Metropolitan Transportation Authority

Audit Committee Meeting

May 2021

Committee Members

J. Barbas, Chair
F. Borelli
D. Jones
R. Linn
R. Mujica, Jr.

Audit Committee Meeting

Wednesday, 5/26/2021
10:00 AM - 5:00 PM ET

MTA Board Room - 20th Floor
2 Broadway

1. PUBLIC COMMENTS

2. APPROVAL OF MINUTES

3. AUDIT COMMITTEE WORK PLAN

4. MANAGEMENT REVIEW OF MTA CONSOLIDATED FINANCIAL STATEMENTS

5. DRAFT 2020 AUDITED FINANCIAL STATEMENTS

6. INFORMATION TECHNOLOGY REPORT

7. OPEN AUDIT RECOMMENDATIONS

8. EXECUTIVE SESSION

MINUTES OF MEETING
AUDIT COMMITTEE OF THE BOARD
THURSDAY, JANUARY 21, 2021 - 10 A.M. RONAN BOARD ROOM
20TH FLOOR 2 BROADWAY

Because of the ongoing COVID-19 public health crisis, the MTA Chairman convened a one-day, virtual Board and Committee meeting session on January 21, 2021, which included the following committees:

- Long Island Rail Road and Metro-North Railroad;
- New York City Transit;
- MTA Bridges and Tunnels;
- Finance;
- Capital Program Oversight Committee;
- Audit; and
- Safety

To see a summary of the meeting and the actions taken by the Audit Committee, please refer to the January 21, 2021 Board minutes in the January Board Book available here on the Board materials website: https://new.mta.info/transparency/board-and-committee-meetings/january-2021

MTA Chairman Foye introduced Auditor General Michele Woods. The Auditor General stated that there was one change to the workplan, the Information Technology Report will be presented at the May Audit Committee Meeting. There were six remaining items on the workplan, two required a vote. The first of these is the 3rd Quarter 2020 financial statements which have been uploaded into Directors Desk. Jill Strohmeyer from Deloitte, and Noemi Lopez, the Acting MTA Comptroller were available to answer any questions. A motion was made and seconded to accept the 3rd Quarter Financial Statements. The second item was a brief status update on the 2020 Audit Plan and a summary of the proposed 2021 Audit Plan.

For 2020, MTA Audit completed 79 of 104 planned operational audits and 36 audits were in progress. The audits identified 165 findings with recommendations to improve internal controls and compliance with established processes while reducing risk. These audits identified potential savings and efficiency opportunities of $12.5 million. There were also 278 audits performed relating to capital projects. This work included reviews of cost proposals, interim reviews, close out audits, and audits of claims to ensure that contract billings were appropriate. Third-party questioned costs were $69.7 million and past experienced has demonstrated an 80% recovery rate for questioned costs. In coordination with the MTA IG, MTA Audit continues its Integrity Monitoring work on the Superstorm Sandy Program. We have updated the Integrity Monitoring Plan and have provided the revised plan to the FTA for review and comment. As required by the grant funding agreement, we will continue to perform audits of all ongoing Sandy projects.

During 2020, the Pension QA Group reviewed over 1,400 pension calculations and identified 253 errors during this process which were corrected by the Pension Staff prior to payments being made. This had a financial impact of approximately $4.1 million. The On-Board observations performed by MTA Audit had been put on hold from March 17 through June 30 due to changes in revenue collection caused by the pandemic. Observations resumed in July to ensure that the Conductors were collecting the correct fare and were in compliance with the operating procedures. In 2020, the On-Board team performed over 3,000 tests at both LIRR and Metro-North. The results of these tests are reported to the agency management so that they can estimate the rates of fares not collected and improper fare collection. The information from the observations also allows railroad management the opportunity to adjust resources where needed.

The Auditor General then proceeded to provide a brief summary of the proposed 2021 Audit Plan which was discussed with each of the agency presidents and the MTA tower leads. The foundation of the Audit Plan was developed through a formal Risk Assessment that is performed in accordance with the Institute of Internal Auditor Standards. The planning process began in September and it took several months to complete, and it resulted in a comprehensive Risk Assessment which is fully documented. Consistent with prior years, the Risk Assessment sources included financial data, an assessment of the nature of operations, control activities and previous audit results. A total of 87 management interviews were conducted within the agencies and 151 potential audits were identified. Audit suggestions were prioritized, and a proposed Audit Plan was developed that includes 97 operational and assurance audits for 2021. The Auditor General met with the agency presidents to discuss and finalize the proposed Audit Plan and made adjustments as needed to ensure that the areas of greatest risk will have appropriate audit coverage. The Auditor General then referenced a slide that identified a snapshot where the 97 audits included in the Audit Plan fall under each of the business functions. Within Service Delivery, MTA Audit will ensure that management continues to inspect and maintain its systems in a state of good repair.

Regarding Finance, MTA Audit will closely monitor the actions taken by management relating to timekeeping systems as well as oversight and assignment of overtime. For Safety, audits will be performed on such initiatives as COVID cleaning, fare evasion Task Force, homeless outreach, drug testing and hazardous waste management. For Human Resources, MTA Audit will focus on medical benefits as well as employee availability and will perform revenue audits at each agency. In addition to third-party reviews of capital contracts, MTA Audit will continue with its Sandy Program and NYC Engineering Audit Office reviews. Procurement audits will continue to ensure that the MTA spends its resources effectively and efficiently in accordance with contract terms and conditions. Technology audits will support the consolidated organization and cover areas such as change management and cyber security.

The Auditor General then referenced a slide that showed a visual representation of how audit resources associated with assurance audits will be allocated throughout the year. The MTA Headquarters resource allocation is higher than prior years primarily due to the increase in consolidated functions, including Technology which will cover all agencies. The Auditor General then referenced another slide that showed a representation of how the resources associated with audit staff will be allocated. The Auditor General believes that they have met the challenge to provide a balance of audit coverage for the MTA and each of its agencies. With eight additional resignations and retirements this year, the current headcount of MTA Audit is 52. The Auditor General has discussed the level of staffing needed to complete the proposed plan with the Chairman and the Auditor General has requested approval to hire from the Vacancy Control Committee to maintain its budgeted staffing level of 60 which is a 30% reduction from prior years. The Auditor General believes that the approved staffing level is appropriate to address the areas risk identified for the 2021 plan, and to complete the plan including the support functions that are required by management. In 2021, MTA Audit will focus its efforts to support transformation initiatives of the MTA to improve the efficiency and effectiveness of operations and will also support agency wide goals with respect to timekeeping and overtime, and evaluate contractor performance.

Finally, MTA Audit will continue to coordinate audit activities with various external audit entities and will work with internal control staff to ensure that all recommendations are effectively implemented. Board Member Norman Brown asked about the type of data developed by MTA Audit to determine the extent of homeless people in the systems. In response, the Auditor General replied that MTA Audit does not develop rates of homelessness, but they do look at the data put prepared internally and by outside consultants. A motion was made and seconded to approve the proposed 2021 Audit Plan.

The remaining information items are as follows:

- The MTA Enterprise Risk Management and Internal Control Guidelines were adopted by the Board in 2011 pursuant to Public Authority Law Section 2931. They are required to be reviewed by the Committee annually and are contained in the committee book. Corporate Compliance is not recommending any changes at this time.

- The MTA Chief Compliance Officer has also provided a status report on the Enterprise Risk Management Program and the MTA's compliance with the Internal Control Act. In addition, the MTA Chief Compliance Officer and Agency Internal Control staff have provided a report to the Committee on the status of audit recommendations previously accepted by their respective agency. Lamond Kearse, the MTA Chief Compliance Officer was available to answer any questions.

- Finally, Michael Garner, the MTA Chief Diversity Officer has provided an update on the performance measures and compliance monitoring used by the Department of Diversity and Civil Rights in tracking critical tasks. Michael was available to answer any questions.

Respectfully submitted,

Michele Woods

Michele Woods
Auditor General

Metropolitan Transportation Authority

2021 AUDIT COMMITTEE WORK PLAN

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

II. SPECIFIC AGENDA ITEMS

January 2021

Quarterly Financial Statements – 3rd Quarter 2020	External Auditor/CFOs/Controllers
Enterprise Risk Management Update and Internal Control Guidelines	Chief Compliance Officer
Compliance with the Internal Control Act	Chief Compliance Officer/Agency ICOs
2020 Audit Plan Status Report	Auditor General
2021 Audit Plan	Auditor General
DDCR Performance Measures	Chief Diversity Officer
Open Audit Recommendations	Agency ICOs/Chief Compliance Officer

May 2021

2020 Audited Financial Statements	External Auditor/CFOs/Controllers
Management's Review of Consolidated Financial Statements	Comptroller
Information Technology Report	Chief Information Officer
Open Audit Recommendations	Agency ICOs/Chief Compliance Officer
Contingent Liabilities/Third Party Lawsuits (Executive Session)	General Counsels/External Auditor

July 2021

Quarterly Financial Statements – 1st Quarter 2021	External Auditor/CFOs
Pension Audits (2020)	External Auditor/Comptroller
Management's Review of Pension Audits	Comptroller
Single Audit Report	External Auditor/CFOs
Investment Compliance Report	External Auditor
Management Letter Reports	External Auditor/CFOs/Controllers
Review of MTA/IG's Office (FY 2020)	External Auditor
Enterprise Risk Management Update	Chief Compliance Officer
Ethics and Compliance Program	Chief Compliance Officer
Financial Interest Reports	Chief Compliance Officer
MTAAS 2021 Audit Plan Status Report	Auditor General
DDCR Performance Measures	Chief Diversity Officer
Open Audit Recommendations	Agency ICOs/Chief Compliance Officer

October 2021

Quarterly Financial Statements – 2nd Quarter 2021	External Auditor/CFOs
Appointment of External Auditors	Committee Chair & Members
Audit Approach Plans/Coordination	External Auditor
Review of Audit Committee Charter	CCO and Committee Chair
Security of Sensitive Data & Systems (Executive Session)	Chief Information Officer
Open Audit Recommendations	Agency ICOs/Chief Compliance Officer
Annual Audit Committee Report	Committee Chair

2021 AUDIT COMMITTEE WORK PLAN

I. RECURRING AGENDA ITEMS

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

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

As Appropriate
Pre-Approval of Audit and Non-Auditing Services
As appropriate, all auditing services and non-audit services to be performed by external auditors will be presented to and pre-approved by the Committee.

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

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

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

II. SPECIFIC AGENDA ITEMS

JANUARY 2021

Quarterly Financial Statements - 3rd Quarter 2020
Representatives of the MTA public accounting firm, in conjunction with appropriate agency management, will discuss the interim financial statement that was prepared for the third quarter of 2020.

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

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

MTAAS 2020/2021 Audit Plans

i. 2020 Audit Plan Status
A briefing by Audit Services that will include a status of the work completed, a summary of the more significant audit findings, and a discussion of the other major activities performed by the department in 2020.

ii 2021 Audit Plan
A discussion by Audit Services of the areas scheduled to be reviewed in 2021 as well as the guidelines and policies that were used to assess audit risk and their application in the development of the audit work plan.

DDCR Performance Measures
The MTA Chief Diversity Officer will brief the Committee on the status of the performance measures and compliance monitoring used by the Department of Diversity and Civil Rights in tracking critical tasks.

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

MAY 2021

2020 Financial Statements
The MTA public accounting firm will review the results and conclusions of their examination of the 2020 Financial Statements. The agency CFOs/Controllers will be available to the Committee to answer any questions regarding the submission of their audit representation letters to the external audit firm.

Management's Review of MTA Consolidated Financial Statements
The MTA Comptroller will present a management's review of the 2020 MTA consolidated financial statements, including changes in capital, net assets, other assets and operating revenues and expenses.

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

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

Contingent Liabilities and Status of Third Party Lawsuits
The General Counsels from each agency, along with representatives from the independent accounting firm, will review in Executive Session the status of major litigation that may have a material effect on the financial position of their agency, or for which a contingency has been or will be established and/or disclosed in a footnote to the financial statements. In addition, the Committee will be briefed on the status of third-party lawsuits for which there has been minimal or sporadic case activity.

JULY 2021

Quarterly Financial Statements – 1st Quarter 2021
Representatives of MTA's public accounting firm, in conjunction with appropriate agency management, will discuss the interim financial statement that was prepared for the first quarter of 2021.

Pension Audits

i Management's Review of MTA-Managed/Controlled Pension Plan Financial Statements
The MTA Comptroller will present a management's review of the 2020 MTA-managed and controlled Pension Plan financial statements, including changes in the plan's net position, the required supplementary information and any new GASB statements or statutory regulations affecting the financial statements.

ii Audit of the Pension Plans Financial Statements
Representatives of the MTA public accounting firms will provide the results of their audits of the pension plans that are managed and controlled by MTA HQ, Long Island Rail Road, Metro-North and NYC Transit.

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

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

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

Review of the MTA Inspector General's Office
Representatives of MTA's public accounting firm will provide the results of their 2020 "agreed-upon" review procedures on the MTA/IG's operating expenses to ensure compliance with applicable policies and procedures.

Enterprise Risk Management Update

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

Ethics and Compliance Program

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

Financial Interest Reports

The MTA Chief Compliance Officer will brief the Committee on the agencies' compliance with the State Law regarding the filing of Financial Interest Reports (FIRs), including any known conflicts of interest.

MTAAS 2021 Audit Plan Status Report

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

DDCR Performance Measures

The MTA Chief Diversity Officer will brief the Committee on the status of the performance measures and compliance monitoring used by the Department of Diversity and Civil Rights in tracking critical tasks.

Open Audit Recommendations

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

OCTOBER 2021

Quarterly Financial Statements – 2nd Quarter 2021

Representatives of MTA's public accounting firm, in conjunction with appropriate agency management, will discuss the interim financial statement that was prepared for the second quarter of 2021.

Appointment of External Auditors

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

Audit Approach Plans/Coordination

Representatives of MTA's public accounting firm will review their audit approach for the 2022 year-end agency financial audits. This review will describe the process used to assess inherent and internal control risks, the extent of the auditor's coverage, the timing and nature of the procedures to be performed, and the types of statements to be issued. In addition, the impact of new or proposed changes in accounting principles, regulations, or financial reporting practices will be discussed.

Review of Audit Committee Charter

The Committee Chair will report that the Committee has reviewed and assessed the adequacy of the Audit Committee Charter and, based on that review, will recommend any changes. The review will also show if the Committee's performance in 2020 adequately complied with the roles and responsibilities outlined in its Charter (i.e. monitoring and overseeing the conduct of MTA's financial reporting process; application of accounting principles; engagement of outside auditors; MTA's internal controls; and other matters relative to legal, regulatory and ethical compliance at the MTA).

Security of Sensitive Data & Systems

The MTA Chief Security Information Officer (or designee) will make a presentation to the Committee on the security of sensitive data and systems at the MTA.

Open Audit Recommendations

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

Annual Audit Committee Report

As a non-agenda information item, the Audit Committee will be provided with a draft report which outlines the Audit Committee's activities for the 12 months ended July 2021. This report is prepared in compliance with the Audit Committee's Charter. After Committee review and approval, the Committee Chair will present the report to the full MTA Board.

MTA
CONSOLIDATED
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

MANAGEMENT'S REVIEW
AUDIT COMMITTEE MEETING
MAY 26, 2021

MTA CONSOLIDATED FINANCIAL STATEMENTS

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

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

NEW GASB ACCOUNTING STANDARDS FOR FISCAL YEAR 2020

GASB #	Title	Effective Date
GASB 89	*Accounting for Interest Cost Incurred Before the End of a Construction Period* requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement purposes.	Fiscal year 2020
GASB 97	*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* addresses fiduciary component unit reporting where the component unit does not have a governing board and the primary government performs such duties.	Fiscal year 2020

MTA CONSOLIDATED STATEMENT OF NET POSITION FOR YEARS ENDED 12/31/2020 & 12/31/2019

($'s in Millions)	DECEMBER 31, 2020	DECEMBER 31, 2019
ASSETS		
Cash & Investments	$ 11,299	$ 7,128
Accounts Receivables (Net)	783	899
Capital Assets (Net)	80,895	77,502
Other Assets	817	830
TOTAL ASSETS	93,794	86,359
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Other	1,331	1,420
Deferred Outflows for Pensions	3,053	2,343
Deferred Outflows for OPEB	1,817	1,537
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,201	5,300
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	**$ 99,995**	**$ 91,659**
LIABILITIES		
Long-term debt	51,013	40,098
Post employment benefits other then pension	21,117	19,582
Net Pension Liability	8,359	7,584
Liability for injury claims	4,675	4,587
Other liabilities	7,283	12,728
TOTAL LIABILITIES	92,447	84,579
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows from Refundings	38	20
Deferred Inflows from Pensions	796	934
Deferred Inflows from OPEB	1,731	1,675
TOTAL DEFERRED INFLOWS OF RESOURCES	2,565	2,629
NET POSITION	4,983	4,451
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	**$ 99,995**	**$ 91,659**

MTA CONSOLIDATED FINANCIAL STATEMENTS

ASSETS & DEFERRED OUTFLOWS

$'s in Millions	DECEMBER 31,		CHANGE	
	2020	2019	$	%
CASH & INVESTMENTS	$11,299	$7,128	($750)	(11)%
RECEIVABLES	783	899	(116)	(13)%
CAPITAL ASSETS (NET)	80,895	77,502	3,393	4%
OTHER ASSETS	817	830	(7)	(1)%
TOTAL LIABILITIES	**$93,794**	**$86,359**	**$2,520**	3%
DEFERRED OUTFLOWS: OTHER	1,331	1,420	(89)	(6%)
DEFERRED OUTFLOWS FOR PENSIONS	3,053	2,343	710	30%
DEFERRED OUTFLOWS FOR OPEB	1,817	1,537	280	18%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$6,201**	**$5,300**	**$901**	17%

- Cash & Investments decreased $750 due primarily to decreased investments.
- Receivables decreased $116 due to decreases in amounts due from NY State.
- Capital assets increased $3,393 as a result of increased capital investments.
- Other assets decreased $7 due primarily to a decrease in prepaid expenses.
- Total deferred outflows of resources increased $3,421 due primarily to deferred outflows for Pensions of $710 and deferred outflows for OPEB of $280. Offsetting this were decreases in other deferred outflows of $89.

MTA CONSOLIDATED FINANCIAL STATEMENTS

LIABILITIES & DEFERRED INFLOWS

$'s in Millions	DECEMBER 31,		CHANGE	
	2020	2019	$	%
LONG-TERM DEBT	$51,013	$46,145	$4,868	11%
OTHER POST EMPLOYMENT BENEFITS	21,117	19,582	1,535	8%
NET PENSION LIABILITIES	8,359	7,584	775	10%
LIABILITIES FOR INJURY CLAIMS	4,675	4,587	88	2%
OTHER LIABILITIES	7,283	6,681	602	9%
TOTAL LIABILITIES	**$92,447**	**$84,579**	**$7,868**	9%
DEFERRED INFLOWS FOR DEBT REFUNDINGS	38	20	18	90%
DEFERRED INFLOWS FOR PENSIONS	796	934	(138)	(15%)
DEFERRED INFLOWS FOR OPEB	1,731	1,675	56	3%
TOTAL DEFERRED INFLOWS OF RESOURCES	**$2,565**	**$2,629**	**($64)**	(2%)

- Long-term debt increased $4,868 due to net new borrowings.
- OPEB liability increased $1,535 due to changes in actuarial calculation required under GASB 75.
- Net Pension liability increased $775 due to changes in actuarial calculation required under GASB 68.
- Liabilities for injury claims increased $88 due to increased workmen's comp claims.
- Other liabilities increased $602 due primarily to increases in accrued expenses and accrued capital expenditures.
- Total Deferred Inflows of resources decreased $64 due a decrease in deferred inflows from pensions of $138. This was offset by increases in deferred inflows from OPEB of $56 and deferred inflows for debt refundings of $18.

MTA CONSOLIDATED FINANCIAL STATEMENTS

NET POSITION

$'s in Millions	DECEMBER 31,		CHANGE	
	2020	2019	$	%
NET INVESTMENT IN CAPITAL ASSETS	32,884	$31,147	$1,737	6%
RESTRICTED FOR DEBT SERVICE	480	554	(74)	(13%)
RESTRICTED FOR CLAIMS	287	219	68	31%
RESTRICTED FOR OTHER PURPOSES	1,170	1,207	(37)	(3%)
UNRESTRICTED	(29,838)	(28,676)	(1,162)	(4%)
TOTAL NET POSITION	**$4,983**	**$4,451**	**$532**	**12%)**

- Net investment in Capital Assets increased $1,737 due to an increase in net capital assets of $3,393, offset by decreases in net capital related liabilities of $1,656
- Restricted for debt service decreased $74 due to a decrease in debt service related investments.
- Restricted for claims increased $68 due to an increases in FMTAC loss reserves.
- Net Position for other purposes decreased $37 due to a decrease in other restricted investments
- Unrestricted net position decreased $1,162 due to increases in the OPEB liability of $1,535 and Pension liability of $775 offset by deferred outflows of resources of $901, and a surplus before depreciation and capital grants & appropriations of $247.

