

Staff Summary



Subject:	2023 TBTA Operating Surplus
Department:	Finance
Department Head Name	James McGovern (Controller's Department)
Department Head Signature	
Project Manager Name	Tricia Cangemi

Date	February 26, 2024
Vendor Name	
Contract Number	
Contract Manager Name	
Table of Contents Ref #	

Board Action					
Order	To	Date	Approval	Info	Other
1	MTA B&T Committee	02/26/24	X		
2	MTA Finance Committee	02/26/24	X		
3	MTA Board	02/28/24	X		

Internal Approvals			
Order	Approval	Order	Approval
2	President		VP Staff Services
3	Chief Financial Officer		VP Procurement & Materials
	General Counsel		VP Labor Relations
	VP Operations		VP & Chief Engineer

Internal Approvals (cont.)							
Order	Approval	Order	Approval	Order	Approval	Order	Approval
1	Department Head		Chief Technology Officer		Chief Health & Safety Officer		Chief EEO Officer
	Chief Security Officer		Chief Maintenance Officer		MTA Office of Civil Rights		Other

PURPOSE:

To obtain MTA Board approval of resolutions which will:

- Certify and transfer \$1,289,101,743 operating surplus to the MTA and NYCTA pursuant to Section 1219-a(2)(b) of the Public Authorities Law of the State of New York.
- Transfer \$12,369,374 representing 2023 investment income to the MTA pursuant to Section 569-c of the Public Authorities Law of the State of New York.
- Advance the 2024 TBTA Surplus as per attached Resolution.

DISCUSSION:

The attached calculation and letter from Deloitte & Touche LLP represent the Triborough Bridge and Tunnel Authority's operating surplus for fiscal year ending December 31, 2023. The amount of surplus available for transfer to the MTA and NYCTA is \$1,289,101,743. The amount of investment income that is surplus funds and available to transfer to MTA for fiscal year 2023 is 12,369,374.

BUDGET IMPACT: None.

ALTERNATIVES: None.

The legal name of MTA Bridges and Tunnels is Triborough Bridge and Tunnel Authority.

Triborough Bridge and Tunnel Authority

(A Component Unit of the Metropolitan Transportation Authority)

Agreed-Upon Procedures Performed in
Connection with the Schedule of Operating
Surplus for the Year Ended December 31, 2023

INDEPENDENT ACCOUNTANT'S AGREED-UPON PROCEDURES REPORT

Members of the Board
Metropolitan Transportation Authority
New York, New York 10004

We have performed the procedures enumerated in the accompanying Exhibit B on the Triborough Bridge and Tunnel Authority's (the "Authority") calculation of the operating surplus ("Operating Surplus") presented in the Schedule of Operating Surplus ("the Schedule") for the year ended December 31, 2023 (Exhibit A) and the Supporting Schedule to the Schedule of Operating Surplus for the year ended December 31, 2023 (Exhibit C) (collectively "the subject matter"), in accordance with Chapter 717 Section 1219-a (2)(e) of the New York Public Authorities Law and various bond resolutions. The Authority is responsible for the subject matter.

The Authority, the Metropolitan Transportation Authority ("MTA"), and the MTA New York City Transit Authority ("Transit") have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the specified parties in evaluating the subject matter.

We make no representation regarding the appropriateness of the procedures either for the purpose for which our report has been requested or for any other purpose. Accordingly, this report may not be suitable for either the purpose of which this report has been requested or for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are included in the accompanying Exhibit B.

We were engaged by the Authority, the MTA and Transit to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Board of Directors of the Metropolitan Transportation Authority and management of the Triborough Bridge and Tunnel Authority, the Metropolitan Transportation Authority, and the New York City Transit Authority, and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

February 12, 2024

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

SCHEDULE OF OPERATING SURPLUS YEAR ENDED DECEMBER 31, 2023

OPERATING REVENUES (Procedure 1)	\$ 2,456,906,110
OPERATING EXPENSES (Procedure 2)	<u>(480,677,752)</u>
NET OPERATING REVENUE	1,976,228,358
INCREASE IN PREPAID EXPENSES AND OTHER ADJUSTMENTS (Procedure 2)	(295,620)
DEBT SERVICE ON BONDS (Procedure 3)	(694,198,598)
INTEREST INCOME ON UNEXPENDED BOND PROCEEDS AND DEBT SERVICE FUNDS (Procedure 4)	15,543,569
ESTABLISHMENT OF GASB 43 RESERVE ACCOUNT (Procedure 7)	-
PURCHASE OF CAPITAL ASSETS FUNDED FROM OPERATIONS (Procedure 5)	(15,409,891)
CAPITAL CONTRIBUTION - PAYGO (Procedure 8)	-
ESTABLISHMENT OF NECESSARY RECONSTRUCTION RESERVE ACCOUNT (Procedure 6)	-
ADJUSTMENTS (Procedure 9):	
OPERATING EXPENSES RELATED TO 2022	4,292,871
OPERATING REVENUES RELATED TO 2022	<u>2,941,054</u>
OPERATING SURPLUS	<u>\$ 1,289,101,743</u>

See Independent Accountant's Agreed-Upon
Procedures Report and accompanying notes.

