\$ 9,067,708</u> |

See Independent Auditor's Review Report and
notes to the consolidated interim financial statements.

(A Component Unit of the State of New York)

**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2022 AND DECEMBER 31, 2021 AND
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021**

(\$ In millions, except as noted)

1. BASIS OF PRESENTATION

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

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

Metropolitan Transportation Authority and Related Groups (Component Units)

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

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

to the MTA Comptroller, 2 Broadway, 15th Floor, New York, New York 10004.

Although the MTA Group collects fares for the transit and commuter service, they provide and receive revenues from other sources, such as the leasing out of real property assets, and the licensing of advertising. Such revenues, including forecast-increased revenues from fare increases, are not sufficient to cover all operating expenses associated with such services. Therefore, to maintain a balanced budget, the members of the MTA Group providing transit and commuter service rely on operating surpluses transferred from MTA Bridges and Tunnels, operating subsidies provided by NYS and certain local governmental entities in the MTA commuter district, and service reimbursements from certain local governmental entities in the MTA commuter district and from the State of Connecticut. Non-operating subsidies to the MTA Group for transit and commuter service for the period ended March 31, 2022 and 2021 totaled \$2.2 billion and \$1.5 billion, respectively.

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

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

- Pension Trust Funds
 - MTA Defined Benefit Plan
 - The Long Island Railroad Company Plan for Additional Pensions (“Additional Plan”)
 - Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA Plan”)
 - Metro-North Commuter Railroad Company Cash Balance Plan (“MNR Cash Balance Plan”)
- Other Employee Benefit Trust Funds
 - MTA Other Postemployment Benefits Plan (“OPEB” Plan)

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

New Accounting Standards – The MTA early adopted the following GASB Statement for the period ended March 31, 2022.

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 ending after December 15, 2021, with early application encouraged. The adoption of this Statement did not have an impact on the financial position, results of operations or cash flows of the MTA.

Accounting Standards Issued but Not Yet Adopted

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

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

| GASB Statement No. | GASB Accounting Standard | Required Year of Adoption |
|--------------------|--|---------------------------|
| 96 | Subscription-based Information Technology Arrangements | 2023 |
| 99 | Omnibus 2022 | 2023 |
| 100 | Accounting Changes and Error Corrections | 2022 |
| 101 | Compensated Absences | 2023 |

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

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

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

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

Investments expected to be utilized within a year of March 31, 2022 have been classified as current assets in the consolidated interim financial statements.

In accordance with the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, investments are recorded on the consolidated statement of net position at fair value, except for commercial paper, certificates of deposit, and repurchase agreements, which are recorded at amortized cost or contract value. All investment income, including changes in the fair value of investments, is reported as revenue on the consolidated statement of revenues, expenses and changes in net position. Fair values have been determined using quoted market values at March 31, 2022 and December 31, 2021.

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

Materials and Supplies — Materials and supplies are valued at average cost, net of obsolescence reserve at March 31, 2022 and December 31, 2021 of \$220 and \$213, respectively.

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

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

Pollution remediation projects — Pollution remediation costs have been expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (See Note 12). An operating expense provision and corresponding liability measured at current value using the expected cash flow method has been recognized for certain pollution remediation obligations, which previously may not have been required to be recognized, have been recognized earlier than in the past or are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations occur when any one of the following obligating events takes place: the MTA is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists;

the MTA is named by a regulator as a responsible or potentially responsible party to participate in remediation; the MTA voluntarily commences or legally obligates itself to commence remediation efforts; or the MTA is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

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

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

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

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

Federal Transit Administration CARES Act — On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act, also known as the CARES Act, was signed into law in response to the economic fallout of the COVID-19 pandemic. The CARES Act through the Federal Transit Administration’s (“FTA”) formula funding provisions provided the MTA with \$4.0 billion of operating assistance. More detailed information about the CARES Act is presented in Note 14 to the interim consolidated financial statements.

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

Non-operating Revenues

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

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

- MRT-1 proceeds are initially used to pay MTAHQ’s operating expenses. Remaining funds, if any, are allocated 55% to certain transit operations and 45% to the commuter railroads operations. The commuter railroad portion is first used to fund the NYS Suburban Highway Transportation Fund in an amount not to exceed \$20 annually (subject to the monies being returned under the conditions set forth in the governing statute if the Commuter Railroads are operating at a deficit).
- The first \$5 of the MRT-2 proceeds is transferred to the MTA Dutchess, Orange, and Rockland (“DOR”) Fund (\$1.5 each for Dutchess and Orange Counties and \$2 for Rockland County). Additionally, the MTA must transfer to each County’s fund an amount equal to the product of (i) the percentage by which each respective County’s mortgage recording tax payments (both MRT-1 and MRT-2) to the MTA increased over such payments in 1989 and (ii) the base amount received by each county as described above. The counties do not receive any portion of the September 1, 2005 increase in MRT-1 from 25 cents per \$100 of recorded mortgage to 30 cents. As of March 31, 2022, the MTA paid to Dutchess, Orange and Rockland Counties the 2021 excess amounts of MRT-1 and MRT-2 totaling \$7.5.

- In addition, MTA New York City Transit receives operating assistance directly from NYC through a mortgage recording tax at the rate of 0.625% of the debt secured by certain real estate mortgages and through a property transfer tax at the rate of one percent of the assessed value (collectively referred to as “Urban Tax Subsidies”) of certain properties.

Mobility Tax — In June of 2009, Chapter 25 of the NYS Laws of 2009 added Article 23, which establishes the Metropolitan Commuter Transportation Mobility Tax (“MCTMT”). The proceeds of this tax, administered by the New York State Tax Department, are to be distributed to the Metropolitan Transportation Authority. This tax is imposed on certain employers and self-employed individuals engaging in business within the metropolitan commuter transportation district which includes New York City, and the counties of Rockland, Nassau, Suffolk, Orange, Putnam, Dutchess, and Westchester. This Tax is imposed on certain employers that have payroll expenses within the Metropolitan Commuter Transportation District, to pay at a rate of 0.34% of an employer’s payroll expenses for all covered employees for each calendar quarter. The employer is prohibited from deducting from wages or compensation of an employee any amount that represents all or any portion of the MCTMT. The effective date of this tax was March 1, 2009 for employers other than public school districts; September 1, 2009 for Public school districts and January 1, 2009 for individuals.

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

Dedicated Taxes — Under NYS law, subject to annual appropriation, the MTA receives operating assistance through a portion of the Dedicated Mass Transportation Trust Fund (“MTTF”) and Metropolitan Mass Transportation Operating Assistance Fund (“MMTOA”). The MTTF receipts consist of a portion of the revenues derived from certain business privilege taxes imposed by the State on petroleum businesses, a portion of the motor fuel tax on gasoline and diesel fuel, and a portion of certain motor vehicle fees, including registration and non-registration fees. Effective October 1, 2005, the State increased the amount of motor vehicle fees deposited into the MTTF for the benefit of the MTA. MTTF receipts are applied first to meet certain debt service requirements or obligations and second to the Transit System (defined as MTA New York City Transit and MaBSTOA), MTA Staten Island Railway and the Commuter Railroads to pay operating and capital costs. The MMTOA receipts are comprised of 0.375% regional sales tax, regional franchise tax surcharge, a portion of taxes on certain transportation and transmission companies, and an additional portion of the business privilege tax imposed on petroleum businesses. MMTOA receipts, to the extent that MTTF receipts are not sufficient to meet debt service requirements, will also be applied to certain debt service obligations, and secondly to operating and capital costs of the Transit System, and the Commuter Railroads.

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

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

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

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

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

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

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

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

Dedicated Revenues - In April 2019, the approved 2019-2020 New York State Budget enacted legislation that included new, dedicated revenue streams for the MTA. The additional sources of revenue include a Central Business District Tolling Program, which has an implementation date of December 31, 2020. 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 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 \$500,000 (dollars) and delivering more than one hundred sales into New York State in the previous four quarters. The sales tax will be collected at the normal rate of 4% plus local sales tax.

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

Operating Subsidies Recoverable from Connecticut Department of Transportation (“CDOT”) — A portion of the deficit from operations relating to MTA Metro-North Railroad’s New Haven line is recoverable from CDOT. Under the terms of a renewed Service Agreement, which began on January 1, 2015, and the 1998 resolution of an arbitration proceeding initiated by the State of Connecticut, CDOT pays 100.0% of the net operating deficit of MTA Metro-North Railroad’s branch lines in Connecticut (New Canaan, Danbury, and Waterbury), 65.0% of the New Haven mainline operating deficit, and 54.3% of the Grand Central Terminal (“GCT”) operating deficit. The New Haven line’s share of the net operating deficit for the use of GCT is comprised of a fixed fee, calculated using several years as a base, with annual increases for inflation, and the actual cost of operating GCT’s North End Access beginning in 1999. The Service Agreement also provides that CDOT pay 100% of the cost of non-movable capital assets located in Connecticut, 100% of movable capital assets to be used primarily on the branch lines and 65% of the cost of other movable capital assets allocated to the New Haven line. Remaining funding for New Haven line capital assets is provided by the MTA. The Service Agreement provides for automatic five-year renewals unless a notice of termination has been provided. The Service Agreement has been automatically extended for an additional five years beginning January 1, 2015 subject to the right of CDOT or MTA to terminate the agreement on eighteen month’s written notice. Capital assets completely funded by CDOT are not reflected in these financial statements, as ownership is retained by CDOT. The Service Agreement provides that final billings for each year be subject to audit by CDOT. The audits of 2019 and 2020 billings are still open.

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

In 1995, New York City ceased reimbursing MTA for the full costs of the free/reduced fare program for students. Beginning in 1996, the State and New York City each began paying \$45 million per annum to the MTA toward the cost of the program. In 2009, New York State reduced their \$45 million reimbursement to \$6.3 million. Beginning in 2010, New York State increased their annual commitment to \$25.3 million while New York City's annual commitment remained at \$45 million. These commitments have been met by both the New York State and New York City in 2019 and by New York City in 2020. For the year ended December 31, 2020, the Authority received \$20.2 million from the State. New York City had advanced \$30.0 million in 2019 for the year 2020 and paid the remaining \$15.0 million in February 2021.

Prior to April 1995, New York City was obligated to reimburse MTA New York City Transit for the transit police force. As a result of the April 1995 merger of the transit police force into the New York City Police Department, New York City no longer reimburses MTA New York City Transit for the costs of policing the Transit System on an ongoing basis since policing of the Transit System is being carried out by the New York City Police Department at New York City's expense. MTA New York City Transit continues to be responsible for certain capital costs and support services related to such police activities, a portion of which is reimbursed by New York City. MTA New York City Transit received approximately \$1.8 in the three months ended March 31, 2022 and \$0.0 in the three months ended March 31, 2021 from New York City for the reimbursement of transit police costs.

MTAHQ bills MTA Metro-North Railroad through its consolidated services for MTA police costs in the New Haven line of which MTA Metro-North Railroad recovers approximately 65% from Connecticut Department of Transportation. The amounts billed for the three months ended March 31, 2022 and 2021 were \$6.1 and \$6.0, respectively. The amounts recovered for the three months ended March 31, 2022 and 2021 were approximately \$4.0 and \$3.9, respectively.

Federal law and regulations require a paratransit system for passengers who are not able to ride the buses and trains because of their disabilities. Pursuant to an agreement between New York City and the MTA, MTA New York City Transit, effective July 1, 1993, assumed operating responsibility for all paratransit service required by the Americans with Disability Act of 1990. Services are provided by private vendors under contract with MTA New York City Transit. New York City reimburses MTA New York City Transit for the lesser of 33% of net paratransit operating expenses defined as labor, transportation, and administrative costs less fare revenues and 6% of gross urban tax proceeds as described above or, an amount that is 20% greater than the amount paid by New York City for the preceding calendar year. Fare revenues and New York City's reimbursement aggregated approximately \$60.3 and \$51.5 for the three months ended March 31, 2022 and 2021, respectively.

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

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

Liability Insurance — FMTAC, an insurance captive subsidiary of MTA, operates a liability insurance program ("ELF") that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limits are: \$8 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road, and MTA Metro-North Railroad; \$2.3 for MTA Long Island Bus and MTA Staten Island Railway; and \$1.6 for MTAHQ and MTA Bridges and Tunnels. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limits are: \$9 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; \$2.6 for MTA Long Island Bus and MTA Staten Island Railway; and \$1.9 for MTAHQ and MTA Bridges and Tunnels. Effective November 1, 2012, the self-insured retention limits for ELF were increased to the following amounts: \$10 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; \$3 for MTA Staten Island Railway; and \$2.6 for MTAHQ and MTA Bridges and Tunnels. Effective October 31, 2015, the self-insured retention limits for ELF were increased to the following amounts: \$11 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; \$3.2 for MTA Staten Island Railway, MTAHQ and MTA Bridges and Tunnels. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than \$50. The retrospective portion contains the same insurance agreements, participant retentions, and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Group entities above their specifically assigned self-insured retention with a limit of \$50 per occurrence with a \$50 annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On March 31, 2022, the balance of the assets in this program was \$183.6.

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

On March 1, 2022, the “nonrevenue fleet” automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for MTA Long Island Rail Road, MTA Staten Island Railway, MTA Police, MTA Metro-North Railroad, MTA Inspector General, MTA Construction & Development Company and MTA Headquarters. The program limit is \$11 per occurrence on a combined single limit with a \$1 per occurrence deductible. Primary limits of \$6 were procured through the commercial marketplace. Excess limits of \$5 were procured through FMTAC. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

On March 1, 2022, the “Access-A-Ride” automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for the MTA New York City Transit’s Access-A-Ride program, including the contracted operators. This policy provides \$1 per occurrence limit excess of a \$2 self-insured retention.

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

Property Insurance — Effective May 1, 2021, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2021, FMTAC directly insures property damage claims of the Related Entities in excess of a \$25 per occurrence deductible, subject to an annual \$75 aggregate deductible. The total All Risk program annual limit is \$500 per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

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

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

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

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any “certified” act of terrorism up to a maximum recovery of \$215 for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the “certified” acts of terrorism insurance or (3) 100% of any “certified” terrorism loss which exceeds \$5 and less than the \$200 TRIPRA trigger up to a maximum recovery of \$200 for any occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of \$215. Recovery under the terrorism policy is subject to a deductible of \$25 per occurrence and \$75 in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities’ deductible in any one year exceed \$75 future losses in that policy year are subject to a deductible of \$7.5. The terrorism coverages expire at midnight on May 1, 2023.

Pension Plans — In accordance with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the MTA recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the MTA’s proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the measurement date of each of the qualified pension plans. Changes in the net pension liability during the year are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the year incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows

of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the year in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the year in which the difference occurred.

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

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

3. CASH AND INVESTMENTS

Cash - The Bank balances are insured up to \$250 thousand in the aggregate by the Federal Deposit Insurance Corporation (“FDIC”) for each bank in which funds are deposited. As of March 31, 2022, restricted cash, primarily for capital projects, totaled \$1,332.

Cash, including deposits in transit, consists of the following at March 31, 2022 and December 31, 2021 (in millions):

| | March 31, 2022 | | December 31, 2021 | |
|--|-----------------|-----------------|-------------------|---------------|
| | Carrying Amount | Bank Balance | Carrying Amount | Bank Balance |
| FDIC insured or collateralized deposits | \$ 215 | \$ 213 | \$ 281 | \$ 280 |
| Uninsured and not collateralized | 1,538 | 1,516 | 501 | 482 |
| Total Balance | <u>\$ 1,753</u> | <u>\$ 1,729</u> | <u>\$ 782</u> | <u>\$ 762</u> |

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

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

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

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

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

The MTA had the following recurring fair value measurements as of March 31, 2022 and December 31, 2021 (in millions):

| Investments by fair value level | March 31, | Fair Value Measurements | | December 31, | Fair Value Measurements | |
|--|------------------|-------------------------|-----------------|------------------|-------------------------|-----------------|
| | 2022 | Level 1 | Level 2 | 2021 | Level 1 | Level 2 |
| Debt Securities: | | | | | | |
| U.S. treasury securities | \$ 13,230 | \$ 9,971 | \$ 3,259 | \$ 10,695 | \$ 10,327 | \$ 368 |
| U.S. government agency | 614 | - | 614 | 325 | - | 325 |
| Commercial paper | 561 | - | 561 | 1,615 | - | 1,615 |
| Asset-backed securities | 26 | - | 26 | 23 | - | 23 |
| Commercial mortgage-backed securities | 168 | - | 168 | 166 | - | 166 |
| Foreign bonds | 18 | 18 | - | 20 | 20 | - |
| Corporate bonds | 133 | 133 | - | 135 | 135 | - |
| Tax Benefit Lease Investments: | | | | | | |
| U.S. treasury securities | 192 | 191 | 1 | 197 | 197 | - |
| U.S. government agency | 128 | 70 | 58 | 141 | 76 | 65 |
| Repurchase agreements | 280 | 280 | - | 274 | 274 | - |
| Equity Securities | 1 | 1 | - | 1 | 1 | - |
| Total investments by fair value level | 15,351 | \$ 10,664 | \$ 4,687 | 13,592 | \$ 11,030 | \$ 2,562 |
| Capital leases | 116 | | | 113 | | |
| Total Investments | \$ 15,467 | | | \$ 13,705 | | |

Investments classified as Level 1 of the fair value hierarchy, totaling \$10,664 and \$11,030 as of March 31, 2022 and December 31, 2021, respectively, are valued using quoted prices in active markets. Fair values include accrued interest to the extent that interest is included in the carrying amounts. Accrued interest on investments other than Treasury bills and coupons is included in other receivables on the statement of net position. The MTA's investment policy states that securities underlying repurchase agreements must have a fair value at least equal to the cost of the investment.

U.S. Government agency securities totaling \$672 and \$390, U.S. treasury securities totaling \$3,260 and \$368, commercial paper totaling \$561 and \$1,615, asset-backed securities totaling \$26 and \$23, and commercial mortgage-backed securities totaling \$168 and \$166 as of March 31, 2022 and December 31, 2021, respectively, classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by a third-party pricing service. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices and indices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from a third-party pricing service or our custodian bank.

In connection with certain lease transactions described in Note 8, the MTA has purchased securities or entered into payment undertaking, letter of credit, or similar type agreements or instruments (guaranteed investment contracts) with financial institutions, which generate sufficient proceeds to make basic rent and purchase option payments under the terms of the leases. If the obligors do not perform, the MTA may have an obligation to make the related rent payments.

All investments, other than the investments restricted for capital lease obligations, are either insured or registered and held by the MTA or its agent in the MTA's name. Investments restricted for capital lease obligations are either held by MTA or its agent in the MTA's name or held by a custodian as collateral for MTA's obligation to make rent payments under capital lease obligations. Investments had weighted average yields of 2.73% and 1.14% for the three months ended March 31, 2022 and year ended December 31, 2021, respectively.

Credit Risk — At March 31, 2022 and December 31, 2021, the following credit quality rating has been assigned to MTA investments by a nationally recognized rating organization (in millions):

| Quality Rating Standard & Poor's | March 31, 2022 | Percent of Portfolio | December 31, 2021 | Percent of Portfolio |
|-------------------------------------|-------------------|-------------------------|----------------------|-------------------------|
| A-1+ | \$ 325 | 2% | \$ 45 | 0% |
| A-1 | 562 | 4% | 1,615 | 12% |
| AAA | 274 | 2% | 303 | 2% |
| AA+ | 92 | 1% | 65 | 1% |
| AA | 32 | 0% | 29 | 0% |
| A | 69 | 0% | 72 | 1% |
| A- | 142 | 1% | 147 | 1% |
| BBB | 55 | 0% | 60 | 0% |
| B | - | 0% | - | 0% |
| Not Rated | 307 | 2% | 286 | 2% |
| U.S. Government | 13,492 | 88% | 10,969 | 81% |
| Total | 15,350 | 100% | 13,591 | 100% |
| Equities and capital leases | 117 | | 114 | |
| Total investment | <u>\$ 15,467</u> | | <u>\$ 13,705</u> | |

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

| (In millions) | March 31, 2022 | | December 31, 2021 | |
|--|------------------|------------------------|-------------------|------------------------|
| | Fair Value | Duration (in years) | Fair Value | Duration (in years) |
| U.S. Treasuries | \$ 13,230 | 6.07 | \$ 10,697 | 5.14 |
| Federal Agencies | 614 | 5.63 | 324 | 5.67 |
| Tax benefits lease investments | 320 | 6.04 | 337 | - |
| Repurchase agreements | 280 | - | 274 | - |
| Commercial paper | 561 | 0.01 | 1,615 | - |
| Asset-backed securities ⁽¹⁾ | 26 | 3.69 | 23 | 3.83 |
| Commercial mortgage-backed securities ⁽¹⁾ | 168 | 5.18 | 166 | 4.29 |
| Foreign bonds ⁽¹⁾ | 18 | 7.14 | 20 | 7.08 |
| Corporates ⁽¹⁾ | 133 | 6.70 | 135 | 6.92 |
| Total fair value | 15,350 | | 13,591 | |
| Modified duration | | 5.71 | | 4.32 |
| Equities ⁽¹⁾ | 1 | | 1 | |
| Investments with no duration reported | 116 | | 113 | |
| Total investments | <u>\$ 15,467</u> | | <u>\$ 13,705</u> | |

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

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

- obligations of the State or the United States Government;
- obligations of which the principal and interest are guaranteed by the State or the United States government;
- obligations issued or guaranteed by certain Federal agencies;
- repurchase agreements fully collateralized by the obligations of the foregoing United States Government and Federal agencies;
- certain certificates of deposit of banks or trust companies in the State;

- certain banker's acceptances with a maturity of 90 days or less;
- certain commercial paper;
- certain municipal obligations; and
- certain mutual funds up to \$10 in the aggregate.

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

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

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

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

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

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

- certain equities; and
- certain mutual funds.

FMTAC is prohibited from making the following investments:

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

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

4. EMPLOYEE BENEFITS

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

Plan Descriptions

1. Additional Plan —

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

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

The pension plan has a separately issued financial statement that is publicly available and contains required descriptions and supplemental information regarding the employee benefit plan. The financial statements may be obtained at www.mta.info or by writing to, Long Island Rail Road, Controller, 93-02 Sutphin Boulevard – mail code 1421, Jamaica, New York 11435.

2. MaBSTOA Plan —

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

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

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

3. MNR Cash Balance Plan —

The MNR Cash Balance Plan is a single employer, defined benefit pension plan administered by MTA Metro-North Railroad. The MNR Cash Balance Plan covers non-collectively bargained employees, formerly employed by Conrail, who joined MTA Metro-North Railroad as management employees between January 1 and June 30, 1983, and were still employed as of December 31, 1988. Effective January 1, 1989, these management employees were covered under the Metro-North Commuter Railroad Defined Contribution Plan for Management Employees (the "Management Plan") and the MNR Cash Balance Plan was closed to new participants. The assets of the Management Plan were merged with the Metropolitan Transportation Authority Defined Benefit Plan for Non-Represented Employees (now titled as the Metropolitan Transportation Authority Defined Benefit Pension Plan) as of the asset transfer date of July 14, 1995. The MNR Cash Balance Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) and 501(a) of the Internal Revenue Code. Accordingly, the MNR Cash Balance Plan is tax-exempt and is not subject to the provisions of ERISA.

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

Further information about the MNR Cash Balance Plan is more fully described in the separately issued financial statements that can be obtained by writing to MTA Comptroller, 2 Broadway, 15th Floor, New York, New York, 10004. These statements are also available at www.mta.info.