MTA CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

($'s in Millions)

	DECEMBER 31,		CHANGE	
	2020	**2019**	**$**	**%**
Net Cash from Operating Activities	$ (7,437)	$ (4,349)	$ (3,088)	-71%
Net Cash From Non-Capital Financing Activities	10,926	7,445	3,481	47%
Net Cash from Capital & Related Financing Activities	655	(2,060)	2,715	132%
Net Cash From Investing Activities	(3,672)	(1,023)	(2,649)	-259%
Net Change in Cash	472	13	459	3531%
Cash - Beginning of Year	554	541	13	2%
Cash - End of Year	**$ 1,026**	**$ 554**	**$ 472**	**85%**

MTA CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

($'s in Millions)

	DECEMBER 31,		CHANGE	
	2020	**2019**	**$**	**%**
OPERATING REVENUES	$4,728	$9,043	$ (4,315)	-48%
OPERATING EXPENSES	(17,018)	(17,543)	525	3%
OPERATING DEFICIT	**(12,290)**	**(8,500)**	**(3,790)**	**-45%**
SUBSIDIES & TAX REVENUES	10,962	7,737	3,225	42%
LESS: INTEREST EXPENSE	(1,722)	(1,556)	(166)	-11%
DEFICIT BEFORE CAPITAL GRANTS & APPROPRIATIONS	**(3,050)**	**(2,319)**	**(731)**	**-32%**
CAPITAL GRANTS & APPROPRIATIONS	3,582	2,817	765	27%
CHANGE IN NET POSITION	**532**	**498**	**34**	**-7%**
NET POSITION - BEGINNING OF YEAR	4,451	3,953	498	13%
NET POSITION - END OF YEAR	**$4,983**	**$4,451**	**$532**	**12%**

MTA CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of Financial Plan to GAAP Statement of Revenues, Expenses & Changes in Net Position

	December 31, 2020			
	Financial Plan Estimate	Financial Statement Actual	VARIANCE $	%
Total Operating Revenues	**$ 8,440**	**$ 4,728**	**$ (3,712)**	**-44%**
Operating Expenses:				
Total Labor Expenses	12,025	10,977	(1,048)	-9%
Total Non-Labor Expenses	3,660	3,030	(630)	-17%
Depreciation	2,849	3,011	162	6%
Other Expense Adjustment	94	-	(94)	-100%
Total Operating Expenses	18,628	17,018	(1,610)	-9%
Net Operating Deficit	**$ (10,188)**	**$ (12,290)**	**$ (2,102)**	**21%**
DedicAted Taxes & Subsidies	5,946	10,962	5,016	84%
Debt Service *(Financial Plan includes Principal + Interest)*	(2,734)	(1,722)	1,012	-37%
Conversion to Cash Basis: Non Cash Liability Adj's	4,225	-	(4,225)	-100%
(Deficit) Before Capital Grants & Appropriations	**$ (2,751)**	**$ (3,050)**	**$ (299)**	11%

MTA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2020
($ in millions)

Financial Plan Actual Operating Loss at 12/31/2020		**$ (10,188)**
The Financial Plan Includes:		
1 Lower operating revenues		453
2 Higher other operating revenues primarily from CARES ACT funding, which is reported in the Financial Statements as non-operating revenues as per GASB guidance		(4,165)
3 Higher labor expense primarily from higher OPEB expense projections		1,048
4 Higher non-labor expense primarily from higher professional service ocntracts		630
5 Other expense adjustments		(68)
Total Operating Reconciling Items		**(2,102)**
Financial Statements Operating Loss at 12/31/2020		**$ (12,290)**
Financial Plan Deficit after Subsidies and Debt Service at 12/31/2020		**$ (2,751)**
The Financial Plan Actual Includes:		
1 Debt Service Bond Principal Payments		1,012
2 Adjustments for non-cash liabilities:		
Depreciation	(2,849)	
Unfunded OPEB Expense	(1,607)	
Unfunded GASB 68 Pension adjustment	237	
Other Non-cash liability adjustment	(6)	(4,225)
The FinancialStatements Includes:		
3 Higher subsidies and other non-operating revenues & expenses		5,016
4 Total Operating Reconciling Items (from above)		(2,102)

DRAFT

Metropolitan Transportation Authority

(A Component Unit of the State of New York)

Financial Statements as of and
for the Years Ended December 31, 2020 and 2019
Required Supplementary Information,
Supplementary Information and
Independent Auditors' Report

Table of Contents

METROPOLITAN TRANSPORTATION AUTHORITY

(A Component Unit of the State of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

($ In Millions, except as noted)

FINANCIAL REPORTING ENTITY

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

The Reporting entity includes:

(1) the MTA is comprised of the following:

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

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

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

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

- MTA Other Postemployment Benefits Plan ("OPEB Plan")

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

OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

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

Management's Discussion and Analysis

This MD&A provides a narrative overview and analysis of the financial activities of the Metropolitan Transportation Authority and its consolidated subsidiaries and affiliates (the "MTA" or "MTA Group") as of and for the years ended December 31, 2020 and 2019. For financial reporting purposes, the subsidiaries and affiliates of the MTA are blended component units. This management discussion and analysis is intended to serve as an introduction to the MTA Group's consolidated financial statements. It provides an assessment of how the MTA Group's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the MTA Group's overall financial position. It may contain opinions, assumptions, or conclusions by the MTA Group's management that must be read in conjunction with, and should not be considered a replacement for, the consolidated financial statements.

The Consolidated Financial Statements

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

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

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

The Fiduciary Funds Financial Statements

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

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

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

Notes to the Consolidated Financial Statements

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

Required Supplementary Information

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

Supplementary Information - Combining Fiduciary Funds Financial Statements

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

Supplementary Information

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

CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following sections discuss the significant changes in the MTA Group's financial position as of and for the years ended December 31, 2020 and 2019. An analysis of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, the information contained within the summaries of the consolidated financial statements and the various exhibits presented were derived from the MTA Group's consolidated financial statements.

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

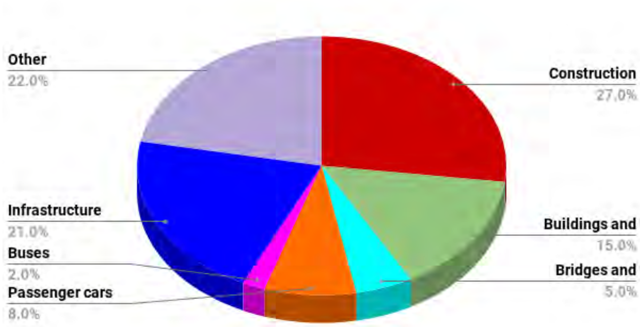
Capital assets include, but are not limited to: bridges, structures, tunnels, construction of buildings and the acquisition of buses, equipment, passenger cars, and locomotives.

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

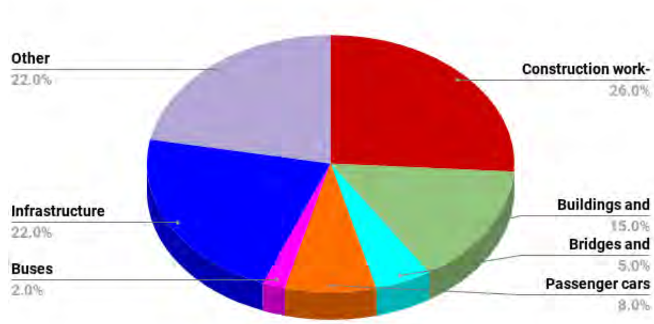
Deferred outflows of resources reflect: changes in fair market values of hedging derivative instruments that are determined to be effective, unamortized loss on refunding, deferred outflows from pension activities, and deferred outflows from OPEB activities.

	December 31,			Increase / (Decrease)	
(In millions)	2020	2019	2018	2020 - 2019	2019 - 2018
Capital assets — net (see Note 6)	$ 80,895	$ 77,502	$ 72,511	$ 3,393	$ 4,991
Other assets	12,899	8,857	7,827	4,042	1,030
Total Assets	93,794	86,359	80,338	7,435	6,021
Deferred outflows of resources	6,201	5,300	4,360	901	940
Total assets and deferred outflows of resources	$ 99,995	$ 91,659	$ 84,698	$ 8,336	$ 6,961

Capital Assets, Net - December 31, 2020



Capital Assets, Net - December 31, 2019



Significant Changes in Assets and Deferred Outflows of Resources Include:

December 31, 2020 versus December 31, 2019

- Net capital assets increased at December 31, 2020 by $3,393 or 4.4%. There was an increase in other capital assets of $1,778, an increase in construction in progress of $1,617, an increase in buildings and structures of $1,300, an increase infrastructure of $1,121, an increase in passenger cars and locomotives of $332, an increase in bridges and tunnels of $166 an increase in land of $25, and an increase in buses of $11. That was offset by a net increase in accumulated depreciation of $2,957. See Note 6 to the MTA's Consolidated Financial Statements for further information. Some of the more significant projects contributing to the net increase included:
  - Continued progress on the East Side Access, Second Avenue Subway and Number 7 Extension Project.

- Infrastructure work including:
  - Repairs and improvements of all MTA Bridge and Tunnels' facilities.
  - Improvements to MTA Long Island Railroad's road-assets, replacement of signal power lines, various right-of-way enhancements and upgrades of radio communications.
  - Continued improvements to MTA Metro-North Railroad stations, tracks and structures, power rehabilitation of substations, and security.
  - Subway and bus real-time customer information and communications systems.
  - Continued structural rehabilitation and repairs of the ventilation system at various facilities.
- Continued improvements made to the East River Tunnel Fire and Life Safety project for 1st Avenue, Long Island City and construction of three Montauk bridges.
- Continued passenger station rehabilitations for Penn Station and East Side Access Passenger station.
- Ongoing work by MTA New York City Transit to make stations fully accessible and structurally reconfigured in accordance with the Americans with Disability Act ("ADA") standards.

● Other assets increased by $4,042 or 45.6%. The major items contributing to this change include:

- An increase in investments of $3,699 mainly due to funds from the issuance of PMT 2020A in December 2020.
- A decrease in current and non-current receivables of $116 primarily due to a decrease in subsidies from New York City for MTA New York City Transit and MTA Bus of $86, a decrease in State and local operating assistance of $34, an increase in Federal and State grants for capital projects of $7, an increase in State and regional mass transit taxes of $4. There was also a net decrease in various current and non-current receivables of $7.
- A net decrease in various other current and noncurrent assets of $13, primarily due to a decrease in prepaid expenses of $15.
- An increase in cash of $472 from net cash flow activities.

● Deferred outflows of resources increased by $901 or 17.0%. This increase in deferred outflows is primarily related to higher deferred outflows related to pensions of $710 due to changes in the actuarially determined calculations for the pension plans and an increase in deferred outflows related to OPEB activities of $280 due to changes in actuarial calculations for OPEB. There was also an increase in the fair value of derivative instruments of $75 and a decrease in deferred outflows for unamortized losses on refundings of $164.

December 31, 2019 versus December 31, 2018

● Net capital assets increased at December 31, 2019 by $4,991 or 6.9%. There was an increase in construction in progress of $2,106, an increase in other capital assets of $2,094, an increase in land of $6, an increase infrastructure of $1,470, an increase in buildings and structures of $1,102, an increase in passenger cars and locomotives of $494, an increase in bridges and tunnels of $72, and a decrease in buses of $131. That was offset by a net increase in accumulated depreciation of $2,222. See Note 6 to the MTA's Consolidated Financial Statements for further information. Some of the more significant projects contributing to the net increase included:

- Continued progress on the East Side Access, Second Avenue Subway and Number 7 Extension Project.
- Infrastructure work including:
  - Repairs and improvements of all MTA Bridge and Tunnels' facilities.
  - Improvements to MTA Long Island Railroad's road-assets, replacement of signal power lines, various right-of-way enhancements and upgrades of radio communications.
  - Continued improvements to MTA Metro-North Railroad stations, tracks and structures, power rehabilitation of substations, and security.
  - Subway and bus real-time customer information and communications systems.
  - Continued structural rehabilitation and repairs of the ventilation system at various facilities.
- Continued improvements made to the East River Tunnel Fire and Life Safety project for 1st Avenue, Long Island City and construction of three Montauk bridges.
- Continued passenger station rehabilitations for Penn Station and East Side Access Passenger station.

- Ongoing work by MTA New York City Transit to make stations fully accessible and structurally reconfigured in accordance with the Americans with Disability Act (“ADA”) standards.

- Other assets increased by $1,030 or 13.2%. The major items contributing to this change include:
  - An increase in investments of $1,194 mainly due to funds from mobility tax.
  - A decrease in current and non-current receivables of $218 primarily due to a decrease in Federal and State grants for capital projects of $118, a decrease in subsidies from New York City for MTA New York City Transit and MTA Bus of $61, and a decrease in other non-current receivables of $27. This decrease was offset by an increase in State and regional mass transit taxes of $34, and an increase in State and local operating assistance of $35. There was also a net decrease in various current and non-current receivables of $81 primarily due to a higher allowance of doubtful accounts.
  - A net increase in various other current and noncurrent assets of $41 primarily due to an increase in materials of $34.
  - An increase in cash of $13 from net cash flow activities.

- Deferred outflows of resources increased by $940 or 21.6%. This increase in deferred outflows is primarily related to higher deferred outflows related to pensions of $946 due to changes in the actuarially determined calculations for the pension plans. There was also an increase in the fair value of derivative instruments of $90, an increase in deferred outflows related to OPEB activities of $41 due to changes in actuarial calculations for OPEB, and a decrease in deferred outflows for unamortized losses on refundings of $137.

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

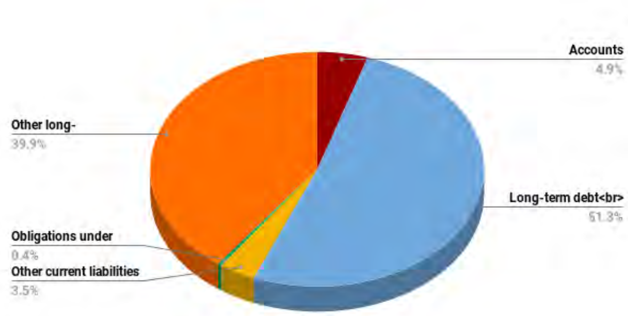
Current liabilities include: accounts payable, accrued expenses, current portions of long-term debt, capital lease obligations, pollution remediation liabilities, unredeemed fares and tolls, and other current liabilities.

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

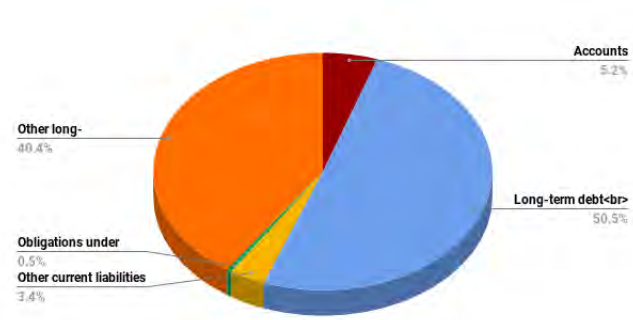
Deferred inflows of resources reflect unamortized gains on refunding, pension related deferred inflows, and deferred inflows from OPEB activities.

	December 31,			Increase/(Decrease)	
(In millions)	**2020**	**2019**	**2018**	**2020 - 2019**	**2019 - 2018**
Current liabilities	$ 7,959	$ 7,494	$ 7,609	$ 465	$ (115)
Non-current liabilities	84,488	77,085	72,022	7,403	5,063
Total liabilities	92,447	84,579	79,631	7,868	4,948
Deferred inflows of resources	2,565	2,629	1,114	(64)	1,515
Total liabilities and deferred inflows of resources	$ 95,012	$ 87,208	$ 80,745	$ 7,804	$ 6,463

Total Liabilities - December 31, 2020



Total Liabilities - December 31, 2019



Significant Changes in Liabilities and Deferred Inflows of Resources Include:

December 31, 2020 versus December 31, 2019

- Current liabilities increased by $465 or 6.2%. The net increase in current liabilities was primarily due to an increase of $310 in employee related accruals, an increase in the current portion of long-term debt of $89 due mainly to the classification of bond anticipated notes retired by the proceeds of new long term debt issues as required by GASB Statement No. 62, an increase in unearned premiums of $264, an increase in accounts payable due to vendors of $48, an increase of $52 in accrued expenses, a decrease in interest payable of $20, a decrease in capital accruals of $243, a decrease in the current portion obligations under capital leases (see Note 9) of $10, and in addition, there was a net decrease in various other current liabilities of $25.
- Non-current liabilities increased by $7,403 or 9.6%. This increase was mainly due to:
  - An increase in the non-current portion of long-term debt of $4,779 primarily due to the classification of bond anticipated notes and bonds retired by the proceeds of new long term debt issues as required by GASB Statement No. 62 (see Note 7) and new bonds issued in 2020.
  - An increase in pension liability of $775, resulting from actuarial calculations as required by GASB Statement No. 68 (see Note 4).
  - An increase in other long-term liabilities of $126, primarily due to the accruals of employer social security taxes. Payments are due in 2021 under the payroll tax deferral relief offered by the CARES Act.
  - An increase in estimated liability arising from injuries to persons (see Note 10) of $88 due to revised actuarial calculations of the workers' compensation reserve.
  - An increase in derivative liability (see Note 8) of $72.
  - An increase in net OPEB liability of $1,535 due to changes in actuarial calculations for OPEB as required by GASB Statement No. 75 (see Note 5).
  - A net increase in other various non-current liabilities of $28.
- Deferred inflows of resources decreased by $64 or 2.4%, primarily due to a decrease in deferred inflows related to pensions of $138 as a result of changes in the actuarially determined calculations for the pension plans as required by GASB Statement No. 68, an increase in deferred inflows related to OPEB of $56 due to changes in actuarial calculations for OPEB as required by GASB Statement No. 75, and an increase in the gain on refunding of debt of $18.

December 31, 2019 versus December 31, 2018

- Current liabilities decreased by $115 or 1.5%. The net decrease in current liabilities was primarily due to a decrease of current portion of long-term debt of $342 due mainly to classification of bond anticipated notes retired by the proceeds of new long term debt issues as required by GASB Statement No. 62, a decrease in unearned premiums of $81, a decrease of $63 in other, a decrease in accounts payable due to vendors of $27, an increase of $85 in accrued expenses, an increase in interest payable of $77 due to new bonds issued in 2019, an increase in capital accruals of $147 due to new projects, an increase in estimated liability arising from injuries to persons (Note 11) of $47, an increase in the current portion obligations under capital leases (Note 9) of $10, and an increase of $42 in employee related accruals. In addition, there was a net decrease in various other current liabilities of $10.
- Non-current liabilities increased by $5,063 or 7.0%. This increase was mainly due to:
  - An increase in the non-current portion of long-term debt of $4,318 primarily due to classification of bond anticipated notes and bonds retired by the proceeds of new long term debt issues as required by GASB Statement No. 62 (See Note 7).
  - An increase in pension liability of $1,097, resulting from actuarial calculations as required by GASB Statement No. 68 (see Note 4).
  - An increase in estimated liability arising from injuries to persons (Note 10) of $286 due to revised actuarial calculations of the workers' compensation reserve.
  - An increase in derivative liability (Note 8) of $84.
  - A decrease in net OPEB liability of $753 due to changes in actuarial calculations for OPEB as required by GASB Statement No. 75 (Note 5).

- A net increase in other various non-current liabilities of $31 primarily due to an increase in contract retainage payable due upon completion of projects.

- Deferred inflows of resources increased by $1,515 or 136.0%, primarily due higher deferred inflows related to OPEB of $1,654 due to changes in actuarial calculations for OPEB as required by GASB Statement No. 75. A decrease in deferred inflows related to pensions of $136 as a result of changes in the actuarially determined calculations for the pension plans as required by GASB Statement No. 68, and a decrease in the gain on refunding of debt of $3.

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

(In millions)	December 31, 2020	December 31, 2019	December 31, 2018	Increase/(Decrease) 2020 - 2019	Increase/(Decrease) 2019 - 2018
Net investment in capital assets	$ 32,884	$ 31,147	$ 30,000	$ 1,737	$ 1,147
Restricted for debt service	480	554	454	(74)	100
Restricted for claims	287	219	206	68	13
Restricted for other purposes	1,170	1,207	1,230	(37)	(23)
Unrestricted	(29,838)	(28,676)	(27,937)	(1,162)	(739)
Total Net Position	$ 4,983	$ 4,451	$ 3,953	$ 532	$ 498

Significant Changes in Net Position Include:

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

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

The net investment in capital assets increased by $1,737 or 5.6%. Funds restricted for debt service, claims and other purposes decreased by $43 or 2.2% in the aggregate, mainly due to a $74 decrease in funds restricted for debt service and a decrease in funds restricted for other purposes of $37, which was offset by an increase in funds restricted for claim of $68. Unrestricted net position decreased by $1,162 or 4.1%.