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY**NOTES TO THE SCHEDULE OF
OPERATING SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2023 (Exhibit A)**

1. REPORTING ENTITY

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

2. OPERATING SURPLUS CALCULATION REQUIREMENTS

The operating surplus is calculated based upon Chapter 717 Section 1219-a (2)(e) of the New York Public Authorities Law (“PAL”) and various bond resolutions. This surplus is transferred to the MTA and the MTA New York City Transit Authority (“Transit”). The initial \$24 million in operating surplus is provided to Transit and the balance is divided equally between Transit and the MTA. The Supporting Schedule to the Schedule of Operating Surplus (Exhibit C) is included as additional information providing further detail for the amounts recorded in the Schedule of Operating Surplus (Exhibit A) (the “Schedule”).

3. BASIS OF ACCOUNTING

The Schedule excludes Central Business District (“CBD”) Tolling activities. The operating revenues and operating expenses are included in the Schedule in accordance with Chapter 717 Section 1219-a (2)(e) of the New York Public Authorities Law and the applicable bond resolutions on the accrual basis of accounting.

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

AGREED-UPON PROCEDURES PERFORMED IN CONNECTION WITH THE SCHEDULE OF OPERATING SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2023 (Exhibit A)

1. OPERATING REVENUES

- We compared the “Operating Revenues” (net of other revenues) of the Triborough Bridge and Tunnel Authority (“TBTA”) appearing on the Schedule of Operating Surplus (Exhibit A) to the general ledger of the TBTA, which excludes Central Business District (CBD) Tolling activities, and confirmed them to be in agreement.
- We inquired with management their policy for recording operating revenues and we have been informed that operating revenues were recorded using the accrual basis of accounting and that operating revenues excluded interest income.

2. OPERATING EXPENSES

- We compared the aggregate “Operating Expenses” of the TBTA appearing on the Schedule of Operating Surplus (Exhibit A) to the general ledger of the TBTA, which excludes CBD Tolling activities, and confirmed them to be in agreement.

We inquired with management their policy for recording operating expenses and we have been informed that operating expenses were recorded using the accrual basis of accounting and that operating expenses excluded depreciation.

- We compared the following expense items to the general ledger of the TBTA, which excludes, CBD Tolling activities: “Non-Operating Expenses” and “Reimbursement of Personnel Costs,” as noted on Exhibit C, and confirmed them to be in agreement.
- We recalculated the “Increase in Prepaid Expenses and Other Adjustments” appearing on the Schedule of Operating Surplus (Exhibit A) and compared it to the general ledger of the TBTA, which excludes CBD Tolling activities, and confirmed them to be in agreement.

We inquired whether the operating expenses were adjusted to include amounts charged to prepaid expenses and deferred charges on a cash basis of accounting and we have been informed that the operating expenses were adjusted to include amounts charged to prepaid expenses and deferred charges on a cash basis of accounting.

We inquired whether any cash adjustments were made for changes in accounts payable, accrued expenses, or accounts receivable and we have been informed that no cash adjustments were made for changes in accounts payable, accrued expenses or accounts receivable.

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

AGREED-UPON PROCEDURES PERFORMED IN CONNECTION WITH THE SCHEDULE OF OPERATING SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2023 (Exhibit A)

3. DEBT SERVICE ON BONDS

- We compared the “Debt Service” on the following bonds appearing on the Schedule of Operating Surplus (Exhibit A) to the TBTA debt service schedules listed below and confirmed them to be in agreement:
 - General Revenue Bonds, and
 - Subordinate Revenue Bonds.
- We compared the “Debt Service on Bonds” on the TBTA’s portion of debt service on the 2 Broadway Certificates of Participation to the TBTA debt service schedule and them to be in agreement.
- We confirmed that the Debt Service represents interest paid and/or accrued applicable to calendar year 2023 and the principal payment due January 1, 2024, on all bond indebtedness and certificates.

4. INTEREST INCOME

- We compared the aggregated amounts of “Interest Income on Unexpended Bond Proceeds and Debt Service Funds” appearing on the Schedule of Operating Surplus (Exhibit A) to the debt service schedules (General Revenue Bonds and Subordinate Revenue Bonds) and confirmed them to be in agreement.

We inquired whether interest income is excluded from operating revenues on the Schedule of Operating Surplus (Exhibit A) and we have been informed that interest income is excluded from “Operating Revenues” on the Schedule of Operating Surplus (Exhibit A).

- We inquired whether interest income on the debt service fund consists of income from (1) the debt service funds established in connection with the 2 Broadway Certificates of Participation to the extent attributable to the TBTA’s portion of debt service thereon, and (2) the debt service funds established in connection with the TBTA Bonds from their respective dates of issuance and we have been informed that interest income on the debt service fund investments consists of income from (1) the debt service funds established in connection with the 2 Broadway Certificates of Participation to the extent attributable to the TBTA’s portion of debt service thereon, and (2) the debt service funds established in connection with the TBTA bonds from their respective dates of issuance. We inquired whether this amount was included in the computation of operating surplus as a reduction of debt service cost (therefore increasing

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

AGREED-UPON PROCEDURES PERFORMED IN CONNECTION WITH THE SCHEDULE OF OPERATING SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2023 (Exhibit A)

operating surplus) and we have been informed that this amount was included in the computation of operating surplus as a reduction of debt service cost therefore, increasing operating surplus.