4. *MTA Defined Benefit Plan* —

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

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

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

5. *NYCERS* —

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

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

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

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

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

6. *NYSLERS* —

NYSLERS is a cost-sharing, multiple-employer defined benefit retirement system. The New York State Comptroller’s Office administers the NYSLERS’ plan. The net position of NYSLERS is held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all assets and record changes in fiduciary net position allocated to the plan. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of NYSLERS. NYSLERS’ benefits are established under the provisions of the New York State RSSL. Once a public employer elects to participate in NYSLERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

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

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

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

Benefits Provided

1. Additional Plan —

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

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

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

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

Death and Disability Benefits— Participants who become disabled after accumulating 10 years of credited service and who meet the requirements as described in the Additional Plan receive a disability benefit. Disability pension benefits are calculated based on the participant's qualifying service and a percentage of final average compensation reduced by the full amount of benefit under the Federal Railroad Retirement Act. Survivorship benefits are paid to the participant's spouse when a survivorship option is elected or when an active participant has not divested his or her spouse of benefits. The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than five thousand dollars is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

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

2. MaBSTOA Plan —

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

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

Tier 1 —

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

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

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

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

Tier 2 —

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

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

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

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

Tiers 3, 4—

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

Tier 3 and 4 members in the basic 55/25Plan must be at least age 55 with the completion of at least 25 years of service, or be at least age 62 with the completion of at least 5 years of service, to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 25 years of service, is equal to 2.0% of FAC for the first 30

years of service plus 1.5% of FAC for years of service in excess of 30. If the member completes less than 25 years of credited service, the benefit equals 1- 2/3% of FAC multiplied by years of service.

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

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

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

Tier 6 —

Eligibility and Benefit Calculation: Tier 6 members in the 55/25 Special Plan must be at least age 55 with the completion of at least 25 years, or at least age 63 with the completion of at least 10 years of service, to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 25 years of service, is equal to 2.0% of Final Average Salary (“FAS”) for the first 30 years of service plus 1.5% of FAS for years of service in excess of 30. If the member completes less than 20 years of credited service, the benefit equals 1- 2/3% of FAS multiplied by years of service. FAS is defined as the highest average pensionable compensation over five consecutive years.

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

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

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

3. MNR Cash Balance Plan —

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

Participants of the MNR Cash Balance Plan are eligible for early retirement benefits upon termination of employment, the attainment of age 62, or age 60 and completion of 15 years of service, or age 55 and the completion of 30 years of service. The early retirement benefits paid is the normal retirement pension deferred to age 65 or an immediate pension equal to the life annuity actuarial equivalent of a participant’s escalating annuity at normal retirement date indexed by

the Initial Benefit Escalator from early retirement date to normal retirement date and reduced by 5/9 of 1% for each month retirement precedes age 65 up to 60 months and 5/18 of 1% for each month after 60 months.

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

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

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

4. MTA Defined Benefit Plan

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

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

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

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

Retirement benefits paid from the Plan to covered represented MTA Bus employees include service retirement allowances or early retirement allowances. Under the programs covering all represented employees at Baisley Park, Eastchester, La Guardia, Spring Creek, and Yonkers Depots and the represented employees at College Point Depot, JFK, Far Rockaway a participant is eligible for a service retirement allowance upon termination if the participant has attained age sixty-five and completed at least five years of credited service or if the participant has attained age 57 and completed at least 20 years of credited service. A participant hired prior to June 2009 from Baisley Park, College Point, and La Guardia Depots is eligible for an early retirement allowance if the participant has attained age 55 and completed 20 years of credited service. Terminated participants with five or more years of credited service who are not eligible to receive a service retirement allowance or early retirement allowance are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on or after the participant attains age 65.

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

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

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

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

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

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

Pre -1988 MTA Long Island Rail Road participants who become disabled after accumulating 10 years of credited service and who meet the requirements as described in the Plan may be eligible to receive a disability benefit. Disability pension benefits are based on the participant's qualified service and a percentage of final average compensation reduced by the full amount of the disability benefit under the Federal Railroad Retirement Act. Survivorship benefits for pre-1988 MTA Long Island Rail Road participants are paid to the spouse when a survivorship option is elected or when an active participant has not divested their spouse of benefits.

The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than \$5,000 (whole dollars) is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

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

In the MSBA Employees' Pension Plan, there are special spousal benefits payable upon the death of a participant who

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

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

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

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

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

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

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

5. NYCERS —

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

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

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

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

Tier 4 participants upon satisfying applicable eligibility requirements may be mandated or elected, as applicable, into the Basic 62/5 Retirement Plan, the 57/5 Plan, the 55/25 Plan, the Transit 55/25 Plan, the MTA Triborough Bridge and Tunnel Authority 50/20 Plan, and the Automotive Member 25/50 Plan. These plans provide annual benefits of 40% to 50% of final salary after 20 or 25 years of service, with additional benefits equal to a specified percentage per year of

service (currently 1.5% to 2%) of final salary.

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

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

6. NYSLERS —

NYSLERS provides retirement benefits as well as death and disability benefits. Members who joined prior to January 1, 2010 need 5 years of service to be fully vested. Members who joined on or after January 1, 2010 need 10 years of service to be fully vested.

Tiers 1 and 2 —

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

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

Tiers 3, 4, and 5 —

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

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

Tier 6 —

Eligibility: Generally, Tier 6 members must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63.

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

Disability Benefits— Generally, disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets

of other benefits depend on a member's tier, years of service, and plan. Ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service. For all eligible Tier 1 and Tier 2 members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

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

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

Membership

As of January 1, 2020 and January 1, 2019, the dates of the most recent actuarial valuations, membership data for the following pension plans are as follows:

Membership at:

| | January 1, 2020 | | | | TOTAL |
|--|--------------------------|--------------------|-----------------|-----------------------------|--------|
| | MNR Cash Balance Plan | Additional Plan | MaBSTOA Plan | MTA Defined Benefit Plan | |
| Active Plan Members | 2 | 34 | 8,795 | 18,960 | 27,791 |
| Retirees and beneficiaries receiving benefits | 24 | 5,483 | 5,944 | 11,468 | 22,919 |
| Vested formerly active members not yet receiving benefits | 15 | 19 | 1,040 | 1,519 | 2,593 |

Membership at:

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

Contributions and Funding Policy

1. Additional Plan —

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

Upon termination of employment before retirement, vested participants who have been required to contribute must choose to: (1) receive a refund of their own contributions, including accumulated interest at rates established by the MTA Long Island Railroad's Board of Managers of Pensions (1.5% in 2020 and 2019), or (2) leave their contributions in the Additional Plan until they retire and become entitled to the pension benefits. Non-vested participants who have been required to contribute will receive a refund of their own contributions, including accumulated interest at rates established by the MTA Long Island Railroad's Board of Managers of Pensions (1.5% in 2020 and 2019).

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

2. *MaBSTOA Plan* —

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

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

- i. Tier 1 and 2 - Basic Plans;
- ii. Tier 3 and 4 - 55 and 25 Plan;
- iii. Tier 3 and 4 - Regular 62 and 5 Plan;
- iv. Tier 4 - 57 and 5 Plan
- v. Tier 6 - 55 and 25 Special Plan
- vi. Tier 6 - Basic 63 and 10 Plan

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

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

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

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

3. *MNR Cash Balance Plan* —

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

MTA Metro-North Railroad's funding policy with respect to the MNR Cash Balance Plan was to contribute the full amount of the pension benefit obligation ("PBO") of approximately \$2.977 million to the trust fund in 1989. As participants retire, the Trustee has made distributions from the MNR Cash Balance Plan. MTA Metro-North Railroad anticipated that no further contributions would be made to the MNR Cash Balance Plan. However, due to changes in actuarial assumptions and market performance, additional contributions were made to the MNR Cash Balance Plan in several subsequent years. Per the January 1, 2020 valuation, there is no unfunded accrued liability and the actuarially

determined contribution is \$0. Per the January 1, 2019 valuation, there is an unfunded accrued liability of \$8,252 (in whole dollars) and the actuarially determined contribution is \$8,582 (in whole dollars).

4. MTA Defined Benefit Plan —

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

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

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

Police Officers who become participants of the MTA Police Program prior to January 9, 2010 contribute to that program at various rates. Police Officers who become participants on or after January 9, 2010, but before April 1, 2012 contribute 3% up to the completion of 30 years of service, the maximum amount of service credit allowed. Police Officers who become participants on or after April 1, 2012 contribute 3%, with additional new rates starting April 2013, ranging from 3.5%, 4.5%, 5.75%, to 6%, depending on salary level, for their remaining years of service.

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

Covered MTA Bus represented employees and certain non-represented employees are required to contribute a fixed dollar amount, which varies, by depot. Currently, non-represented employees at certain Depots, contribute \$21.50 (whole dollars) per week. Non-represented employees at Eastchester hired prior to 2007 contribute \$25 (whole dollars) per week. Represented employees at Baisley Park, College Point, Eastchester, Far Rockaway, JFK, LaGuardia and Yonkers Depots contribute \$29.06 (whole dollars) per week; Spring Creek represented employees contribute \$32.00 (whole dollars) per week. Certain limited number of represented employees promoted prior to the resolution of a bargaining impasse continue to participate in the MTA Defined Benefit Plan that was in effect before their promotion. Certain MTA Bus non-represented employees who are formerly employed by the private bus companies (Jamaica, Green, Triboro and Command) at Baisley Park, Far Rockaway, JFK, LaGuardia and Spring Creek Depots who are in the pension program covering only such employees make no contributions to the program. (Note: the dollar figures in this paragraph are in dollars, not in millions of dollars).

5. NYCERS —

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

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

In general, Tier 1 and Tier 2 member contribution rates are dependent upon the employee's age at membership and retirement plan election. In general, Tier 3 and Tier 4 members make basic contributions of 3.0% of salary, regardless of age at membership. Effective October 1, 2000, in accordance with Chapter 126 of the Laws of 2000, these members,

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

NYCERS established a "special program" for employees hired on or after July 26, 1976. A plan for employees, who have worked 20 years, and reached age 50, is provided to Bridge and Tunnel Officers, Sergeants and Lieutenants and Maintainers. Also, an age 57 retirement plan is available for all other such MTA Bridges and Tunnels employees. Both these plans required increased employee contributions.

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

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

6. NYSLERS —

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

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

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

A summary of the aggregate actual contributions made to each pension plan for the years ended December 31, 2021 and 2020 are as follows:

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

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

Net Pension Liability

The MTA's net pension liabilities for each of the pension plans reported at December 31, 2021 and 2020 were measured as of the fiscal year-end dates for each respective pension plan. The total pension liabilities used to calculate those net pension liabilities were determined by actuarial valuations as of each pension plan's valuation date, and rolled forward to the respective year-ends for each pension plan. Information about the fiduciary net position of each qualified pension plan's fiduciary net position has been determined on the same basis as reported by each respective qualified pension

plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan, and investments are reported at fair value. The following table provides the measurement and valuation dates used by each pension plan to calculate the MTA's aggregate net pension liability.

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

Pension Plan Fiduciary Net Position

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

Actuarial Assumptions

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

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

| Valuation Date: | MTA Defined Benefit Plan | | NYCERS | | NYSLERS | |
|----------------------------|---|---|---|---|---|---|
| | January 1, 2020 | January 1, 2019 | June 30, 2020 | June 30, 2019 | April 1, 2020 | April 1, 2019 |
| Investment Rate of Return | 6.50% per annum, net of investment expenses. | 6.50% per annum, net of investment expenses. | 7.00% per annum, net of expenses. | 7.00% per annum, net of expenses. | 5.90% per annum, including inflation, net of investment expenses. | 6.80% per annum, including inflation, net of investment expenses. |
| Salary Increases | Varies by years of employment, and employee group; 2.75% General Wage Increases for TWU Local 100 MTA Bus hourly employees. | Varies by years of employment, and employee group; 2.75% General Wage Increases for TWU Local 100 MTA Bus hourly employees. | In general, merit and promotion increases plus assumed General Wage increases of 3.0% per year. | In general, merit and promotion increases plus assumed General Wage increases of 3.0% per year. | 4.4% in ERS, 6.2% in PFRS | 4.2% in ERS, 5.0% in PFRS |
| Inflation | 2.25%; 3.25% for Railroad Retirement Wage Base. | 2.25%; 3.25% for Railroad Retirement Wage Base. | 2.50% | 2.50% | 2.70% | 2.50% |
| Cost-of Living Adjustments | 60% of inflation assumption or 1.35%, if applicable. | 60% of inflation assumption or 1.35%, if applicable. | 1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees. | 1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees. | 1.40% per annum. | 1.30% per annum. |

Mortality

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

The actuarial assumptions used in the January 1, 2020 and 2019 valuations for the MTA plans are based on an experience study covering the period from January 1, 2006 to December 31, 2011. The mortality assumption used in the January 1, 2020 and 2019 valuations are based on an experience study for all MTA plans covering the period from January 1, 2011 to December 31, 2015. The pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee. As generational tables, they reflect mortality improvements both before and after the measurement date.

Pre-retirement: The MTA plans utilized RP-2000 Employee Mortality Table for Males and Females with Blue collar adjustments.

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

Post-retirement Disabled Lives: Assumption utilized in the January 1, 2020 and 2019 valuation was the RP-2014 Disabled Annuitant mortality table for males and females. This assumption was not applicable for the Additional Plan and the MNR Cash Balance Plan.

NYCERS:

Pursuant to Section 96 of the New York City Charter, an independent actuarial firm conducts studies of the actuarial assumptions used to value liabilities of the NYCERS pension plan every two years. In accordance, with the Administrative Code of the City of New York (“ACNY”), the Board of Trustees of NYCERS are to periodically review and adopt actuarial assumptions as proposed by the Actuary for use in the determination of Employer Contributions, which are also generally used to determine the total pension liability, as applicable.

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

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

NYSLERS:

The actuarial assumptions used in the April 1, 2020 and April 1, 2019 valuations are based on the results of an actuarial experience study for the period April 1, 2010 through March 31, 2015. The annuitant mortality rates are based on the April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2020. The previous actuarial valuation as of April 1, 2019 used April 1, 2020 – March 31, 2015 System experience, mortality improvements based on the Society of Actuaries’ Scale MP-2018.

Expected Rate of Return on Investments

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

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

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

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

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

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

| Asset Class | NYCERS | | NYSLERS | |
|--|-------------------------|--|-------------------------|--|
| | Target Asset Allocation | Long - Term Expected Real Rate of Return | Target Asset Allocation | Long - Term Expected Real Rate of Return |
| U.S. Public Market Equities | 27.00% | 7.10% | 32.00% | 4.05% |
| International Public Market Equities | 0.00% | 0.00% | 15.00% | 6.30% |
| Developed Public Market Equities | 12.00% | 7.20% | 0.00% | 0.00% |
| Emerging Public Market Equities | 5.00% | 9.00% | 0.00% | 0.00% |
| Fixed Income | 30.50% | 1.80% | 23.00% | 0.00% |
| Private Equities | 8.00% | 11.30% | 10.00% | 6.75% |
| Alternatives (Real Assets, Hedge Funds) | 0.00% | 0.00% | 3.00% | 5.95% |
| Real Estate | 7.50% | 6.90% | 9.00% | 4.95% |
| Infrastructure | 4.00% | 6.00% | 0.00% | 0.00% |
| Absolute Return Strategies | 0.00% | 0.00% | 0.00% | 0.00% |
| Opportunistic Portfolio | 6.00% | 7.10% | 3.00% | 4.50% |
| Cash | 0.00% | 0.00% | 1.00% | 0.50% |
| Credit | 0.00% | 0.00% | 4.00% | 3.63% |
| | <u>100.00%</u> | | <u>100.00%</u> | |
| Assumed Inflation - Mean | | 2.50% | | 2.70% |
| Long Term Expected Rate of Return | | 7.00% | | 5.90% |

Discount rate

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

| Year ended December 31, | Discount Rate | | | |
|---------------------------------|--------------------------|-------|--------------------------|-------|
| | 2021 | | 2020 | |
| | Plan Measurement Date | Rate | Plan Measurement Date | Rate |
| Pension Plan | | | | |
| Additional Plan | December 31, 2020 | 6.50% | December 31, 2019 | 6.50% |
| MaBSTOA Plan | December 31, 2020 | 6.50% | December 31, 2019 | 6.50% |
| MNR Cash Balance Plan | December 31, 2020 | 3.00% | December 31, 2019 | 3.50% |
| MTA Defined Benefit Plan | December 31, 2020 | 6.50% | December 31, 2019 | 6.50% |
| NYCERS | June 30, 2021 | 7.00% | June 30, 2020 | 7.00% |
| NYSLERS | March 31, 2021 | 5.90% | March 31, 2020 | 6.80% |

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

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

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

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

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

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

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

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

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

| Measurement Date: | December 31, 2020 | | | December 31, 2019 | | |
|--------------------------|-----------------------|-------------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| | 1% Decrease (5.5%) | Discount Rate (6.5%) | 1% Increase (7.5%) | 1% Decrease (5.5%) | Discount Rate (6.5%) | 1% Increase (7.5%) |
| | (in thousands) | | | (in thousands) | | |
| Additional Plan | \$ 702,167 | \$ 596,633 | \$ 504,666 | \$ 682,677 | \$ 571,110 | \$ 474,087 |
| MaBSTOA Plan | 1,421,343 | 939,770 | 531,498 | 1,293,875 | 822,666 | 422,759 |
| MTA Defined Benefit Plan | 2,812,063 | 1,937,270 | 1,200,642 | 2,551,551 | 1,726,462 | 1,031,686 |

| | December 31, 2020 | | | December 31, 2019 | | |
|-----------------------|-----------------------|-------------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| | 1% Decrease (2.0%) | Discount Rate (3.0%) | 1% Increase (4.0%) | 1% Decrease (2.5%) | Discount Rate (3.5%) | 1% Increase (4.5%) |
| | (in whole dollars) | | | (in whole dollars) | | |
| MNR Cash Balance Plan | \$ 7,343 | \$ (15,852) | \$ (36,311) | \$ 17,379 | \$ (6,494) | \$ (27,526) |

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

The following table presents the MTA's proportionate share of the net pension liability of NYCERS based on the June 30, 2020 and June 30, 2019 actuarial valuations, rolled forward to June 30, 2021 and June 30, 2020, respectively, and the proportion percentage of the aggregate net pension liability allocated to the MTA:

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

The following table presents the MTA's proportionate share of the net pension liability of NYSLERS based on the April 1, 2020 and April 1, 2019 actuarial valuations, rolled forward to March 31, 2021 and March 31, 2020, respectively, and the proportion percentage of the aggregate net pension liability allocated to the MTA:

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

The MTA's proportion of each respective Plan's net pension liability was based on the MTA's actual required contributions made to NYCERS for the plan's fiscal year-end June 30, 2021 and 2020 and to NYSLERS for the plan's fiscal year-end March 31, 2021 and 2020, relative to the contributions of all employers in each plan.

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

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

| Measurement Date: | June 30, 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%) |
| NYCERS | \$ 3,738,910 | \$ 1,424,952 | \$ (538,293) | \$ 7,695,327 | \$ 5,147,445 | \$ 2,997,039 |

| Measurement Date: | March 31, 2021 | | | March 31, 2020 | | |
|-------------------|-----------------------|-------------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| | 1% Decrease (4.9%) | Discount Rate (5.9%) | 1% Increase (6.9%) | 1% Decrease (5.8%) | Discount Rate (6.8%) | 1% Increase (7.8%) |
| NYSLERS | \$ 86,873 | \$ 313 | \$ (79,515) | \$ 167,973 | \$ 91,524 | \$ 21,115 |

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

For the three-month period ended March 31, 2022 and year ended December 31, 2021, the MTA recognized pension expense related to each pension plan as follows (in \$ thousands):

| Pension Plan | March 31, 2022 | December 31, 2021 |
|--------------------------|-------------------|----------------------|
| Additional Plan | \$ 17,775 | \$ 50,360 |
| MaBSTOA Plan | 36,765 | 140,280 |
| MNR Cash Balance plan | - | 7 |
| MTA Defined Benefit Plan | 97,162 | 413,652 |
| NYCERS | 195,021 | (47,824) |
| NYSLERS | 4,071 | 8,189 |
| Total | \$ 350,794 | \$ 564,664 |

For the three-month period ended March 31, 2022 and year ended December 31, 2021, the MTA reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows (in \$ thousands):

| For the Period Ended March 31, 2022 | Additional Plan | | MaBSTOA Plan | | MNR Cash Balance Plan | | MTA Defined Benefit Plan | |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | \$ - | \$ 17,004 | \$ 3,896 | \$ - | \$ - | \$ 218,415 | \$ 13,714 |
| Changes in assumptions | - | - | 121,560 | - | - | - | 535,702 | 17,580 |
| Net difference between projected and actual earnings on pension plan investments | 27,816 | - | 57,062 | - | - | 19 | 72,382 | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | - | - | - | - | - | - | 78,760 | 78,760 |
| Employer contributions to the plan subsequent to the measurement of net pension liability | 70,553 | - | 156,204 | - | - | - | 396,144 | - |
| Total | <u>\$ 98,369</u> | <u>\$ -</u> | <u>\$ 351,830</u> | <u>\$ 3,896</u> | <u>\$ -</u> | <u>\$ 19</u> | <u>\$ 1,301,403</u> | <u>\$ 110,054</u> |

| For the Period Ended March 31, 2022 | NYCERS | | NYSLERS | | TOTAL | |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 365,770 | \$ 164,835 | \$ 3,822 | \$ - | \$ 605,011 | \$ 182,445 |
| Changes in assumptions | 1,318 | 176,775 | 57,548 | 1,085 | 716,128 | 195,440 |
| Net difference between projected and actual earnings on pension plan investments | - | 2,091,098 | - | 89,908 | 157,260 | 2,181,025 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 55,095 | 353,104 | 3,424 | 2,823 | 137,279 | 434,687 |
| Employer contributions to the plan subsequent to the measurement of net pension liability | 442,960 | - | 16,284 | - | 1,082,145 | - |
| Total | <u>\$ 865,143</u> | <u>\$ 2,785,812</u> | <u>\$ 81,078</u> | <u>\$ 93,816</u> | <u>\$ 2,697,823</u> | <u>\$ 2,993,597</u> |

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

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

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

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

| Recognition Period (in years) | Differences between expected and actual experience | Changes in proportion and differences between employer contributions and proportionate share of contributions | Changes in actuarial assumptions |
|-------------------------------|--|---|--|
| Pension Plan | | | |
| Additional Plan | 1.00 | N/A | 1.00 |
| MaBSTOA Plan | 6.60 | N/A | 6.60 |
| MNR Cash Balance Plan | 1.00 | N/A | 1.00 |
| MTA Defined Benefit Plan | 8.60 | 8.60 | 8.60 |
| NYCERS | 6.04 | 6.04 | 6.04 |
| NYSLERS | 5.00 | 5.00 | 5.00 |

For the three-month period ended March 31, 2022 and year ended December 31, 2021, \$1,082.1 and \$1,091.0 were reported as deferred outflows of resources related to pensions resulting from the MTA's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2021 and December 31, 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2021 will be recognized as pension expense as follows:

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

Deferred Compensation Program

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

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

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

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

In 1998, the Deferred Compensation Committee approved the unbundling of the Plans. In 2008, the Plans' investment

choices were restructured to set up a four-tier strategy:

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

In 2011, the Deferred Compensation Program began offering Roth contributions. Employees can elect after-tax Roth contributions and before-tax contributions in both the 401(k) Plan and the 457 Plan. The total combination of Roth after-tax contributions and regular before-tax contributions cannot exceed the IRS maximum of \$19,500 dollars or \$26,000 dollars for those over age 50 for the year ended December 31, 2020.

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

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

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

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

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

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

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

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

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

MTA Headquarters – Business Services - Effective January 1, 2011, all newly hired MTA Business Services Center employees represented by the Transportation Communications Union are eligible to receive a matching contribution up to a maximum of 3% of the participant’s compensation. A participant’s right to the balance in his or her matching contributions shall vest upon the first of the following to occur:

- i. Completing 5 years of service,
- ii. Attaining the Normal Retirement Age of 62 while in continuous employment, or
- iii. Death while in continuous employment.

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

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

| | December 31, 2021 | December 31, 2020 |
|-----------------------------|----------------------|----------------------|
| | (In thousands) | |
| Employer 401K contributions | \$ 3,939 | \$ 4,103 |

5. OTHER POSTEMPLOYMENT BENEFITS

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

(1) Plan Description

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

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

The OPEB Plan Board of Managers, comprised of the MTA Chairman, MTA Chief Financial Officer and MTA Director of Labor Relations, are the administrators of the OPEB Plan. The MTA Board has the right to amend, suspend or terminate the OPEB Plan. The OPEB Plan is a fiduciary component unit of the MTA and is in the Pension and Other Employee Benefit Trust Funds section of the MTA’s basic financial statements.