December 31, 2019 versus December 31, 2018

At December 31, 2019, total net position increased by $498 or 12.6%, when compared with December 31, 2018. This change is a result of net non-operating revenues of $5,700 and appropriations, grants and other receipts externally restricted for capital projects of $3,298, and offset by operating losses of $8,500.

The net investment in capital assets increased by $1,147 or 3.8%. Funds restricted for debt service, claims and other purposes increased by $90 or 4.8% in the aggregate, mainly due to a $100 increase in funds restricted for debt service, which was offset by a decrease in funds restricted for claims and other purposes of $10. Unrestricted net position decreased by $739 or 2.6%.

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

(In millions)	December 31, 2020	December 31, 2019	December 31, 2018	Increase/(Decrease) 2020 - 2019	Increase/(Decrease) 2019 - 2018
Operating revenues					
Passenger and tolls	$ 4,265	$ 8,422	$ 8,131	$ (4,157)	$ 291
Other	463	621	605	(158)	16
Total operating revenues	4,728	9,043	8,736	(4,315)	307
Non-operating revenues					
Grants, appropriations and taxes	6,014	6,767	6,407	(753)	360
Other	4,961	980	839	3,981	141
Total non-operating revenues	10,975	7,747	7,246	3,228	501
Total revenues	15,703	16,790	15,982	(1,087)	808
Operating expenses					
Salaries and wages	6,246	6,309	6,300	(63)	9
Retirement and other employee benefits	3,054	3,125	2,447	(71)	678
Postemployment benefits other than pensions	1,677	1,613	1,749	64	(136)
Depreciation and amortization	3,011	2,870	2,679	141	191
Other expenses	3,030	3,626	3,666	(596)	(40)
Total operating expenses	17,018	17,543	16,841	(525)	702
Non-operating expenses					
Interest on long-term debt	1,722	1,556	1,460	166	96
Loss on disposal of subway cars	-	-	125	-	(125)
Other net non-operating expenses	13	10	8	3	2
Total non-operating expenses	1,735	1,566	1,593	169	(27)
Total expenses	18,753	19,109	18,434	(356)	675
Loss before appropriations, grants and other receipts externally restricted for capital projects	(3,050)	(2,319)	(2,452)	(731)	133
Appropriations, grants and other receipts externally restricted for capital projects	3,582	2,817	2,302	765	515
Change in net position	532	498	(150)	34	648
Net position, beginning of year	4,451	3,953	5,224	498	(1,271)
Restatement of beginning net position - adoption of GASB No. 75	-	-	(1,121)	-	1,121
Net position, end of year	$ 4,983	$ 4,451	$ 3,953	$ 532	$ 498

Revenues and Expenses, by Major Source:

Years ended December 31, 2020 versus 2019

- Total operating revenues decreased by $4,315 or 47.7%. The decrease was mainly due to the Stay At Home Executive Order issued by New York State governor in March in response to the COVID-19 pandemic. The decrease in fare revenue and toll revenue of $3,726 and $431, respectively, reflects the ongoing impact of the COVID-19 pandemic resulting in a sharp drop in utilization of services. Other operating revenues decreased by $158 when compared with the same period in 2019 due to lower advertising revenues and lower paratransit reimbursement subsidy.
- Total non-operating revenues increased by $3,228 or 41.7%.
  - The unfavorable variance of $753 in grants, appropriations, and taxes was primarily due to decreases in tax-supported subsidies from New York State, New York City and local service areas. There was a decrease in Payroll Mobility Tax of $59, a decrease in Metropolitan Mass Transportation Operating of $260, a decrease in Operating Assistance of $97, a decrease in Mass Transportation Trust Fund of $87, a decrease in Mortgage Recording Tax subsidies of $3, a decrease in New York Assistance Fund of $175, a decrease in Urban Tax subsidies of $288, and a decrease in MTA Aid Trust of $65. The decreases were offset by an increase in Internet Sales Tax of $175, and an increase in Mansion Tax of $106.
  - Other non-operating revenues increased by $3,981 primarily due to an increase in funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act of $4,010, an increase in subsidies from the Connecticut Department of Transportation for the MTA Metro-North Railroad of $120, an increase in other net non-operating revenues of $34, and an increase in Station maintenance of $3. The increases were offset by a decrease in subsidies from New York City of $186 for MTA Bus and MTA Staten Island Railway.

- Labor costs decreased by $70 or 0.6%. The major changes within this category are:
  - Retirement and employee benefits decreased by $71 primarily due to changes in the actuarial valuation for pensions under GASB Statement No. 68.
  - Salaries, wages and overtime decreased by $63 primarily due to fewer trains operating due to COVID-19.
  - Postemployment benefits other than pensions increased by $64 due to changes in the actuarial valuation for OPEB under GASB Statement No. 75.
- Non-labor operating costs decreased by $455 or 7.%. The variance was primarily due to:
  - A decrease in claims arising from injuries to persons of $257 based on the most recent actuarial valuations.
  - A decrease in paratransit service contracts of $151 primarily due to less use of paratransit taxi expenses.
  - A decrease in decrease in material and supplies by $104, mainly due to revised maintenance and repairs requirements for transit and commuter systems.
  - A decrease in electric power of $59 and fuel of $71 due to changes in rates and consumption.
  - An increase in pollution remediation projects of $81 primarily due to higher areas of exposure requiring corrective work requirements.
  - An increase in maintenance and other operating contracts by $44.
  - An increase in depreciation of $141 due to more assets placed in service in the current year.
  - A decrease in insurance of $7 due to changes in property and liability reserve requirements.
  - A net decrease in other various expenses of $72 due to changes in operational requirements.
- Total net non-operating expenses increased by $169 or 10.8% primarily due to an increase in interest on long-term debt of $166 and an increase in other net non-operating expenses of $3.
- Appropriations, grants and other receipts externally restricted for capital projects increased by $765 or 43.3%, mainly due to timing in the availability of Federal and State grants for capital projects.

Years ended December 31, 2019 versus 2018

- Total operating revenues increased by $307 or 3.5%. This increase was due to an increase in toll revenue of $95 primarily due to an increase in vehicle crossings for the year ended December 31, 2019, when compared to the year ended December 31, 2018. Other operating revenues increased by $16 due to higher advertising revenues collected on behalf of all agencies. Fare revenue also increased by $196 due to higher ridership.
- Total non-operating revenues increased by $501 or 6.9%.
  - The favorable variance of $360 in grants, appropriations, and taxes was primarily due to increases in tax-supported subsidies from New York State, New York City and local service areas. There was an increase in Payroll Mobility Tax of $151, an increase in Metropolitan Mass Transportation Operating of $137, an increase in Operating Assistance of $53, an increase in Mass Transportation Trust Fund of $16, an increase in Mortgage Recording Tax subsidies of $21, an increase in New York Assistance Fund of $375, an increase in Internet Sales Tax of $85, and an increase in Mansion Tax of $74. The increases were offset by a decrease of $508 for the Subway Action Plan, a decrease in NYS Service Contract subsidy of $1, a decrease in Urban Tax subsidies of $59, an increase in MTA Aid Trust of $17, and a decrease in Build America Bond subsidy of $1.
  - Other non-operating revenues increased by $141 primarily due to a favorable variance in other net non-operating revenues of $132, an increase in subsidies from the Connecticut Department of Transportation for the MTA Metro-North Railroad of $2, an increase in subsidies from New York City of $4 for MTA Bus and MTA Staten Island Railway, and an increase in Station maintenance by $3.
- Labor costs increased by $551 or 5.2%. The major changes within this category are:
  - Retirement and employee benefits increased by $678 primarily due to current actuarial valuation for pensions under GASB Statement No. 68.
  - Salaries, wages and overtime increased by $10 primarily due to increases in MTA New York City Transit to support various maintenance and weather-related requirements.

  - Postemployment benefits other than pensions decreased by $136 due to current actuarial valuation for OPEB under GASB Statement No. 75.
- Non-labor operating costs increased by $151 or 2.4%. The variance was primarily due to:
  - An increase in depreciation of $191 primarily due to more assets placed in service in the current year.
  - A decrease in pollution remediation projects of $64 primarily due to lower areas of exposure requiring corrective work requirements.
  - An increase in claims arising from injuries to persons of $57 based on the most recent actuarial valuations.
  - An increase in maintenance and other operating contracts by $53.
  - An increase in material and supplies by $10, mainly due to revised maintenance and repairs requirements for transit and commuter systems.
  - An increase in paratransit service contracts of $22 primarily due to higher paratransit taxi expenses.
  - An increase in insurance of $30 due to higher property and liability reserve requirements.
  - A decrease in professional service contracts of $108 due to changes in consulting services requirements.
  - A decrease in electric power of $38 and fuel of $11 due to changes in rates and consumption.
  - A net increase in other various expenses of $7.
- Total net non-operating expenses decreased by $27 or 1.7% primarily due to a decrease in the loss on disposal of subway cars of $125 offset by an increase in interest on long-term debt of $96, and an increase in other net non-operating expenses by $2.
- Appropriations, grants and other receipts externally restricted for capital projects increased by $996 or 43.3%, mainly due to timing in the availability of Federal and State grants for capital projects.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Economic Conditions

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

Preliminary MTA system-wide utilization through the fourth quarter of 2020 decreased substantially relative to 2019, with ridership down by 1,604 million trips (62.7%). The effective shut-down 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 the region moved through the State-mandated re-opening phases. During 2020, compared with 2019, MTA New York City Transit subway ridership declined by 1,058.2 million trips (62.3%), MTA New York City Transit bus declined by 348.1 million trips (62.5%), MTA Long Island Rail Road ridership declined by 60.8 million trips (66.8%), MTA Metro-North Railroad declined by 59.4 million trips (68.6%), MTA Bus declined by 74.5 million trips (61.9%), and MTA Staten Island Railway declined by 2.9 million trips (66.8%). From March 20, 2020 through the end of August, entry onto most buses was only permitted through the rear door only and fares were not collected, and in these instances, ridership was not counted. Vehicle traffic at MTA Bridges and Tunnels facilities in 2020 decreased by 76.2 million crossings (23.1%) compared with 2019 levels. The 2019 New York State Budget approved congestion pricing in Manhattan south of 60th Street, which will likely impact ridership and vehicle crossings once implemented. While originally scheduled to go into effect in 2021, the MTA only received approval on March 30, 2021, after significant delays, by the Federal Highway Administration to proceed with the Environmental Assessment which will allow for the final design and construction of the tolling infrastructure to proceed.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was lower in 2020 than in 2019 by 615.3 thousand jobs (13.1%). On a quarter-to-quarter basis, New York City employment gained 60.9 thousand jobs (1.5%), the second consecutive quarterly increase after the increase of 209.9 thousand jobs (5.5%) during the third quarter, which preceded the steep decline of 888.8 thousand jobs (19.0%) during the second quarter of 2020.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 4.3% in the fourth quarter of 2020, according to the most recent advance estimate released by the Bureau of Economic Analysis; in the third quarter, the revised RGDP increased 33.4 percent. The increase in fourth quarter GDP reflected increases in exports, residential and nonresidential fixed investment, personal consumption expenditures, and private inventory investment. These increases were partially offset by decreases in state and local government spending, as well as in federal government spending due to fewer fees paid to administer Paycheck Protection Program loans. Imports, which are a subtraction in the calculation of GDP, increased. The increase in personal consumer expenditures reflected increases in services, led by health care. The increase in exports primarily reflected an increase in goods led by industrial supplies and materials. The increase in residential fixed investment primarily reflected an increase in single family units. The increase in nonresidential fixed investment primarily reflected an increase in equipment, led by transportation equipment. The increase in private inventory investment primarily reflected an increase in manufacturing of both durable and non-durable goods.

The New York City metropolitan area's price inflation, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was higher than the national average in the fourth quarter of 2020, with the metropolitan area index increasing 1.58% while the national index increased 1.24%, when compared with the fourth quarter of 2019. Regional prices for energy products declined 6.79%, while the national price of energy products declined 8.54%. In the metropolitan area, the CPI-U exclusive of energy products increased by 2.05%, while nationally, inflation exclusive of energy products increased 1.95%. The spot price for New York Harbor conventional gasoline decreased even further, by 27.4%, from an average price of $1.72 per gallon to an average price of $1.25 per gallon between the fourth quarters of 2019 and 2020.

The Federal Open Market Committee ("FOMC") has left unchanged its target for the Federal Funds rate in the 0.00% to 0.25% range since its last rate reduction on March 15, 2020. The Federal Reserve remains committed to using its full range of fiscal tools to support the U.S. economy during the challenging time brought on by the COVID-19 pandemic by continuing to promote its maximum employment and price stability goals. Economic activity and employment have continued to recover but remain well below levels from the first couple of months of 2020, with weaker demand and earlier declines in oil prices having held down consumer price inflation. Overall financial conditions remained accommodative at the end of 2020, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses. The path of the economy depends significantly on the course of the virus as the ongoing public health crisis has continued to weigh on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term. The FOMC seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. With inflation running persistently below this longer run goal, the Committee aims to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over the medium time period and longer-term inflation expectations remain well anchored at 2 percent. The FOMC expects to maintain an accommodative stance of monetary policy until these outcomes are achieved, and expects to maintain this target range until labor market conditions have reached levels consistent with the FOMC's assessments of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time. In addition, over the coming months the Federal Reserve will continue to increase its holdings of Treasury securities and agency mortgage-backed securities until substantial progress has been made toward meeting the FOMC's maximum employment and price stability goals. These asset purchases help foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses.

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 expects to receive another $4.0 billion from CRRSAA, although funding has yet to flow to the MTA. Most recently, on March 11, 2021, the American Rescue Plan ("ARP") Act of 2021 was signed in law, and MTA expects to receive $6.5 billion in aid from the ARP.

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 Tax ("MRT") and Urban Tax, two important sources of MTA revenue. Real estate transaction activity during 2020 was severely affected by social distancing and the economic disruption caused by the COVID-19 pandemic. Mortgage Recording Tax collections in 2020 were higher than 2019 by $1.0 (0.2%). Unfavorable change was experienced during the second and third quarters of the year, but average monthly receipts in the fourth quarter were $8.3 higher than the monthly average for the second and third quarters, and receipts in the fourth quarter of 2020 were $6.3 (5.3%) higher than receipts from the fourth quarter of 2019. Average monthly receipts in the fourth quarter of 2020 were $25.0 (39.4%) 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 in 2020—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 $291.4 (43.6%) lower than 2019 receipts. Receipts in the fourth quarter of 2020 were $15.5 (23.9%) higher than receipts from the third quarter of 2020, although fourth quarter receipts were $72.5 (47.4%) lower than receipts in the fourth quarter of 2019, continuing the year-over-year decline experienced throughout 2020. Average monthly receipts in the fourth quarter of 2020 were $42.2 (57.3%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

Results of Operations

MTA Bridges and Tunnels - For the twelve months ended December 31, 2020, operating revenue decreased by $434 as compared to the twelve months ended December 31, 2019.

Traffic in 2020 was drastically impacted by COVID-19 as crossings decreased from a record 322.3 million in 2019 to 253.2 million crossings in 2020. At the beginning of the pandemic there was an immediate decline of traffic, with crossings seeing April traffic 65% below 2019 levels. Traffic began to rebound in May and this recovery lasted through October. An increase in COVID cases, coupled with winter weather, helped depress traffic in November and December; however, traffic levels remained above the revised forecasts in the July Financial Plan. Toll revenue for the year 2020 totaled $1,640, which was $431, or 20.8% lower than 2019.

The E-ZPass electronic toll collection system continued to facilitate management of high traffic volumes. The total average market share as of December 31, 2020 was 94.9% compared to 95.1% as of December 31, 2019. The average weekday market shares for passenger and commercial vehicles were 95.3% and 95.7% for 2020 and 2019, respectively.

MTA New York City Transit - Total revenue from fares was $2,012 in 2020, a decrease of $2,582, or 56.2%, compared to 2019. Total ridership was 856 million, a decrease of 1,410 or 62.2% from 2019. Total operating expenses, including depreciation, other post-employment benefits and environmental remediation expenses, were $11,085 in 2020, a decrease of $348 or 3.0%.

MTA Long Island Rail Road – Total operating revenue for the year ended December 31, 2020 was $306, which was lower by $503 or 62.1% compared to the year ended December 31, 2019. For the same comparative period, operating expenses were lower by $6 or 0.3%, totaling $1,992 for the year ended December 31, 2020.

MTA Metro-North Railroad – For the year ended December 31, 2020, operating revenues totaled $274, a decrease of $539, or 66.3%, compared to 2019. During the same period, operating expenses decreased by $54, or 3.3%, to $1,600. Fare revenue for 2020 decreased by 67.8% to $243 compared to 2019. Passenger fares accounted for 88.8% and 93.0% of operating revenues in 2020 and 2019, respectively. The remaining revenue represents collection of rental income from stores in and around passenger stations and revenue generated from advertising.

The MTA receives the equivalent of four quarters of Metropolitan Mass Transportation Operating Assistance ("MMTOA") receipts each year, with the state advancing the first quarter of each succeeding calendar year's receipts in the fourth quarter of the current year. This results in little or no Metropolitan Mass Transportation Operating Assistance receipts being received during the first quarter of each calendar year. The MTA has made other provisions to provide for cash liquidity during this period. During March 2016, the State appropriated $1.6 billion in MMTOA funds. There has been no change in the timing of the State's payment of, or MTA's receipt of, Dedicated Mass Transportation Trust Fund ("MTTF") receipts, which MTA anticipates will be sufficient to make monthly principal and interest deposits into the Debt Service Fund for the Dedicated Tax Fund Bonds. The total MRT for the year ended December 31, 2020 was $464.5 compared to $467.6 at December 31, 2019.

Capital Programs

At December 31, 2020, $2,086 had been committed and $369 had been expended for the 2020-2024 MTA Bridges and Tunnels Capital Program, $27,509 had been committed and $17,004 had been expended for the combined 2015-2019 MTA Capital Programs and the 2015-2019 MTA Bridges and Tunnels Capital Program, and $28,578 had been committed and $26,012 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 $23,866 had been expended for the combined 2005-2009 MTA Capital Programs and the 2005-2009 MTA Bridges and Tunnels Capital Program.

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

2020-2024 Capital Program – Capital programs totaling $54,799 covering the years 2020-2024 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the "2020–2024 Commuter Capital Program"), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the "2020–2024 Transit Capital Program") were originally approved by the MTA Board on September 25, 2019. The capital programs were subsequently submitted to the Capital Program Review Board ("CPRB") on October 1, 2019 and approved on January 1, 2020. The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the "2020–2024 MTA Bridges and Tunnels Capital Program") was approved by the MTA Board on September 25, 2019 and was not subject to CPRB approval.

The combined funding sources for the 2020–2024 MTA Capital Programs and the 2020-2024 MTA Bridges and Tunnels Capital Program, include $15,000 in Central Business District tolling sources, $10,000 in new revenue sources, $9,782 in MTA bonds, $3,327 in MTA Bridges and Tunnels bonds, $10,690 in Federal funds, $3,000 in State of New York funding, and $3,000 in City of New York funding.

2015-2019 Capital Program — Capital programs covering the years 2015-2019 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the "2015–2019 Commuter Capital Program"), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the "2015–2019 Transit Capital Program") were originally approved by the MTA Board in September 2014. The capital programs were subsequently submitted to the Capital Program Review Board

("CPRB") in October 2014. This plan was disapproved by the CPRB, without prejudice, in October 2014.The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the "2015–2019 MTA Bridges and Tunnels Capital Program") was approved by the MTA Board in September 2014 and was not subject to CPRB approval.

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

By December 31, 2020, the revised 2015-2019 Capital Programs provided $33,946 in capital expenditures, of which $16,742 relates to ongoing repairs of, and replacements to, the transit system operated by MTA New York City Transit and MaBSTOA and the rail system operated by MTA Staten Island Railway; $6,136 relates to ongoing repairs of, and replacements to, the commuter system operated by MTA Long Island Rail Road and MTA Metro-North Railroad; $7,499 relates to the expansion of existing rail networks for both the transit and commuter systems to be managed by MTA Capital Construction; $257 relates to Planning and Customer Service; $376 relates to MTA Bus Company initiatives; and $2,936 in capital expenditures for ongoing repairs of, and replacements to, MTA Bridges and Tunnels facilities.

The combined funding sources for the revised 2015–2019 MTA Capital Programs and the 2015-2019 MTA Bridges and Tunnels Capital Program, include $8,474 in MTA bonds, $2,942 in MTA Bridges and Tunnels dedicated funds, $9,064 in State of New York funding, $7,445 in Federal funds, $2,667 in City of New York funding, $2,145 in pay-as-you-go ("PAYGO") capital, $959 from asset sale/leases, and $250 from other sources.