- We inquired whether unexpended bond proceeds consist of bond moneys on deposit with the TBTA until expended for either transit or commuter projects or on the TBTA's bridges and tunnels and we have been informed that unexpended bond proceeds consist of bond moneys on deposit with the TBTA until expended for either transit or commuter projects or on the TBTA's bridges and tunnels.

5. CAPITAL ASSETS FUNDED FROM OPERATIONS

- We compared the amount of "Purchase of Capital Assets Funded From Operations," which represents amounts paid and capitalized for vehicles and other fixed assets, appearing on the Schedule of Operating Surplus (Exhibit A), which excludes CBD Tolling activities, to the general ledger of the TBTA and confirmed them to be in agreement.

We inquired whether these amounts were funded from operations and that such amounts represent a reduction of operating surplus appearing on the Schedule of Operating Surplus (Exhibit A) and we have been informed that these amounts were funded from operations and that such amounts represent a reduction of operating surplus appearing on the Schedule of Operating Surplus (Exhibit A).

6. NECESSARY RECONSTRUCTION RESERVE

- We compared the amount appearing on the Schedule of Operating Surplus (Exhibit A) as "Establishment of Necessary Reconstruction Reserve Account" to the TBTA Financial Plan, which was approved by the Finance Committee at the December 20, 2023, meeting, to set aside and reduce the operating surplus by \$0 and confirmed them to be in agreement. (We confirmed the Necessary Reconstruction Reserve Account was established by the TBTA by resolution adopted March 29, 1968).

We inquired whether this amount, together with interest income thereon, is to be used to fund reconstruction of present facilities within the meaning of TBTA's General Revenue Bond Resolution and we have been informed that this amount, together with interest income thereon, is to be used to fund reconstruction of present facilities within the meaning of the TBTA's General Revenue Bond Resolution.

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

AGREED-UPON PROCEDURES PERFORMED IN CONNECTION WITH THE SCHEDULE OF OPERATING SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2023 (Exhibit A)

7. GASB 43 RESERVE

- We compared the amount appearing on the Schedule of Operating Surplus (Exhibit A) as “Establishment of GASB 43 Reserve Account” to the TBTA Financial Plan, which was approved by the Finance Committee at the December 20, 2023, meeting, to set aside and reduce the operating surplus by \$0 and confirmed them to be in agreement.

8. CAPITAL CONTRIBUTION-PAYGO

- We compared the amount appearing on the Schedule of Operating Surplus (Exhibit A) as “Capital Contribution- PAYGO” to the TBTA Financial Plan which was approved by the Finance Committee at the December 20, 2023, meeting, to set aside and reduce the operating surplus by \$0 and confirmed them to be in agreement.

9. ADJUSTMENTS

- We compared the amount appearing on the Schedule of Operating Surplus as “Operating Expenses Related To 2022” to the difference between the December 31, 2022 Surplus and Post Surplus Operating Expenses in the general ledger of the TBTA, which excludes CBD Tolling activities, and confirmed to be in agreement.
- We compared the amount appearing on the Schedule of Operating Surplus as “Operating Revenues Related To 2022” to the difference between the December 31, 2022 Surplus and Post Surplus Operating Revenues (net of other revenues) in the general ledger of the TBTA, which excludes CBD Tolling activities, and confirmed to be in agreement.

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TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

SUPPORTING SCHEDULE TO THE SCHEDULE OF OPERATING SURPLUS YEAR ENDED DECEMBER 31, 2023

TOTAL REVENUES		\$	2,469,275,484
LESS: Interest Income			<u>12,369,374</u>
OPERATING REVENUES (Exhibit A)		\$	<u>2,456,906,110</u>
TOTAL EXPENSES (excluding depreciation)		\$	837,620,595
LESS: Non-Operating Expenses	\$	337,685,551	
Reimbursement of Personnel Costs		<u>19,257,292</u>	\$ <u>356,942,843</u>
OPERATING EXPENSES (Exhibit A)		\$	<u>480,677,752</u>
PREPAID EXPENSES AND OTHER ADJUSTMENTS:			
Balance December 31, 2022	\$	22,999,251	
Balance December 31, 2023		<u>23,294,871</u>	
INCREASE IN PREPAID EXPENSES AND OTHER ADJUSTMENTS (Exhibit A)		\$	<u>295,620</u>
DEBT SERVICE:			
TBTA	\$	387,830,163	
MTA		93,396,264	
NYCTA		<u>197,428,602</u>	
Subtotal		678,655,029	
INTEREST INCOME ON UNEXPENDED BOND PROCEEDS AND DEBT SERVICE FUNDS (Exhibit A)			<u>15,543,569</u>
TOTAL DEBT SERVICE ON BONDS (Exhibit A)		\$	<u>694,198,598</u>