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

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

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

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

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

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

Surviving Spouse and Other Dependents —

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

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

Employees Covered by Benefit Terms — As of July 1, 2019, the date of the most recent actuarial valuation, the following classes of employees were covered by the benefit terms:

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

Contributions — The MTA is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the “pay-as-you-go” (“PAYGO”) amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years ended December 31, 2021 and 2020, the MTA paid \$813.2 and \$391.5 of PAYGO to the OPEB Plan, respectively. In addition, the OPEB Plan paid \$337.6 in OPEB benefits in 2020. The PAYGO amounts include an implicit rate subsidy adjustment of \$53 and \$69.5 for the years ended December 31, 2021 and 2020, respectively. The implicit rate subsidy adjustment of \$69.5 includes an additional adjustment of \$6.7 related to 2019, resulting in a net amount of \$62.8 for the year ended December 31, 2020. There were no additional prior year implicit rate subsidy adjustments for the year ended December 31, 2021.

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

The discount rate estimates investment earnings for assets earmarked to cover retiree health benefits. Under GASB Statement No. 75, the discount rate depends on the nature of underlying assets for funded plans. Since the amount of benefits paid in 2020 exceeded the current market value of the assets, a depletion date is assumed to occur immediately. Therefore, the discount rate is set equal to the municipal bond index. The MTA elected the Bond Buyer General Obligation 20-Bond Municipal Bond Index. As a result, the discount rates as of December 31, 2020 and December 31, 2019, the measurement dates, are 2.12% and 2.74%, respectively.

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue on the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore, are partially subsidized by the active employees. As shown in the following table, for the years ended December 31, 2020 and 2019, the employer made a cash payment for retiree healthcare of \$69,472 and \$76,758, respectively, as part of the employer’s payment for active-employee healthcare benefits. For purposes of GASB Statement No. 75, this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees’ underlying age-adjusted, retiree benefit costs.

| Blended and Age-adjusted Premium | 2020 Retirees | 2019 Retirees |
|---|--------------------------|--------------------------|
| (in thousands) | | |
| Total blended premiums | \$655,269 | \$660,539 |
| Employment payment for retiree healthcare | <u>69,472</u> | <u>76,758</u> |
| Net Payments | <u>\$724,741</u> | <u>\$737,297</u> |

(2) Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan, which refers to the plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees. The projections include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members at that time. The

MTA may not be obligated to provide the same types or levels of benefits to retirees in the future.

The total OPEB liability was determined by an actuarial valuation performed on July 1, 2019. Update procedures were used to roll forward the total OPEB liability to December 31, 2020 and December 31, 2019, the measurement dates. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

| | | |
|-----------------------------|---|---|
| Valuation date | July 1, 2019 | July 1, 2019 |
| Measurement date | December 31, 2020 | December 31, 2019 |
| Discount rate | 2.12%, net of expenses | 2.74%, net of expenses |
| Inflation | 2.25% | 2.50% |
| Actuarial cost method | Entry Age Normal | Entry Age Normal |
| Amortization method | Level percentage of payroll | Level percentage of payroll |
| Normal cost increase factor | 4.25% | 4.50% |
| Salary increases | Varies by years of service and differs for members of the various pension plans | Varies by years of service and differs for members of the various pension plans |
| Investment rate of return | 2.12% | 5.75% |

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

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

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

| Fiscal Year | NYSHIP | | TBTA | | Self-Insured | |
|-------------|--------|--------|-------|--------|--------------|--------|
| | < 65 | > = 65 | < 65 | > = 65 | < 65 | > = 65 |
| 2020 | 6.80% | 5.90% | 6.20% | 3.70% | 6.50% | 5.10% |
| 2021 | 6.20% | 5.70% | 5.80% | 4.00% | 6.10% | 5.10% |
| 2022 | 5.70% | 5.40% | 5.50% | 4.60% | 5.60% | 5.10% |
| 2023 | 5.10% | 5.10% | 5.10% | 5.10% | 5.10% | 5.10% |
| 2024 | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| 2025 | 4.90% | 4.90% | 4.90% | 4.90% | 4.90% | 4.90% |
| 2026 | 4.80% | 4.80% | 4.80% | 4.80% | 4.80% | 4.80% |
| 2027 | 4.70% | 4.70% | 4.70% | 4.70% | 4.70% | 4.70% |
| 2028 | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% |
| 2029 | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% |
| 2039 | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% |
| 2049 | 4.80% | 4.80% | 4.80% | 4.70% | 4.80% | 4.70% |
| 2059 | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% |
| 2069 | 4.20% | 4.20% | 4.20% | 4.20% | 4.20% | 4.20% |
| 2079 | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% |
| 2089 | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% |
| 2099 | 3.80% | 3.80% | 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 is based on the ultimate rates, which are 4.0% for medical and pharmacy costs.

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

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

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

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

(3) Net OPEB Liability

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

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

Expected Rate of Return on Investments — The best-estimate range for the long term expected rate of return was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

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

Discount Rate — The plan’s fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan’s fiduciary net position is not projected to be sufficient. Therefore, the discount rate is set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of December 31, 2020 of 2.12%.

Changes in Net OPEB Liability — Changes in the MTA’s net OPEB liability for the year ended December 31, 2021 based on the December 31, 2020 measurement date, and for the year ended December 31, 2020, based on the December 31, 2019 measurement date, were as follows:

| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
|--|-------------------------------------|--|-----------------------------------|
| | (in thousands) | | |
| Balance as of December 31, 2019 | \$ 21,531,473 | \$ 414,827 | \$ 21,116,646 |
| Changes for the year: | | | |
| Service Cost | 1,097,051 | - | 1,097,051 |
| Interest on total OPEB liability | 610,160 | - | 610,160 |
| Effect of plan changes | - | - | 0 |
| Effect of economic/demographic gains or losses | (43,890) | - | (43,890) |
| Effect of assumptions changes or inputs | 1,939,528 | - | 1,939,528 |
| Benefit payments | (724,741) | (724,741) | - |
| Employer contributions | - | 387,371 | (387,371) |
| Net investment income | - | (77,118) | 77,118 |
| Administrative expenses | - | (209) | 209 |
| Net changes | <u>2,878,108</u> | <u>(414,697)</u> | <u>3,292,805</u> |
| Balance as of December 31, 2020 | <u>\$ 24,409,581</u> | <u>\$ 130</u> | <u>\$ 24,409,451</u> |
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| | (in thousands) | | |
| Balance as of December 31, 2018 | \$ 19,933,888 | \$ 351,380 | \$ 19,582,508 |
| Changes for the year: | | | |
| Service Cost | 928,573 | - | 928,573 |
| Interest on total OPEB liability | 840,532 | - | 840,532 |
| Effect of plan changes | - | - | 0 |
| Effect of economic/demographic gains or losses | 247,871 | - | 247,871 |
| Effect of assumptions changes or inputs | 311,286 | - | 311,286 |
| Benefit payments | (730,677) | (730,677) | - |
| Employer contributions | - | 730,677 | (730,677) |
| Net investment income | - | 63,647 | (63,647) |
| Administrative expenses | - | (200) | 200 |
| Net changes | <u>1,597,585</u> | <u>63,447</u> | <u>1,534,138</u> |
| Balance as of December 31, 2019 | <u>\$ 21,531,473</u> | <u>\$ 414,827</u> | <u>\$ 21,116,646</u> |

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

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

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

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

| Measurement Date: | December 31, 2020 | | |
|--------------------|-------------------|---|--------------|
| | 1% Decrease | Healthcare Cost Current Trend Rate* | 1% Increase |
| Net OPEB liability | \$20,595,637 | \$24,409,451 | \$29,295,102 |

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

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

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

For the three-month period ended March 31, 2022 and year ended December 31, 2021, the MTA recognized OPEB expense of \$495 and \$2, respectively.

At March 31, 2022 and December 31, 2021, the MTA reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows (\$ in thousands):

| | March 31, 2022 | | December 31, 2021 | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 192,919 | \$ 50,007 | \$ 192,919 | \$ 50,007 |
| Changes of assumptions | 2,353,287 | 1,070,351 | 2,353,287 | 1,070,351 |
| Net difference between projected and actual earnings on OPEB plan investments | 60,552 | - | 60,552 | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 612,892 | 612,892 | 612,892 | 612,892 |
| Employer contributions to the plan subsequent to the measurement of net OPEB liability | 433,593 | - | 813,195 | - |
| Total | <u>\$ 3,653,243</u> | <u>\$ 1,733,250</u> | <u>\$ 4,032,845</u> | <u>\$ 1,733,250</u> |

The annual differences between the projected and actual earnings on investments are amortized over a 5-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience and changes in assumptions are amortized over a 8.1-year closed period, beginning the year in which the deferred amount occurs.

For the three-month period ended March 31, 2022 and year ended December 31, 2021, \$433.6 and \$813.2 were reported as deferred outflows of resources related to OPEB. This amount includes both MTA's contributions subsequent to the measurement date and an implicit rate subsidy adjustment that will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022 and December 31, 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2021 will be recognized in OPEB expense as follows:

| Year ended December 31, : | |
|---------------------------|---------------------|
| 2022 | \$ 195,627 |
| 2023 | 200,902 |
| 2024 | 192,305 |
| 2025 | 125,462 |
| 2026 | 204,708 |
| Thereafter | 567,396 |
| | <u>\$ 1,486,400</u> |

6. CAPITAL ASSETS

Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA having a minimum useful life of two years and having a cost of more than \$25 thousand.

Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the present value of net minimum lease payments at the inception of the lease.

Accumulated depreciation and amortization are reported as reductions of fixed assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Capital lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Capital assets consist of the following at December 31, 2021 and March 31, 2022 (in millions):

| | Balance December 31, 2020 | Additions / Reclassifications | Deletions / Reclassifications | Balance December 31, 2021 | Additions / Reclassifications | Deletions / Reclassifications | Balance March 31, 2022 |
|--|---------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|----------------------------------|------------------------------|
| Capital assets not being depreciated: | | | | | | | |
| Land | \$ 248 | \$ 2 | \$ 1 | \$ 249 | \$ - | \$ - | \$ 249 |
| Construction work-in-progress | 21,775 | 5,556 | 3,954 | 23,377 | 1,075 | 671 | 23,781 |
| Total capital assets not being depreciated | 22,023 | 5,558 | 3,955 | 23,626 | 1,075 | 671 | 24,030 |
| Capital assets being depreciated: | | | | | | | |
| Buildings and structures | 20,859 | 1,650 | 425 | 22,084 | 22 | - | 22,106 |
| Bridges and tunnels | 4,392 | 195 | - | 4,587 | 2 | - | 4,589 |
| Equipment: | | | | | | | |
| Passenger cars and locomotives | 14,204 | 151 | 24 | 14,331 | - | - | 14,331 |
| Buses | 3,688 | 317 | 136 | 3,869 | 109 | - | 3,978 |
| Infrastructure | 28,849 | 1,177 | 22 | 30,004 | 40 | 32 | 30,012 |
| Other | 28,391 | 1,325 | 12 | 29,704 | 367 | - | 30,071 |
| Total capital assets being depreciated | 100,383 | 4,815 | 619 | 104,579 | 540 | 32 | 105,087 |
| Less accumulated depreciation: | | | | | | | |
| Buildings and structures | 8,498 | 607 | 25 | 9,080 | 148 | - | 9,228 |
| Bridges and tunnels | 871 | 40 | - | 911 | 10 | - | 921 |
| Equipment: | | | | | | | |
| Passenger cars and locomotives | 7,753 | 413 | 22 | 8,144 | 100 | - | 8,244 |
| Buses | 2,200 | 251 | 135 | 2,316 | 62 | 42 | 2,336 |
| Infrastructure | 11,760 | 1,054 | 23 | 12,791 | 225 | - | 13,016 |
| Other | 10,429 | 793 | 18 | 11,204 | 253 | - | 11,457 |
| Total accumulated depreciation | 41,511 | 3,158 | 223 | 44,446 | 798 | 42 | 45,202 |
| Total capital assets being depreciated - net | 58,872 | 1,657 | 396 | 60,133 | (258) | (10) | 59,885 |
| Capital assets - net | \$ 80,895 | \$ 7,215 | \$ 4,351 | \$ 83,759 | \$ 817 | \$ 661 | \$ 83,915 |

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

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

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

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

For certain construction projects, the MTA holds in a trust account marketable securities pledged by third-party contractors in lieu of cash retainages. At March 31, 2022 and December 31, 2021, these securities, which are not included in these financial statements, totaled \$150.1 and \$153.1, respectively, and had a market value of \$123.7 and \$80.1, respectively.

As of March 31, 2022, \$70.6 billion is unexpended from the MTA's Capital Program (2005 - 2024) and \$16.4 billion has been committed. As of December 31, 2021, \$72.8 billion is unexpended from the MTA's Capital Program and \$16.9 billion has been committed.

7. LONG-TERM DEBT

| (In millions) | Original Issuance | December 31, 2021 | Issued | Retired | March 31, 2022 |
|--|--------------------------|-------------------------|------------------------|------------------------|-------------------------|
| MTA: | | | | | |
| Transportation Revenue Bonds | | | | | |
| 1.62%–5.15% due through 2057 | \$ 44,245 | \$ 23,950 | \$ 165 | \$ 171 | \$ 23,944 |
| Bond Anticipation Notes* | | | | | |
| 1.94% due through 2023 | 23,635 | 13,004 | 0 | 6,716 | 6,288 |
| Dedicated Tax Fund Bonds | | | | | |
| 1.86%–4.89% due through 2057 | 11,527 | 4,681 | 378 | - | 5,059 |
| | <u>79,407</u> | <u>41,635</u> | <u>543</u> | <u>6,887</u> | <u>35,291</u> |
| Net unamortized bond premium | - | 1,158 | 74 | 58 | 1,174 |
| | <u>79,407</u> | <u>42,793</u> | <u>617</u> | <u>6,945</u> | <u>36,465</u> |
| TBTA: | | | | | |
| General Revenue Bonds | | | | | |
| 4.00%–5.77% due through 2056 | 18,121 | 8,165 | - | 45 | 8,120 |
| Bond Anticipation Notes | | | | | |
| due through 2025 | 193 | 193 | - | - | 193 |
| Payroll Mobility Tax Senior Lien Obligations | | | | | |
| due through 2051 | 3,057 | 2,464 | 593 | - | 3,057 |
| Subordinate Revenue Bonds | | | | | |
| 4.00%-5.77% due through 2032 | 4,066 | 795 | - | - | 795 |
| | <u>25,437</u> | <u>11,617</u> | <u>593</u> | <u>45</u> | <u>12,165</u> |
| Net unamortized bond premium | - | 1,173 | 161 | 24 | 1,310 |
| | <u>25,437</u> | <u>12,790</u> | <u>754</u> | <u>69</u> | <u>13,475</u> |
| MTA Hudson Rail Yards Trust: | | | | | |
| MTA Hudson Rail Yards Trust Obligations | | | | | |
| 1.88%–2.65% due through 2056 | 1,220 | 830 | - | 5 | 825 |
| Net unamortized bond premium | - | 87 | - | - | 87 |
| | <u>1,220</u> | <u>917</u> | <u>-</u> | <u>5</u> | <u>912</u> |
| Total | <u>\$ 106,064</u> | <u>\$ 56,500</u> | <u>\$ 1,371</u> | <u>\$ 7,019</u> | <u>\$ 50,852</u> |
| Current portion** | | <u>\$ 8,069</u> | | | <u>\$ 3,404</u> |
| Long-term portion | | <u>\$ 48,431</u> | | | <u>\$ 47,448</u> |

* Includes draws on a \$800 taxable revolving credit agreement with JPMorgan Chase Bank, National Association, which is active through August 24, 2022, and a \$400 taxable revolving credit agreement with Bank of America, National Association, which is active through August 24, 2022. Draws under the JPMorgan Chase Agreement and the Bank of America agreement are evidenced by revenue anticipation notes ("RANs"). As of March 31, 2022 and December 31, 2021, the outstanding RAN was \$381 and \$1,196, respectively.

** As a result of certain MTA issuances of Bonds and Bond Anticipation Notes, the current portion of the Bonds and BANs that were reclassified as long-term were \$1,141 and \$1,891 as of March 31, 2022 and December 31, 2021, respectively.

| (In millions) | Original Issuance | December 31, 2020 | Issued | Retired | December 31, 2021 |
|--|----------------------|----------------------|-----------------|-----------------|----------------------|
| MTA: | | | | | |
| Transportation Revenue Bonds | | | | | |
| 1.43%–5.15% due through 2057 | \$ 44,080 | \$ 24,701 | \$ 1,415 | \$ 2,166 | \$ 23,950 |
| Bond Anticipation Notes* | | | | | |
| 1.33% due through 2023 | 23,635 | 9,536 | 4,720 | 1,252 | 13,004 |
| Dedicated Tax Fund Bonds | | | | | |
| 1.86%–4.89% due through 2057 | 11,149 | 4,857 | 110 | 286 | 4,681 |
| | <u>78,864</u> | <u>39,094</u> | <u>6,245</u> | <u>3,704</u> | <u>41,635</u> |
| Net unamortized bond premium | - | 1,403 | 122 | 367 | 1,158 |
| | 78,864 | 40,497 | 6,367 | 4,071 | 42,793 |
| TBTA: | | | | | |
| General Revenue Bonds | | | | | |
| 1.81%–4.18% due through 2047 | 18,121 | 8,040 | 365 | 240 | 8,165 |
| Payroll Mobility Tax Senior Lien Obligations | | | | | |
| 1.36%–2.02% due through 2051 | 2,464 | - | 2,464 | - | 2,464 |
| Subordinate Revenue Bonds | | | | | |
| 3.13%–5.34% due through 2032 | 4,066 | 867 | - | 72 | 795 |
| Bond Anticipation Notes | | | | | |
| 0.69% due through 2025 | 193 | - | 193 | - | 193 |
| | <u>24,844</u> | <u>8,907</u> | <u>3,022</u> | <u>312</u> | <u>11,617</u> |
| Net unamortized bond premium | - | 676 | 578 | 81 | 1,173 |
| | 24,844 | 9,583 | 3,600 | 393 | 12,790 |
| MTA Hudson Rail Yards Trust: | | | | | |
| MTA Hudson Rail Yards Trust Obligations | | | | | |
| 1.88%–2.65% due through 2056 | 1,220 | 845 | - | 15 | 830 |
| Net unamortized bond premium | - | 88 | - | 1 | 87 |
| | <u>1,220</u> | <u>933</u> | <u>-</u> | <u>16</u> | <u>917</u> |
| Total | \$ 104,928 | \$ 51,013 | \$ 9,967 | \$ 4,480 | \$ 56,500 |
| Current portion** | | <u>\$ 1,543</u> | | | <u>\$ 8,069</u> |
| Long-term portion | | <u>\$ 49,470</u> | | | <u>\$ 48,431</u> |

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

** As a result of certain MTA issuances of Bonds and Bond Anticipation Notes, the current portion of the Bonds and BANs that were reclassified as long-term were \$1,891 and \$831, as of December 31, 2021 and 2020, respectively.

MTA Transportation Revenue Bonds — Prior to 2022, MTA issued sixty-nine Series of Transportation Revenue Bonds secured under its General Resolution Authorizing Transportation Revenue Obligations adopted on March 26, 2002 in the aggregate principal amount of \$36,956. The Transportation Revenue Bonds are MTA's special obligations payable solely from transit and commuter systems revenues and certain state and local operating subsidies.

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

| Quantity | Subseries | Delivery Date | Purchase Date | Interest Rate |
|----------|--------------|---------------|-------------------|------------------------|
| \$13.425 | TRB 2002G-1h | N/A | November 1, 2023 | 67% of SOFR plus 0.40% |
| \$18.750 | TRB 2002G-1h | N/A | November 1, 2026 | 67% of SOFR plus 0.60% |
| \$50.000 | TRB 2012A-3 | April 1, 2026 | November 15, 2042 | 67% of SOFR plus 0.65% |

On March 24, 2022, MTA effectuated a mandatory tender and remarketed \$82.660 of Transportation Revenue Variable Rate Refunding Bonds, Subseries 2020B-2 because the Continuing Covenant Agreement (CCA), between MTA and Bank of America, N.A., was expiring by its terms. The CCA associated with Subseries 2020B-2 was replaced with an irrevocable direct-pay Letter of Credit (LOC) issued by PNC Bank, National Association. The LOC will expire on March 22, 2024. PNC Capital Markets LLC will serve as remarketing agent.

On March 24, 2022, MTA extended its irrevocable direct-pay LOC issued by PNC Bank, National Association that is associated with Transportation Revenue Variable Rate Refunding Bonds, Subseries 2020B-1 for two years to March 22, 2024.

MTA Bond Anticipation Notes — From time to time, MTA issues Transportation Revenue Bond Anticipation Notes in accordance with the terms and provisions of the General Resolution described above in the form of commercial paper to fund its transit and commuter capital needs. The interest rate payable on the notes depends on the maturity and market conditions at the time of issuance. The MTA Act requires MTAHQ to periodically (at least each five years) refund its bond anticipation notes with bonds.

MTA Revenue Anticipation Notes — On January 9, 2014, MTA closed a \$350 revolving working capital liquidity facility with the Royal Bank of Canada for operating needs of MTA and the related entities. On January 31, 2017, MTA drew down \$200 of its \$350 Revolving Credit Agreement. The funds were used to retire Transportation Revenue Bond Anticipation Notes, Subseries 2016A-2. The \$200 draw-down plus accrued interest was repaid on March 31, 2017.

On August 24, 2017, MTA entered into a \$350 taxable Revenue Anticipation Note facility, (the “2017A RAN”), with JPMorgan Chase Bank, National Association. An initial draw of \$3.5 was made at closing.

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

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

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

On March 20, 2020, MTA drew down the remaining \$792 of its \$800 Revolving Credit Agreement with JPMorgan Chase Bank National Association and \$200 of its Revolving Credit Agreement with Bank of America National Association. The 2017A RAN expired on August 24, 2022.

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

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

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

MTA State Service Contract Bonds — Prior to 2022, MTA issued two Series of State Service Contract Bonds secured under its State Service Contract Obligation Resolution adopted on March 26, 2002, in the aggregate principal amount of \$2,395. Currently, there are no outstanding bonds. The State Service Contract Bonds are MTA’s special obligations payable solely from certain payments from the State of New York under a service contract.

MTA Dedicated Tax Fund Bonds — Prior to 2022, MTA issued twenty-two Series of Dedicated Tax Fund Bonds secured under its Dedicated Tax Fund Obligation Resolution adopted on March 26, 2002, in the aggregate principal amount of \$9,769. The Dedicated Tax Fund Bonds are MTA’s special obligations payable solely from monies held in the Pledged Amounts Account of the MTA Dedicated Tax Fund. State law requires that the MTTF revenues and MMTOA revenues (described above in Note 2 under “Nonoperating Revenues”) be deposited, subject to appropriation by the State Legislature, into the MTA Dedicated Tax Fund.

On March 1, 2022, MTA issued \$377.955 of Dedicated Tax Fund Bonds, Series 2022A to retire outstanding MTA Transportation Revenue Bond Anticipation Notes (BANs), Series 2020B (note that those BANs were purchased, pursuant to a Note Purchase Agreement, between MTA and Municipal Liquidity Facility LLC). The Series 2022A bonds were priced through a competitive method of sale. The Series 2022A bonds were issued as fixed rate tax-exempt bonds with a final maturity of November 15, 2052. On March 18, 2021, MTA effectuated a mandatory tender and remarketed \$110.325 of Dedicated Tax Fund Bonds, Subseries 2002B-1 because the irrevocable direct-pay LOC issued by The Bank of Tokyo-Mitsubishi UFJ, Ltd. was expiring by its terms. The Subseries 2002B-1 bonds were remarketed as fixed rate tax-exempt bonds with a final maturity of November 1, 2022.