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

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

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

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

By December 31, 2020, the 2010-2014 MTA Capital provided $31,685 in capital expenditures, of which $11,365 relates to ongoing repairs of, and replacements to, the transit system operated by MTA New York City Transit and MaBSTOA and the rail system operated by MTA Staten Island Railway; $3,917 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; $257 relates to a multi-faceted security program including MTA Police Department; $210 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, $2,175 in MTA Bridges and Tunnels dedicated funds, $7,377 in Federal Funds, $132 in MTA Bus Federal and City Match, $719 from City Capital Funds, and $1,284 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), $18 in pay-as-you-go capital, supplemented, to the extent necessary, by external borrowing of up to $889 in additional MTA and MTA Bridges and Tunnels bonds.

2005-2009 Capital Program — Capital programs covering the years 2005-2009 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the "2005–2009 Commuter Capital Program"), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the "2005–2009 Transit Capital Program") were originally approved by the MTA Board in April 2005 and subsequently by the CPRB in July 2005.The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the "2005–2009 MTA Bridges and Tunnels Capital Program") was approved by the MTA Board in April 2005 and was not subject to CPRB approval. The 2005–2009 amended Commuter Capital Program and the 2005–2009 Transit Capital program (collectively, the "2005–2009 MTA Capital Programs") were last amended by the MTA Board in July 2008.This latest 2005-2009 MTA Capital Program amendment was resubmitted to the CPRB for approval in July 2008, and was approved in August 2009.

As last amended by the MTA Board, the 2005–2009 MTA Capital Programs and the 2005–2009 MTA Bridges and Tunnels Capital Program, provided for $23,717 in capital expenditures. By December 31, 2020, 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 $24,351 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; $164 relates to certain interagency projects; $7,671 relates generally to the expansion of existing rail networks for both the transit and commuter systems to be managed by the MTA Capital Construction Company (including the East Side Access, Second Avenue Subway and No.7 subway line) and a security program throughout MTA's transit network; $1,127 relates to the ongoing repairs of, and replacements to, bridge and tunnel facilities operated by MTA Bridges and Tunnels; and $152 relates to capital projects for the MTA Bus.

The combined funding sources for the MTA Board-approved 2005–2009 MTA Capital Programs and 2005–2009 MTA Bridges and Tunnels Capital Program include $10,954 in MTA and MTA Bridges and Tunnels Bonds (including funds for LaGuardia

Airport initiative), $1,450 in New York State general obligation bonds approved by the voters in the November 2005 election, $7,827 in Federal Funds, $2,838 in City Capital Funds, and $1,281 from other sources.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The 2020 November Financial Plan

The 2020 MTA November Financial Plan (the "November Plan" or "Plan"), which includes the 2020 November Forecast, the 2021 Final Proposed Budget and a Financial Plan for the years 2021-2024, updates the July Financial Plan. Since 2010, MTA financial plans – which are developed in a disciplined, consistent, and transparent process – have included the impact of the MTA's continuous pursuit of operational efficiencies and recurring cost reductions which are used to temper the amount of revenues needed from biennial fare and toll increases and governmental subsidies, and provide funding for the capital program and enhanced maintenance. The Plans have reflected added service when sustainable, while also addressing long-term costs such as pensions, health care, paratransit, and debt service.

This Plan, however, as with the July Plan, reflects the impact the novel coronavirus outbreak and the ensuing pandemic has had on the MTA Region, forcing the MTA to focus on financial survival while at the same time providing service needed to keep the region moving.

The November Plan includes:

- The preliminary November Financial Plan projected a cumulative deficit of $15.9 billion through 2024.
- The MTA identified new cost savings in three areas: overtime, consulting contracts, and other non-personnel expenses. These actions are projected to reduce expenses by $259 million in 2020, $601 million in 2021, $498 million in 2022, $466 million in 2023 and $461 million in 2024.
- The November Plan includes reimbursement from the Federal Emergency Management Agency ("FEMA") for the estimated $293 million in direct COVID-related expenses incurred from the start of the pandemic through September 15, 2020, the cut-off date established by FEMA. FEMA typically reimburses 75% of local claim amounts, with the remaining portion covered by the State; however, with the State experiencing fiscal stress, MTA expects to receive $220 million in 2021, assuming the remaining 25% will not be received.
- The MTA is also taking an additional three specific actions to address the 2020 deficit. First, the 2020 General Reserve of $170 million is being released. Second, the $337 million in the OPEB ("Other Post-Employment Benefits") Trust Fund is being applied to 2020 current OPEB payments. Third, annual Committed to Capital transfers, operating funds earmarked for capital use, will not be made through the Plan period, retaining in the operating budget $187 million for 2020, $181 million for 2021, $120 million for 2022 and $114 million for 2023.
- Public Authorities Law 553-j was amended in the 2020-2021 State Enacted Budget to allow the MTA to use monies in the Central Business District Tolling Lockbox Fund through the end of 2021 to offset revenue declines or operating expense increases resulting from the COVID pandemic.
- These actions, totaling $1.377 billion in 2020 and $1.477 billion in 2021, are not sufficient to cover the remaining 2020 deficit and projected 2021 deficit.
- To cover the 2020 deficit, the MTA will use the authority granted in the 2020-2021 State Enacted Budget to borrow up to $10 billion in deficit financing through December 2022.The MTA intends to utilize the Federal Reserve's Municipal Lending Facility ("MLF"), which was established by the Federal Reserve as a source of emergency financing for state and local governments and public entities to ensure they have access to credit during the COVID pandemic. MTA has previously utilized this lending facility to refinance approximately $450 million of maturing bond anticipation notes in August. The terms of the MLF financing are attractive compared with MTA's alternatives in the municipal credit markets and so the MTA intends to borrow the maximum it is allowed to borrow under the program, $2.9 billion, before the lending window closes at the end of 2020. The MTA expects to issue long-term bonds in 2023 to repay the MLF loan.
- The $2.9 billion MLF loan will result in an operating balance of $1.785 billion at the end of 2020 that will be carried over into 2021 to reduce the 2021 deficit.
- Although the MTA has requested $12 billion of new federal aid (prior to McKinsey's updated analysis), the November Plan does not assume the receipt of such aid. With 2020 balanced, the assumption is that 2021 will be balanced with new federal aid, or through a combination of service reductions, wage freezes, fare/toll increases above planned 4% and deficit financing; all painful and unwanted. The 2021 Budget and 2021-2024 Financial Plan will be revised as conditions dictate.

Other Elements of the November Plan:

- Continue to implement the Transformation Plan to streamline MTA internal processes.

- Maintain prior plan investments such as on-going investment initiatives, including the MTA Long Island Rail Road "Forward" plan, the "Bus Plans" at MTA New York City Transit and MTA Bus, and the MTA Metro-North Railroad "Way Ahead" plan. The Plan also sustains and expands upon the improvements of the Subway Action Plan.
- Hold projected fare/toll increases to 4% in 2021 and 2023 with a March implementation assumed for both the 2021 and 2023 increases.
- Maintain annually recurring savings that have been achieved, identify further savings and meet new targets.

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. Although certain restrictions have been subsequently lifted, it is expected that limitations will remain in place for some time.

- ***Ridership and Traffic Update.*** Day-by-day ridership on MTA facilities continues to be below 2019 levels. However, on April 8, 2021, subway ridership surpassed 2 million for the first time since the start of the pandemic. The daily ridership reported as of April 22, 2021, when compared to the pre-pandemic equivalent day in 2019, is down 63 percent on the subways, 45 percent for combined MTA New York City Transit and MTA Bus, 76 percent on MTA Metro-North Railroad, and 72 percent on the MTA Long Island Rail Road. Traffic crossings at MTA Bridges and Tunnels facilities are down by an estimated 7.5% compared to 2019 with an estimated traffic volume of 871,573.
- ***Federal Aid (CARES Act)***. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 million in additional formula grant allocations to MTA for a CARES Act grant total of approximately $4 billion. As of August 19, 2020, a total of $4.010 billion had been released to MTA for operating assistance that occurred from January 20, 2020 through July 31, 2020. The MTA has exhausted all CARES Act funding received in the first congressional relief package.
- ***Federal Aid (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 expects to receive another $4.0 billion from CRRSAA. This federal relief is expected to offset operating deficits in 2021, although the funding has yet to flow to the MTA.
- ***Federal Aid (ARP***). On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 ("ARP"). 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. The MTA expects to receive approximately $6.5 billion in aid from the ARP.
- ***FEMA Reimbursement.*** The MTA's November Plan included reimbursement from the Federal Emergency Management Agency ("FEMA") for the estimated $293 million in direct COVID-19 related expenses incurred from the start of the pandemic through September 15, 2020, the cut-off date established by FEMA. FEMA typically reimburses 75% of local claim amounts, with the remaining portion covered by the State; however, with the State experiencing fiscal stress, MTA expects to receive $220 million in 2021, assuming the remaining 25% will not be received.
- ***MTA Liquidity Resources.*** As of March 1, 2021, MTA has liquidity resources in the approximate amount of $6.775 billion, consisting of a current running cash balance of $885 million, internal available flexible funds totaling $1.313 billion, PMT working capital BANs totaling $2.903 billion and commercial bank lines of credit totaling $1.674 billion (total commercial bank lines of credit are $2.150 billion, of which $476 million have been drawn by MTA).
- ***Repayment of Revolving Bank Line of Credit***. To provide liquidity, MTA drew on its lines of credit in 2020; the lines of credit are expected to be repaid in 2022.
- ***Proceeds of MLF Deficit Financing.*** On June 4, 2020, New York State designated the MTA as an eligible issuer under the Federal Reserve's Municipal Liquidity Facility ("MLF") $500 billion lending program. The Federal Reserve Board established the program facility in late April 2020, under the CARES Act, to enable states and municipalities to borrow from a $500 billion fund to help manage cash flow stresses caused by the coronavirus pandemic. The program allows states and smaller counties to receive three-year loans of up to 20% of their pre-COVID general revenue. The MTA's total capacity under the MLF program was estimated at $3.35 billion. MTA utilized this lending facility in August 2020

to refinance approximately $450 million of maturing Transportation Revenue Bond Anticipation Notes. The terms of the MLF financing are attractive compared with MTA's alternatives in the municipal credit markets. As a result, the MTA borrowed the maximum $2.9 billion as a low interest bridge loan, before the lending window closed at the end of December 31, 2020. The proceeds are currently available to replace lost revenues or increased costs due to the COVID pandemic. The MTA expects to issue long-term bonds in 2023 to repay the MLF loan.

- ***Projected COVID-19 Pandemic Budgetary Impacts.*** The December Plan, which the MTA Board approved in December 2020, projected cash balances of $29 million in 2021, with deficits of $3.280 billion in 2022, $2.346 billion in 2023 and $2.225 billion in 2024. The December Plan, as with prior financial plans since the onset of the pandemic, reflects the impact and the ensuing effect that the pandemic has had on the MTA region, with focus on the MTA's financial survival as it strives to provide essential regional service. A key conclusion of the forecasts available to MTA management is that the COVID-19 pandemic can be expected to have an extended impact over the entire plan period. The December Plan included, over the December Plan period, $2.9 billion of proceeds from MLF deficit financing, $4.5 billion in federal aid from CRRSAA and proposed expense savings beginning in 2022 from service reductions. MTA is also proposing a permanent wage freeze for all employees, both represented and non-represented, through 2022. This action would save estimated totals of $309 million in 2022, $315 million in 2023 and $322 million 2024. Although the December Plan assumed CRRSAA aid to MTA would be $4.5 billion, MTA is now expecting to receive $500 million less, for a total of $4 billion.

Tropical Storm Sandy Update

The total allocation of emergency relief funding from the Federal Transit Administration ("FTA") to MTA in connection with Superstorm Sandy to date is $5.83 billion, including $1.599 billion allocated on September 22, 2014, through a competitive resiliency program. A total of $5.81 billion in FTA Emergency Relief Funding has been executed: seven repair/local priority resiliency grants totaling $4.55 billion and seventeen competitive resiliency grants totaling$1.26 billion. As of December 31, 2020, MTA has drawn down a total of $3.12 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

In January 2020, the MTA Board approved a labor agreement in which the MTA New York City Transit/Manhattan and Bronx Surface Transit Operating Authority, together with the MTA Bus Company, settled new terms with the Transport Workers Union, Local 100 ("TWU Local 100").With this development, the MTA was poised to begin a new round of collective bargaining with nearly all of its represented employees. While the TWU Local 100 agreement, covering the period May 16, 2019 to May 15, 2023, would normally be considered a pattern-setting agreement that would establish parameters for future agreements with all other bargaining units, the severe economic impact resulting from the emergence of COVID-19 at the end of the first quarter of 2020 created numerous logistical and financial challenges to the normal functioning of the MTA. The MTA's financial status and uncertain external economic conditions will exert a strong influence on collective bargaining strategies going forward, and efforts towards new agreements, since shortly after the onset of COVID-19, have been delayed. As a consequence, no new labor agreements were reached during the fourth quarter of 2020.

The following describes in greater detail the status of MTA's labor relations and collective bargaining activity through December 31, 2020.

MTA Long Island Rail Road – As of December 31, 2020, MTA Long Island Rail Road has approximately 7,377 employees. Approximately 6,412 of the railroad's employees are represented by 12 different unions in 19 bargaining units. MTA Long Island Rail Road, having reached agreement with all its unions for the period from December 16, 2016 through April 16, 2019, is in position to begin a new round of collective bargaining, as all of its represented population is covered by agreements now considered amendable under the Railway Labor Act.

MTA Metro-North Railroad – At the end of the final quarter of 2020, all unions at MTA Metro-North Railroad are awaiting the resumption of collective bargaining towards new labor agreements. Of these, only a single bargaining unit, MTA Metro-North Railroad - ACRE Division 166, representing around 284 Signalmen, remains without new settlement terms for the 2017-2019 round of bargaining. Including this group, at the end of the fourth quarter, the railroad's entire represented population of approximately 5,371 union members is covered by agreements considered amendable under the Railway Labor Act.

MTA Headquarters – As of December 31, 2020, nearly all of MTA Headquarters' represented employees are 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 approximately 868 and 24 represented employees, respectively, or nearly half of MTA Headquarters' represented population, were delayed during the fourth quarter 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, have all expired. These include approximately 365 IT employees of TCU Local 982, whose agreement expired on December 31, 2019; and 258 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 – In January 2020, the MTA Board approved a new labor agreement between MTA New York City Transit and its largest union, the Transport Workers Union Local 100 ("TWU Local 100"); the TWU Local 100 employees at MTA Bus Company were also collectively a party to this agreement, which covered approximately 38,000 members in total. The new TWU Local 100 agreement has, in the past, established a collective bargaining pattern for most of the remaining represented population at MTA New York City Transit. Since contract negotiations have been delayed, the Amalgamated Transit Unions, ("ATU") Locals 726 and 1056, TWU Local 106, and the Special Inspectors Supervisors Employee Association ("SISEA") have begun impasse mediation. MTA New York City Transit currently employs approximately 40,273 people, 38,785 of whom are represented by 12 unions with 19 bargaining units.

MTA Bus Company – MTA Bus Company has 4,015 employees, approximately 3,808 of whom are represented by two different unions (four 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.

At the end of the fourth quarter, MTA Bus Company's other collective bargaining units, ATU Local 1179, ATU Local 1181 and TWU Local 106, all had expired labor agreements and have begun impasse mediation.

MTA Bridges and Tunnels – MTA Bridges and Tunnels has 1,222 employees, approximately 842 of whom were represented by three different labor unions (four bargaining units). As of December 31, 2020, approximately 95% of MTA Bridges and Tunnels' represented employees have expired labor agreements. 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. Negotiations with the Superior Officers Benevolent Association ("SOBA") representing 149 supervisory officers, which expired March 14, 2012, have advanced to mediation. SOBA is ineligible to seek binding interest arbitration. Finally, the first quarter's Board-approved labor 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") remains in effect until May 25, 2021.

MTA Staten Island Railway – During the last quarter of 2020, MTA Staten Island Railway had 346 employees, approximately 318 of whom were represented by four different unions. Labor agreements with all the railway's unions have all expired, and new terms have not yet been reached with any of these groups. In addition, the Subway-Surface Supervisor's Association ("SSSA") has begun impasse proceedings.

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(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF NET POSITION

AS OF DECEMBER 31, 2020 AND 2019

($ in millions)

	Business-Type Activities	
	December 31, 2020	**December 31, 2019**
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash unrestricted (Note 3)	$ 782	$ 305
Cash restricted (Note 3)	244	249
Unrestricted investments (Note 3)	3,613	3,304
Restricted investments (Note 3)	5,327	2,167
Restricted investments held under capital lease obligations (Notes 3 and 8)	99	107
Receivables:		
Station maintenance, operation, and use assessments	117	118
State and regional mass transit taxes	146	142
Mortgage Recording Tax receivable	51	49
State and local operating assistance	12	46
Other receivable from New York City and New York State	142	228
Due from Build America Bonds	1	1
Capital project receivable from federal and state government	32	25
Other	550	449
Less allowance for doubtful accounts	(294)	(200)
Total receivables — net	757	858
Materials and supplies	667	659
Prepaid expenses and other current assets (Note 2)	140	155
Total current assets	11,629	7,804
NON-CURRENT ASSETS:		
Capital assets (Notes 6):		
Land and construction work-in-progress	22,024	20,381
Other capital assets (net of accumulated depreciation)	58,871	57,121
Unrestricted investments (Note 3)	251	66
Restricted investments (Note 3)	690	641
Restricted investments held under capital lease obligations (Notes 3 and 8)	293	289
Other non-current receivables	16	31
Receivable from New York State	10	10
Other non-current assets	10	16
Total non-current assets	82,165	78,555
TOTAL ASSETS	93,794	86,359
DEFERRED OUTFLOWS OF RESOURCES:		
Accumulated decreases in fair value of derivative instruments (Note 7)	494	419
Loss on debt refunding (Notes 7)	837	1,001
Deferred outflows related to pensions (Note 4)	3,053	2,343
Deferred outflows related to OPEB (Note 5)	1,817	1,537
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,201	5,300
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 99,995	$ 91,659

See notes to the consolidated financial statements.

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(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF NET POSITION

AS OF DECEMBER 31, 2020 AND 2019

($ in millions)

	Business-Type Activities	
	December 31, 2020	**December 31, 2019**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 491	$ 443
Accrued expenses:		
Interest	267	287
Salaries, wages and payroll taxes	561	350
Vacation and sick pay benefits	1,061	1,040
Current portion — retirement and death benefits	93	15
Current portion — estimated liability from injuries to persons (Notes 10)	501	501
Capital accruals	641	884
Accrued expenses	543	491
Other	464	488
Total accrued expenses	4,131	4,056
Current portion — loan payable (Note 7)	15	16
Current portion — long-term debt (Note 7)	2,299	2,210
Current portion — obligations under capital lease (Note 8)	4	14
Current portion — pollution remediation projects (Note 12)	28	31
Derivative fuel hedge liability (Note 14)	4	1
Unearned revenues	987	723
Total current liabilities	7,959	7,494
NON-CURRENT LIABILITIES:		
Net pension liability (Note 4)	8,359	7,584
Estimated liability arising from injuries to persons (Notes 10)	4,174	4,086
Net OPEB liability (Note 5)	21,117	19,582
Loan payable (Note 7)	94	108
Long-term debt (Notes 7)	48,714	43,935
Obligations under capital leases (Notes 8)	427	438
Pollution remediation projects (Note 12)	124	120
Contract retainage payable	479	430
Derivative liabilities (Note 7)	502	430
Other long-term liabilities	498	372
Total non-current liabilities	84,488	77,085
TOTAL LIABILITIES	92,447	84,579
DEFERRED INFLOWS OF RESOURCES:		
Gain on debt refunding	38	20
Deferred inflows related to pensions (Note 4)	796	934
Deferred inflows related to OPEB (Note 5)	1,731	1,675
TOTAL DEFERRED INFLOWS OF RESOURCES	2,565	2,629
NET POSITION:		
Net investment in capital assets	32,884	31,147
Restricted for debt service	480	554
Restricted for claims	287	219
Restricted for other purposes (Note 2)	1,170	1,207
Unrestricted	(29,838)	(28,676)
TOTAL NET POSITION	4,983	4,451
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 99,995	$ 91,659

See notes to the consolidated financial statements. (Concluded)

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2020 AND 2019

($ in millions)

	Business-Type Activities	
	December 31, 2020	**December 31, 2019**
OPERATING REVENUES:		
Fare revenue	$ 2,625	$ 6,351
Vehicle toll revenue	1,640	2,071
Rents, freight, and other revenue	463	621
Total operating revenues	4,728	9,043
OPERATING EXPENSES:		
Salaries and wages	6,246	6,309
Retirement and other employee benefits	3,054	3,125
Postemployment benefits other than pensions (Note 5)	1,677	1,613
Electric power	385	444
Fuel	103	174
Insurance	(5)	2
Claims	237	494
Paratransit service contracts	326	477
Maintenance and other operating contracts	730	686
Professional service contracts	438	437
Pollution remediation projects (Note 12)	123	42
Materials and supplies	543	647
Depreciation (Note 2)	3,011	2,870
Other	150	223
Total operating expenses	17,018	17,543
OPERATING LOSS	(12,290)	(8,500)
NON-OPERATING REVENUES (EXPENSES):		
Grants, appropriations and taxes:		
Tax-supported subsidies — NYS:		
Mass Transportation Trust Fund subsidies	562	649
Metropolitan Mass Transportation Operating Assistance subsidies	1,564	1,824
Payroll Mobility Tax subsidies	1,761	1,820
MTA Aid Trust Account subsidies	248	313
Internet sales tax subsidies	260	85
Tax-supported subsidies — NYC and Local:		
Mortgage Recording Tax subsidies	465	468
Urban Tax subsidies	353	641
Mansion Tax	180	74
Other subsidies:		
Operating Assistance - 18-B program	332	429
Build America Bond subsidy	89	89
Assistance Fund	200	375
Total grants, appropriations and taxes	$ 6,014	$ 6,767

See notes to the consolidated financial statements.

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(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2020 AND 2019

($ In millions)

	Business-Type Activities	
	December 31, 2020	**December 31, 2019**
NON-OPERATING REVENUES (EXPENSES):		
Connecticut Department of Transportation	$ 256	$ 136
Subsidies paid to Dutchess, Orange, and Rockland Counties	(13)	(10)
Interest on long-term debt (Note 2)	(1,722)	(1,556)
Station maintenance, operation and use assessments	174	171
Operating subsidies recoverable from NYC	378	564
Federal Transit Administration reimbursement related to CARES Act COVID-19	4,010	-
Other net non-operating expenses	143	109
Net non-operating revenues	9,240	6,181
LOSS BEFORE APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS	(3,050)	(2,319)
APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS	3,582	2,817
CHANGE IN NET POSITION	532	498
NET POSITION— Beginning of year	4,451	3,953
NET POSITION — End of year	$ 4,983	$ 4,451

See notes to the consolidated financial statements.

(Concluded)

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

($ In millions)

	Business-Type Activities	
	December 31, 2020	**December 31, 2019**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts/tolls	$ 4,191	$ 8,455
Rents and other receipts	556	845
Payroll and related fringe benefits	(8,953)	(10,143)
Other operating expenses	(2,977)	(3,506)
Net cash used by operating activities	(7,183)	(4,349)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grants, appropriations, and taxes	6,409	7,325
Operating subsidies from CDOT	264	129
Subsidies paid to Dutchess, Orange, and Rockland Counties	(10)	(9)
Federal Transit Administration reimbursement related to CARES Act COVID-19	4,010	-
Net cash provided by noncapital financing activities	10,673	7,445
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
MTA bond proceeds	5,031	2,085
MTA Bridges and Tunnels bond proceeds	750	502
MTA bonds refunded/reissued	(1,344)	(803)
MTA Bridges and Tunnels bonds refunded/reissued	(126)	(100)
MTA anticipation notes proceeds	4,985	5,340
MTA anticipation notes redeemed	(3,300)	(1,500)
MTA credit facility proceeds	995	366
MTA credit facility refunded	(525)	(365)
Capital lease payments and terminations	(15)	-
Federal and local grants	1,469	1,667
Other capital financing activities	1,727	664
Payment for capital assets	(5,855)	(6,950)
Debt service payments	(3,249)	(2,966)
Internet and Mansion Tax	111	-
Net cash provided by / (used by) capital and related financing activities	654	(2,060)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of long-term securities	(7,547)	(4,071)
Sales or maturities of long-term securities	5,650	3,309
Net purchases of short-term securities	(1,855)	(387)
Earnings on investments	80	126
Net cash used by investing activities	(3,672)	(1,023)
NET INCREASE IN CASH	472	13
CASH — Beginning of year	554	541
CASH — End of year	$ 1,026	$ 554

See notes to the consolidated financial statements.

(Continued)

(A Component Unit of the State of New York)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

($ In millions)

	Business-Type Activities	
	December 31, 2020	**December 31, 2019**
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss (Note 2)	$ (12,290)	$ (8,500)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and amortization	3,011	2,870
Net increase in payables, accrued expenses, and other liabilities	3,356	2,086
Net increase in deferred outflows related to pensions	710	946
Net increase in deferred outflows related to OPEB	280	41
Net increase in deferred inflows related to pensions	138	136
Net decrease in deferred inflows related to OPEB	(56)	(1,654)
Net decrease in net pension liability and related accounts	(776)	(1,097)
Net (decrease) / increase in net OPEB liability and related accounts	(1,534)	752
Net increase in receivables	125	261
Net decrease in materials and supplies and prepaid expenses	(147)	(190)
NET CASH USED BY OPERATING ACTIVITIES	$ (7,183)	$ (4,349)
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:		
Noncash investing activities:		
Interest expense includes amortization of net (premium) / discount (Note 2)	$ (206)	$ 60
Interest expense which was capitalized	-	44
Total Noncash investing activities	(206)	104
Noncash capital and related financing activities:		
Capital assets related liabilities	641	884
Capital leases related liabilities	431	452
Total Noncash capital and related financing activities	1,072	1,336
TOTAL NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES	$ 866	$ 1,440

See notes to the consolidated financial statements.

(Concluded)

(A Component Unit of the State of New York)

STATEMENTS OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
AS OF DECEMBER 31, 2020 AND 2019
($ In thousands)

	Fiduciary Activities	
	December 31, 2020	**December 31, 2019**
ASSETS:		
Cash	$ 20,258	$ 14,500
Receivables:		
Employee loans	40,091	40,091
Participant and union contributions	(6)	20
Investment securities sold	4,671	1,140
Accrued interest and dividends	4,438	4,865
Other receivables	21,784	2,183
Total receivables	70,978	48,299
Investments at fair value:		
Investments measured at readily determined fair value	2,198,831	1,692,908
Investments measured at net asset value	6,772,453	7,600,338
Total investments	8,971,284	9,293,246
Total assets	$ 9,062,520	$ 9,356,045
LIABILITIES:		
Accounts payable and accrued liabilities	$ 7,405	$ 5,354
Payable for investment securities purchased	8,780	7,600
Accrued benefits payable	61	141
Accrued postretirement death benefits (PRDB) payable	3,360	3,360
Accrued 55/25 Additional Members Contribution (AMC) payable	5,787	5,787
Other liabilities	353	585
Total liabilities	25,746	22,827
NET POSITION:		
Restricted for pensions	9,036,644	8,918,391
Restricted for postemployment benefits other than pensions	130	414,827
Total net position	9,036,774	9,333,218
Total liabilities and net position	$ 9,062,520	$ 9,356,045

See notes to the consolidated financial statements.

(A Component Unit of the State of New York)

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2018
($ In thousands)

	Fiduciary Activities	
	December 31, 2020	**December 31, 2019**
ADDITIONS:		
Contributions:		
Employer contributions	$ 941,094	$ 1,274,417
Implicit rate subsidy contribution	69,472	70,138
Member contributions	56,856	55,303
Total contributions	1,067,422	1,399,858
Investment income:		
Net (depreciation) / appreciation in fair value of investments	(18,037)	1,209,395
Dividend income	76,709	93,262
Interest income	25,366	25,627
Less:		
Investment expenses	48,859	55,822
Investment income, net	35,179	1,272,462
Other additions:		
Total additions	1,102,601	2,672,320
DEDUCTIONS:		
Benefit payments and withdrawals	1,325,492	1,303,892
Implicit rate subsidy payments	69,472	70,138
Transfer to other plans	(645)	106
Administrative expenses	4,726	4,545
Total deductions	1,399,045	1,378,681
Net (decrease) / increase in fiduciary net position	(296,444)	1,293,639
NET POSITION:		
Restricted for Benefits:		
Beginning of year	9,333,218	8,039,579
End of year	$ 9,036,774	$ 9,333,218

See notes to the consolidated financial statements.

(A Component Unit of the State of New York)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

($ In millions, except as noted)

1. BASIS OF PRESENTATION

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

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

Metropolitan Transportation Authority and Related Groups (Component Units)

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

The subsidiaries and affiliates, considered component units of the MTA, are operationally and legally independent of the MTA. These related groups enjoy certain rights typically associated with separate legal status including, in some cases, the ability to issue debt. However, they are included in the MTA's consolidated financial statements as blended component units because of the MTA's financial accountability for these entities and they are under the direction of the MTA Board (a reference to "MTA Board" means the board of MTAHQ and/or the boards of the other MTA Group entities that apply in the specific context, all of which are comprised of the same persons). Under accounting principles generally accepted in the United States of America ("GAAP"), the MTA is required to include these related groups in its financial statements. While certain units are separate legal entities, they do have legal capital requirements and the revenues of all of the related groups of the MTA are used to support the organizations as a whole. The components do not constitute a separate accounting entity (fund) since there is no legal requirement to account for the activities of the components as discrete accounting entities. Therefore, the MTA financial statements are presented on a consolidated basis with segment disclosure for each distinct operating activity. All of the component units publish separate annual financial statements, which are available by writing to the MTA Comptroller, 2 Broadway, 16th Floor, New York, New York 10004.

Although the MTA Group collects fares for the transit and commuter service, they provide and receive revenues from other sources, such as the leasing out of real property assets, and the licensing of advertising. Such revenues, including forecast-increased revenues from fare increases, are not sufficient to cover all operating expenses associated with such services. Therefore, to maintain a balanced budget, the members of the MTA Group providing transit and commuter service rely on operating surpluses transferred from MTA Bridges and Tunnels, operating subsidies provided by NYS and certain local governmental entities in the MTA commuter district, and service reimbursements from certain local governmental entities in the MTA commuter district and from the State of Connecticut. Non-operating subsidies to the MTA Group for transit and commuter service for the year ended December 31, 2020 and 2019 totaled $6.0 billion and $6.8 billion, respectively.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

New Accounting Standards —The MTA adopted the following GASB Statements for the year ended December 31, 2020:

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of GASB Statement No. 89 are effective for reporting periods beginning after December 31, 2021. Earlier application is encouraged. Effective January 1, 2020, the MTA early implemented the provisions of GASB Statement No. 89. As a result of the implementation of this Statement, all interest incurred during the year ended December 31, 2020 is reported as an expense in the Statement of Revenues, Expenses and Changes in Net Position.

GASB Statement No.97, Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, seeks to improve consistency and comparability related to fiduciary component unit reporting in circumstances where the potential component unit does not have a governing board and the primary government performs such duties. GASB Statement No. 97 also seeks to mitigate reporting costs for certain defined-contributions, OPEB and other employee benefit plans as fiduciary component units and to enhance the relevance, consistency and comparability of Internal Revenue Code (IRC) Section 457 deferred compensation plans. Paragraph 4 “Absence of a Governing Board in Determining Accountability” and paragraph 5 “Applicability of the Financial Burden Criterion in Paragraph 7 of Statement 84” of GASB Statement No. 97 related to Component Unit Criteria are effective immediately. The requirements of GASB Statement No. 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. MTA evaluated the requirements specified in paragraphs 4 and 5 for Component Unit Criteria and determined that the MTA 401(k) Plan no longer met the criteria as a fiduciary fund component unit. Effective for the year ended December 31, 2020 reporting period, the MTA 401(k) Plan is no longer reflected as part of the Fiduciary Activities Financial Statements. As a result of adopting this Statement, the 2019 fiduciary fund financial results of the MTA 401(k) Plan were removed from the Fiduciary Activities Financial Statements. This resulted in a beginning net position impact of $4.489 billion.

Accounting Standards Issued but Not Yet Adopted

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

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

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

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

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

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

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

In accordance with the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, investments are recorded on the consolidated statement of net position at fair value, except for commercial paper, certificates of deposit, and repurchase agreements, which are recorded at amortized cost or contract value. All investment income, including changes in the fair value of investments, is reported as revenue on the consolidated statement of revenues, expenses and changes in net position. Fair values have been determined using quoted market values at December 31, 2020 and 2019.

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

Materials and Supplies — Materials and supplies are valued at average cost, net of obsolescence reserve at December 31, 2020 and 2019 of $206 and $184, 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.

Non-operating Revenues

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

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

- MRT-1 proceeds are initially used to pay MTAHQ's operating expenses. Remaining funds, if any, are allocated 55% to certain transit operations and 45% to the commuter railroads operations. The commuter railroad portion is first used to fund the NYS Suburban Highway Transportation Fund in an amount not to exceed $20 annually (subject to the monies being returned under the conditions set forth in the governing statute if the Commuter Railroads are operating at a deficit).
- The first $5 of the MRT-2 proceeds is transferred to the MTA Dutchess, Orange, and Rockland ("DOR") Fund ($1.5 each for Dutchess and Orange Counties and $2 for Rockland County). Additionally, the MTA must transfer to each County's fund an amount equal to the product of (i) the percentage by which each respective County's mortgage recording tax

payments (both MRT-1 and MRT-2) to the MTA increased over such payments in 1989 and (ii) the base amount received by each county as described above. The counties do not receive any portion of the September 1, 2005 increase in MRT-1 from 25 cents per $100 of recorded mortgage to 30 cents. As of December 31, 2020, the MTA paid to Dutchess, Orange and Rockland Counties the 2019 excess amounts of MRT-1 and MRT-2 totaling $5.3.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Operating Subsidies Recoverable from Connecticut Department of Transportation ("CDOT") — A portion of the deficit from operations relating to MTA Metro-North Railroad's New Haven line is recoverable from CDOT. Under the terms of a renewed Service Agreement, which began on January 1, 2015, and the 1998 resolution of an arbitration proceeding initiated by the State of Connecticut, CDOT pays 100.0% of the net operating deficit of MTA Metro-North Railroad's branch lines in Connecticut (New Canaan, Danbury, and Waterbury), 65.0% of the New Haven mainline operating deficit, and 54.3% of the Grand Central Terminal ("GCT") operating deficit. The New Haven line's share of the net operating deficit for the use of GCT is comprised of a fixed fee, calculated using several years as a base, with annual increases for inflation, and the actual cost of operating GCT's North End Access beginning in 1999. The Service Agreement also provides that CDOT pay 100% of the cost of non-movable capital assets located in Connecticut, 100% of movable capital assets to be used primarily on the branch lines and 65% of the cost of other movable capital assets allocated to the New Haven line. Remaining funding for New Haven line capital assets is provided by the MTA. Capital assets completely funded by CDOT are not reflected in these financial statements, as ownership is retained by CDOT. The Service Agreement provides that final billings for each year be subject to audit by CDOT. The audits of 2018 and 2019 billings are still open.

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

In 1995, New York City ceased reimbursing MTA New York City Transit for the full costs of the free/reduced fare program for students. Beginning in 1996, the State and The City each began paying $45 million per annum to MTA New York City Transit toward the cost of the program. In 2009, the State reduced its $45 million reimbursement to $6.3 million. Beginning in 2010, the State increased its annual commitment to $25.3 million while New York City's annual commitment remained at $45 million. These commitments have been met by both the State and New York City in 2019 and by New York City in 2020. For the year ended December 31, 2020, MTA New York City Transit 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 $3.4 and $4.1 for the years ended December 31, 2020 and 2019, respectively, from New York City for the reimbursement of transit police costs.

MTAHQ bills MTA Metro-North Railroad through its consolidated services for MTA police costs in the New Haven line of which MTA Metro-North Railroad recovers approximately 65% from Connecticut Department of Transportation. The amounts billed for the years ended December 31, 2020 and 2019 were $21.0 and $23.0, respectively. The amounts recovered for the years ended December 31, 2020 and 2019 were approximately $13.6 and $15.0, respectively.

Federal law and regulations require a paratransit system for passengers who are not able to ride the buses and trains because of their disabilities. Pursuant to an agreement between New York City and the MTA, MTA New York City Transit, effective July 1, 1993, assumed operating responsibility for all paratransit service required by the Americans with Disability Act of 1990. Services are provided by private vendors under contract with MTA New York City Transit. New York City reimburses MTA New York City Transit for the lesser of 33% of net paratransit operating expenses defined as labor, transportation, and administrative costs less fare revenues and 6% of gross urban tax proceeds as described above or, an amount that is 20% greater than the amount paid by New York City for the preceding calendar year. Fare revenues and New York City reimbursement aggregated approximately $180.6 in the year ended December 31, 2020, and $236.8 in the year ended December 31, 2019. Total paratransit expenses, including paratransit service contracts, were $404.3 and $596.0 in 2020 and 2019, respectively.

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

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

Liability Insurance — FMTAC, an insurance captive subsidiary of MTA, operates a liability insurance program ("ELF") that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limits are: $8 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road, and MTA Metro-North Railroad; $2.3 for MTA Long Island Bus and MTA Staten Island Railway; and $1.6 for MTAHQ and MTA Bridges and Tunnels. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limits are: $9 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $2.6 for MTA Long Island Bus and MTA Staten Island Railway; and $1.9 for MTAHQ and MTA Bridges and Tunnels. Effective November 1, 2012, the self-insured retention limits for ELF were increased to the following amounts: $10 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $3 for MTA Staten Island Railway; and $2.6 for MTAHQ and MTA Bridges and Tunnels. Effective October 31, 2015, the self-insured retention limits for ELF were increased to the following amounts: $11 for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $3.2 for MTA Staten Island Railway, MTAHQ and MTA Bridges and Tunnels. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50. The retrospective portion contains the same insurance agreements, participant retentions, and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Group entities above their specifically assigned self-insured retention with a limit of $50 per occurrence with a $50 annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2020, the balance of the assets in this program was $182.7.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $307.5 for a total limit of $357.5 ($307.5 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, 2020, the "nonrevenue fleet" automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for the MTA Group with the exception of MTA New York City Transit, MTA Bus and MTA Bridges and Tunnels. The policy provides $11 per occurrence limit with a $1 per occurrence deductible for MTA Long Island Rail Road, MTA Staten Island Railway, MTA Police, MTA Metro-North Railroad, MTA Inspector General and MTA Headquarters. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

On March 1, 2020, 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, 2020, 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, 2020, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2020, 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. In addition to the noted $25 per occurrence deductible, MTA is self-insured above the deductible for $44.464 within the overall $500 per occurrence property program, as follows: $0.685 (or 1.37%) of the $50 excess $50 layer, plus $13.4 (or 26.8%) of $50 excess $150 layer, plus $6.85 (or 13.7%) of the $50 excess $200 layer, plus $17.35 (or 34.71%) of the $50 excess $250 layer and $6.18 (or 12.36%) of the $50 excess $300 layer.

The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $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, 2021.

Pension Plans — In accordance with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the MTA recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the MTA's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the measurement date of each of the qualified pension plans. Changes in the net pension liability during the year are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the year incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the year in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the year in which the difference occurred.

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

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

3. CASH AND INVESTMENTS

Cash - The Bank balances are insured up to $250 thousand in the aggregate by the Federal Deposit Insurance Corporation ("FDIC") for each bank in which funds are deposited. As of December 31, 2020, restricted cash represents $244 received by the MTA from the State of New York and New York City for the Subway Action Plan.

Cash, including deposits in transit, consists of the following at December 31, 2020 and 2019 (in millions):

	2020		2019	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
FDIC insured or collateralized deposits	$ 572	$ 570	$ 105	$ 104
Uninsured and not collateralized	454	437	449	405
Total Balance	$ 1,026	$ 1,007	$ 554	$ 509

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

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

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

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

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

The MTA had the following recurring fair value measurements as of December 31, 2020 and 2019 (in millions):

Investments by fair value level	December 31, 2020	Fair Value Measurements Level 1	Fair Value Measurements Level 2	December 31, 2019	Fair Value Measurements Level 1	Fair Value Measurements Level 2
Debt Securities:						
U.S. treasury securities	$ 8,537	$ 8,261	$ 276	$ 5,105	$ 4,753	$ 352
U.S. government agency	503	-	503	359	-	359
Commercial paper	245	-	245	175	-	175
Asset-backed securities	41	-	41	46	-	46
Commercial mortgage-backed securities	150	-	150	110	-	110
Foreign bonds	27	27	-	19	19	-
Corporate bonds	193	193	-	138	138	-
U.S. treasury securities	200	200	-	189	189	-
U.S. government agency	145	78	67	128	69	59
Repurchase agreements	119	119	-	182	182	-
Total investments by fair value level	10,160	$ 8,878	$ 1,282	6,451	$ 5,350	$ 1,101
Other	113			123		
Total Investments	$ 10,273			$ 6,574		

Investments classified as Level 1 of the fair value hierarchy, totaling $8,878 and $5,350 as of December 31, 2020 and 2019, 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 $570 and $418, U.S. treasury securities totaling $276 and $352, commercial paper totaling $245 and $175, asset-backed securities totaling $41 and $46, and commercial mortgage-backed securities totaling $150 and $110, as of December 31, 2020 and 2019, 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 0.07% and 1.62% for the years ended December 31, 2020 and 2019, respectively.