MTA Certificates of Participation — Prior to 2022, MTA (solely on behalf of MTA Long Island Rail Road and MTA Metro-North Railroad), MTA New York City Transit and MTA Bridges and Tunnels executed and delivered three Series of Certificates of Participation in the aggregate principal amount of \$807 to finance certain building and leasehold improvements to an office building at Two Broadway in Manhattan occupied principally by MTA New York City Transit, MTA Bridges and Tunnels, MTA Construction and Development, and MTAHQ. The Certificates of Participation represented proportionate interests in the principal and interest components of Base Rent paid severally, but not jointly, in their respective proportionate shares by MTA New York City Transit, MTA, and MTA Bridges and Tunnels, pursuant to a Leasehold Improvement Sublease Agreement.

MTA Bridges and Tunnels General Revenue Bonds — Prior to 2022, MTA Bridges and Tunnels issued thirty-five Series of General Revenue Bonds, secured under its General Resolution Authorizing General Revenue Obligations adopted on March 26, 2002, in the aggregate principal amount of \$14,174. The General Revenue Bonds are MTA Bridges and Tunnels' general obligations payable generally from the net revenues collected on the bridges and tunnels operated by MTA Bridges and Tunnels.

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

MTA Bridges and Tunnels Subordinate Revenue Bonds — Prior to 2022, MTA Bridges and Tunnels issued twelve Series of Subordinate Revenue Bonds secured under its 2001 Subordinate Revenue Resolution Authorizing Subordinate Revenue Obligations adopted on March 26, 2002, in the aggregate principal amount of \$4,066. The Subordinate Revenue Bonds are MTA Bridges and Tunnels' special obligations payable generally from the net revenues collected on the bridges and tunnels operated by MTA Bridges and Tunnels after the payment of debt service on the MTA Bridges and Tunnels General Revenue Bonds described in the preceding paragraph.

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

MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Bonds — Prior to 2022, MTA issued three Series of Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds secured under its 2021 TBTA PMT Resolution adopted on March 17, 2021 in the aggregate principal amount of \$1,679. Each of the TBTA PMT Senior Lien Obligations and any MTA PMT Senior Lien Obligations issued pursuant to the MTA PMT Resolution, adopted by the Board on November 18, 2020, are secured by a first lien on, and parity pledge of, the PMT Receipts, consisting of two distinct revenue streams: Mobility Tax Receipts and MTA Aid Trust Account Receipts (also referred to as "ATA Receipts"). MTA and MTA Bridges and Tunnels have entered into the Financing Agreement, dated as of April 9, 2021, to provide the mechanism by which MTA and MTA Bridges and Tunnels share PMT Receipts on a parity basis (i) first with respect to the PMT Senior Lien and then (ii) with respect to PMT Second Lien. Under State law, the MTA PMT Senior Lien Indebtedness and the MTA Bridges and Tunnels PMT Senior Lien Indebtedness are special obligations of MTA and MTA Bridges and Tunnels, respectively, which means that they are payable solely from a gross lien on the money pledged for payment under the MTA Payroll Mobility Tax Obligation Resolution and the MTA Bridges and Tunnels Payroll Mobility Tax Obligation Resolution. Such bonds are not general obligations of MTA or MTA Bridges and Tunnels.

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

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

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

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

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

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

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

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

Refer to Note 8 for further information on Leases.

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

Debt Limitation — The New York State Legislature has imposed limitations on the aggregate amount of debt that the MTA and MTA Bridges and Tunnels can issue to fund the approved transit and commuter capital programs. The current aggregate ceiling, subject to certain exclusions, is \$90,100 compared with issuances totaling approximately \$41,452. The MTA expects that the current statutory ceiling will allow it to fulfill the bonding requirements of the approved Capital Programs.

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

At March 31, 2022 and December 31, 2021, the following amounts of MTA bonds, which have been refunded, remain valid debt instruments and are secured solely by and payable solely from their respective irrevocable trusts.

| (In millions) | March 31, 2022 | December 31, 2021 |
|---|-------------------|----------------------|
| MTA Transit and Commuter Facilities: | | |
| Transit Facilities Revenue Bonds | \$ 104 | \$ 104 |
| Commuter Facilities Revenue Bonds | 102 | 102 |
| MTA Bridges and Tunnels: | | |
| General Purpose Revenue Bonds | 160 | 458 |
| Special Obligation Subordinate Bonds | 43 | 59 |
| Total | <u>\$ 409</u> | <u>\$ 723</u> |

For the three months ended March 31, 2022 and for the three months ended March 31, 2021, MTA did not have any refunding transactions. Details of bond refunding savings for the year ended December 31, 2021 are as follows (in millions):

| Refunding Bonds Issued in 2021 | Series | Date issued | Par value Refunded | Debt Service Savings (Increase) | Net Present Value of Savings |
|--|--------|-------------|-----------------------|---------------------------------------|---------------------------------------|
| Triborough Bridge and Tunnel Authority | | | | | |
| Payroll Mobility Tax Senior Lien Bonds | 2021A | 5/5/2021 | \$ 631 | \$ (103) | \$ 17 |
| | 2021C | 9/30/2021 | 207 | 37 | 27 |
| Total Bond Refunding Savings | | | <u>\$ 838</u> | <u>\$ (66)</u> | <u>\$ 44</u> |

For the three-month periods ended March 31, 2022 and 2021, the accounting gain on bond refundings totaled \$0 and the accounting gain on bond refundings totaled \$0, respectively.

Unamortized losses related to bond refundings were as follows:

| | December 31, 2020 | (Gain)/loss on refunding | 2019 amortization | December 31, 2021 | (Gain)/loss on refunding | Current year amortization | March 31, 2022 |
|------------------------------|----------------------|-----------------------------|----------------------|----------------------|-----------------------------|------------------------------|-------------------|
| MTA: | | | | | | | |
| Transportation Revenue Bonds | \$ 443 | \$ 2 | \$ (58) | \$ 387 | \$ (12) | \$ 10 | \$ 385 |
| State Service Contract Bonds | (12) | - | - | (12) | - | - | (12) |
| Dedicated Tax Fund Bonds | 206 | - | (17) | 189 | - | (4) | 185 |
| | <u>637</u> | <u>2</u> | <u>(75)</u> | <u>564</u> | <u>(12)</u> | <u>6</u> | <u>558</u> |
| TBTA: | | | | | | | |
| General Revenue Bonds | 175 | - | (21) | 154 | - | (4) | 150 |
| Subordinate Revenue Bonds | 25 | - | (3) | 22 | - | (1) | 21 |
| | <u>200</u> | <u>-</u> | <u>(24)</u> | <u>176</u> | <u>-</u> | <u>(5)</u> | <u>171</u> |
| Total | <u>\$ 837</u> | <u>\$ 2</u> | <u>\$ (99)</u> | <u>\$ 740</u> | <u>\$ (12)</u> | <u>\$ 1</u> | <u>\$ 729</u> |

Debt Service Payments — Future principal and interest debt service payments at March 31, 2022 are as follows:

| | MTA | | MTA BRIDGES AND TUNNELS | | Debt Service | |
|------------|-----------|-----------|-------------------------|----------|--------------|-----------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2022 | \$ 3,119 | \$ 1,426 | \$ 285 | \$ 512 | \$ 3,404 | \$ 1,938 |
| 2023 | 4,861 | 1,353 | 375 | 512 | 5,236 | 1,865 |
| 2024 | 944 | 1,209 | 376 | 494 | 1,320 | 1,703 |
| 2025 | 966 | 1,107 | 599 | 476 | 1,565 | 1,583 |
| 2026 | 1,044 | 1,021 | 418 | 447 | 1,462 | 1,468 |
| 2027-2031 | 5,837 | 4,452 | 2,388 | 1,924 | 8,225 | 6,376 |
| 2032-2036 | 5,704 | 3,585 | 1,775 | 1,512 | 7,479 | 5,097 |
| 2037-2041 | 4,854 | 2,549 | 1,555 | 1,164 | 6,409 | 3,713 |
| 2042-2046 | 3,787 | 1,442 | 1,702 | 824 | 5,489 | 2,266 |
| 2047-2051 | 3,669 | 624 | 1,923 | 401 | 5,592 | 1,025 |
| 2052-2057 | 1,331 | 126 | 769 | 84 | 2,100 | 210 |
| Thereafter | - | - | - | - | - | - |
| Total | \$ 36,116 | \$ 18,894 | \$ 12,165 | \$ 8,350 | \$ 48,281 | \$ 27,244 |

The above interest amounts include both fixed-rate and variable-rate calculations. The interest rate assumptions for variable rate bonds are as follows:

- *Transportation Revenue Refunding Bonds, Series 2002D* — 4.45% per annum taking into account the interest rate swap plus the current fixed floating rate note spread.
- *Transportation Revenue Refunding Bonds, Series 2002G* — 3.542% per annum taking into account the interest rate swap plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.
- *Transportation Revenue Bonds, Series 2005D* — 3.561% per annum taking into account the interest rate swaps.
- *Transportation Revenue Bonds, Series 2005E* — 3.561% per annum taking into account the interest rate swaps and 4.00% per annum on the unhedged portion.
- *Transportation Revenue Bonds, Series 2011B* — 3.542% per annum taking into account the interest rate swaps plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.
- *Transportation Revenue Bonds, Series 2012A* — 4.00% per annum plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2012G* — 3.563% per annum taking into account the interest rate swaps plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2014D-2* — 4.00% per annum plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2015A-2* — 4.00% per annum plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2015E* — 4.00% per annum.
- *Dedicated Tax Fund Bonds, Series 2002B* — 4.00% per annum on Subseries 2002B-1; and 4.00% per annum plus the current fixed floating rate note spread.
- *Dedicated Tax Fund Variable Rate Refunding Bonds, Series 2008A* — 3.316% per annum taking into account the interest rate swaps plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.
- *Dedicated Tax Fund Refunding Bonds, Subseries 2008B-3a and 2008B-3c* — 4.00% per annum plus the current fixed floating rate note spread.
- *MTA Bridges and Tunnels Subordinate Refunding Bonds, Series 2000ABCD* — 6.08% per annum taking into account the interest rate swap plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2001C* — 4.00% per annum.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2001B* — 4.00% per annum plus the current fixed floating rate note spread.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2002F* — 5.404% and 3.076% per annum taking into account the interest rate swaps and 4.00% per annum on portions not covered by the interest rate swaps.

- *MTA Bridges and Tunnels General Revenue Bonds, Series 2003B* — 4.00% per annum; and 4.00% per annum plus the current fixed floating rate note spread on Subseries 2003B-2.
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2005A* — 4.00% per annum except from November 1, 2027 through November 1, 2030, 3.076% per annum taking into account the interest rate swap.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2005B* — 3.076% per annum based on the Initial Interest Rate Swaps plus the current fixed floating rate note spread.
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2008B-2* — 4.00% per annum plus the current fixed floating rate note spread.
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2018E* — 4.00% per annum.

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

The Loans Payable debt service requirements at March 31, 2022 are as follows (in millions):

| Year | Principal | Interest | Total |
|--------------------------|------------------|-----------------|---------------|
| 2022 | \$ 13 | \$ 2 | \$ 15 |
| 2023 | 11 | 2 | 13 |
| 2024 | 10 | 2 | 12 |
| 2025 | 10 | 1 | 11 |
| 2026 | 9 | 1 | 10 |
| 2027-2031 | 32 | 3 | 35 |
| 2032-2036 | 6 | 0 | 6 |
| 2037-2041 | 1 | 0 | 1 |
| Total | <u>\$ 92</u> | <u>\$ 11</u> | <u>\$ 103</u> |
| Current portion | \$ 13 | | |
| Long-term portion | 79 | | |
| Total NYPA Loans Payable | <u>\$ 92</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.

Tax Rebate Liability — Under the Internal Revenue Code of 1986, the MTA may accrue a liability for an amount of rebateable arbitrage resulting from investing low-yielding, tax-exempt bond proceeds in higher-yielding, taxable securities. The arbitrage liability is payable to the federal government every five years. No accruals or payments were made during the periods ended March 31, 2022 and December 31, 2021.

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

| Resolution | Series | Swap | Provider (Insurer) | Type of Facility | Exp. Date |
|---|---------------|-------------|--------------------------------|-------------------------|------------------|
| Transportation Revenue | 2002G-1g | Y | TD Bank, N.A. | LOC | 11/1/2024 |
| Transportation Revenue | 2005D-2 | Y | Helaba | LOC | 11/10/2022 |
| Transportation Revenue | 2005E-1 | Y | Barclays Bank | LOC | 8/18/2025 |
| Transportation Revenue | 2005E-2 | Y | Bank of America, N.A. | LOC | 12/8/2023 |
| Transportation Revenue | 2012A-2 | N | Bank of Montreal | LOC | 6/2/2022 |
| Transportation Revenue | 2012G-1 | Y | Barclays Bank | LOC | 10/31/2023 |
| Transportation Revenue | 2012G-2 | Y | TD Bank, N.A. | LOC | 11/1/2024 |
| Transportation Revenue | 2015E-1 | N | Barclays Bank | LOC | 8/18/2025 |
| Transportation Revenue | 2015E-3 | N | Bank of America, N.A. | LOC | 9/2/2022 |
| Dedicated Tax Fund | 2008A-1 | Y | TD Bank, N.A. | LOC | 6/13/2022 |
| MTA Bridges and Tunnels General Revenue | 2001C | Y | State Street | LOC | 6/26/2023 |
| MTA Bridges and Tunnels General Revenue | 2003B-1 | N | Bank of America, N.A. | LOC | 1/17/2025 |
| MTA Bridges and Tunnels General Revenue | 2005A | Y | Barclays Bank | LOC | 1/24/2024 |
| MTA Bridges and Tunnels General Revenue | 2005B-2 | Y | State Street | LOC | 1/21/2026 |
| MTA Bridges and Tunnels General Revenue | 2005B-3 | Y | State Street | LOC | 6/26/2023 |
| MTA Bridges and Tunnels General Revenue | 2005B-4c | Y | U.S. Bank National Association | LOC | 5/26/2022 |
| MTA Bridges and Tunnels General Revenue | 2018E | N | Bank of America, N.A. | LOC | 12/12/2022 |

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

The fair value balances and notional amounts of derivative instruments outstanding at March 31, 2022 and December 31, 2021, classified by type, and the changes in fair value of such derivative instruments from the year ended December 31, 2021 are as follows (in \$ millions):

Derivative Instruments - Summary Information as of March 31, 2022

| Bond Resolution Credit | Underlying Bond Series | Type of Derivative | Cash Flow or Fair Value Hedge | Effective Methodology | Trade/Hedge Association Date | Notional Amount | Fair Value |
|--|-------------------------------|---------------------------|--|--|---|----------------------------|---------------------|
| Cashflow Hedges | | | | | | | |
| MTA Bridges and Tunnels Senior Revenue Bonds | 2018E & 2003B (Citi 2005B) | Libor Fixed Payer | Cash Flow | Synthetic Instrument/ Dollar Offset | 6/2/2005 | \$ 186.100 | \$ (21.134) |
| MTA Bridges and Tunnels Senior Revenue Bonds | 2005B-2,3,4 | Libor Fixed Payer | Cash Flow | Synthetic Instrument | 6/2/2005 | 558.300 | (63.403) |
| MTA Bridges and Tunnels Senior Revenue Bonds | 2005A (COPS 2004A) | Libor Fixed Payer | Cash Flow | Synthetic Instrument | 4/1/2016 | 17.690 | (1.366) |
| MTA Bridges and Tunnels Senior Revenue Bonds | 2001C (COPS 2004A) | Libor Fixed Payer | Cash Flow | Synthetic Instrument | 12/5/2016 | 8.000 | (0.650) |
| MTA Dedicated Tax Fund Bonds | 2008A | Libor Fixed Payer | Cash Flow | Synthetic Instrument | 3/8/2005 | 281.450 | (25.526) |
| MTA Transportation Revenue Bonds | 2002D-2 | Libor Fixed Payer | Cash Flow | Synthetic Instrument | 7/11/2002 | 200.000 | (48.406) |
| MTA Transportation Revenue Bonds | 2005D & 2005E | Libor Fixed Payer | Cash Flow | Synthetic Instrument | 9/10/2004 | 317.660 | (43.484) |
| MTA Transportation Revenue Bonds | 2012G | Libor Fixed Payer | Cash Flow | Synthetic Instrument | 12/12/2007 | 355.525 | (60.248) |
| MTA Transportation Revenue Bonds | 2002G-1 (COPS 2004A) | Libor Fixed Payer | Cash Flow | Synthetic Instrument | 4/1/2016 | 64.270 | (2.717) |
| MTA Transportation Revenue Bonds | 2011B (COPS 2004A) | Libor Fixed Payer | Cash Flow | Synthetic Instrument | 4/1/2016 | 89.765 | (9.179) |
| Total | | | | | | \$ 2,078.760 | \$ (276.113) |

Derivative Instruments - Summary Information as of December 31, 2021

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

| | Changes In Fair Value | | Fair Value at March 31, 2022 | | Notional (in millions) |
|-------------------------------|----------------------------------|-------------------------|------------------------------|-------------------------|---------------------------|
| | Classification | Amount (in millions) | Classification | Amount (in millions) | |
| Government activities | | | | | |
| Cash Flow hedges: | | | | | |
| Pay-fixed interest rate swaps | Deferred outflow of resources | \$111.923 | Debt | \$(276.113) | \$2,078.760 |

Swap Agreements Relating to Synthetic Fixed Rate Debt

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

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

Terms and Fair Values. The terms, fair values and counterparties of the outstanding swaps of MTA and MTA Bridges and Tunnels are reflected in the following tables (as of March 31, 2022).

| Metropolitan Transportation Authority | | | | | | |
|---------------------------------------|----------------------------------|-------------------|------------------|--------------------------------------|---|-----------------------------|
| Related Bonds | Notional Amount as of 3/31/22 | Effective Date | Maturity Date | Terms | Counterparty and Ratings(S&P / Moody's / Fitch) | Fair Value as of 3/31/22 |
| TRB 2002D-2 | \$ 200.000 | 01/01/07 | 11/01/32 | Pay 4.45%; receive 69% 1M LIBOR | JPMorgan Chase Bank, NA (A+ / Aa2 / AA) | \$ (48.406) |
| TRB 2005D & 2005E | 238.245 | 11/02/05 | 11/01/35 | Pay 3.561%; receive 67% 1M LIBOR | UBS AG (A+ / Aa3 / AA-) | (32.612) |
| TRB 2005E | 79.415 | 11/02/05 | 11/01/35 | Pay 3.561%; receive 67% 1M LIBOR | AIG Financial Products ⁽¹⁾ (BBB+ / Baa2 / BBB+) | (10.871) |
| TRB 2012G | 355.525 | 11/15/12 | 11/01/32 | Pay 3.563%; receive 67% 1M LIBOR | JPMorgan Chase Bank, NA (A+ / Aa2 / AA) | (60.248) |
| DTF 2008A | 281.450 | 03/24/05 | 11/01/31 | Pay 3.3156%; receive 67% 1M LIBOR | Bank of New York Mellon (AA- / Aa2 / AA) | (25.526) |
| Total | \$ 1,154.635 | | | | | \$ (177.663) |

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

| MTA Bridges and Tunnels | | | | | | |
|--|-------------------------------|----------------|---------------|----------------------------------|--|--------------------------|
| Related Bonds | Notional Amount as of 3/31/22 | Effective Date | Maturity Date | Terms | Counterparty and Ratings (S&P / Moody's / Fitch) | Fair Value as of 3/31/22 |
| TBTA 2018E & 2003B ⁴ | \$ 186.100 | 07/07/05 | 01/01/32 | Pay 3.076%; receive 67% 1M LIBOR | Citibank, N.A. (A+ / Aa3 / A+) | \$ (21.135) |
| TBTA 2005B-2 | 186.100 | 07/07/05 | 01/01/32 | Pay 3.076%; receive 67% 1M LIBOR | JPMorgan Chase Bank, NA (A+ / Aa2 / AA) | (21.134) |
| TBTA 2005B-3 | 186.100 | 07/07/05 | 01/01/32 | Pay 3.076%; receive 67% 1M LIBOR | BNP Paribas North America (A+ / Aa3 / AA-) | (21.134) |
| TBTA 2005B-4 | 186.100 | 07/07/05 | 01/01/32 | Pay 3.076%; receive 67% 1M LIBOR | UBS AG (A+ / Aa3 / AA-) | (21.134) |
| TRB 2002G-1 & 2011B TBTA 2005A & 2001C ² | 89.863 ³ | 04/01/16 | 01/01/30 | Pay 3.52%; receive 67% 1M LIBOR | U.S. Bank N.A. (AA- / A1 / AA-) | (6.956) ³ |
| TRB 2002G-1 & 2011B TBTA 2005A & 2001C ² | 89.862 ³ | 04/01/16 | 01/01/30 | Pay 3.52%; receive 67% 1M LIBOR | Wells Fargo Bank, N.A. (A+ / Aa2 / AA-) | (6.957) ³ |
| Total | \$ 924.125 | | | | | \$ (98.450) |

1 Guarantor: BNP Paribas.

2 Between November 22, 2016 and December 5, 2016, the Variable Rate Certificates of Participation, Series 2004A were redeemed. Corresponding notional amounts from the Series 2004A COPs were reassigned to MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C.

3 Pursuant to an Interagency Agreement (following novations from UBS in April 2016), MTA New York City Transit is responsible for 68.7%, MTA is responsible for 21.0%, and TBTA is responsible for 10.3% of the transaction.

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

LIBOR: London Interbank Offered Rate

TRB: Transportation Revenue Bonds

DTF: Dedicated Tax Fund Bonds

Risks Associated with the Swap Agreements

From MTA's and MTA Bridges and Tunnels' perspective, the following risks are generally associated with swap agreements:

Credit Risk. The risk that a counterparty becomes insolvent or is otherwise not able to perform its financial obligations. To mitigate the exposure to credit risk, the swap agreements include collateral provisions in the event of downgrades to the swap counterparties' credit ratings. Generally, MTA and MTA Bridges and Tunnels' swap agreements contain netting provisions under which transactions executed with a single counterparty are netted to determine collateral amounts. Collateral may be posted with a third-party custodian in the form of cash, U.S. Treasury securities, or certain Federal agency securities. MTA and MTA Bridges and Tunnels require its counterparties to fully collateralize if ratings fall below certain levels (in general, at the Baa1/BBB+ or Baa2/BBB levels), with partial posting requirements at higher rating levels (details on collateral posting discussed further under "Collateralization/Contingencies"). As of March 31, 2022, all of the valuations were in liability positions to MTA and MTA Bridges and Tunnels; accordingly, no collateral was posted by any of the counterparties.

The following table shows, as of March 31, 2022, the diversification, by percentage of notional amount, among the various counterparties that have entered into ISDA Master Agreements with MTA and/or MTA Bridges and Tunnels. The notional amount totals below include all swaps.

| Counterparty | S&P | Moody's | Fitch | Notional Amount (in thousands) | % of Total Notional Amount |
|--|------|---------|-------|--------------------------------|----------------------------|
| JPMorgan Chase Bank, NA | A+ | Aa2 | AA | \$741,624 | 35.68% |
| UBS AG | A+ | Aa3 | AA- | 424,345 | 20.41 |
| The Bank of New York Mellon | AA- | Aa2 | AA | 281,450 | 13.54 |
| Citibank, N.A. | A+ | Aa3 | A+ | 186,100 | 8.95 |
| BNP Paribas US Wholesale Holdings, Corp. | A+ | Aa3 | AA- | 186,100 | 8.95 |
| U.S. Bank National Association | AA- | A1 | AA- | 89,863 | 4.32 |
| Wells Fargo Bank, N.A. | A+ | Aa2 | AA- | 89,863 | 4.32 |
| AIG Financial Products Corp. | BBB+ | Baa2 | BBB+ | 79,415 | 3.83 |
| Total | | | | \$2,078,760 | 100.00% |

Interest Rate Risk. MTA and MTA Bridges and Tunnels are exposed to interest rate risk on the interest rate swaps. On the pay-fixed, receive variable interest rate swaps, as LIBOR or SIFMA (as applicable) decreases, MTA and MTA Bridges and Tunnels' net payments on the swaps increase.