Credit Risk — At December 31, 2020 and 2019, the following credit quality rating has been assigned to MTA investments by a nationally recognized rating organization (in millions):

Quality Rating Standard & Poor's	December 31, 2020	Percent of Portfolio	December 31, 2019	Percent of Portfolio
A-1+	$ 202	2%	$ 235	4%
A-1	245	2%	175	3%
AAA	310	3%	256	4%
AA+	67	1%	59	1%
AA	42	0%	33	1%
A	118	1%	88	1%
A-	163	2%	-	0%
BBB	68	1%	41	1%
Not rated	130	1%	202	3%
U.S. Government	8,815	87%	5,362	82%
Total	10,160	100%	6,451	100%
Equities and capital leases	113		123	
Total investment	$ 10,273		$ 6,574	

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. While the MTA does not have a formal policy for interest rate risk, New York State statutes govern the MTA's investment policy. Duration is a measure of interest rate risk. The greater the duration of a bond or portfolio of bonds, the greater its price volatility will be in response to a change in interest rate risk and vice versa. Duration is an indicator of a bond price's sensitivity to a 100 basis point change in interest rates.

	December 31, 2020		December 31, 2019	
(In millions)	**Fair Value**	**Duration (in years)**	**Fair Value**	**Duration (in years)**
U.S. treasury securities	$ 8,537	3.33	$ 5,105	4.36
U.S. government agency	503	4.99	359	5.98
Tax benefit lease investments	345	-	317	7.37
Repurchase agreement	119	-	182	-
Commercial paper	245	-	175	-
Asset-backed securities (1)	41	2.36	46	1.95
Commercial mortgage-backed securities (1)	150	4.24	110	3.85
Foreign bonds (1)	27	7.06	19	6.25
Corporates (1)	193	6.12	138	4.56
Total fair value	10,160		6,451	
Modified duration		3.25		4.34
Investments with no duration reported	113		123	
Total investments	$ 10,273		$ 6,574	

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

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

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

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

i. Public Authorities Law Sections 1265(4) (MTA), 1204(19) (MTA New York City Transit Authority) and 553(21) (MTA Bridges and Tunnels);

ii. Public Authorities Law Section 2925 Investment of funds by public authorities and public benefit corporations; general provisions; and

iii. State Finance Law Article 15 – EXCELSIOR LINKED DEPOSIT ACT.

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

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

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

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

- certain equities; and
- certain mutual funds.

FMTAC is prohibited from making the following investments:

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

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

4. EMPLOYEE BENEFITS

Pensions — The MTA Related Groups sponsor and participate in several defined benefit pension plans for their employees, the Long Island Railroad Company Plan for Additional Pensions (the "Additional Plan"), the Manhattan and Bronx Surface Transit Operating Authority Pension Plan (the "MaBSTOA Plan"), the Metro-North Commuter Railroad Company Cash Balance Plan (the "MNR Cash Balance Plan"), the Metropolitan Transportation Authority Defined Benefit Pension 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 composed of the Chairman of the MTA, MTA Chief Financial Officer, MTA Director of Labor Relations and the agency head of each participating Employer or the designee of a member of the Board of Managers. The 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 single-employer defined benefit governmental retirement plan administered by MTA New York City Transit covering MaBSTOA employees, who are specifically excluded from 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 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, 16th 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, 16th 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 December 31, 1987, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 23, 1983, MTA Police, MTA Long Island 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, 16th 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 New York City's Comprehensive Annual Financial Report ("CAFR").

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

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

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

6. NYSLERS —

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

NYSLERS is included in New York State's financial report as a pension trust fund. The report can be accessed on the New York State Comptroller's website at:

www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-001.

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

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

Benefits Provided

1. Additional Plan —

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

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

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

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

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

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

2. MaBSTOA Plan —

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

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

Tier 1 —

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

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

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

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

Tier 2 —

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

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

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

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

Tiers 3, 4—

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

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

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

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

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

Tier 6—

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

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

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

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

3. MNR Cash Balance Plan —

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

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

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

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

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

4. MTA Defined Benefit Plan —

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

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

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

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

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

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

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

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

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

65 under the Federal Railroad Retirement Act. The reduction of pension benefits for amounts payable under the Federal Railroad Retirement Act is 50%.

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

The disability retirement allowance for covered MTA Metro-North Railroad and MTA Long Island Rail Road management and represented covered MTA Staten Island Railway employees is calculated based on the participant's credited service and final average salary ("FAS") but not less than ⅓ of FAS. Under the MTA 20 Year Police Retirement Program, a disabled participant may be eligible for one of three forms of disability retirement: (a) ordinary disability which is payable if a participant has ten years of credited Police service and is calculated based on the participant's credited Police service and FAS but not less than ⅓ of FAS; (b) performance of duty, which is payable if a participant is disabled in the performance of duty and is ½ of FAS, and (c) accidental disability, which is payable if a participant is disabled as the result of an on-the-job accidental injury and is ¾ of FAS subject to an offset of Workers' Compensation benefits. Pursuant to the MTA Bus programs, the disability benefit is the same as the service retirement benefit.

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

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

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

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

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

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

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

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

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

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

5. NYCERS —

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

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

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

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

Tier 4 participants upon satisfying applicable eligibility requirements may be mandated or elected, as applicable, into the Basic 62/5 Retirement Plan, the 57/5 Plan, the 55/25 Plan, the Transit 55/25 Plan, the MTA Triborough Bridge and Tunnel Authority 50/20 Plan, and the Automotive Member 25/50 Plan. These plans provide annual benefits of 40% to 50% of final salary after 20 or 25 years of service, with additional benefits equal to a specified percentage per year of service (currently 1.5% to 2%) of final salary.

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

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

6. NYSLERS —

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

Tiers 1 and 2 —

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

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

Tiers 3, 4, and 5 —

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

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

Tier 6 —

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

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

Disability Benefits — Generally, disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan. Ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service. For all eligible Tier 1 and Tier 2 members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

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

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

Membership

As of January 1, 2019 and January 1, 2018, the dates of the most recent actuarial valuations, membership data for the following pension plans are as follows:

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

Membership at:	**January 1, 2019**	**January 1, 2018**			
	MNR Cash Balance Plan	**Additional Plan**	**MaBSTOA Plan**	**MTA Defined Benefit Plan**	**TOTAL**
Active Plan Members	2	84	8,918	18,631	27,635
Retirees and beneficiaries receiving benefits	25	5,755	5,661	11,132	22,573
Vested formerly active members not yet receiving benefits	15	24	1,000	1,472	2,511
Total	42	5,863	15,579	31,235	52,719

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 2019 and 2018), 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 2019 and 2018).

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.

4. MTA Defined Benefit Plan —

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

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

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

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

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

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

5. NYCERS —

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

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

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

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

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

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

6. NYSLERS —

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

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

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

A summary of the aggregate actual contributions made to each pension plan for the years ended December 31, 2020 and 2019 are as follows:

Year-ended December 31,	**2020**	**2019**
($ in millions)	Actual Employer Contributions	Actual Employer Contributions
Additional Plan	$ 68.7	$ 62.8
MaBSTOA Plan	159.5	206.4
MNR Cash Balance Plan	- *	- *
MTA Defined Benefit Plan	381.8	343.9
NYCERS	882.7	952.6
NYSLERS	14.5	14.9
Total	$ 1,507.2	$ 1,580.6

*MNR Cash Balance Plan's actual employer contribution for the years ended December 31, 2020 and 2019 was $0 thousand and $9 thousand, respectively.

Net Pension Liability

The MTA's net pension liabilities for each of the pension plans reported at December 31, 2020 and 2019 were measured as of the fiscal year-end dates for each respective pension plan. The total pension liabilities used to calculate those net pension liabilities were determined by actuarial valuations as of each pension plan's valuation date, and rolled forward to the respective year-ends for each pension plan. Information about the fiduciary net position of each qualified pension plan's fiduciary net position has been determined on the same basis as reported by each respective qualified pension plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan, and investments are reported at fair value. The following table provides the measurement and valuation dates used by each pension plan to calculate the MTA's aggregate net pension liability.

Pension Plan	**Plan Measurement Date**	**Plan Valuation Date**	**Plan Measurement Date**	**Plan Valuation Date**
Additional Plan	December 31, 2019	January 1, 2019	December 31, 2018	January 1, 2018
MaBSTOA Plan	December 31, 2019	January 1, 2019	December 31, 2018	January 1, 2018
MNR Cash Balance Plan	December 31, 2019	January 1, 2019	December 31, 2018	January 1, 2019
MTA Defined Benefit Plan	December 31, 2019	January 1, 2019	December 31, 2018	January 1, 2018
NYCERS	June 30, 2020	June 30, 2019	June 30, 2019	June 30, 2018
NYSLERS	March 31, 2020	April 1, 2019	March 31, 2019	April 1, 2018

Pension Plan Fiduciary Net Position

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

Actuarial Assumptions

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

	Additional Plan		MaBSTOA Plan		MNR Cash Balance Plan	
Valuation Date:	**January 1, 2019**	**January 1, 2018**	**January 1, 2019**	**January 1, 2018**	**January 1, 2019**	**January 1, 2019**
Investment Rate of Return	6.50% per annum, net of investment expenses.	7.00% per annum, net of investment expenses.	6.50% per annum, net of investment expenses.	7.00% per annum, net of investment expenses.	3.50% per annum, net of investment expenses.	4.00% per annum, net of investment expenses.
Salary Increases	3.00%	3.00%	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.	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.	2.50%; 3.50% for Railroad Retirement Wage Base.	2.25%.	2.50%.	2.25%.	2.50%
Cost-of Living Adjustments	Not applicable	Not applicable	1.35% per annum.	1.375% per annum.	Not applicable	Not applicable

	MTA Defined Benefit Plan		NYCERS		NYSLERS	
Valuation Date:	**January 1, 2019**	**January 1, 2018**	**June 30, 2019**	**June 30, 2018**	**April 1, 2019**	**April 1, 2018**
Investment Rate of Return	6.50% per annum, net of investment expenses.	7.00% per annum, net of investment expenses.	7.00% per annum, net of expenses.	7.00% per annum, net of expenses.	6.80% per annum, including inflation, net of investment expenses.	7.00% 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; 3.0% 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.	4.2% in ERS, 5.0% in PFRS	3.8% in ERS, 4.5% in PFRS
Inflation	2.25%; 3.25% for Railroad Retirement Wage Base.	2.50%; 3.50% for Railroad Retirement Wage Base.	2.50%	2.50%	2.50%	2.50%
Cost-of Living Adjustments	60% of inflation assumption or 1.35%, if applicable.	55% of inflation assumption or 1.375%, 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.	1.30% 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, 2019 and 2018 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, 2019 and 2018 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, 2019 and 2018 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, 2019 and April 1, 2018 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, 2010 through March 31, 2015 experience study, with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. The previous actuarial valuation as of April 1, 2018 used the Society of Actuaries' Scale MP-2014.

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, 2019	6.50%
MaBSTOA Plan	December 31, 2019	6.50%
MNR Cash Balance Plan	December 31, 2019	3.50%
MTA Defined Benefit Plan	December 31, 2019	6.50%
NYCERS	June 30, 2020	7.00%
NYSLERS	March 31, 2020	6.80%

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

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

	Additional Plan		MaBSTOA Plan	
Asset Class	**Target Asset Allocation**	**Long - Term Expected Real Rate of Return**	**Target Asset Allocation**	**Long - Term Expected Real Rate of Return**
US Core Fixed Income	9.00%	1.51%	9.00%	1.51%
US Long Bonds	1.00%	2.41%	1.00%	2.41%
US Bank / Leveraged Loans	7.00%	2.74%	7.00%	2.74%
US Inflation-Indexed Bonds	2.00%	0.71%	2.00%	0.71%
US High Yield Bonds	4.00%	3.13%	4.00%	3.13%
Emerging Markets Bonds	2.00%	3.36%	2.00%	3.36%
US Large Caps	12.00%	4.33%	12.00%	4.33%
US Small Caps	6.00%	5.65%	6.00%	5.65%
Foreign Developed Equity	12.00%	5.95%	12.00%	5.95%
Emerging Markets Equity	5.00%	8.05%	5.00%	8.05%
Global REITs	1.00%	5.50%	1.00%	5.50%
Private Real Estate Property	4.00%	3.80%	4.00%	3.80%
Private Equity	9.00%	9.50%	9.00%	9.50%
Commodities	1.00%	2.79%	1.00%	2.79%
Hedge Funds - MultiStrategy	16.00%	3.26%	16.00%	3.26%
Hedge Funds - Event-Driven	6.00%	3.41%	6.00%	3.41%
Hedge Funds - Equity Hedge	3.00%	3.82%	3.00%	3.82%
	100.00%		100.00%	
Assumed Inflation - Mean		2.25%		2.25%
Assumed Inflation - Standard Deviation		1.65%		1.65%
Portfolio Nominal Mean Return		6.73%		6.73%
Portfolio Standard Deviation		10.94%		10.94%
Long Term Expected Rate of Return selected by MTA		**6.50%**		**6.50%**

	MTA Defined Benefit Plan		MNR Cash Balance Plan	
Asset Class	**Target Asset Allocation**	**Long - Term Expected Real Rate of Return**	**Target Asset Allocation**	**Long - Term Expected Real Rate of Return**
US Core Fixed Income	9.00%	1.51%	100.00%	1.27%
US Long Bonds	1.00%	2.41%	-	-
US Bank / Leveraged Loans	7.00%	2.74%	-	-
US Inflation-Indexed Bonds	2.00%	0.71%	-	-
US High Yield Bonds	4.00%	3.13%	-	-
Emerging Markets Bonds	2.00%	3.36%	-	-
US Large Caps	12.00%	4.33%	-	-
US Small Caps	6.00%	5.65%	-	-
Foreign Developed Equity	12.00%	5.95%	-	-
Emerging Markets Equity	5.00%	8.05%	-	-
Global REITs	1.00%	5.50%	-	-
Private Real Estate Property	4.00%	3.80%	-	-
Private Equity	9.00%	9.50%	-	-
Commodities	1.00%	2.79%	-	-
Hedge Funds - MultiStrategy	16.00%	3.26%	-	-
Hedge Funds - Event-Driven	6.00%	3.41%	-	-
Hedge Funds - Equity Hedge	3.00%	3.82%	-	-
	100.00%		100.00%	
Assumed Inflation - Mean		2.25%		2.25%
Assumed Inflation - Standard Deviation		1.65%		1.65%
Portfolio Nominal Mean Return		6.73%		3.54%
Portfolio Standard Deviation		10.94%		3.90%
Long Term Expected Rate of Return selected by MTA		**6.50%**		**3.50%**

	NYCERS		NYSLERS	
Asset Class	**Target Asset Allocation**	**Long - Term Expected Real Rate of Return**	**Target Asset Allocation**	**Long - Term Expected Real Rate of Return**
U.S. Public Market Equities	27.00%	7.60%	36.00%	4.05%
International Public Market Equities	0.00%	0.00%	14.00%	6.15%
Developed Public Market Equities	12.00%	7.70%	0.00%	0.00%
Emerging Public Market Equities	5.00%	10.60%	0.00%	0.00%
Fixed Income	30.50%	3.10%	17.00%	0.75%
Private Equities	8.00%	11.20%	10.00%	6.75%
Alternatives (Real Assets, Hedge Funds)	0.00%	0.00%	3.00%	5.95%
Real Estate	7.50%	7.00%	10.00%	4.95%
Infrastructure	4.00%	6.80%	0.00%	0.00%
Absolute Return Strategies	0.00%	0.00%	2.00%	3.25%
Opportunistic Portfolio	6.00%	6.50%	3.00%	4.65%
Cash	0.00%	0.00%	1.00%	0.00%
Inflation-indexed Bonds	0.00%	0.00%	4.00%	0.50%
	100.00%		100.00%	
Assumed Inflation - Mean		2.50%		2.50%
Long Term Expected Rate of Return		**7.00%**		**6.80%**

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**			
	2020		**2019**	
Pension Plan	**Plan Measurement Date**	**Rate**	**Plan Measurement Date**	**Rate**
Additional Plan	December 31, 2019	7.00%	December 31, 2018	7.00%
MaBSTOA Plan	December 31, 2019	7.00%	December 31, 2018	7.00%
MNR Cash Balance Plan	December 31, 2019	4.00%	December 31, 2018	4.00%
MTA Defined Benefit Plan	December 31, 2019	7.00%	December 31, 2018	7.00%
NYCERS	June 30, 2020	7.00%	June 30, 2019	7.00%
NYSLERS	March 31, 2020	7.00%	March 31, 2019	7.00%

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, 2020, based on the December 31, 2019 measurement date, and for the year ended December 31, 2019, based on the December 31, 2018 measurement date, were as follows:

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

	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, 2017	$ 1,471,828	$ 951,327	$ 520,501	$ 3,676,476	$ 2,918,989	$ 757,487
Changes for fiscal year 2018:						
Service Cost	1,057	-	1,057	86,979	-	86,979
Interest on total pension liability	97,611	-	97,611	256,084	-	256,084
Effect of economic /demographic (gains) or losses	213	-	213	5,412	-	5,412
Benefit payments	(159,565)	(159,565)	-	(213,827)	(213,827)	-
Administrative expense	-	(1,180)	1,180	-	(196)	196
Member contributions	-	333	(333)	-	21,955	(21,955)
Net investment income	-	(31,098)	31,098	-	(87,952)	87,952
Employer contributions	-	59,500	(59,500)	-	205,433	(205,433)
Balance as of December 31, 2018	$ 1,411,144	$ 819,317	$ 591,827	$ 3,811,124	$ 2,844,402	$ 966,722

	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	-	-	-	35,935	-	35,935
Effect of assumption changes or inputs	4	-	4	690,958	-	690,958
Benefit payments	(53)	(53)	-	(264,985)	(264,985)	-
Administrative expense	-	(3)	3	-	(3,408)	3,408
Member contributions	-	-	-	-	31,504	(31,504)
Net investment income	-	40	(40)	-	651,919	(651,919)
Employer contributions	-	-	-	-	344,714	(344,714)
Balance as of December 31, 2019	$ 448	$ 455	$ (7)	$ 6,510,686	$ 4,784,224	$ 1,726,462

	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, 2017	$ 528	$ 523	$ 5	$ 5,072,814	$ 4,051,534	$ 1,021,280
Changes for fiscal year 2018:						
Service Cost	-	-	-	162,273	-	162,273
Interest on total pension liability	20	-	20	358,118	-	358,118
Effect of plan changes	-	-	-	61,890	-	61,890
Effect of economic / demographic (gains) or losses	(11)	-	(11)	75,744	-	75,744
Benefit payments	(58)	(58)	-	(242,349)	(242,349)	-
Administrative expense	-	-	-	-	(3,152)	3,152
Member contributions	-	-	-	-	29,902	(29,902)
Net investment income	-	1	(1)	-	(150,422)	150,422
Employer contributions	-	5	(5)	-	338,967	(338,967)
Balance as of December 31, 2018	$ 479	$ 471	$ 8	$ 5,488,490	$ 4,024,480	$ 1,464,010

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, 2019**			**December 31, 2018**		
	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
	(in thousands)			(in thousands)		
Additional Plan	$ 682,677	$ 571,110	$ 474,087	$ 701,222	$ 591,827	$ 496,547
MaBSTOA Plan	1,293,875	822,666	422,759	1,388,193	966,722	607,684
MTA Defined Benefit Plan	2,551,551	1,726,462	1,031,686	2,146,497	1,464,010	888,282

	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)	1% Decrease (3.0%)	Discount Rate (4.0%)	1% Increase (5.0%)
	(in whole dollars)			(in whole dollars)		
MNR Cash Balance Plan	$ 17,379	$ (6,494)	$ (27,526)	$ 35,157	$ 8,252	$ (15,544)

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, 2019 and June 30, 2018 actuarial valuations, rolled forward to June 30, 2020 and June 30, 2019, respectively, and the proportion percentage of the aggregate net pension liability allocated to the MTA:

	NYCERS	
	June 30, 2020	June 30, 2019
	($ in thousands)	
MTA's proportion of the net pension liability	24.420%	24.493%
MTA's proportionate share of the net pension liability	$ 5,147,445	$ 4,536,510

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, 2020 and March 31, 2019, respectively, and the proportion percentage of the aggregate net pension liability allocated to the MTA:

	NYSLERS	
	March 31, 2020	March 31, 2019
	($ in thousands)	
MTA's proportion of the net pension liability	0.346%	0.345%
MTA's proportionate share of the net pension liability	$ 91,524	$ 24,472

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, 2020 and 2019 and to NYSLERS for the plan's fiscal year-end March 31, 2020 and 2019, relative to the contributions of all employers in each plan.