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

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

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

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

| MTA Transportation Revenue | | |
|---|-------------------------------------|-------------------------------------|
| Counterparty Name | MTA | Counterparty |
| AIG Financial Products Corp.; JPMorgan Chase Bank, NA; UBS AG | Below Baa3 (Moody's) or BBB- (S&P)* | Below Baa3 (Moody's) or BBB- (S&P)* |

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

| MTA Dedicated Tax Fund | | |
|-------------------------------|---------------------------------|----------------------------------|
| Counterparty Name | MTA | Counterparty |
| Bank of New York Mellon | Below BBB (S&P) or BBB (Fitch)* | Below A3 (Moody's) or A- (S&P)** |

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

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

| MTA Bridges and Tunnels Senior Lien | | |
|---|------------------------------------|-------------------------------------|
| Counterparty Name | MTA Bridges and Tunnels | Counterparty |
| BNP Paribas US Wholesale Holdings, Corp.; Citibank, N.A.; JPMorgan Chase Bank, NA; UBS AG | Below Baa2 (Moody's) or BBB (S&P)* | Below Baa1 (Moody's) or BBB+ (S&P)* |

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

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

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

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

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

Rollover Risk. The risk that the swap agreement matures or may be terminated prior to the final maturity of the associated bonds on a variable rate bond issuance, and MTA or MTA Bridges and Tunnels may be exposed to then market rates and cease to receive the benefit of the synthetic fixed rate for the duration of the bond issue. The following debt is exposed to rollover risk:

| Associated Bond Issue | Bond Maturity Date | Swap Termination Date |
|---|--------------------|---|
| MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C (swaps with U.S. Bank/Wells Fargo) | January 1, 2032 | January 1, 2030 |
| MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2018E (swap with Citibank, N.A.) | November 15, 2032 | January 1, 2032 |
| MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2003B (swap with Citibank, N.A.) | January 1, 2033 | January 1, 2032 |
| MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A (swaps with U.S. Bank/Wells Fargo and Citibank, N.A.) | November 1, 2041 | January 1, 2030 (U.S. Bank/Wells Fargo) January 1, 2032 (Citibank) |
| MTA Transportation Revenue Variable Rate Bonds, Series 2011B (swaps with U.S. Bank/Wells Fargo) | November 1, 2041 | January 1, 2030 |

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

As of March 31, 2022, the aggregate mid-market valuation of the MTA's swaps subject to collateral posting agreements was \$163.3; as of this date, the MTA was not subject to collateral posting based on its credit ratings (see further details below).

As of March 31, 2022, the aggregate mid-market valuation of MTA Bridges and Tunnels' swaps subject to collateral posting agreements was \$99.7; as of this date, MTA Bridges and Tunnels was not subject to collateral posting based on its credit ratings (see further details below).

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

| MTA Transportation Revenue | | |
|---|---|--|
| Counterparty | MTA Collateral Thresholds (based on highest rating) | Counterparty Collateral Thresholds (based on highest rating) |
| AIG Financial Products Corp.; JPMorgan Chase Bank, NA; UBS AG | Baa1/BBB+: \$10 million Baa2/BBB & below: Zero | Baa1/BBB+: \$10 million Baa2/BBB & below: Zero |

Note: Based on Moody's and S&P ratings. In all cases except JPMorgan counterparty thresholds, Fitch rating is replacement for either Moody's or S&P, at which point threshold is based on lowest rating.

| MTA Dedicated Tax Fund | | |
|-------------------------|----------------------------------|---|
| Counterparty | MTA Collateral Thresholds | Counterparty Collateral Thresholds (based on lowest rating) |
| Bank of New York Mellon | N/A—MTA does not post collateral | Aa3/AA- & above: \$10 million A1/A+: \$5 million A2/A: \$2 million A3/A-: \$1 million Baa1/BBB+ & below: Zero |

| MTA Bridges and Tunnels Senior Lien | | |
|--|--|--|
| Counterparty | MTA Bridges and Tunnels Collateral Thresholds (based on highest rating) | Counterparty Collateral Thresholds (based on highest rating) |
| BNP Paribas US Wholesale Holdings, Corp.; Citibank, N.A.; JPMorgan Chase Bank, NA; UBS AG | Baa1/BBB+: \$30 million Baa2/BBB: \$15 million Baa3/BBB- & below: Zero | A3/A-: \$10 million Baa1/BBB+ & below: Zero |

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

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

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

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

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

| MTA (in millions) | | | | |
|--------------------------------------|---------------------|----------|-------------------|-------|
| Three Months Ended March 31, 2022 | Variable-Rate Bonds | | Net Swap Payments | Total |
| | Principal | Interest | | |
| 2022 | 63.3 | 42.6 | (4.4) | 101.5 |
| 2023 | 65.7 | 40.1 | (4.1) | 101.7 |
| 2024 | 68.2 | 37.5 | (3.8) | 101.9 |
| 2025 | 70.8 | 34.8 | (3.4) | 102.2 |
| 2026 | 63.6 | 32.0 | (3.1) | 92.5 |
| 2027-2031 | 617.0 | 351.7 | (10.5) | 958.2 |
| 2032-2036 | 370.8 | 156.3 | (2.0) | 525.1 |
| 2037-2041 | 99.6 | 11.6 | (0.3) | 110.9 |

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

8. LEASE TRANSACTIONS

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

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

Leveraged Lease Transaction: Subway Cars — On September 3, 2003, the MTA entered into a sale/leaseback transaction whereby MTA New York City Transit transferred ownership of certain MTA New York City Transit subway cars to the MTA, the MTA sold those cars to a third party, and the MTA leased those cars back from such third party. The MTA subleased the cars to MTA New York City Transit. The lease expires in 2033. At the lease expiration, the MTA has the option of either exercising a fixed-price purchase option for the cars or returning the cars to the third-party owner.

Under the terms of the sale/leaseback agreement, the MTA initially received \$168.1, which was utilized as follows: The MTA paid \$126.3 to an affiliate of one of the lenders to the third party, which affiliate has the obligation to pay to the MTA an amount equal to the rent obligations under the lease attributable to the debt service on such loan from such third party’s lender. The obligations of the affiliate of the third party’s lender are guaranteed by American International Group, Inc. The MTA also purchased the Federal National Mortgage Association (“FNMA”) and U.S. Treasury securities in amounts and with maturities which are sufficient to make the lease rent payments equal to the debt service on the loans from the other lender to the third party and to pay the remainder of the regularly scheduled rent due under that lease and the purchase price due upon exercise by the MTA of the fixed price purchase option if exercised. The amount remaining after payment of transaction expenses, \$7.4, was the MTA’s benefit from the transaction.

Leveraged Lease Transactions: Subway Cars — On September 25, 2003 and September 29, 2003, the MTA entered into two sale/leaseback transactions whereby MTA New York City Transit transferred ownership of certain MTA New York City Transit subway cars to the MTA, the MTA sold those cars to third parties, and the MTA leased those cars back from such third parties. The MTA subleased the cars to MTA New York City Transit. Both leases expire in 2033. At the lease expiration, MTAHQ has the option of either exercising a fixed-price purchase option for the cars or returning the cars to the third-party owner.

Under the terms of the sale/leaseback agreements, the MTA initially received \$294, which was utilized as follows: In the case of one of the leases, the MTA paid \$97 to an affiliate of one of the lenders to the third party, which affiliate has the obligation to pay to the MTA an amount equal to the rent obligations under the lease attributable to the debt service on the loan from such third party’s lender. The obligations of the affiliate of such third party’s lender are guaranteed by American International Group, Inc. In the case of the other lease, the MTA purchased U.S. Treasury debt securities in amounts and with maturities, which are sufficient for the MTA to make the lease rent payments equal to the debt service on the loan from the lender to that third party. In the case of both of the leases, the MTA also purchased Resolution Funding Corporation (“REFCO”) debt securities that mature in 2030. Under an agreement with AIG Matched Funding Corp. (guaranteed by American International Group, Inc.), AIG Matched Funding Corp. receives the proceeds from the REFCO debt securities at maturity and is obligated to pay to the MTA amounts sufficient for the MTA to pay the remainder of the regularly scheduled lease rent payments under those leases and the purchase price due upon exercise by the MTA of the purchase options if exercised. The amount remaining after payment of transaction expenses, \$24, was the MTA’s net benefit from these two transactions.

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

On December 17, 2008, MTA terminated the Ambac Assurance Corp. surety bond for the lease transaction that closed on

September 25, 2003 and since then MTA has provided short-term U.S. Treasury debt obligations as replacement collateral. As of March 31, 2022, the market value of total collateral funds was \$39.4.

On January 12, 2009, MTA provided a short-term U.S. Treasury debt obligation as additional collateral in addition to the Ambac Assurance Corp. surety bond for the lease transaction that closed on September 29, 2003. From time to time, additional collateral has been required to be added such that the total market value of the securities being held as additional collateral are expected to be sufficient to pay the remainder of the regularly scheduled lease rent payments under the lease. As of March 31, 2022, the market value of total collateral funds was \$55.5.

MTA Hudson Rail Yards Ground Leases – In the 1980’s, the MTA developed a portion of the Hudson Rail Yards as a storage yard, car wash and repair facility for the Long Island Railroad Company (“LIRR”) rail cars entering Manhattan. It was anticipated that, eventually, the air rights above the Hudson Rail Yards would be developed to meet the evolving needs for high-quality commercial, retail, residential and public space in Manhattan. The Hudson Rail Yards is a rectangular area of approximately 26-acres bounded by 10th Avenue on the east, 12th Avenue on the west, 30th Street on the south and 33rd Street on the North. The Hudson Rail Yards is divided into the Eastern Rail Yards (“ERY”) and the Western Rail Yards (“WRY”). In 2008, the MTA selected a development team led by the Related Companies, L.P to develop a commercial, residential and retail development on the ERY and the WRY.

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

The ERY Balance Lease was terminated and substituted with separate Severed Parcel Ground Leases, each dated as of April 10, 2013, and entered into between the MTA, as landlord, and a special purpose entity controlled by Related-Oxford, as Ground Lease Tenants. Several of the Ground Lease Tenants under the Severed Parcel Ground Leases have exercised their options to purchase fee title, as well as numerous condominium owners in residential buildings.

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

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

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

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

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

- i. the lease transfers ownership of the property to the lessee by the end of the lease term.
- ii. the lease contains a bargain purchase option.
- iii. the lease term is equal to 75 percent or more of the estimated economic life of the leased property.
- iv. the present value at the beginning of the lease term of the minimum lease payments, equals or exceeds 90 percent of the excess of the fair value of the leased property to the lessor at the inception of the lease over any related investment tax credit retained by and expected to be realized by the lessor.

Minimum rent receipts for ERY and WRY Ground Leases are as follows as of March 31, 2022:

| Year | ERY | WRY | Total |
|------------|-----------------|------------------|------------------|
| 2021 | \$ 8 | \$ 33 | \$ 41 |
| 2022 | 9 | 33 | 42 |
| 2023 | 9 | 36 | 45 |
| 2024 | 9 | 36 | 45 |
| 2025 | 9 | 36 | 45 |
| Thereafter | 3,554 | 14,245 | 17,799 |
| Total | <u>\$ 3,598</u> | <u>\$ 14,419</u> | <u>\$ 18,017</u> |

Other Lease Transactions — On July 29, 1998 the MTA, (solely on behalf of MTA Long Island Rail Road and MTA Metro-North Railroad, MTA New York City Transit, and MTA Bridges and Tunnels) entered into a lease and related agreements whereby each agency, as sublessee, will rent, an office building at Two Broadway in lower Manhattan. The triple-net-lease has an initial stated term of approximately 50 years, with the right to extend the lease for two successive 15-year periods at a rental of at least 95% of fair market rent. Remaining payments under the lease approximate \$1.0 billion. Under the subleases, the lease is apportioned as follows: MTA New York City Transit, 68.7%, MTA, 21%; and MTA Bridges and Tunnels, 10.3%. However, the involved agencies have agreed to sub-sublease space from one another as necessary to satisfy actual occupancy needs. The agencies will be responsible for obligations under the lease based on such actual occupancy percentages. Actual occupancy percentages at March 31, 2022, for the MTA New York City Transit, MTA Bridges and Tunnels and MTA (including MTA Bus, MTA Construction and Development and MTA Business Service Center) were 49.8%, 7.4% and 42.8%, respectively. MTAs' sublease is for a year-to-year term, automatically extended, except upon the giving of a non-extension notice by MTA. The lease is comprised of both operating and capital elements, with the portion of the lease attributable to the land recorded as an operating lease, and the portion of the lease attributable to the building recorded as a capital lease. The total annual rental payments over the initial lease term are \$1,602 with rent being abated from the commencement date through June 30, 1999. The office building at 2 Broadway, is principally occupied by MTA New York City Transit, MTA Bridges and Tunnels, MTA Construction and Development, and MTAHQ.

MTA reflected a capital lease obligation as of March 31, 2022 and December 31, 2021 of \$245 and \$245, respectively. The MTA made rent payments of \$7 and \$28 for the period ended March 31, 2022 and December 31, 2021, respectively. MTA pays the lease payments on behalf of MTA New York City Transit and MTA Bridges and Tunnels and subsequently makes monthly chargebacks in the form of rental payments. During 2021, the total of the rental payments charged to MTA New York City Transit and MTA Bridges and Tunnels was \$7.16 and \$2.22 less, respectively, than the lease payment made by MTA on behalf of MTA New York City Transit and MTA Bridges and Tunnels.

The adjusted capital lease for the aforementioned building is being amortized over the remaining life of the lease. The cost of the building and related accumulated amortization at March 31, 2022 and December 31, 2021, is as follows (in millions):

| | March 31, 2022 | December 31, 2021 |
|--------------------------------|-------------------|----------------------|
| Capital lease - building | \$196 | \$196 |
| Less accumulated amortization | (103) | (102) |
| Capital lease - building - net | <u>\$93</u> | <u>\$94</u> |

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

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

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

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

Total rent expense under operating leases approximated \$17.2 and \$16.5 for the periods ended March 31, 2022 and 2021, respectively.

At March 31, 2022, the future minimum lease payments under non-cancelable leases are as follows (in millions):

| Years | Operating | Capital |
|---|-----------------|---------------|
| 2022 | \$ 57 | \$ 74 |
| 2023 | 69 | 18 |
| 2024 | 71 | 21 |
| 2025 | 71 | 20 |
| 2026 | 71 | 20 |
| 2027–2031 | 358 | 119 |
| 2032–2036 | 349 | 567 |
| 2037–2041 | 262 | 164 |
| 2042–2046 | 280 | 181 |
| 2047–2051 | 86 | 56 |
| Future minimum lease payments | <u>\$ 1,674</u> | 1,240 |
| Amount representing interest | | (800) |
| Total present value of capital lease obligations | | 440 |
| Less current present value of capital lease obligations | | 15 |
| Noncurrent present value of capital lease obligations | | <u>\$ 425</u> |

Capital Leases Schedule

For the period ended March 31, 2022

| Description | December 31, 2021 | Increase | Decrease | March 31, 2022 |
|---|----------------------|-------------|-------------|-------------------|
| Sumitomo | \$ 15 | \$ - | \$ - | \$ 15 |
| Met Life | 7 | - | - | 7 |
| Met Life Equity | 19 | - | - | 19 |
| Bank of New York | 22 | - | - | 22 |
| Bank of America | 35 | 3 | - | 38 |
| Bank of America Equity | 16 | - | - | 16 |
| Sumitomo | 14 | - | - | 14 |
| Met Life Equity | 64 | - | - | 64 |
| 2 Broadway Lease Improvement | 185 | - | - | 185 |
| 2 Broadway | 60 | - | - | 60 |
| Total MTA Capital Lease | <u>\$ 437</u> | <u>\$ 3</u> | <u>\$ -</u> | <u>\$ 440</u> |
| Current Portion Obligations under Capital Lease | 14 | | | 15 |
| Long Term Portion Obligations under Capital Lease | <u>\$ 423</u> | | | <u>\$ 425</u> |

Capital Leases Schedule

For the Year Ended December 31, 2021

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

9. FUTURE OPTION

In 2010, MTA and MTA Long Island Railroad entered into an Air Space Parcel Purchase and Sale Agreement (“Agreement”) with Atlantic Yards Development Company, LLC (“AADC”) pursuant to which AADC has obtained an exclusive right to purchase fee title to a parcel (subdivided into six sub-parcels) of air space above the MTA Long Island Railroad Vanderbilt Yard in Brooklyn, New York. Initial annual payments of \$2 (covering all six sub-parcels) commenced on June 1, 2012 and were paid on the following three anniversaries of that date. Starting on June 1, 2016, and continuing on each anniversary thereof through and including June 1, 2031, an annual option payment in the amount of \$11 is due. The Agreement provides that all such payments are (i) fully earned by MTA as of the date due in consideration of the continuing grant to AADC of the rights to purchase the air space sub-parcels, (ii) are non-refundable except under certain limited circumstances and (iii) shall be deemed to be payments on account of successive annual options granted to AADC.

After AADC and its affiliates have completed the new yard and transit improvements to be constructed by them at and in the vicinity of the site, AADC has the right from time to time until June 1, 2031, to close on the purchase of any or all of the six air rights sub-parcels. The purchase price for the six sub-parcels is an amount, when discounted at 6.5% per annum from the date of each applicable payment that equals a present value of \$80 as of January 1, 2010. The purchase price of any particular air space sub-paragraph is equal to a net present value as of January 1, 2010 (calculated based on each applicable payment) of the product of that sub-paragraph’s percentage of the total gross square footage of permissible development on all six air space sub-parcels multiplied by \$80.

10. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

A summary of activity in estimated liability as computed by actuaries arising from injuries to persons, including employees, and damage to third-party property for the period ended March 31, 2022 and year ended December 31, 2021 is presented below (in millions):

| | March 31, 2022 | December 31, 2021 |
|--|-------------------|----------------------|
| Balance - beginning of year | \$ 5,100 | \$ 4,675 |
| Activity during the year: | | |
| Current year claims and changes in estimates | 212 | 817 |
| Claims paid | (101) | (392) |
| Balance - end of year | 5,211 | 5,100 |
| Less current portion | (551) | (543) |
| Long-term liability | \$ 4,660 | \$ 4,557 |

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

11. COMMITMENTS AND CONTINGENCIES

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

Management has reviewed with counsel all actions and proceedings pending against or involving the MTA Group, including personal injury claims. Although the ultimate outcome of such actions and proceedings cannot be predicted with certainty at this time, management believes that losses, if any, in excess of amounts accrued resulting from those actions will not be material to the financial position, results of operations, or cash flows of the MTA.

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

Financial Guarantee — *Moynihan Station Development Project* - On May 22, 2017, the MTA Board approved entering into various agreements, including a Joint Services Agreement (“JSA”), necessary to effectuate Phase 2 of the Moynihan Station Development Project (the “Project”), which will entail the redevelopment of the James A. Farley Post Office Building to include a new world-class train hall to be shared by National Railroad Passenger Corporation (“Amtrak”), the Long Island Rail Road and Metro-North Commuter Railroad (the “Train Hall”), as well as retail and commercial space (Retail and Commercial Space).

On July 21, 2017, New York State Urban Development Corporation d/b/a Empire State Development (“ESD”) executed a TIFIA Loan Agreement with the United States Department of Transportation (the “TIFIA Lender”) in an amount of up to \$526 (the “TIFIA Loan”), with a final maturity date of the earlier of (1) October 30, 2055 and (2) the last semi-annual payment date occurring no later than the date that is thirty-five (35) years following the date on which the Train Hall is substantially completed. The proceeds of the TIFIA Loan are being used to pay for costs of the construction of the Train Hall. The TIFIA Loan is secured by a mortgage on the Train Hall property. The principal and interest on the TIFIA Loan is payable from a pledged revenue stream that primarily consists of PILOT payments to be paid by certain tenants in the Retail and Commercial Space. The amount of the PILOT payments is fixed through September, 2030 and is thereafter calculated based upon the assessed value of the properties as determined by New York City. The TIFIA Loan is further supported by a TIFIA Debt Service Reserve Account, which is funded in an amount equal to the sum of the highest aggregate TIFIA debt service amounts that will become due and payable on any two consecutive semi-annual payment dates in a five-year prospective period.

Simultaneously with the execution of the TIFIA Loan Agreement, the JSA was entered into by and among the MTA, the TIFIA Lender, ESD, and Manufacturers and Traders Trust Company (as Pilot trustee). Under the JSA, MTA is obligated to satisfy semi-annual deficiencies in the TIFIA Debt Service Reserve Account. MTA’s obligations under the JSA are secured by the same moneys available to MTA for the payment of the operating and maintenance expenses of the operating agencies.

MTA’s obligation under the JSA remains in effect until the earliest to occur of (a) the MTA JSA Release Date (as defined in the JSA and generally summarized below), (b) the date on which the TIFIA Loan has been paid in full and (c) foreclosure by the TIFIA Lender under the Mortgage (as defined in the TIFIA Loan Agreement).

The obligations of the MTA under the JSA will be terminated and released on the date (the “MTA JSA Release Date”) on which each of the following conditions have been satisfied: (a) substantial completion of (1) the Train Hall Project and initiation by LIRR and Amtrak of transportation operations therein, and (2) the Retail and Commercial Space; (b) all material construction claims have been discharged or settled; (c) the PILOT payments have been calculated based upon assessed value for at least three years (i.e., 2033); (d) certain designated defaults or events of default under the TIFIA Loan Agreement have not occurred and are continuing; and (e) either of the following release tests shall have been satisfied:

- Release Test A: (a) certain debt service coverage ratios have equaled or exceeded levels set forth in the JSA, taking into consideration assessment appeals; (b) occupancy levels have equaled or exceeded levels set forth in the JSA; and (c) the TIFIA Loan is rated no lower than “BBB-” or “Baa3” by one rating agency, all as more fully described in the JSA; or
- Release Test B: the TIFIA Loan is rated no lower than “A-” or “A3” by two rating agencies, all as more fully described in the JSA.

On the date the JSA was executed and delivered, MTA deposited \$20 into an account, which MTA invests, to be used in accordance with the JSA to reimburse MTA in the event it is obligated under the JSA to make semi-annual deficiency payments to the TIFIA Debt Service Reserve Account.

On June 12, 2017, the MTA entered into a Memorandum of Understanding with ESD and the New York State Division of the Budget (the “Division”) whereby the Division agreed that in the event in any given year during the term of the JSA (i) the MTA is required to make a semi-annual deficiency payment to the TIFIA Debt Service Reserve Account, and (ii)

the Division has determined that the MTA has incurred an expense that would otherwise have been incurred by the State of New York (the “State Expense”), the Division will consider entering into a cost recovery agreement with the MTA pursuant to subdivision 4 of Section 2975 of the Public Authorities Law (the “PAL”) for such year that will provide that in lieu of paying the full assessment pursuant to subdivisions 2 and 3 of Section 2975 of the PAL in any such year, any such assessment shall be reduced by the State Expense.

12. POLLUTION REMEDIATION COST

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, an operating expense provision and corresponding liability measured at its current value using the expected cash flow method is recognized when an obligatory event occurs. Pollution remediation obligations are estimates and subject to changes resulting from price increase or reductions, technology, or changes in applicable laws or regulations. The MTA does not expect any recoveries of cost that would have a material effect on the recorded obligations.

The MTA recognized pollution remediation expenses of \$1 and \$1 for the three months ended March 31, 2022 and 2021, respectively. A summary of the activity in pollution remediation liability at March 31, 2022 and December 31, 2021 were as follows:

| | March 31, 2022 | December 31, 2021 |
|--|---------------------------|------------------------------|
| Balance at beginning of year | \$ 145 | \$ 152 |
| Current year expenses/changes in estimates | 1 | 37 |
| Current year payments | (1) | (44) |
| Balance at end of year | 145 | 145 |
| Less current portion | 29 | 29 |
| Long-term liability | <u>\$ 116</u> | <u>\$ 116</u> |

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

13. NON-CURRENT LIABILITIES

Changes in the activity of non-current liabilities for the year ended December 31, 2021 and for the three months ended March 31, 2022 and are presented below:

| | Balance December 31, 2020 | | | Balance December 31, 2021 | | | Balance March 31, 2022 | | |
|--------------------------------------|--|------------------|-------------------|--|------------------|-------------------|---------------------------------------|--|--|
| | 2020 | Additions | Reductions | 2021 | Additions | Reductions | 2022 | | |
| Non-current liabilities: | | | | | | | | | |
| Contract retainage payable | \$ 479 | \$ - | \$ (63) | 416 | \$ 2 | \$ - | 418 | | |
| Other long-term liabilities | 508 | - | (73) | 435 | 24 | - | 459 | | |
| Total non-current liabilities | \$ 987 | \$ - | \$ (136) | \$ 851 | \$ 26 | \$ - | \$ 877 | | |

14. NOVEL CORONAVIRUS (COVID-19)

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

has seen ridership steadily improve since the low point of ridership during the pandemic in 2020; however, the surge from the Omicron variant in mid-December has slowed ridership growth.

Coronavirus Aid, Relief and Economic Security 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 (\$0.6 billion) and January 2022 (\$3.5 billion). Release of such funds by the FTA was awaiting agreement of the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut which was made on November 9, 2021. This federal relief is expected to offset 2021 operating deficits.

American Rescue Plan Act (“ARPA”). On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (“ARPA”). The \$1.9 trillion package is intended to combat the COVID-19 pandemic, including the public health and economic impacts. The package includes \$30 billion of direct federal aid to transportation agencies. Release of such funds was awaiting agreement on the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut which was made on November 9, 2021. The MTA expects to receive initially \$6.1 billion in aid from ARPA in 2022, of which \$5.8 billion has been received through June 30, 2022. In September of 2021, Additional Assistance Funding was made available to transit systems demonstrating additional pandemic associated needs. Details on the receipts and timing of the additional assistance is not yet available.

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

15. FUEL HEDGE

MTA partially hedges its fuel cost exposure using financial hedges. All MTA fuel hedges provide for up to 24 monthly settlements. The table below summarizes twenty-four (24) active ultra-low sulfur diesel (“ULSD”) hedges in whole dollars:

| Counterparty | Macquarie Energy LLC | Goldman Sachs | BOA Merrill | Macquarie Energy LLC | Goldman Sachs | Goldman Sachs | Goldman Sachs | BOA Merrill |
|----------------------------|----------------------|---------------|-------------|----------------------|---------------|---------------|---------------|-------------|
| Trade Date | 4/30/2020 | 5/27/2020 | 6/30/2020 | 7/28/2020 | 8/27/2020 | 9/29/2020 | 10/27/2020 | 11/30/2020 |
| Effective Date | 4/1/2021 | 5/1/2021 | 6/1/2021 | 7/1/2021 | 8/1/2021 | 9/1/2021 | 10/1/2021 | 11/1/2021 |
| Termination Date | 3/31/2022 | 4/30/2022 | 5/31/2022 | 6/30/2022 | 7/31/2022 | 8/31/2022 | 9/30/2022 | 10/31/2021 |
| Price/Gal | \$1.1800 | \$1.2640 | \$1.3685 | \$1.4200 | \$1.4340 | \$1.3145 | \$1.3120 | \$1.4615 |
| Original Notional Quantity | 2,819,762 | 2,819,768 | 2,819,748 | 2,819,761 | 2,819,736 | 2,862,960 | 2,825,162 | 2,841,038 |

| Counterparty | JPMorgan | JPMorgan | Goldman Sachs | JPMorgan | Goldman Sachs | BOA Merrill | Goldman Sachs | JPMorgan |
|----------------------------|------------|------------|---------------|-----------|---------------|-------------|---------------|-----------|
| Trade Date | 12/29/2020 | 1/26/2021 | 2/23/2021 | 3/31/2021 | 4/29/2021 | 6/2/2021 | 6/29/2021 | 7/27/2021 |
| Effective Date | 12/1/2021 | 1/1/2022 | 2/1/2022 | 3/1/2022 | 4/1/2022 | 5/1/2022 | 6/1/2022 | 7/1/2022 |
| Termination Date | 11/30/2022 | 12/31/2022 | 1/31/2023 | 2/28/2023 | 3/31/2023 | 4/30/2023 | 5/31/2023 | 6/30/2023 |
| Price/Gal | \$1.5355 | \$1.6051 | \$1.7845 | \$1.8072 | \$1.9360 | \$2.0495 | \$2.0610 | \$2.0505 |
| Original Notional Quantity | 2,826,765 | 2,862,779 | 2,826,759 | 2,826,761 | 2,826,752 | 2,826,757 | 2,826,738 | 2,826,751 |

| Counterparty | BOA Merrill | BOA Merrill | BOA Merrill | Cargill | Goldman Sachs | Goldman Sachs | Cargill | Cargill |
|----------------------------|-------------|-------------|-------------|------------|---------------|---------------|-----------|-----------|
| Trade Date | 8/31/2021 | 9/29/2021 | 10/25/2021 | 11/30/2021 | 12/28/2021 | 1/25/2022 | 2/28/2022 | 3/31/2022 |
| Effective Date | 8/1/2022 | 9/1/2022 | 10/1/2022 | 11/1/2022 | 12/1/2022 | 1/1/2023 | 2/1/2023 | 3/1/2023 |
| Termination Date | 7/31/2023 | 8/31/2023 | 9/30/2023 | 10/31/2023 | 11/30/2023 | 12/31/2023 | 1/31/2024 | 2/29/2024 |
| Price/Gal | \$2.0345 | \$2.1459 | \$2.2879 | \$2.0100 | \$2.2227 | \$2.3615 | \$2.5015 | \$2.7469 |
| Original Notional Quantity | 2,826,725 | 2,826,740 | 2,826,749 | 2,826,751 | 2,826,765 | 2,826,779 | 2,826,759 | 2,826,761 |

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 MTA will take delivery of the fuel. As of March 31, 2022, the total outstanding notional value of the ULSD contracts was 52.6 million gallons with a positive fair market value of \$50.5. The valuation of each trade was based on discounting future net cash flows to a single current amount (the income approach) using observable commodity futures prices (Level 2 inputs).

16. CONDENSED COMPONENT UNIT INFORMATION

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

| | MTA | Metro - North Railroad | Long Island Railroad | New York City Transit Authority | Triborough Bridge and Tunnel Authority | Eliminations | Consolidated Total |
|---|-------------------|------------------------------|----------------------------|---------------------------------------|---|--------------------|-----------------------|
| March 31, 2022 | | | | | | | |
| Current assets | \$ 12,904 | \$ 221 | \$ 283 | \$ 586 | \$ 1,272 | \$ (371) | \$ 14,895 |
| Capital assets | 13,559 | 6,266 | 9,919 | 46,549 | 7,622 | - | 83,915 |
| Other Assets | 18,905 | - | - | 1 | 1,060 | (14,767) | 5,199 |
| Intercompany receivables | 527 | 169 | 79 | 1,531 | 3,027 | (5,333) | - |
| Deferred outflows of resources | 1,794 | 849 | 1,046 | 3,646 | 526 | (129) | 7,732 |
| Total assets and deferred outflows of resources | \$ 47,689 | \$ 7,505 | \$ 11,327 | \$ 52,313 | \$ 13,507 | \$ (20,600) | \$ 111,741 |
| Current liabilities | \$ 6,809 | \$ 341 | \$ 271 | \$ 2,121 | \$ 956 | \$ (76) | \$ 10,422 |
| Non-current liabilities | 39,129 | 2,799 | 4,463 | 22,438 | 14,465 | (98) | 83,196 |
| Intercompany payables | 5,086 | 137 | 29 | 354 | 517 | (6,123) | - |
| Deferred inflows of resources | 445 | 132 | 335 | 3,602 | 242 | - | 4,756 |
| Total liabilities and deferred inflows of resources | \$ 51,469 | \$ 3,409 | \$ 5,098 | \$ 28,515 | \$ 16,180 | \$ (6,297) | \$ 98,374 |
| Net investment in capital assets | \$ (30,479) | \$ 6,256 | \$ 9,897 | \$ 46,305 | \$ 1,130 | \$ (397) | \$ 32,712 |
| Restricted | 6,243 | - | - | - | 817 | (406) | 6,654 |
| Unrestricted | 20,456 | (2,160) | (3,668) | (22,507) | (4,620) | (13,500) | (25,999) |
| Total net position | \$ (3,780) | \$ 4,096 | \$ 6,229 | \$ 23,798 | \$ (2,673) | \$ (14,303) | \$ 13,367 |
| For the period ended March 31, 2022 | | | | | | | |
| Fare revenue | \$ 37 | \$ 80 | \$ 87 | \$ 641 | \$ - | \$ - | \$ 845 |
| Vehicle toll revenue | - | - | - | - | 525 | - | 525 |
| Rents, freight and other revenue | 15 | 7 | 7 | 118 | 5 | (8) | 144 |
| Total operating revenue | 52 | 87 | 94 | 759 | 530 | (8) | 1,514 |
| Total labor expenses | 303 | 241 | 301 | 1,676 | 57 | - | 2,578 |
| Total non-labor expenses | 120 | 103 | 85 | 466 | 48 | (9) | 813 |
| Depreciation | 23 | 82 | 112 | 530 | 49 | - | 796 |
| Total operating expenses | 446 | 426 | 498 | 2,672 | 154 | (9) | 4,187 |
| Operating (deficit) surplus | (394) | (339) | (404) | (1,913) | 376 | 1 | (2,673) |
| Subsidies and grants | 305 | 61 | - | 76 | 2 | (77) | 367 |
| Tax revenue | 1,745 | - | - | 754 | 147 | (534) | 2,112 |
| Interagency subsidy | 280 | 25 | (46) | 62 | - | (321) | - |
| Interest expense | (403) | - | - | (1) | (84) | - | (488) |
| Other | 3,324 | - | - | 1 | - | 528 | 3,853 |
| Total non-operating revenues (expenses) | 5,251 | 86 | (46) | 892 | 65 | (404) | 5,844 |
| Gain (Loss) before appropriations | 4,857 | (253) | (450) | (1,021) | 441 | (403) | 3,171 |
| Appropriations, grants and other receipts externally restricted for capital projects | 137 | 247 | 239 | 169 | (476) | 737 | 1,053 |
| Change in net position | 4,994 | (6) | (211) | (852) | (35) | 334 | 4,224 |
| Net position, beginning of period | (8,774) | 4,102 | 6,440 | 24,650 | (2,638) | (14,637) | 9,143 |
| Net position, end of period | \$ (3,780) | \$ 4,096 | \$ 6,229 | \$ 23,798 | \$ (2,673) | \$ (14,303) | \$ 13,367 |
| For the period ended March 31, 2022 | | | | | | | |
| Net cash (used by) / provided by operating activities | \$ (213) | \$ (128) | \$ (163) | \$ (1,306) | \$ 415 | \$ (179) | \$ (1,574) |
| Net cash provided by / (used by) non-capital financing activities | 9,474 | 142 | 150 | 1,501 | 423 | (2,688) | 9,002 |
| Net cash (used by) / provided by capital and related financing activities | (5,857) | (13) | 14 | (277) | (221) | 1,708 | (4,646) |
| Net cash (used by) / provided by investing activities | (2,370) | - | - | 90 | (690) | 1,159 | (1,811) |
| Cash at beginning of period | 515 | 17 | 5 | 28 | 217 | - | 782 |
| Cash at end of period | \$ 1,549 | \$ 18 | \$ 6 | \$ 36 | \$ 144 | \$ - | \$ 1,753 |

| | Metro- | | Long | New York | Triborough | | Consolidated |
|---|--------------------|-----------------|------------------|-------------------|-------------------|--------------------|-------------------|
| | MTA | North | Island | City Transit | Bridge and | Tunnel | Total |
| | | Railroad | Railroad | Authority | Authority | Eliminations | |
| December 31, 2021 | | | | | | | |
| Current assets | \$ 15,727 | \$ 232 | \$ 247 | \$ 639 | \$ 1,836 | \$ (792) | \$ 17,889 |
| Capital assets | 13,514 | 6,096 | 9,889 | 46,653 | 7,607 | - | 83,759 |
| Other Assets | 15,887 | - | - | 1 | 3 | (13,781) | 2,110 |
| Intercompany receivables | 681 | 333 | 349 | 1,814 | 2,874 | (6,078) | (27) |
| Deferred outflows of resources | 1,912 | 849 | 1,047 | 3,646 | 580 | (171) | 7,863 |
| Total assets and deferred outflows of resources | \$ 47,721 | \$ 7,510 | \$ 11,532 | \$ 52,753 | \$ 12,900 | \$ (20,822) | \$ 111,594 |
| Current liabilities | \$ 9,899 | \$ 362 | \$ 273 | \$ 2,140 | \$ 938 | \$ (59) | \$ 13,553 |
| Non-current liabilities | 40,904 | 2,797 | 4,462 | 22,361 | 13,763 | (123) | 84,164 |
| Intercompany payables | 5,245 | 117 | 22 | - | 595 | (6,002) | (23) |
| Deferred inflows of resources | 447 | 132 | 335 | 3,602 | 242 | - | 4,758 |
| Total liabilities and deferred inflows of resources | \$ 56,495 | \$ 3,408 | \$ 5,092 | \$ 28,103 | \$ 15,538 | \$ (6,184) | \$ 102,452 |
| Net investment in capital assets | \$ (33,964) | \$ 6,085 | \$ 9,866 | \$ 46,407 | \$ 2,147 | \$ (643) | \$ 29,898 |
| Restricted | 2,351 | - | - | - | 1,606 | (1,347) | 2,610 |
| Unrestricted | 22,839 | (1,983) | (3,426) | (21,757) | (6,391) | (12,648) | (23,366) |
| Total net position | \$ (8,774) | \$ 4,102 | \$ 6,440 | \$ 24,650 | \$ (2,638) | \$ (14,638) | \$ 9,142 |
| For the period ended March 31, 2021 | | | | | | | |
| Fare revenue | \$ 29 | \$ 34 | \$ 44 | \$ 431 | \$ - | \$ - | \$ 538 |
| Vehicle toll revenue | - | - | - | - | 420 | - | 420 |
| Rents, freight and other revenue | 12 | 7 | 8 | 106 | 5 | (10) | 128 |
| Total operating revenue | 41 | 41 | 52 | 537 | 425 | (10) | 1,086 |
| Total labor expenses | 293 | 226 | 283 | 1,691 | 53 | - | 2,546 |
| Total non-labor expenses | 132 | 83 | 68 | 443 | 40 | (10) | 756 |
| Depreciation | 18 | 61 | 115 | 524 | 48 | - | 766 |
| Total operating expenses | 443 | 370 | 466 | 2,658 | 141 | (10) | 4,068 |
| Operating (deficit) surplus | (402) | (329) | (414) | (2,121) | 284 | - | (2,982) |
| Subsidies and grants | 169 | 110 | - | 67 | 2 | (67) | 281 |
| Tax revenue | 1,221 | - | - | 766 | 160 | (674) | 1,473 |
| Interagency subsidy | 152 | 180 | 164 | 28 | - | (524) | - |
| Interest expense | (354) | - | - | (1) | (86) | - | (441) |
| Other | (514) | - | - | 401 | - | 140 | 27 |
| Total non-operating revenues (expenses) | 674 | 290 | 164 | 1,261 | 76 | (1,125) | 1,340 |
| Gain (Loss) before appropriations | 272 | (39) | (250) | (860) | 360 | (1,125) | (1,642) |
| Appropriations, grants and other receipts externally restricted for capital projects | (468) | 42 | 271 | 110 | (652) | 1,254 | 557 |
| Change in net position | (196) | 3 | 21 | (750) | (292) | 129 | (1,085) |
| Net position, beginning of the period | (10,289) | 3,768 | 5,230 | 21,824 | (2,443) | (13,107) | 4,983 |
| Net position, end of period | \$ (10,485) | \$ 3,771 | \$ 5,251 | \$ 21,074 | \$ (2,735) | \$ (12,978) | \$ 3,898 |
| For the period ended March 31, 2021 | | | | | | | |
| Net cash (used in) / provided by operating activities | \$ (482) | \$ (272) | \$ (414) | \$ (1,443) | \$ 342 | \$ 159 | \$ (2,110) |
| Net cash provided by / (used in) non-capital financing activities | 217 | 290 | 364 | 1,316 | (654) | 377 | 1,910 |
| Net cash (used in) / provided by capital and related financing activities | (271) | (12) | 49 | (263) | 448 | 361 | 312 |
| Net cash provided by / (used in) investing activities | 627 | - | - | 395 | (471) | (897) | (346) |
| Cash at beginning of period | 471 | 23 | 5 | 20 | 507 | - | 1,026 |
| Cash at end of period | \$ 562 | \$ 29 | \$ 4 | \$ 25 | \$ 172 | \$ - | \$ 792 |

17. SUBSEQUENT EVENTS

On April 5, 2022, MTA priced, subject to a Forward Delivery Bond Purchase Agreement, \$1,000.015 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2022B. MTA expects to issue and deliver the Series 2022B Bonds on August 18, 2022. Proceeds from the transaction will be used to retire: \$75.235 MTA Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002D-1; \$174.050 MTA Transportation Revenue Bonds, Series 2012C; \$406.730 MTA Transportation Revenue Refunding Bonds, Series 2012D; \$350.280 MTA Transportation Revenue Refunding Bonds, Series 2012F; and \$112.655 MTA Transportation Revenue Bonds, Series 2012H. The refunding resulted in a net present value savings of \$135.306 or 12.09% of the par amount of the refunded bonds. The Series 2022B bonds were priced as fixed rate tax-exempt bonds with a final maturity of May 15, 2042.

On April 28, 2022, MTA executed a 2,826,752 gallon ultra-low sulfur diesel fuel hedge at an all-in price of \$2.868 (whole-dollars) per gallon. The hedge covers the period from April 2023 through March 2024.

On May 12, 2022, MTA issued \$927.950 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2022C. Proceeds from the transaction were used to retire outstanding MTA Transportation Revenue Bond Anticipation Notes, Series 2019B-1. The Series 2022C bonds were issued as fixed rate tax-exempt bonds with a final maturity of May 15, 2057.

On May 20, 2022, MTA extended its irrevocable direct-pay Letter of Credit (LOC) issued by U.S. Bank National Association that is associated with Triborough Bridge and Tunnel Authority General Revenue Variable Rate Refunding Bonds, Subseries 2005B-4c for three years to May 23, 2025.

On May 26, 2022, MTA extended its irrevocable direct-pay LOC issued by Bank of Montreal that is associated with Transportation Revenue Variable Rate Bonds, Subseries 2012A-2 for three years to June 2, 2025.

On May 31, 2022, MTA executed a 2,826,757 gallon ultra-low sulfur diesel fuel hedge with an all-in price of \$2.945 (whole-dollars) per gallon. The hedge covers the period from May 2023 through April 2024.

On June 1, 2022, MTA extended its irrevocable direct-pay LOC issued by TD Bank, N.A. that is associated with Dedicated Tax Fund Variable Rate Refunding Bonds, Subseries 2008A-1 for three years to June 13, 2025.

On June 1, 2022, MTA effectuated a mandatory tender and remarketed \$58.015 Dedicated Tax Fund Variable Rate Refunding Bonds, Subseries 2008A-2a because its current interest rate period was set to expire by its terms. The Subseries 2008A-2a bonds were remarketed as Variable Interest Rate Obligations in Daily Mode supported by an irrevocable direct-pay LOC issued by TD Bank, N.A. The new LOC will expire on November 1, 2026.

On June 27, 2022, MTA executed a 2,826,738 gallon ultra-low sulfur diesel fuel hedge with an all-in price of \$3.0195 (whole-dollars) per gallon. The hedge covers the period from June 2023 through May 2024.

On July 20, 2022, MTA anticipates issuance of \$700 Triborough Bridge and Tunnel Authority Sales Tax Revenue Bonds, Series 2022A. Proceeds from the transaction will be used to finance approved transit and commuter projects included in the 2020-2024 Capital Program. The Series 2022A bonds will be issued as fixed rate tax-exempt bonds with a final maturity of May 15, 2062.

On July 25, 2022, MTA executed a 2,826,751 gallon ultra-low sulfur diesel fuel hedge at an all-in price of \$2.8739 (whole dollars) per gallon. The hedge covers the period from July 2023 through June 2024.

On August 2, 2022, MTA entered into new \$800 and \$400 revolving credit agreements with JP Morgan Chase Bank, National Association and Bank of America, National Association, respectively. These agreements replace the existing agreements with JP Morgan (dated August 24, 2017, as amended) and Bank of America (dated August 16, 2019, as amended), which were for the same amounts and terminated pursuant to their terms. The new agreements are active until August 1, 2025.

On August 18 2022, MTA issued \$400 Triborough Bridge and Tunnel Authority General Revenue Bonds, Series 2022A. Proceeds from the transaction will be used to finance existing approved bridge and tunnel capital projects. The Series 2022A bonds were issued as fixed rate tax-exempt bonds with a final maturity of November 15, 2057.

On August 18, 2022, MTA issued and delivered \$1,000 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Bonds, Series 2022B. Proceeds from the issuance were used to (i) retire certain of MTA outstanding Transportation Revenue Bonds, and (ii) pay certain financing, legal and miscellaneous expenses.

On August 31, 2022, MTA extended its irrevocable direct-pay Letter of Credit issued by Bank of America, N.A. that is associated with Transportation Revenue Variable Rate Bonds, Subseries 2015E-3 for three years to September 2, 2025.

On August 29, 2022, MTA executed a 2,826,725 gallon ultra-low sulfur diesel fuel hedge at an all-in price of 2.9620 (whole dollars) per gallon. The hedge covers the period from August 2023 through July 2024.

On September 1, 2022, MTA issued \$951 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Bond Anticipation Notes, Series 2022A. Proceeds from the transaction were used to refinance outstanding MTA Transportation Revenue Bond Anticipation Notes, Series 2019D-1 as they were set to mature on September 1, 2022. The Series 2022A Notes were issued as fixed rate tax-exempt notes with a final maturity of August 15, 2024.

On September 15, 2022, MTA issued \$749 Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Green Bonds, Series 2022D. Proceeds were used to (i) retire certain of MTA's outstanding Transportation Revenue Bonds, (ii) finance transit and commuter projects included in MTA's approved capital programs, (iii) pay capitalized interest on the Subseries 2022D-2 Bonds up to, but not including September 15, 2023, and (iv) pay certain financing, legal and miscellaneous expenses.