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

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

Measurement Date:	**June 30, 2020**			**June 30, 2019**		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
NYCERS	$ 7,695,327	$ 5,147,445	$ 2,997,039	$ 6,997,746	$ 4,536,510	$ 2,458,418

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

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

For the years ended years ended December 31, 2020 and 2019, the MTA recognized pension expense related to each pension plan as follows (in $ thousands):

	December 31,	
Pension Plan	**2020**	**2019**
Additional Plan	$ 108,956	$ 57,499
MaBSTOA Plan	146,811	160,176
MNR Cash Balance plan	13	(3)
MTA Defined Benefit Plan	360,465	391,556
NYCERS	758,942	926,721
NYSLERS	32,944	17,569
Total	**$ 1,408,131**	**$ 1,553,518**

For the years ended years ended December 31, 2020 and 2019, the MTA reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows (in $ thousands):

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

For the Year Ended December 31, 2020	**NYCERS** Deferred Outflows of Resources	**NYCERS** Deferred Inflows of Resources	**NYSLERS** Deferred Outflows of Resources	**NYSLERS** Deferred Inflows of Resources	**TOTAL** Deferred Outflows of Resources	**TOTAL** Deferred Inflows of Resources
Differences between expected and actual experience	$ 518,473	$ 232,185	$ 5,386	$ -	$ 724,075	$ 263,481
Changes in assumptions	2,169	152,466	1,842	1,591	768,735	181,404
Net difference between projected and actual earnings on pension plan investments	244,466		46,920	-	291,386	262,947
Changes in proportion and differences between contributions and proportionate share of contributions	108,400	13,841	3,287	-	186,620	88,774
Employer contributions to the plan subsequent to the measurement of net pension liability	445,974	-	14,533	-	1,082,677	-
Total	$ 1,319,482	$ 398,492	$ 71,968	$ 1,591	$ 3,053,493	$ 796,606

For the Year Ended December 31, 2019	**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	$ -	$ -	$ 20,188	$ 25,455	$ -	$ -	$ 181,199	$ 20,403
Changes in assumptions	-	-	4,394	-	-	-	8,081	37,113
Net difference between projected and actual earnings on pension plan investments	50,828	-	148,979	-	24	-	226,387	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-	-	-	36,724	36,724
Employer contributions to the plan subsequent to the measurement of net pension liability	62,773	-	206,390	-	-	-	343,871	-
Total	$ 113,601	$ -	$ 379,951	$ 25,455	$ 24	$ -	$ 796,262	$ 94,240

For the Year Ended December 31, 2019	**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	$ 379,340	$ 315,130	$ 4,819	$ 1,643	$ 585,546	$ 362,631
Changes in assumptions	2,898	190,222	6,152	-	21,525	227,335
Net difference between projected and actual earnings on pension plan investments	-	281,488	-	6,281	426,218	287,769
Changes in proportion and differences between contributions and proportionate share of contributions	163,385	19,945	3,827	-	203,936	56,669
Employer contributions to the plan subsequent to the measurement of net pension liability	478,069	-	14,851	-	1,105,954	-
Total	$ 1,023,692	$ 806,785	$ 29,649	$ 7,924	$ 2,343,179	$ 934,404

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

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

	Recognition Period (in years)		
Pension Plan	**Differences between expected and actual experience**	**Changes in proportion and differences between employer contributions and proportionate share of contributions**	**Changes in actuarial assumptions**
Additional Plan	1.00	N/A	1.00
MaBSTOA Plan	6.80	N/A	6.80
MNR Cash Balance Plan	N/A	N/A	1.00
MTA Defined Benefit Plan	8.60	8.60	8.60
NYCERS	6.07	6.07	N/A
NYSLERS	5.00	5.00	N/A

For the years ended December 31, 2020 and 2019, $1,082.7 and $1,106.0 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, 2020 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:							
2021	$ (5,790)	$ (14,157)	$ 1	$ 62,246	$ (41,209)	$ 10,087	$ 11,178
2022	(4,219)	3,489	-	67,944	106,101	14,239	187,554
2023	6,383	39,825	(1)	121,284	141,138	17,608	326,237
2024	(12,446)	(21,209)	(4)	29,081	219,880	13,910	229,212
2025	-	26,558	-	92,811	46,316	-	165,685
Thereafter	-	20,913	-	230,641	2,790	-	254,344
	$ (16,072)	$ 55,419	$ (4)	$ 604,007	$ 475,016	$ 55,844	$ 1,174,210

Deferred Compensation Program

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	December 31, 2020	December 31, 2019
	(In thousands)	
Employer 401K contributions	$ 4,103	$ 4,402

5. OTHER POSTEMPLOYMENT BENEFITS

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

(1) Plan Description

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

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

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

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

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

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

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

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

i. have retired;

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

iii. have at least 10 years of credited service as a member of NYCERS, NYSLERS, the MTA Defined Benefit Plan, the Additional Plan, the MaBSTOA Plan, the MNR Cash Balance Plan, the 401(k) Plan or the VDC; and

iv. have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members). A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

Surviving Spouse and Other Dependents —

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

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

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

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

Contributions — The MTA is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the "pay-as-you-go" ("PAYGO") amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years ended December 31, 2020 and 2019, the MTA paid $391.5 and $737.3 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 $69.5 and $76.8 for the years ended December 31, 2020 and 2019, 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.

During 2012, the MTA funded $250 into the Trust, an additional $50 during 2013. There have been no further contributions made to the Trust. 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 2019 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, 2019 and December 31, 2018, the measurement dates, are 2.74% and 4.10%, 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, 2019 and 2018, the employer made a cash payment for retiree healthcare of $76,758 and $74,484, respectively, as part of the employer's payment for active-employee healthcare benefits. For purposes of GASB Statement No. 75, this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees' underlying age-adjusted, retiree benefit costs.

Blended and Age-adjusted Premium (in thousands)	**2019 Retirees**	**2018 Retirees**
Total blended premiums	$660,539	$616,638
Employment payment for retiree healthcare	76,758	74,484
Net Payments	$737,297	$691,122

(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, 2019 and December 31, 2018, the measurement dates. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

Valuation date	July 1, 2019	July 1, 2017
Measurement date	December 31, 2019	December 31, 2018
Discount rate	2.74%, net of expenses	4.10%, net of expenses
Inflation	2.50%	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	4.50%	4.50%
Salary increases	Varies by years of service and differs for members of the various pension plans	Varies by years of service and differs for members of the various pension plans

Healthcare Cost Trend — The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.5% 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, using a discount rate of 4.10%.

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

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

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date is based on the ultimate rates, which are 4.0% for medical and pharmacy costs.

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

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

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

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

(*3) Net OPEB Liability*

At December 31, 2020 and 2019, the MTA reported a net OPEB liability of $21,117 and $19,582, respectively. The MTA's net OPEB liability was measured as of the OPEB Plan's fiscal year-end of December 31, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019, and rolled forward to December 31, 2019.

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 long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
U.S. cash	3.5%	0.04%
U.S core fixed income	13.0%	1.51%
U.S inflation-indexed bonds	4.0%	0.71%
Emerging markets bonds	5.0%	3.36%
Global equity	42.0%	5.28%
Commodities	3.5%	2.79%
Hedge funds - multistrategy	29.0%	3.26%
Total	**100%**	
Assumed Inflation - Mean		2.25%
Assumed Inflation - Standard Deviation		1.65%
Portfolio Nominal Mean return		5.92%
Portfolio Standard Deviation		9.27%
Long Term Expected Rate of Return selected by MTA		**5.75%**

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, 2019 of 2.74%.

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

	Total OPEB Liability	Plan Fiduciary Net Position (in thousands)	Net OPEB Liability
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 economic/demographic gains or losses	247,871	-	247,871
Effect of assumptions changes or inputs	311,286	-	311,286
Benefit payments	(730,677)	(730,677)	-
Employer contributions	0	730,677	(730,677)
Net investment income	0	63,647	(63,647)
Administrative expenses	0	(200)	200
Net changes	1,597,585	63,447	1,534,138
Balance as of December 31, 2019	$ 21,531,473	$ 414,827	$ 21,116,646

	Total OPEB Liability	Plan Fiduciary Net Position (in thousands)	Net OPEB Liability
Balance as of December 31, 2017	$ 20,705,068	$ 370,352	$ 20,334,716
Changes for the year:			
Service Cost	1,002,930	-	1,002,930
Interest on total OPEB liability	734,968	-	734,968
Effect of plan changes	1,580	-	1,580
Effect of economic/demographic gains or losses	(19,401)	-	(19,401)
Effect of assumptions changes or inputs	(1,800,135)	-	(1,800,135)
Benefit payments	(691,122)	(691,122)	-
Employer contributions	-	691,122	(691,122)
Net investment income	-	(18,916)	18,916
Administrative expenses	-	(56)	56
Net changes	(771,180)	(18,972)	(752,208)
Balance as of December 31, 2018	$ 19,933,888	$ 351,380	$ 19,582,508

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

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

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

Measurement Date:		**December 31, 2018**	
	1% Decrease	**Healthcare Cost Current Trend Rate***	**1% Increase**
Net OPEB liability	$16,727,628	$19,582,508	$23,171,172

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

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

For the years ended December 31, 2020 and 2019, the MTA recognized OPEB expense of $1.68 billion and $1.61 billion, respectively.

At December 31, 2020 and 2019, the MTA reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows ($ in thousands)**:**

	December 31, 2020		**December 31, 2019**	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 225,359	$ 14,158	$ 9,928	$ 16,780
Changes of assumptions	814,808	1,313,612	665,123	1,556,874
Net difference between projected and actual earnings on OPEB plan investments	-	17,409	18,564	-
Changes in proportion and differences between contributions and proportionate share of contributions	385,488	385,488	101,229	101,229
Employer contributions to the plan subsequent to the measurement of net OPEB liability	391,529	-	742,438	-
Total	**$ 1,817,184**	**$ 1,730,667**	**$ 1,537,282**	**$ 1,674,883**

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

For the years ended December 31, 2020 and 2019, $391.5 and $742.4 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, 2021 and December 31, 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2020 will be recognized in OPEB expense as follows:

Year ending December 31:	2021	$ (56,683)
	2022	(56,683)
	2023	(51,407)
	2024	(60,004)
	2025	(126,848)
	Thereafter	46,613
		$ (305,012)

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, 2018, December 31, 2019 and December 31, 2020 (in millions):

	Balance December 31, 2018	**Additions / Reclassifications**	**Deletions / Reclassifications**	**Balance December 31, 2019**	**Additions / Reclassifications**	**Deletions / Reclassifications**	**Balance December 31, 2020**
Capital assets not being depreciated:							
Land	$ 217	$ 6	$ -	$ 223	$ 25	$ -	$ 248
Construction work-in-progress	18,052	8,372	6,266	20,158	7,145	5,528	21,775
Total capital assets not being depreciated	18,269	8,378	6,266	20,381	7,170	5,528	22,023
Capital assets being depreciated:							
Buildings and structures	18,457	1,103	1	19,559	1,328	28	20,859
Bridges and tunnels	4,154	72	-	4,226	166	-	4,392
Equipment:							
Passenger cars and locomotives	13,378	498	4	13,872	332		14,204
Buses	3,808	473	604	3,677	41	30	3,688
Infrastructure	26,258	1,491	21	27,728	1,121		28,849
Other	24,519	2,114	20	26,613	1,799	21	28,391
Total capital assets being depreciated	90,574	5,751	650	95,675	4,787	79	100,383
Less accumulated depreciation:							
Buildings and structures	7,414	530	-	7,944	557	3	8,498
Bridges and tunnels	806	27	-	833	38	-	871
Equipment:							
Passenger cars and locomotives	6,943	403	4	7,342	411		7,753
Buses	2,323	250	604	1,969	261	30	2,200
Infrastructure	10,072	862	21	10,913	861	14	11,760
Other	8,774	798	19	9,553	883	7	10,429
Total accumulated depreciation	36,332	2,870	648	38,554	3,011	54	41,511
Total capital assets being depreciated - net	54,242	2,881	2	57,121	1,776	25	58,872
Capital assets - net	$ 72,511	$ 11,259	$ 6,268	$ 77,502	$ 8,946	$ 5,553	$ 80,895

Effective January 1, 2020, in accordance with GASB Statement No. 89, the MTA no longer capitalizes interest costs related to the construction of capital assets. Interest capitalized in conjunction with the construction of capital assets for December 31, 2019 was $43.7.

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

For certain construction projects, the MTA holds in a trust account marketable securities pledged by third-party contractors in lieu of cash retainages. At December 31, 2020 and 2019, these securities, which are not included in these financial statements, totaled $117.4 and $107.8, respectively, and had a market value of $80.1 and $83.3, respectively.

7. LONG-TERM DEBT

(In millions)	Original Issuance	December 31, 2019	Issued	Retired	December 31, 2020
MTA:					
Transportation Revenue Bonds					
1.43%-5.15% due through 2057	$ 42,665	$ 21,650	$ 4,750	$ 1,699	$ 24,701
Bond Anticipation Notes*					
1.33% due through 2022	18,915	7,508	5,853	3,825	9,536
Dedicated Tax Fund Bonds					
1.86%-4.89% due through 2057	11,039	5,024	-	167	4,857
	72,619	34,182	10,603	5,691	39,094
Net unamortized bond premium	-	1,648	243	488	1,403
	72,619	**35,830**	**10,846**	**6,179**	**40,497**
TBTA:					
General Revenue Bonds					
1.81%–4.18% due through 2047	17,756	7,782	624	366	8,040
Subordinate Revenue Bonds					
3.13%-5.34% due through 2032	4,066	936	-	69	867
	21,822	8,718	624	435	8,907
Net unamortized bond premium	-	618	129	71	676
	21,822	**9,336**	**753**	**506**	**9,583**
MTA Hudson Rail Yards Trust:					
MTA Hudson Rail Yards Trust Obligations					
1.88%–2.65% due through 2056	1,220	872	163	190	845
Net unamortized bond premium	-	107	-	19	88
	1,220	**979**	**163**	**209**	**933**
Total	**$ 95,661**	**$ 46,145**	**$ 11,762**	**$ 6,894**	**$ 51,013**
Current portion**		$ 2,210			$ 2,299
Long-term portion		$ 43,935			$ 48,714

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

** As a result of certain MTA issuances of Bonds and Bond Anticipation Notes, the current portion of the BANs that were reclassified as long term were $0 and, $2,200, as of December 31, 2020 and 2019, respectively.

(In millions)	Original Issuance	December 31, 2018	Issued	Retired	December 31, 2019
MTA:					
Transportation Revenue Bonds					
1.43%-5.15% due through 2057	$ 37,965	$ 20,923	$ 1,596	$ 869	$ 21,650
Bond Anticipation Notes*					
1.33% due through 2022	13,062	4,007	5,455	1,954	7,508
Dedicated Tax Fund Bonds					
1.86%-4.89% due through 2057	11,039	5,184	-	160	5,024
	62,066	30,114	7,051	2,983	34,182
Net unamortized bond premium	-	1,559	514	425	1,648
	62,066	**31,673**	**7,565**	**3,408**	**35,830**
TBTA:					
General Revenue Bonds					
1.81%–4.18% due through 2047	17,132	7,663	452	333	7,782
Subordinate Revenue Bonds					
3.13%-5.34% due through 2032	4,066	1,022	-	86	936
	21,198	8,685	452	419	8,718
Net unamortized bond premium	-	626	47	55	618
	21,198	**9,311**	**499**	**474**	**9,336**
MTA Hudson Rail Yards Trust:					
MTA Hudson Rail Yards Trust Obligations					
1.88%–2.65% due through 2056	1,057	1,057	-	185	872
Net unamortized bond premium	-	128	-	21	107
	1,057	**1,185**	**-**	**206**	**979**
Total	**$ 84,321**	**$ 42,169**	**$ 8,064**	**$ 4,088**	**$ 46,145**
Current portion**		$ 2,552			$ 2,210
Long-term portion		$ 39,617			$ 43,935

* Includes draws on a $800 taxable revolving credit agreement with JPMorgan Chase Bank, National Association, which is active through August 24, 2022. Draws under the JPMorgan Chase Agreement are evidenced by revenue anticipation notes ("RANs"). As of December 31, 2019 and 2018, the outstanding RAN was $8 and $7, respectively.

** On January 16, 2020 and May 14, 2020, MTA issued $925 MTA Transportation Revenue Green Bonds, Series 2020A ("the Series 2020A Bonds"), with maturities from May 15, 2024 to November 15, 2054, and $1,725 MTA Transportation Revenue Green Bonds, Series 2020C ("the Series 2020C Bonds"), with maturities from November 15, 2045 to November 15, 2049, respectively. Both the Series 2020A Bonds and the Series 2020C Bonds were issued for purposes of (i) retiring, together with other MTA funds, certain outstanding Transportation Revenue Bond Anticipation Notes ("BANs"), (ii) refunding certain the MTA Transportation Revenue Bonds("TRBs"), (iii) financing existing approved transit and commuter projects, (iv) paying capitalized interest, and (v) paying certain financing, legal and miscellaneous expenses. As a result of these issuances, the current portion of the BANs, $2,200, was reclassified as long-term as of December 31, 2019.

In addition, on February 15, 2020, MTA effectuated a $27 early mandatory redemption of a portion of the Hudson Rail Yards Trust Obligations, Series 2016A. As a result, $27 was reclassified from long-term to current as of December 31, 2019.

MTA Transportation Revenue Bonds —— Prior to 2020, MTA issued sixty-five 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 $32,944. 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 January 16, 2020, MTA issued $924.750 of Transportation Revenue Bonds, Series 2020A to retire the existing outstanding Transportation Revenue Bond Anticipation Notes("BANs"), Series 2019A; and to refund the Transportation Revenue Bonds, Subseries 2016C-2b. The Series 2020A bonds were priced as $686.840 Subseries 2020A-1 and $237.910 Subseries 2020A-2. The Subseries 2020A-1 bonds were issued as fixed rate tax-exempt bonds with a final maturity of November 15, 2054.

The Subseries 2020A-2 bonds were issued as mandatory tender bonds with an initial purchase date of May 15, 2024.

On February 3, 2020, MTA effectuated a mandatory tender and remarketed $75 MTA Transportation Revenue Variable Rate Refunding Bonds, Subseries 2012G-3 because its current interest rate period expired by its terms. The Series 2012G-3 Bonds were remarketed in Term Rate Mode as Floating Rate Tender Notes with a purchase date of February 1, 2025 and with an interest rate of SIFMA plus 0.43%.

On March 19, 2020, Moody's placed MTA's Transportation Revenue Bonds (A1) and BANs (MIG 1) as Ratings Under Review for possible downgrade.

On March 20, 2020, Fitch Ratings placed MTA's Transportation Revenue Bonds (AA-) and BANs (F1+) as Ratings Watch Negative.

On March 24, 2020, S&P Global Ratings downgraded MTA's Transportation Revenue Bonds from 'A' to 'A-' with a negative outlook, under its Mass Transit Enterprise Ratings criteria.

On March 24, 2020, Kroll Bond Rating Agency placed MTA's Transportation Revenue Bonds (AA+) under outlook Watch Downgrade.

On March 27, 2020, $75 of Transportation Revenue Refunding Bonds, Subseries 2020B-1 Bonds were purchased, pursuant to a Continuing Covenant Agreement, between MTA and PNC Bank, National Association, as purchaser, and $87.660 of Transportation Revenue Refunding Bonds, Subseries 2020B-2 Bonds were purchased, pursuant to a Continuing Covenant Agreement, between MTA and Bank of America, N.A., as purchaser. Proceeds from the transaction will be used to exchange and finance certain Hudson Rail Yards Refunding Trust Obligations, Series 2020A. The Subseries 2020B-1 bonds have a mandatory purchase date of April 1, 2021. The Subseries 2020B-2 bonds have a mandatory tender date of March 24, 2022.

On April 2, 2020, Fitch Ratings downgraded MTA's Transportation Revenue Bonds from AA- to A+, and Transportation Revenue BANs from F1+ to F1, and put the Transportation Revenue Bonds on a Negative Outlook.

On April 6, 2020, $50 of MTA Transportation Revenue Variable Rate Bonds, Subseries 2002D-2a-1 were purchased, pursuant to a Continuing Covenant Agreement, between MTA and JP Morgan Chase Bank, N.A., as purchaser, as the current interest rate period related to the Subseries 2002D-2a-1 was expiring by its terms. The Subseries 2002D-2a-1 bonds have a mandatory purchase date of March 31, 2021.

On April 16, 2020 Moody's Investors Services downgraded MTA's Transportation Revenue Bonds from A1 to A2, and Transportation Revenue BANs from MIG 1 to MIG 2, and put the Transportation Revenue Bonds on a Negative Outlook.

On May 4, 2020 S&P Global Ratings placed MTA's Transportation Revenue Bonds on CreditWatch negative.

On May 5, 2020, MTA priced and remarketed $248.045 of Transportation Revenue Bonds, Subseries 2015A-2 as its current interest rate period was set to expire by its terms. The Subseries 2015A-2 bonds were remarketed in Term Rate Mode as mandatory tender bonds with a purchase date of May 15, 2030.