On September 29, 2022, MTA executed a 2,826,740 gallon ultra-low sulfur diesel fuel hedge at an all-in price of 2.6846 (whole dollars) per gallon. The hedge covers the period from September 2023 through August 2024.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

(\$ in thousands)

| Plan Measurement Date (December 31): | Additional Plan | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total pension liability: | | | | | | | |
| Service cost | \$ 453 | \$ 621 | \$ 1,057 | \$ 1,874 | \$ 2,752 | \$ 3,441 | \$ 3,813 |
| Interest | 86,918 | 93,413 | 97,611 | 101,477 | 104,093 | 106,987 | 110,036 |
| Effect of economic / demographic (gains) or losses | 10,428 | 13,455 | 213 | 1,890 | 15,801 | 6,735 | - |
| Effect of assumption changes or inputs | - | 50,191 | - | - | - | - | - |
| Benefit payments and withdrawals | (152,046) | (157,254) | (159,565) | (159,717) | (158,593) | (157,071) | (156,974) |
| Net change in total pension liability | (54,247) | 426 | (60,684) | (54,476) | (35,947) | (39,908) | (43,125) |
| Total pension liability—beginning | 1,411,570 | 1,411,144 | 1,471,828 | 1,526,304 | 1,562,251 | 1,602,159 | 1,645,284 |
| Total pension liability—ending (a) | 1,357,323 | 1,411,570 | 1,411,144 | 1,471,828 | 1,526,304 | 1,562,251 | 1,602,159 |
| Plan fiduciary net position: | | | | | | | |
| Employer contributions | 68,724 | 62,774 | 59,500 | 76,523 | 81,100 | 100,000 | 407,513 |
| Nonemployer contributions | - | - | - | 145,000 | 70,000 | - | - |
| Member contributions | 140 | 249 | 333 | 760 | 884 | 1,108 | 1,304 |
| Net investment income | 4,024 | 116,092 | (31,098) | 112,614 | 58,239 | 527 | 21,231 |
| Benefit payments and withdrawals | (152,046) | (157,254) | (159,565) | (159,717) | (158,593) | (157,071) | (156,974) |
| Administrative expenses | (612) | (718) | (1,180) | (1,070) | (611) | (1,218) | (975) |
| Net change in plan fiduciary net position | (79,770) | 21,143 | (132,010) | 174,110 | 51,019 | (56,654) | 272,099 |
| Plan fiduciary net position—beginning | 840,460 | 819,317 | 951,327 | 777,217 | 726,198 | 782,852 | 510,753 |
| Plan fiduciary net position—ending (b) | 760,690 | 840,460 | 819,317 | 951,327 | 777,217 | 726,198 | 782,852 |
| Employer's net pension liability—ending (a)-(b) | \$ 596,633 | \$ 571,110 | \$ 591,827 | \$ 520,501 | \$ 749,087 | \$ 836,053 | \$ 819,307 |
| Plan fiduciary net position as a percentage of the total pension liability | 56.04% | 59.54% | 58.06% | 64.64% | 50.92% | 46.48% | 48.86% |
| Covered payroll | \$ 5,174 | \$ 7,236 | \$ 13,076 | \$ 20,500 | \$ 29,312 | \$ 39,697 | \$ 43,267 |
| Employer's net pension liability as a percentage of covered payroll | 11531.37% | 7892.62% | 4526.06% | 2539.03% | 2555.56% | 2106.09% | 1893.61% |

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

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

(\$ in thousands)

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

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

(continued)

(\$ in thousands)

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

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

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

(continued)

(\$ in thousands)

| Plan Measurement Date (December 31): | MTA Defined Benefit Plan | | | | | | |
|---|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total pension liability: | | | | | | | |
| Service cost | \$ 213,494 | \$ 173,095 | \$ 162,273 | \$ 148,051 | \$ 138,215 | \$ 124,354 | \$ 121,079 |
| Interest | 427,672 | 387,193 | 358,118 | 335,679 | 308,009 | 288,820 | 274,411 |
| Effect of economic / demographic (gains) or losses | 92,019 | 35,935 | 75,744 | (27,059) | 86,809 | 121,556 | 2,322 |
| Effect of assumption changes or inputs | | 690,958 | - | 10,731 | - | (76,180) | - |
| Effect of plan changes | - | - | 61,890 | 76,511 | 73,521 | 6,230 | - |
| Benefit payments and withdrawals | (293,836) | (264,985) | (242,349) | (232,976) | (209,623) | (199,572) | (191,057) |
| Net change in total pension liability | 439,349 | 1,022,196 | 415,676 | 310,937 | 396,931 | 265,208 | 206,755 |
| Total pension liability—beginning | 6,510,686 | 5,488,490 | 5,072,814 | 4,761,877 | 4,364,946 | 4,099,738 | 3,892,983 |
| Total pension liability—ending (a) | 6,950,035 | 6,510,686 | 5,488,490 | 5,072,814 | 4,761,877 | 4,364,946 | 4,099,738 |
| Plan fiduciary net position: | | | | | | | |
| Employer contributions | 394,986 | 344,714 | 338,967 | 321,861 | 280,768 | 221,694 | 331,259 |
| Member contributions | 32,006 | 31,504 | 29,902 | 31,027 | 29,392 | 34,519 | 26,006 |
| Net investment income | 99,045 | 651,919 | (150,422) | 516,153 | 247,708 | (45,122) | 102,245 |
| Benefit payments and withdrawals | (293,836) | (264,985) | (242,349) | (232,976) | (209,623) | (199,572) | (191,057) |
| Administrative expenses | (3,660) | (3,408) | (3,152) | (4,502) | (3,051) | (1,962) | (9,600) |
| Net change in plan fiduciary net position | 228,541 | 759,744 | (27,054) | 631,563 | 345,194 | 9,557 | 258,853 |
| Plan fiduciary net position—beginning | 4,784,224 | 4,024,480 | 4,051,534 | 3,419,971 | 3,074,777 | 3,065,220 | 2,806,367 |
| Plan fiduciary net position—ending (b) | 5,012,765 | 4,784,224 | 4,024,480 | 4,051,534 | 3,419,971 | 3,074,777 | 3,065,220 |
| Employer's net pension liability—ending (a)-(b) | \$ 1,937,270 | \$ 1,726,462 | \$ 1,464,010 | \$ 1,021,280 | \$ 1,341,906 | \$ 1,290,169 | \$ 1,034,518 |
| Plan fiduciary net position as a percentage of the total pension liability | 72.13% | 73.48% | 73.33% | 79.87% | 71.82% | 70.44% | 74.77% |
| Covered payroll | \$ 2,050,970 | \$ 2,052,657 | \$ 2,030,695 | \$ 1,857,026 | \$ 1,784,369 | \$ 1,773,274 | \$ 1,679,558 |
| Employer's net pension liability as a percentage of covered payroll | 94.46% | 84.11% | 72.09% | 55.00% | 75.20% | 72.76% | 61.59% |

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

REQUIRED SUPPLEMENTARY INFORMATION

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

(\$ in thousands)

| Plan Measurement Date: | NYCERS Plan | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
| MTA's proportion of the net pension liability | 22.218% | 24.420% | 24.493% | 23.682% | 24.096% | 23.493% | 23.585% |
| MTA's proportionate share of the net pension liability | \$ 1,424,952 | \$ 5,147,445 | \$ 4,536,510 | \$ 4,176,941 | \$ 5,003,811 | \$ 5,708,052 | \$ 4,773,787 |
| MTA's actual covered payroll | \$ 3,618,339 | \$ 3,514,665 | \$ 3,385,743 | \$ 3,216,837 | \$ 3,154,673 | \$ 3,064,007 | \$ 2,989,480 |
| MTA's proportionate share of the net pension liability as a percentage of the MTA's covered payroll | 39.000% | 146.456% | 113.989% | 129.846% | 158.616% | 186.294% | 159.686% |
| Plan fiduciary net position as a percentage of the total pension liability | 77.000% | 76.933% | 78.836% | 78.826% | 74.805% | 69.568% | 73.125% |

| Plan Measurement Date: | NYSLERS Plan | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2019 | March 31, 2018 | March 31, 2017 | March 31, 2016 | March 31, 2015 |
| MTA's proportion of the net pension liability | 0.314% | 0.346% | 0.345% | 0.327% | 0.311% | 0.303% | 0.289% |
| MTA's proportionate share of the net pension liability | \$ 313 | \$ 91,524 | \$ 24,472 | \$ 10,553 | \$ 29,239 | \$ 48,557 | \$ 9,768 |
| MTA's actual covered payroll | \$ 102,838 | \$ 105,457 | \$ 109,252 | \$ 105,269 | \$ 96,583 | \$ 87,670 | \$ 87,315 |
| MTA's proportionate share of the net pension liability as a percentage of the MTA's covered payroll | 0.000% | 86.788% | 22.400% | 10.025% | 30.273% | 55.386% | 11.187% |
| Plan fiduciary net position as a percentage of the total pension liability | 99.950% | 86.392% | 96.267% | 98.240% | 94.703% | 90.685% | 97.947% |

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

REQUIRED SUPPLEMENTARY INFORMATION

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

(\$ in thousands)

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

(continued)

(\$ in thousands)

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

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Notes to Schedule of the MTA's Contributions for All Pension Plans

| | Additional Plan | | | |
|---|--|--|--|--|
| Valuation Dates: | January 1, 2020 | January 1, 2019 | January 1, 2018 | January 1, 2017 |
| Measurement Date: | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 |
| Actuarial cost method: | Entry Age Normal Cost | Entry Age Normal Cost | Entry Age Normal Cost | Entry Age Normal Cost |
| Amortization method: | Period specified in current valuation report (closed 13 year period beginning January 1, 2020) with level dollar payments. | Period specified in current valuation report (closed 14 year period beginning January 1, 2019) with level dollar payments. | Period specified in current valuation report (closed 15 year period beginning January 1, 2018) with level dollar payments. | Period specified in current valuation report (closed 16 year period beginning January 1, 2017) with level dollar payments. |
| Asset Valuation Method: | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. |
| Salary increases: | 3.00% | 3.00% | 3.00% | 3.00% |
| Actuarial assumptions: | | | | |
| Discount Rate: | 6.50% | 6.50% | 7.00% | 7.00% |
| Investment rate of return : | 6.50%, net of investment expenses. | 6.50%, net of investment expenses. | 7.00%, net of investment expenses. | 7.00%, net of investment expenses. |
| Mortality: | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. |
| Pre-retirement: | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. |
| Post-retirement Healthy Lives: | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. |
| Post-retirement Disabled Lives: | N/A | N/A | N/A | N/A |
| Inflation/Railroad Retirement Wage Base: | 2.25%; 3.25% | 2.25%; 3.25% | 2.50%; 3.50% | 2.50%; 3.50% |
| Cost-of-Living Adjustments: | N/A | N/A | N/A | N/A |

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Notes to Schedule of the MTA's Contributions for All Pension Plans

| | Additional Plan (continued) | | |
|---|--|--|---|
| | January 1, 2016 | January 1, 2015 | January 1, 2014 |
| Valuation Dates: | January 1, 2016 | January 1, 2015 | January 1, 2014 |
| Measurement Date: | December 31, 2016 | December 31, 2015 | December 31, 2014 |
| Actuarial cost method: | Entry Age Normal Cost | Entry Age Normal Cost | Entry Age Normal Cost |
| Amortization method: | Period specified in current valuation report (closed 17 year period beginning January 1, 2016) with level dollar payments. | Period specified in current valuation report (closed 18 year period beginning January 1, 2015) with level dollar payments. | Period specified in current valuation report (closed 19 year period beginning January 1, 2014) with level dollar payments. |
| Asset Valuation Method: | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. |
| Salary increases: | 3.00% | 3.00% | 3.00% |
| Actuarial assumptions: | | | |
| Discount Rate: | 7.00% | 7.00% | 7.00% |
| Investment rate of return : | 7.00%, net of investment expenses. | 7.00%, net of investment expenses. | 7.00%, net of investment expenses. |
| Mortality: | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. As generational tables, they reflect mortality improvements both before and after the measurement date. Mortality assumption is based on a 2012 experience study for all MTA plans. |
| Pre-retirement: | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. |
| Post-retirement Healthy Lives: | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. |
| Post-retirement Disabled Lives: | N/A | N/A | N/A |
| Inflation/Railroad Retirement Wage Base: | 2.50%; 3.50% | 2.50%; 3.50% | 2.50%; 3.50% |
| Cost-of-Living Adjustments: | N/A | N/A | N/A |

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
**Notes to Schedule of the
MTA's Contributions
for All Pension Plans**

| | MaBSTOA Plan | | | |
|---|---|---|---|---|
| Valuation Dates: | January 1, 2020 | January 1, 2019 | January 1, 2018 | January 1, 2017 |
| Measurement Date: | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 |
| Actuarial cost method: | Frozen Initial Liability (FIL) | Frozen Initial Liability (FIL) | Frozen Initial Liability (FIL) | Frozen Initial Liability (FIL) |
| Amortization method: | For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population. | For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population. | For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population. | For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population. |
| Asset Valuation Method: | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. |
| Salary increases: | Reflecting general wage, merit and promotion increases for operating employees and non-operating members. Varies by years of employment. | Reflecting general wage, merit, and promotion increases of 3.5% for operating employees and 4.0% for non-operating employees per year. Large increases are assumed in the first 5 years of a member's career. | Varies by years of employment and employment type. | Varies by years of employment and employment type. |
| Actuarial assumptions: | | | | |
| Discount Rate: | 6.50% | 6.50% | 7.00% | 7.00% |
| Investment rate of return : | 6.50%, net of investment expenses. | 6.50%, net of investment expenses. | 7.00%, net of investment expenses. | 7.00%, net of investment expenses. |
| Mortality: | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. |
| Pre-retirement: | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. |
| Post-retirement Healthy Lives: | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. |
| Post-retirement Disabled Lives: | RP-2014 Disabled Annuitant mortality table for males and females. | RP-2014 Disabled Annuitant mortality table for males and females. | RP-2014 Disabled Annuitant mortality table for males and females. | RP-2014 Disabled Annuitant mortality table for males and females. |
| Inflation/Railroad Retirement Wage Base: | 2.25% | 2.25% | 2.50% | 2.50% |
| Cost-of-Living Adjustments: | 1.35% per annum | 1.35% per annum | 1.375% per annum | 1.375% per annum |

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Notes to Schedule of the MTA's Contributions for All Pension Plans

| | MaBSTOA Plan (continued) | | |
|---|---|---|--|
| Valuation Dates: | January 1, 2016 | January 1, 2015 | January 1, 2014 |
| Measurement Date: | December 31, 2016 | December 31, 2015 | December 31, 2014 |
| Actuarial cost method: | Frozen Initial Liability (FIL) | Frozen Initial Liability (FIL) | Frozen Initial Liability (FIL) |
| Amortization method: | For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population. | For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population. | For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population. |
| Asset Valuation Method: | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. | Actuarial value equals market value less unrecognized Market value restart as of 1/1/96, then gains/losses are five-year moving average of market values based on market value of assets. |
| Salary increases: | Varies by years of employment and employment type. | Varies by years of employment and employment type. | In general, merit and promotion increases plus assumed general wage increases of 3.5% to 15.0% for operating employees and 4.0% to 7.0% for nonoperating employees per year, depending on years of service. |
| Actuarial assumptions: | | | |
| Discount Rate: | 7.00% | 7.00% | 7.00% |
| Investment rate of return : | 7.00%, net of investment expenses. | 7.00%, net of investment expenses. | 7.00%, net of investment expenses. |
| Mortality: | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. | Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As generational tables, they reflect mortality improvements both before and after the measurement date. Mortality assumption is based on a 2012 experience study for all MTA plans. |
| Pre-retirement: | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. |
| Post-retirement Healthy Lives: | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. |
| Post-retirement Disabled Lives: | 75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females. | 75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females. | 75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females. |
| Inflation/Railroad Retirement Wage Base: | 2.50% | 2.50% | 2.50% |
| Cost-of-Living Adjustments: | 1.375% per annum | 1.375% per annum | 1.375% per annum |

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Notes to Schedule of the MTA's Contributions for All Pension Plans

| | MNR Cash Balance Plan | | | |
|---|--|--|--|--|
| Valuation Dates: | January 1, 2020 | January 1, 2019 | January 1, 2019 | January 1, 2018 |
| Measurement Date: | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 |
| Actuarial cost method: | Unit Credit Cost | Unit Credit Cost | Unit Credit Cost | Unit Credit Cost |
| Amortization method: | One-year amortization of the unfunded liability, if any. | One-year amortization of the unfunded liability, if any. | One-year amortization of the unfunded liability, if any. | One-year amortization of the unfunded liability, if any. |
| Asset Valuation Method: | Actuarial value equals market value. | Actuarial value equals market value. | Actuarial value equals market value. | Actuarial value equals market value. |
| Salary increases: | N/A | N/A | N/A | N/A |
| Actuarial assumptions: | | | | |
| Discount Rate: | 3.00% | 3.50% | 4.00% | 4.00% |
| Investment rate of return : | 3.00%, net of investment expenses. | 3.50%, net of investment expenses. | 4.00%, net of investment expenses. | 4.00%, net of investment expenses. |
| Mortality: | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on an experience study for all MTA plans. | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on an experience study for all MTA plans. | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2017 experience study for all MTA plans. | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2017 experience study for all MTA plans. |
| Pre-retirement: | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. |
| Post-retirement Healthy Lives: | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. |
| Post-retirement Disabled Lives: | N/A | N/A | N/A | N/A |
| Inflation/Railroad Retirement Wage Base: | 2.25% | 2.25% | 2.50% | 2.50% |
| Cost-of-Living Adjustments: | N/A | N/A | N/A | N/A |

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Notes to Schedule of the MTA's Contributions for All Pension Plans

| | MNR Cash Balance Plan (continued) | | |
|---|--|--|---|
| Valuation Dates: | January 1, 2017 | January 1, 2016 | January 1, 2014 |
| Measurement Date: | December 31, 2016 | December 31, 2015 | December 31, 2014 |
| Actuarial cost method: | Unit Credit Cost | Unit Credit Cost | Unit Credit Cost |
| Amortization method: | One-year amortization of the unfunded liability, if any. | One-year amortization of the unfunded liability, if any. | Period specified in current valuation report (closed 10 year period beginning January 1, 2008 - 4 year period for the January 1, 2014 valuation). |
| Asset Valuation Method: | Actuarial value equals market value. | Actuarial value equals market value. | Effective January 1, 2015, the Actuarially Determined Contribution (ADC) will reflect one-year amortization of the unfunded accrued liability in accordance with the funding policy adopted by the MTA. |
| Salary increases: | N/A | N/A | There were no projected salary increase assumptions used in the January 1, 2014 valuation as the participants of the Plan were covered under the Management Plan effective January 1, 1989. For participants of the Plan eligible for additional benefits, these benefits were not valued as the potential liability is de minimus. |
| Actuarial assumptions: | | | |
| Discount Rate: | 4.00% | 4.00% | 4.50% |
| Investment rate of return : | 4.00%, net of investment expenses. | 4.00%, net of investment expenses. | 4.50%, net of investment expenses. |
| Mortality: | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2012 experience study for all MTA plans. | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2012 experience study for all MTA plans. | Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. As generational tables, they reflect mortality improvements both before and after the measurement date. Mortality assumption is based on a 2012 experience study for all MTA plans. |
| Pre-retirement: | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. |
| Post-retirement Healthy Lives: | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. |
| Post-retirement Disabled Lives: | N/A | N/A | N/A |
| Inflation/Railroad Retirement Wage Base: | 2.30% | 2.30% | 2.50% |
| Cost-of-Living Adjustments: | N/A | N/A | N/A |

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Notes to Schedule of the MTA's Contributions for All Pension Plans

| | MTA Defined Benefit Plan | | |
|---|---|--|--|
| Valuation Dates: | January 1, 2020 | January 1, 2019 | January 1, 2018 |
| Measurement Date: | December 31, 2020 | December 31, 2019 | December 31, 2018 |
| Actuarial cost method: | Entry Age Normal Cost | Entry Age Normal Cost | Entry Age Normal Cost |
| Amortization method: | For Frozen Initial Liability ("FIL") bases, 18 years for Fresh start base as of Jan 1, 2020 and period specified in current valuation report for specific plan change bases. Future gains/ losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service, of the projected population for each group and further weighted by total present value of benefits for each group. | For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group. | For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group. |
| Asset Valuation Method: | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. |
| Salary increases: | Varies by years of employment, and employee group. 2.75% general wage increases for TWU Local 100 MTA Bus hourly employees. | Varies by years of employment, and employee group. 2.75% general wage increases for TWU Local 100 MTA Bus hourly employees. | Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees. |
| Actuarial assumptions: | | | |
| Discount Rate: | 6.50% | 6.50% | 7.00% |
| Investment rate of return : | 6.50% | 6.50% | 7.00% |
| Mortality: | Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date. | Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date. | Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date. |
| Pre-retirement: | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. |
| Post-retirement Healthy Lives: | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. |
| Post-retirement Disabled Lives: | RP-2014 Disabled Annuitant mortality table for males and females | RP-2014 Disabled Annuitant mortality table for males and females | RP-2014 Disabled Annuitant mortality table for males and females |
| Inflation/Railroad Retirement Wage Base: | 2.25%; 3.25% | 2.25%; 3.25% | 2.50%; 3.50% |
| Cost-of-Living Adjustments: | 60% of inflation assumption or 1.35%, if applicable. | 60% of inflation assumption or 1.35%, if applicable. | 55% of inflation assumption or 1.375%, if applicable. |

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Notes to Schedule of the MTA's Contributions for All Pension Plans

| | MTA Defined Benefit Plan (continued) | | |
|---|--|--|--|
| Valuation Dates: | January 1, 2017 | January 1, 2016 | January 1, 2015 |
| Measurement Date: | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| Actuarial cost method: | Entry Age Normal Cost | Entry Age Normal Cost | Entry Age Normal Cost |
| Amortization method: | For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group. | For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group. | For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group. |
| Asset Valuation Method: | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. |
| Salary increases: | Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees. | Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees. | Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees. |
| Actuarial assumptions: | | | |
| Discount Rate: | 7.00% | 7.00% | 7.00% |
| Investment rate of return : | 7.00% | 7.00% | 7.00% |
| Mortality: | Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date. | Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date. | Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date. |
| Pre-retirement: | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. |
| Post-retirement Healthy Lives: | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. |
| Post-retirement Disabled Lives: | RP-2014 Disabled Annuitant mortality table for males and females | 75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females. At age 85 and later for males and age 77 and later for females, the disability rates are set to the male and females healthy rates, respectively. | 75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females. At age 85 and later for males and age 77 and later for females, the disability rates are set to the male and females healthy rates, respectively. |
| Inflation/Railroad Retirement Wage Base: | 2.50%; 3.50% | 2.50%; 3.50% | 2.50%; 3.50% |
| Cost-of-Living Adjustments: | 55% of inflation assumption or 1.375%, if applicable. | 55% of inflation assumption or 1.375%, if applicable. | 55% of inflation assumption or 1.375%, if applicable. |

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Notes to Schedule of the MTA's Contributions for All Pension Plans
MTA Defined Benefit Plan (continued)

| | |
|---|--|
| Valuation Dates: | January 1, 2014 |
| Measurement Date: | December 31, 2014 |
| Actuarial cost method: | Entry Age Normal Cost |
| Amortization method: | For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group. |
| Asset Valuation Method: | Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets. |
| Salary increases: | Varies by years of employment, and employee group. |
| Actuarial assumptions: | |
| Discount Rate: | 7.00% |
| Investment rate of return : | 7.00% |
| Mortality: | Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee. Mortality assumption is based on a 2012 experience study for all MTA plans. |
| Pre-retirement: | RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments. |
| Post-retirement Healthy Lives: | 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females. |
| Post-retirement Disabled Lives: | 75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females. At age 85 and later for males and age 77 and later for females, the disability rates are set to the male and females healthy rates, respectively. |
| Inflation/Railroad Retirement Wage Base: | 2.50%; 3.00% |
| Cost-of-Living Adjustments: | 55% of inflation assumption or 1.375%, if applicable. |

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

| | NYCERS Plan | | | |
|---|--|--|---|---|
| Valuation Dates: | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2016 |
| Measurement Date: | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| Actuarial cost method: | Entry Age Normal Cost | Entry Age Normal Cost | Entry Age Normal Cost | Entry Age Normal Cost |
| Amortization method: | Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded. | Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded. | Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded. | Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded. |
| Asset Valuation Method: | Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011. | Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011. | Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011. | Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011. |
| Salary increases: | 3% per annum. | 3% per annum. | 3% per annum. | 3% per annum. |
| Actuarial assumptions: | | | | |
| Discount Rate: | 7.00% | 7.00% | 7.00% | 7.00% |
| Investment rate of return : | 7.00%, net of investment expenses. | 7.00%, net of investment expenses. | 7.00%, net of investment expenses. | 7.00%, net of investment expenses. |
| Mortality: | Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was prepared by Bolton, Inc. dated June 2019 analyzed the four-year and ten-year periods ended June 30, 2017. | Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was prepared by Bolton, Inc. dated June 2019 analyzed the four-year and ten-year periods ended June 30, 2017. | Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013. | Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013. |
| Pre-retirement: | N/A | N/A | N/A | N/A |
| Post-retirement Healthy Lives: | N/A | N/A | N/A | N/A |
| Post-retirement Disabled Lives: | N/A | N/A | N/A | N/A |
| Inflation/Railroad Retirement Wage Base: | 2.50% | 2.50% | 2.50% | 2.50% |
| Cost-of-Living Adjustments: | 1.5% per annum for Auto COLA and 2.5% per annum for Escalation. | 1.5% per annum for Auto COLA and 2.5% per annum for Escalation. | 1.5% per annum for Auto COLA and 2.5% per annum for Escalation. | 1.5% per annum for Auto COLA and 2.5% per annum for Escalation. |

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

| | NYCERS Plan (continued) | | |
|---|---|---|---|
| Valuation Dates: | June 30, 2015 | June 30, 2014 | June 30, 2013 |
| Measurement Date: | June 30, 2017 | June 30, 2016 | June 30, 2015 |
| Actuarial cost method: | Entry Age Normal Cost | Entry Age Normal Cost | Entry Age Normal Cost |
| Amortization method: | Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded. | Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded. | Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded. |
| Asset Valuation Method: | Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011. | Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011. | Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011. |
| Salary increases: | 3% per annum. | 3% per annum. | 3% per annum. |
| Actuarial assumptions: | | | |
| Discount Rate: | 7.00% | 7.00% | 7.00% |
| Investment rate of return : | 7.00%, net of investment expenses. | 7.00%, net of investment expenses. | 7.00%, net of investment expenses. |
| Mortality: | Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013. | Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013. | Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013. |
| Pre-retirement: | N/A | N/A | N/A |
| Post-retirement Healthy Lives: | N/A | N/A | N/A |
| Post-retirement Disabled Lives: | N/A | N/A | N/A |
| Inflation/Railroad Retirement Wage Base: | 2.50% | 2.50% | 2.50% |
| Cost-of-Living Adjustments: | 1.5% per annum for Auto COLA and 2.5% per annum for Escalation. | 1.5% per annum for Auto COLA and 2.5% per annum for Escalation. | 1.5% per annum for Auto COLA and 2.5% per annum for Escalation. |

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

| | NYSLERS Plan | | | |
|---|---|---|---|---|
| Valuation Dates: | April 1, 2020 | April 1, 2019 | April 1, 2018 | April 1, 2017 |
| Measurement Date: | March 31, 2021 | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| Actuarial cost method: | Aggregate Cost method | Aggregate Cost method | Aggregate Cost method | Aggregate Cost method |
| Amortization method: | Evenly over the remaining working lifetimes of the active membership. | Evenly over the remaining working lifetimes of the active membership. | Evenly over the remaining working lifetimes of the active membership. | Evenly over the remaining working lifetimes of the active membership. |
| Asset Valuation Method: | 5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return. | 5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return. | 5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return. | 5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return. |
| Salary increases: | 4.40% in ERS; 6.20% in PFRS | 4.20% in ERS; 5.00% in PFRS | 3.80% | 3.80% |
| Actuarial assumptions: | | | | |
| Discount Rate: | 5.90% | 6.80% | 7.00% | 7.00% |
| Investment rate of return : | 5.90%, net of investment expenses. | 6.80%, net of investment expenses. | 7.00%, net of investment expenses. | 7.00%, net of investment expenses. |
| Mortality: | Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2015 through March 31, 2020 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. | Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. | Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. | Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. |
| Pre-retirement: | N/A | N/A | N/A | N/A |
| Post-retirement Healthy Lives: | N/A | N/A | N/A | N/A |
| Post-retirement Disabled Lives: | N/A | N/A | N/A | N/A |
| Inflation/Railroad Retirement Wage Base: | 2.70% | 2.50% | 2.50% | 2.50% |
| Cost-of-Living Adjustments: | 1.4% per annum. | 1.3% per annum. | 1.3% per annum. | 1.3% per annum. |

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Notes to Schedule of the MTA's Contributions for All Pension Plans

| | NYSLERS Plan (continued) | | |
|---|---|---|---|
| Valuation Dates: | April 1, 2016 | April 1, 2015 | April 1, 2014 |
| Measurement Date: | March 31, 2017 | March 31, 2016 | March 31, 2015 |
| Actuarial cost method: | Aggregate Cost method | Aggregate Cost method | Aggregate Cost method |
| Amortization method: | Evenly over the remaining working lifetimes of the active membership. | Evenly over the remaining working lifetimes of the active membership. | Evenly over the remaining working lifetimes of the active membership. |
| Asset Valuation Method: | 5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return. | 5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return. | 5-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return. |
| Salary increases: | 3.80% | 3.80% | 4.90% |
| Actuarial assumptions: | | | |
| Discount Rate: | 7.00% | 7.00% | 7.50% |
| Investment rate of return : | 7.00%, net of investment expenses. | 7.00%, net of investment expenses. | 7.5%, net of investment expenses. |
| Mortality: | Annuitant mortality rates are based on NYSLERS's 2010 experience study of the period April 1, 2005 through March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. | Annuitant mortality rates are based on NYSLERS's 2010 experience study of the period April 1, 2005 through March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. | Annuitant mortality rates are based on NYSLERS's 2010 experience study of the period April 1, 2005 through March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. |
| Pre-retirement: | N/A | N/A | N/A |
| Post-retirement Healthy Lives: | N/A | N/A | N/A |
| Post-retirement Disabled Lives: | N/A | N/A | N/A |
| Inflation/Railroad Retirement Wage Base: | 2.50% | 2.50% | 2.70% |
| Cost-of-Living Adjustments: | 1.3% per annum. | 1.3% per annum. | 1.4% per annum. |

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REQUIRED SUPPLEMENTARY INFORMATION

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

(concluded)

Significant methods and assumptions used in calculating the actuarially determined contributions of an employer's proportionate share in Cost Sharing, Multiple-Employer pension plans, the NYCERS plan and the NYSLERS plan, are presented as notes to the schedule.

Factors that significantly affect trends in the amounts reported are changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions. Following is a summary of such factors:

Changes of Benefit Terms:

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

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

Changes of Assumptions:

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

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

(\$ in thousands)

| Plan Measurement Date (December 31): | 2020 | 2019 | 2018 | 2017 |
|--|--------------------|--------------------|--------------------|--------------------|
| Total OPEB liability: | | | | |
| Service cost | \$1,097,051 | \$ 928,573 | \$1,002,930 | \$ 884,548 |
| Interest on total OPEB liability | 610,160 | 840,532 | 734,968 | 731,405 |
| Effect of plan changes | - | - | 1,580 | 27,785 |
| Effect of economic/demographic (gains) or losses | (43,890) | 247,871 | (19,401) | 13,605 |
| Effect of assumption changes or inputs | 1,939,528 | 311,286 | (1,800,135) | 911,465 |
| Benefit payments | (724,741) | (730,677) | (691,122) | (650,994) |
| Net change in total OPEB liability | 2,878,108 | 1,597,585 | (771,180) | 1,917,814 |
| Total OPEB liability—beginning | 21,531,473 | 19,933,888 | 20,705,068 | 18,787,254 |
| Total OPEB liability—ending (a) | 24,409,581 | 21,531,473 | 19,933,888 | 20,705,068 |
| Plan fiduciary net position: | | | | |
| Employer contributions | 387,371 | 730,677 | 691,122 | 650,994 |
| Net investment income | (77,118) | 63,647 | (18,916) | 47,370 |
| Benefit payments | (724,741) | (730,677) | (691,122) | (650,994) |
| Administrative expenses | (209) | (200) | (56) | - |
| Net change in plan fiduciary net position | (414,697) | 63,447 | (18,972) | 47,370 |
| Plan fiduciary net position—beginning | 414,827 | 351,380 | 370,352 | 322,982 |
| Plan fiduciary net position—ending (b) | 130 | 414,827 | 351,380 | 370,352 |
| | \$ | \$ | \$ | \$ |
| Net OPEB liability—ending (a)-(b) | 24,409,451 | 21,116,646 | 19,582,508 | 20,334,716 |
| Plan fiduciary net position as a percentage of the total OPEB liability | | | | |
| | 0.00% | 1.93% | 1.76% | 1.79% |
| Covered payroll | \$6,716,423 | \$6,901,690 | \$6,903,700 | \$5,394,332 |
| Net OPEB liability as a percentage of covered payroll | 363.43% | 305.96% | 283.65% | 376.96% |

Notes to Schedule:

Changes of benefit terms:

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

Changes of assumptions:

In the July 1, 2019 actuarial valuation, there were updates to various healthcare assumptions including the per capita claim costs assumption and healthcare trend assumptions.

Note: This schedule is intended to show information for ten years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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REQUIRED SUPPLEMENTARY INFORMATION

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

| (\$ in thousands) | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|---------------|--------------|---------------|---------------|---------------|
| Actuarially Determined Contribution | N/A | N/A | N/A | N/A | N/A |
| Actual Employer Contribution (1) | \$ 813,195 | \$ 391,529 | \$ 737,297 | \$ 691,122 | \$ 650,994 |
| Contribution Deficiency (Excess) | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| Covered Payroll | \$ 6,537,709 | \$ 6,716,423 | \$ 6,901,690 | \$ 6,903,700 | \$ 5,394,200 |
| Actual Contribution as a Percentage of Covered Payroll | <u>12.44%</u> | <u>5.83%</u> | <u>10.68%</u> | <u>10.01%</u> | <u>12.07%</u> |

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of \$52,933 and \$62,852 for the years ended December 31, 2021 and 2020, respectively.

Note: This schedule is intended to show information for ten years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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**REQUIRED SUPPLEMENTARY
INFORMATION**
Notes to Schedule of the MTA's Contributions to the OPEB Plan:

| | | | | |
|-----------------------------|--|--|--|--|
| Valuation date | July 1, 2019 | July 1, 2019 | July 1, 2017 | July 1, 2017 |
| Measurement date | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 |
| Discount rate | 2.12%, net of expenses | 2.74%, net of expenses | 4.10%, net of expenses | 3.44%, net of expenses |
| Inflation | 2.25% | 2.25% | 2.50% | 2.50% |
| Actuarial cost method | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Amortization method | Level percentage of payroll | Level percentage of payroll | Level percentage of payroll | Level percentage of payroll |
| Normal cost increase factor | 4.25% | 4.50% | 4.50% | 4.50% |
| Investment rate of return | 2.12% | 5.75% | 6.50% | 6.50% |
| Salary increases | 3%. Varies by years of service and differs for members of the various pension plans. | 3%. Varies by years of service and differs for members of the various pension plans. | 3%. Varies by years of service and differs for members of the various pension plans. | 3%. Varies by years of service and differs for members of the various pension plans. |

Note: This schedule is intended to show information for ten years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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SUPPLEMENTARY INFORMATION

Pension And Other Employee Benefit Trust Funds

Combining Statement of Fiduciary Net Position as of December 31, 2021

| (\$ in thousands) | Pension Funds | | | Other Employee Benefit Trust Funds | Total |
|---|------------------------------|---|---------------------|------------------------------------|----------------------|
| | Defined Benefit Pension Plan | LIRR Company Plan for Additional Pensions | MaBSTOA Plan | Other Post-employment Benefit Plan | |
| ASSETS: | | | | | |
| Cash | \$ 24,495 | \$ 2,956 | \$ 11,821 | \$ 107 | \$ 39,379 |
| Receivables: | | | | | |
| Employee loans | - | - | 26,082 | - | 26,082 |
| Participant and union contributions | - | (20) | - | - | (20) |
| Investment securities sold | - | 139 | 5,532 | - | 5,671 |
| Accrued interest and dividends | 2,798 | 338 | 1,746 | - | 4,882 |
| Other receivables | 2,412 | 1,358 | - | - | 3,770 |
| Total receivables | 5,210 | 1,815 | 33,360 | - | 40,385 |
| Investments at fair value: | 5,739,559 | 773,997 | 3,630,953 | - | 10,144,509 |
| Total assets | <u>\$ 5,769,264</u> | <u>\$ 778,768</u> | <u>\$ 3,676,134</u> | <u>\$ 107</u> | <u>\$ 10,224,273</u> |
| LIABILITIES: | | | | | |
| Accounts payable and accrued liabilities | \$ 6,471 | \$ 279 | \$ 1,565 | \$ - | \$ 8,315 |
| Payable for investment securities purchased | 8,155 | 984 | 5,620 | - | 14,759 |
| Accrued benefits payable | - | - | 50 | 24 | 74 |
| Accrued postretirement death benefits (PRDB) payable | - | - | 5,405 | - | 5,405 |
| Accrued 55/25 Additional Members Contribution (AMC) payable | - | - | 3,847 | - | 3,847 |
| Other liabilities | 1,509 | 182 | 1,296 | - | 2,987 |
| Total liabilities | 16,135 | 1,445 | 17,783 | 24 | 35,387 |
| NET POSITION: | | | | | |
| Restricted for pensions | 5,753,129 | 777,323 | 3,658,351 | - | 10,188,803 |
| Restricted for postemployment benefits other than pensions | - | - | - | 83 | 83 |
| Total net position | 5,753,129 | 777,323 | 3,658,351 | 83 | 10,188,886 |
| Total liabilities and net position | <u>\$ 5,769,264</u> | <u>\$ 778,768</u> | <u>\$ 3,676,134</u> | <u>\$ 107</u> | <u>\$ 10,224,273</u> |

See Independent Auditor's Review Report and notes to the consolidated interim financial statements.

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SUPPLEMENTARY INFORMATION

Pension And Other Employee Benefit Trust Funds

Combining Statement of Fiduciary Net Position as of December 31, 2020

| (\$ in thousands) | Pension Funds | | | Other Employee Benefit Trust Funds | Total |
|---|---------------------------------|--|---------------------|---|---------------------|
| | Defined Benefit Pension Plan | LIRR Company Plan for Additional Pensions | MaBSTOA Plan | Other Post- employment Benefit Plan | |
| ASSETS: | | | | | |
| Cash | \$ 13,224 | \$ 2,484 | \$ 5,977 | \$ - | \$ 21,685 |
| Receivables: | | | | | |
| Employee loans | - | - | 36,804 | - | 36,804 |
| Investment securities sold | - | 58 | 672 | - | 730 |
| Accrued interest and dividends | 2,745 | 516 | 1,331 | 14 | 4,606 |
| Other receivables | 1,845 | 92 | - | - | 1,937 |
| Total receivables | 4,590 | 666 | 38,807 | 14 | 44,077 |
| Investments at fair value: | 4,015,410 | 817,757 | 2,812,986 | 351,538 | 7,997,691 |
| Total assets | <u>\$ 4,033,224</u> | <u>\$ 820,907</u> | <u>\$ 2,857,770</u> | <u>\$ 351,552</u> | <u>\$ 8,063,453</u> |
| LIABILITIES: | | | | | |
| Accounts payable and accrued liabilities | \$ 5,461 | \$ 316 | \$ - | \$ - | \$ 5,777 |
| Payable for investment securities purchased | 3,921 | 542 | 4,317 | - | 8,780 |
| Accrued benefits payable | - | - | 73 | 42 | 115 |
| Accrued postretirement death benefits (PRDB) payable | - | - | 4,204 | - | 4,204 |
| Accrued 55/25 Additional Members Contribution (AMC) payable | - | - | 4,643 | - | 4,643 |
| Other liabilities | 310 | 43 | - | - | 353 |
| Total liabilities | 9,692 | 901 | 13,237 | 42 | 23,872 |
| NET POSITION: | | | | | |
| Restricted for pensions | 5,005,764 | 759,722 | 3,302,092 | - | 9,067,578 |
| Restricted for postemployment benefits other than pensions | - | - | - | 130 | 130 |
| Total net position | 5,005,764 | 759,722 | 3,302,092 | 130 | 9,067,708 |
| Total liabilities and net position | <u>\$ 5,015,456</u> | <u>\$ 760,623</u> | <u>\$ 3,315,329</u> | <u>\$ 172</u> | <u>\$ 9,091,580</u> |

See Independent Auditor's Review Report and notes to the consolidated interim financial statements.

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SUPPLEMENTARY INFORMATION

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

| (\$ in thousands) | Pension Funds | | | Other Employee Benefit Trust Funds | |
|--|------------------------------|----------------------|---------------------|------------------------------------|----------------------|
| | Defined Benefit Pension Plan | LIRR Additional Plan | MaBSTOA Plan | Other Post-employment Benefit Plan | Total |
| ADDITIONS: | | | | | |
| Contributions: | | | | | |
| Employer contributions | \$ 396,144 | \$ 70,553 | \$ 156,204 | \$ 740,051 | \$ 1,362,952 |
| Implicit rate subsidy contribution | - | - | - | 52,933 | 52,933 |
| Member contributions | 33,832 | 73 | 24,935 | - | 58,840 |
| Total contributions | <u>429,976</u> | <u>70,626</u> | <u>181,139</u> | <u>792,984</u> | <u>1,474,725</u> |
| Investment income: | | | | | |
| Net (depreciation) / appreciation in fair value of investments | 618,496 | 93,218 | 401,056 | - | 1,112,770 |
| Dividend income | 64,476 | 8,131 | 42,762 | - | 115,369 |
| Interest income | 10,895 | 1,361 | 8,197 | - | 20,453 |
| Less: Investment expenses | 47,492 | 6,495 | 31,205 | - | 85,192 |
| Investment income, net | <u>646,375</u> | <u>96,215</u> | <u>420,810</u> | <u>-</u> | <u>1,163,400</u> |
| Total additions | <u>1,076,351</u> | <u>166,841</u> | <u>601,949</u> | <u>792,984</u> | <u>2,638,125</u> |
| DEDUCTIONS: | | | | | |
| Benefit payments and withdrawals | 324,999 | 148,630 | 243,251 | 740,051 | 1,456,931 |
| Implicit rate subsidy payments | - | - | - | 52,933 | 52,933 |
| Transfer to other plans | 474 | - | - | - | 474 |
| Distribution to participants | - | - | 2,175 | - | 2,175 |
| Administrative expenses | 3,513 | 610 | 264 | 47 | 4,434 |
| Total deductions | <u>328,986</u> | <u>149,240</u> | <u>245,690</u> | <u>793,031</u> | <u>1,516,947</u> |
| Net increase (decrease) in fiduciary net position | 747,365 | 17,601 | 356,259 | (47) | 1,121,178 |
| NET POSITION: | | | | | |
| Restricted for Benefits: | | | | | |
| Beginning of year | 5,005,764 | 759,722 | 3,302,092 | 130 | 9,067,708 |
| End of year | <u>\$ 5,753,129</u> | <u>\$ 777,323</u> | <u>\$ 3,658,351</u> | <u>\$ 83</u> | <u>\$ 10,188,886</u> |

See Independent Auditor's Review Report and notes to the consolidated interim financial statements.

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SUPPLEMENTARY INFORMATION

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

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

See Independent Auditor's Review Report and notes to the consolidated interim financial statements.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION
**SCHEDULE OF CONSOLIDATED RECONCILIATION BETWEEN FINANCIAL PLAN
AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2022**

(\$ in millions)

| Category | Financial Plan Actual | Statement GAAP Actual | Variance |
|---|--------------------------|--------------------------|--------------|
| REVENUE: | | | |
| Farebox revenue | \$ 843 | 845 | \$ 2 |
| Vehicle toll revenue | 525 | 525 | - |
| Other operating revenue | 113 | 144 | 31 |
| | <u>1,481</u> | <u>1,514</u> | <u>33</u> |
| OPERATING EXPENSES: | | | |
| Labor: | | | |
| Payroll | 1,278 | 1,292 | 14 |
| Overtime | 275 | 276 | 1 |
| Health and welfare | 357 | 357 | - |
| Pensions | 336 | 340 | 4 |
| Other fringe benefits | 260 | 261 | 1 |
| Postemployment benefits | 148 | 149 | 1 |
| Reimbursable overhead | (90) | (97) | (7) |
| | <u>2,564</u> | <u>2,578</u> | <u>14</u> |
| Non-labor: | | | |
| Electric power | 134 | 132 | (2) |
| Fuel | 61 | 61 | - |
| Insurance | 1 | 1 | - |
| Claims | 91 | 91 | - |
| Paratransit service contracts | 88 | 88 | - |
| Maintenance and other operating contracts | 153 | 144 | (9) |
| Professional service contract | 136 | 109 | (27) |
| Pollution remediation project costs | 1 | 1 | - |
| Materials and supplies | 131 | 130 | (1) |
| Other business expenses | 54 | 56 | 2 |
| | <u>850</u> | <u>813</u> | <u>(37)</u> |
| Depreciation | 787 | 796 | 9 |
| Other Expenses Adjustment | 2 | - | (2) |
| | <u>4,203</u> | <u>4,187</u> | <u>(16)</u> |
| NET OPERATING LOSS | <u>\$ (2,722)</u> | <u>\$ (2,673)</u> | <u>\$ 49</u> |

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION
**SCHEDULE OF CONSOLIDATED SUBSIDY ACCRUAL RECONCILIATION BETWEEN
FINANCIAL PLAN AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2022
(\$ in millions)**

| Accrued Subsidies | Financial Plan | Financial Statement | Variance | |
|---|-------------------|------------------------|-----------------|-----|
| | Actual | GAAP Actual | | |
| Mass transportation operating assistance | \$ - | \$ 649 | \$ 649 | {3} |
| Mass transit trust fund subsidies | 93 | 137 | 44 | {1} |
| Mortgage recording tax 1 and 2 | 193 | 194 | 1 | {1} |
| MRT transfer | - | (1) | (1) | {1} |
| Urban tax | 220 | 220 | - | {1} |
| State and local operating assistance | 11 | 57 | 46 | {1} |
| Station maintenance | 45 | 45 | - | {1} |
| Connecticut Department of Transportation (CDOT) | 61 | 61 | - | {1} |
| Subsidy from New York City for MTA Bus and SIRTOA | 124 | 172 | 48 | {1} |
| Build American Bonds Subsidy | - | 2 | 2 | {1} |
| Mobility tax | 299 | 679 | 380 | {1} |
| Assistance Fund (For hire vehicle) | 76 | 76 | - | {1} |
| Real Property Transfer Tax Surcharge (Mansion Tax) | 156 | 152 | (4) | {1} |
| Internet Marketplace Tax | 81 | 81 | - | {1} |
| Transfer to Central Business District Capital Lockbox | (234) | - | 234 | {1} |
| Other non-operating income | - | 3,808 | 3,808 | {2} |
| Total accrued subsidies | 1,125 | 6,332 | 5,207 | |
| Net operating deficit before subsidies and debt service | (2,722) | (2,673) | 49 | |
| Debt Service | (770) | (488) | 282 | |
| Conversion to Cash basis: Depreciation | 787 | - | (787) | |
| Conversion to Cash basis: Pollution & Remediation | 1 | - | (1) | |
| Total net operating surplus/(deficit) before appropriations, grants and other receipts restricted for capital projects | \$ (1,579) | \$ 3,171 | \$ 4,750 | |

{1} The Financial Plan records on a cash basis while the Financial Statement records on an accrual basis.

{2} The Financial Plan records do not include other non-operating income or changes in market value.

{3} Timing of receipt in the Financial Plan.

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SUPPLEMENTARY INFORMATION

**SCHEDULE OF FINANCIAL PLAN TO FINANCIAL STATEMENTS RECONCILIATION
RECONCILING ITEMS
FOR THE PERIOD ENDED MARCH 31, 2022
(\$ in millions)**

| | |
|--|-------------------|
| Financial Plan Actual Operating Loss at March 31, 2022 | \$ (2,722) |
| The Financial Plan Actual Includes: | |
| 1 Lower Other operating revenue | 33 |
| 2 Lower labor expense primarily from lower payroll expense projections | (14) |
| 3 Higher non-labor expense primarily from higher professional service contract expense | 37 |
| 4 Other expense adjustments | (7) |
| Total operating reconciling items | 49 |
| Financial Statements Operating Loss at March 31, 2022 | (2,673) |
| Financial Plan Deficit after Subsidies and Debt Service | (1,579) |
| The Audited Financial Statements Includes: | |
| 1 Debt service bond principal payments | 282 |
| 2 Adjustments for non-cash liabilities: | |
| Depreciation | (787) |
| Other non-cash liability adjustment | (1) (788) |
| The Financial Statement includes: | |
| 3 Higher subsidies and other non-operating revenues and expenses | 5,207 |
| 4 Total operating reconciling items (from above) | 49 |
| Financial Statement Gain Before Capital Appropriations | \$ 3,171 |