On May 14, 2020, MTA issued $1,725 of Transportation Revenue Green Bonds, Series 2020C. Proceeds from the transaction were used to finance existing approved transit and commuter projects, and to retire the following outstanding Bond Anticipation Notes:

Subseries	Maturity Date	Par Amount
MTA TRB BANs 2018B-1	May 15, 2020	$800
MTA TRB BANs 2019B-2	May 15, 2020	200

The Series 2020C bonds were issued as $1,125 Subseries 2020C-1 and $600 Subseries 2020C-2. The Subseries 2020C-1 bonds were priced as fixed rate tax-exempt Climate Bond Certified bonds with a final maturity of November 15, 2055. The Subseries 2020C-2 bonds were issued as fixed rate taxable Climate Bond Certified bonds with a final maturity of November 15, 2049.

On July 7, 2020, S&P Global Ratings downgraded MTA's Transportation Revenue Bonds from 'A-' to 'BBB+' with a negative outlook, under its Mass Transit Enterprise Ratings criteria.

On September 11, 2020, Moody's Investors Service ("Moody") downgraded the rating on Metropolitan Transportation Authority's, NY (MTA) Transportation Revenue Bonds to A3 from A2 and affirmed the MIG 2 rating on MTA's Transportation Revenue Bond Anticipation Notes. Moody's assigned an A3 rating to MTA's $900 Transportation Revenue Green Bonds, Series 2020D (Climate Bond Certified). The outlook is negative.

On September 18, 2020, MTA issued $900 Transportation Revenue Green Bonds, Series 2020D (Climate Bond Certified) (the "Series 2020D Bonds"), maturing each November 15 from 2043 through 2050. The Series 2020D Bonds were issued to (i) finance existing approved transit and commuter projects, (ii) pay capitalized interest on the Series 2020D Bonds, and (iii) pay certain financing, legal, and miscellaneous expenses.

On October 5, 2020, Kroll Bond Rating Agency downgraded MTA's Transportation Revenue Bonds from AA-plus to AA and assigned the Transportation Revenue Bonds with a Negative Outlook.

On October 23, 2020, Fitch Ratings downgraded MTA's Transportation Revenue Bonds from A+ to A- and kept the Transportation Revenue Bonds on a Negative Outlook.

On November 13, 2020, MTA issued $419.915 of Transportation Revenue Refunding Green Bonds, Series 2020E. The Series 2020E bonds were issued as fixed rate tax-exempt bonds with a final maturity of November 15, 2045. Proceeds from the transaction were used to refund the following bonds:

Subseries	Par Amount
MTA Transportation Revenue Bonds, Series 2010E	$168
MTA Transportation Revenue Refunding Bonds, Subseries 2015C-2	73
MTA Transportation Revenue Bonds, Subseries 2018A-1	195

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.

On January 8, 2020, MTA issued $1,500 of MTA Transportation Revenue Bond Anticipation Notes, Series 2020A to generate new money proceeds to: finance existing approved transit and commuter projects; and to finance those existing approved transit and commuter projects related to the State funding commitment for the 2015-2019 Capital Program. The Series 2020A Notes were priced as $800 Subseries 2020A-1 and $700 Subseries 2020A-2S. The Subseries 2020A-1 notes were issued as fixed rate tax-exempt notes with a final maturity of February 1, 2023 and the Subseries 2020A-2S notes were issued as fixed rate tax-exempt notes with a final maturity of February 1, 2022.

On August 26, 2020, $450.720 of MTA Transportation Revenue Bond Anticipation Notes, Series 2020B were issued and purchased, pursuant to a Note Purchase Agreement, between MTA and Municipal Liquidity Facility LLC. Proceeds from the transaction were used to retire the existing outstanding MTA Transportation Revenue Bond Anticipation Notes, Subseries 2018C-1. The Series 2020B notes are fixed rate tax-exempt notes with a final maturity of August 1, 2023.

On October 23, 2020, Fitch Ratings downgraded MTA's Transportation Revenue BANs from F1 to F2.

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

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

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

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

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

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

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

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

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

MTA State Service Contract Bonds — Prior to 2020, 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 2020, 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 April 9, 2020, Fitch Ratings downgraded enhanced MTA Dedicated Tax Fund Bonds, Subseries 2002B-1 from AAA to AA as result of its downgrade of the Letter of Credit provider MUFG Bank, Ltd.

On April 10, 2020, Fitch Ratings placed MTA’s Dedicated Tax Fund bonds on negative outlook because of the same outlook being placed on the State of New York’s Issuer Default Rating.

MTA Certificates of Participation — Prior to 2020, 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 2020, MTA Bridges and Tunnels issued thirty- three Series of General Revenue Bonds secured under its General Resolution Authorizing General Revenue Obligations adopted on March 26, 2002, in the aggregate principal amount of $13,249. 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 24, 2020, MTA effectuated a mandatory tender and remarketed $102.1 of Triborough Bridge and Tunnel Authority General Revenue Variable Rate Bonds, Series 2005A because the irrevocable direct-pay letter of credit ("LOC") issued by TD Bank, N.A. was expiring by its terms. The LOC related to the Series 2005A bonds was substituted with an irrevocable direct-pay LOC issued by Barclays Bank PLC. The new LOC will expire on February 2, 2024. The Series 2005A bonds will continue as Variable Interest Rate Obligations in Weekly Mode.

On March 26, 2020, S&P Global Ratings placed TBTA General Revenue and Subordinate Revenue Bonds on a negative outlook as part of action on the U.S. Transportation Infrastructure sector.

On March 31, 2020, Kroll Bond Rating Agency placed TBTA General Revenue Bonds (AA) and TBTA Subordinate Revenue Bonds (AA-) under outlook Watch Downgrade.

On April 8, 2020, Moody's Investors Services placed TBTA General Revenue and Subordinate Revenue Bonds on negative outlook.

On May 27, 2020, MTA issued $525 of Triborough Bridge and Tunnel Authority General Revenue Bonds, Series 2020A to finance bridge and tunnel capital projects. The Series 2020A bonds were issued as tax-exempt fixed rate bonds with a final maturity of November 15, 2054.

On October 1, 2020, MTA effectuated a mandatory tender and remarketed $98.985 of Triborough Bridge and Tunnel Authority General Revenue Bonds, Series 2018D because its current interest rate period was set to expire by its terms. The Series 2018D bonds were remarketed as fixed rate tax-exempt bonds with a final maturity of November 15, 2038.

MTA Bridges and Tunnels Subordinate Revenue Bonds — Prior to 2020, 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 $3,871.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 Payroll Mobility Tax Bond Anticipation Notes - On December 17, 2020, MTA issued $2,907.280 of MTA Payroll Mobility Tax Bond Anticipation Notes, Series 2020A pursuant to a Note Purchase Agreement, between MTA and Municipal Liquidity Facility LLC. Proceeds from the transaction were used to finance COVID-19 Lost Revenues and Increased Costs of the MTA agencies and TBTA. The Series 2020A notes were issued as fixed rate tax-exempt notes with a final maturity of December 15, 2023.

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

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

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

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

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

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

Refer to Note 8 for further information on Leases.

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 $38,391. The MTA expects that the current statutory ceiling will allow it to fulfill the bonding requirements of the approved Capital Programs.

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

At December 31, 2020 and 2019, the following amounts of MTA bonds, which have been refunded, remain valid debt instruments and are secured solely by and payable solely from their respective irrevocable trusts.

(In millions)	December 31, 2020	December 31, 2019
MTA Transit and Commuter Facilities:		
Transit Facilities Revenue Bonds	$ 127	$ 148
Commuter Facilities Revenue Bonds	126	150
Dedicated Tax Fund Bonds	-	22
MTA Bridges and Tunnels:		
General Purpose Revenue Bonds	539	628
Special Obligation Subordinate Bonds	74	89
Total	$ 866	$ 1,037

For the year ended December 31, 2020, MTA refunding transactions decreased aggregate debt service payments by $162 and provided an economic gain of $111. During the year ended December 31, 2019, MTA refunding transactions increased aggregate debt service payments by $128 and provided an economic gain of $19. Details of bond refunding savings for December 31, 2020 and December 31, 2019 are as follows:

Refunding Bonds Issued in 2019	**(In millions)**	**Series**	**Date issued**	**Par value Refunded**	**Debt Service Savings (Increase)**
Transportation Revenue Bonds		TRB 2020A-2	1/16/2020	$ 163	$ (56)
		TRB 2020B	3/27/2020	274	(49)
Total Bond Refunding Savings				$ 437	$ (105)

Refunding Bonds Issued in 2019	**(In millions)**	**Series**	**Date issued**	**Par value Refunded**	**Debt Service Savings (Increase)**
Transportation Revenue Bonds		TRB 2019D-1	11/07/2019	$ 140	$ (7)
		TRB 2019D-2	11/07/2019	101	(62)
				241	(69)
MTA Bridges and Tunnels General Revenue Bonds		TBTA 2019B	09/25/2019	102	(59)
Total Bond Refunding Savings				$ 343	$ (128)

For the year ended December 31, 2020, the accounting gain on bond refundings totaled $. For the year ended December 31, 2019, the accounting loss on bond refundings totaled $0.

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

(In millions)	**December 31, 2018**	**(Gain)/ loss on refunding**	**Current year amortization**	**December 31, 2019**	**(Gain)/ loss on refunding**	**Current year amortization**	**December 31, 2020**
MTA:							
Transportation Revenue Bonds	$ 670	$ -	$ (100)	$ 570	$ (22)	$ (105)	$ 443
State Service Contract Bonds	(12)	-	-	(12)	-	-	(12)
Dedicated Tax Fund Bonds	238	-	(16)	222	-	(16)	206
	896	-	(116)	780	(22)	(121)	637
TBTA:							
General Revenue Bonds	209	-	(17)	192	-	(17)	175
Subordinate Revenue Bonds	33	-	(4)	29	-	(4)	25
	242	-	(21)	221	-	(21)	200
Total	**$ 1,138**	**$ -**	**$ (137)**	**$ 1,001**	**$ (22)**	**$ (142)**	**$ 837**

Debt Service Payments — Future principal and interest debt service payments at December 31, 2020 are as follows (in millions):

	MTA		**MTA BRIDGES AND TUNNELS**		**Debt Service**	
	Principal	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2021	$ 1,987	$ 1,473	$ 312	$ 391	$ 2,299	$ 1,864
2022	4,947	1,415	323	376	5,270	1,791
2023	5,165	1,341	350	362	5,515	1,703
2024	987	1,199	377	345	1,364	1,544
2025	1,010	1,096	394	327	1,404	1,423
2026-2030	5,748	4,549	2,269	1,334	8,017	5,883
2031-2035	6,276	3,695	1,775	902	8,051	4,597
2036-2040	5,228	2,632	1,171	598	6,399	3,230
2041-2045	3,125	1,507	1,000	345	4,125	1,852
2046-2050	3,469	742	696	132	4,165	874
2051-2055	1,541	177	240	27	1,781	204
2056-2061	456	5	-	-	456	5

Thereafter	-	-	-	-	-	-
	$ 39,939	$ 19,831	$ 8,907	$ 5,139	$ 48,846	$ 24,970

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

- *Transportation Revenue Refunding Bonds, Series 2002D* — 4.45% per annum taking into account the interest rate swap plus the current fixed floating rate note spread.
- *Transportation Revenue Refunding Bonds, Series 2002G* — 3.542% per annum taking into account the interest rate swap plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.
- *Transportation Revenue Bonds, Series 2005D* — 3.561% per annum taking into account the interest rate swaps.
- *Transportation Revenue Bonds, Series 2005E* — 3.561% per annum taking into account the interest rate swaps and 4.00% per annum on the unhedged portion.
- *Transportation Revenue Bonds, Series 2011B* — 3.542% per annum taking into account the interest rate swaps plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.
- *Transportation Revenue Bonds, Series 2012A* — 4.00% per annum plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2012G* — 3.563% per annum taking into account the interest rate swaps plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2014D-2* — 4.00% per annum plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2015A-2*— 4.00% per annum plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2015E* — 4.00% per annum.
- *Dedicated Tax Fund Bonds, Series 2002B* — 4.00% per annum on Subseries 2002B-1; and 4.00% per annum plus the current fixed floating rate note spread.
- *Dedicated Tax Fund Variable Rate Refunding Bonds, Series 2008A* — 3.316% per annum taking into account the interest rate swaps plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.
- *Dedicated Tax Fund Refunding Bonds, Subseries 2008B-3a and 2008B-3c*— 4.00% per annum plus the current fixed floating rate note spread.
- *MTA Bridges and Tunnels Subordinate Refunding Bonds, Series 2000ABCD* — 6.08% per annum taking into account the interest rate swap plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2001C* — 4.00% per annum.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2001B* — 4.00% per annum plus the current fixed floating rate note spread.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2002F* — 5.404% and 3.076% per annum taking into account the interest rate swaps and 4.00% per annum on portions not covered by the interest rate swaps.
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2003B — 4*.00% per annum; and 4.00% per annum plus the current fixed floating rate note spread on Subseries 2003B-2.
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2005A* — 4.00% per annum except from November 1, 2027 through November 1, 2030, 3.076% per annum taking into account the interest rate swap.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2005B* — 3.076% per annum based on the Initial Interest Rate Swaps plus the current fixed floating rate note spread.
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2008B-2* — 4.00% per annum plus the current fixed floating rate note spread.
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2018E* — 4.00% per annum.

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

The debt service requirements at December 31, 2020 are as follows (in millions):

Year	Principal	Interest	Total
2021	$ 15	$ 3	$ 18
2022	14	2	16
2023	12	2	14
2024	10	2	12
2025	11	1	12
2026-2030	35	4	39
2031-2035	10	1	11
2036-2040	2	0	2
Total	$ 109	$ 15	$ 124
Current portion	$ 15		
Long-term portion	94		
Total NYPA Loans Payable	$ 109		

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

Tax Rebate Liability — Under the Internal Revenue Code of 1986, the MTA may accrue a liability for an amount of rebateable arbitrage resulting from investing low-yielding, tax-exempt bond proceeds in higher-yielding, taxable securities. The arbitrage liability is payable to the federal government every five years. No accruals or payments were made during the years ended December 31, 2020 and 2019.

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	11/1/2021
Transportation Revenue	2005D-2	Y	Helaba	LOC	11/10/2022
Transportation Revenue	2005E-1	Y	PNC Bank, National Association	LOC	8/20/2021
Transportation Revenue	2005E-2	Y	Bank of America, N.A.	LOC	12/10/2021
Transportation Revenue	2005E-1	Y	PNC Bank, National Association	LOC	8/20/2021
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	11/1/2021
Transportation Revenue	2015E-1	N	U.S. Bank National Association	LOC	8/20/2021
Transportation Revenue	2015E-3	N	Bank of America, N.A.	LOC	9/2/2022
Transportation Revenue	2015E-4	N	PNC Bank, National Association	LOC	9/3/2021
Dedicated Tax Fund	2002B-1	N	Bank of Tokyo Mitsubishi	LOC	3/22/2021
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	2002F	Y	Citibank, N.A.	LOC	10/29/2021
MTA Bridges and Tunnels General Revenue	2003B-1	N	Bank of America, N.A.	LOC	1/21/2022
MTA Bridges and Tunnels General Revenue	2005A	Y	Barclays Bank	LOC	1/24/2024
MTA Bridges and Tunnels General Revenue	2005B-[2]	Y	Citibank, N.A.	LOC	1/23/2021
MTA Bridges and Tunnels General Revenue	2005B-[3]	Y	State Street	LOC	6/26/2023
MTA Bridges and Tunnels General Revenue	2005B-4c	Y	U.S. Bank National Association	LOC	5/26/2022
MTA Bridges and Tunnels General Revenue	2018E	N	Bank of America, N.A.	LOC	12/12/2022

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

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2020 and 2019, classified by type, and the changes in fair value of such derivative instruments from the year ended December 31, 2019 are as follows (in $ millions):

Derivative Instruments - Summary Information as of December 31, 2020

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

Derivative Instruments - Summary Information as of December 31, 2019

Bond Resolution Credit	Underlying Bond Series	Type of Derivative	Cash Flow or Fair Value Hedge	Effective Methodology	Trade/Hedge Association Date	Notional Amount	Fair Value
Cashflow Hedges							
MTA Bridges and Tunnels Senior Revenue Bonds	2002F & 2003B-2 (Citi 2005B)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	6/2/2005	$ 189.300	$ (32.439)
MTA Bridges and Tunnels Senior Revenue Bonds	2005B-2,3,4	Libor Fixed Payer	Cash Flow	Synthetic Instrument	6/2/2005	567.900	(97.316)
MTA Bridges and Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	22.650	(2.699)
MTA Bridges and Tunnels Senior Revenue Bonds	2005C (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	12/5/2016	21.275	(1.280)
MTA Dedicated Tax Fund Bonds	2008A	Libor Fixed Payer	Cash Flow	Synthetic Instrument	3/8/2005	304.000	(44.413)
MTA Transportation Revenue Bonds	2002D-2	Libor Fixed Payer	Cash Flow	Synthetic Instrument	7/11/2002	200.000	(67.381)
MTA Transportation Revenue Bonds	2005D & 2005E	Libor Fixed Payer	Cash Flow	Synthetic Instrument	9/10/2004	350.420	(67.540)
MTA Transportation Revenue Bonds	2012G	Libor Fixed Payer	Cash Flow	Synthetic Instrument	12/12/2007	356.375	(86.689)
MTA Transportation Revenue Bonds	2002G-1 (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	112.730	(7.972)
MTA Transportation Revenue Bonds	2011B (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	84.520	(15.530)
					Total	$ 2,209.170	$ (423.259)

	Changes In Fair Value		Fair Value at December 31, 2020		
	Classification	Amount (in millions)	Classification	Amount (in millions)	Notional (in millions)
Government activities					
Cash Flow hedges:					
Pay-fixed interest rate swaps	Deferred outflow of resources	$(74.820)	Debt	$(498.079)	$2,166.930

Swap Agreements Relating to Synthetic Fixed Rate Debt

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

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

Terms and Fair Values. The terms, fair values and counterparties of the outstanding swaps of MTA and MTA Bridges and Tunnels are reflected in the following tables (as of December 31, 2020).

Metropolitan Transportation Authority						
Related Bonds	**Notional Amount as of 12/31/20**	**Effective Date**	**Maturity Date**	**Terms**	**Counterparty and Ratings(S&P / Moody's / Fitch)**	**Fair Value as of 12/31/20**
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)	$ (72.611)
TRB 2005D & 2005E	250.770	11/02/05	11/01/35	Pay 3.561%; receive 67% 1M LIBOR	UBS AG (A+ / Aa3 / AA-)	(56.362)
TRB 2005E	83.590	11/02/05	11/01/35	Pay 3.561%; receive 67% 1M LIBOR	AIG Financial Products [(1)] (BBB+ / Baa1 / BBB+)	(18.787)
TRB 2012G	355.950	11/15/12	11/01/32	Pay 3.563%; receive 67% 1M LIBOR	JPMorgan Chase Bank, NA (A+ / Aa2 / AA)	(98.732)
DTF 2008A	301.970	03/24/05	11/01/31	Pay 3.3156%; receive 67% 1M LIBOR	Bank of New York Mellon (AA- / Aa2 / AA)	(53.228)
Total	$ 1,192.280					$ (299.720)

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

MTA Bridges and Tunnels						
Related Bonds	Notional Amount as of 12/31/20	Effective Date	Maturity Date	Terms	Counterparty and Ratings (S&P / Moody's / Fitch)	Fair Value as of 12/31/20
TBTA 2002F & 2003B	$ 188.300	07/07/05	01/01/32	Pay 3.076%; receive 67% 1M LIBOR	Citibank, N.A. (A+ / Aa3 / A+)	$ (41.775)
TBTA 2005B-2	188.300	07/07/05	01/01/32	Pay 3.076%; receive 67% 1M LIBOR	JPMorgan Chase Bank, NA (A+ / Aa2 / AA)	(41.775)
TBTA 2005B-3	188.300	07/07/05	01/01/32	Pay 3.076%; receive 67% 1M LIBOR	BNP Paribas North America (A+ / Aa3 / A+)	(41.775)
TBTA 2005B-4	188.300	07/07/05	01/01/32	Pay 3.076%; receive 67% 1M LIBOR	UBS AG (A+ / Aa3 / AA-)	(41.775)
TRB 2002G-1 & 2011B TBTA 2005A & 2001C [2]	110.725 [3]	04/01/16	01/01/30	Pay 3.52%; receive 67% 1M LIBOR	U.S. Bank N.A. (AA- / A1 / AA-)	(15.629) [3]
TRB 2002G-1 & 2011B TBTA 2005A & 2001C [2]	110.725 [3]	04/01/16	01/01/30	Pay 3.52%; receive 67% 1M LIBOR	Wells Fargo Bank, N.A. (A+ / Aa2 / AA-)	(15.630) [3]
Total	$ 974.650					$ (198.359)

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.

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LIBOR: London Interbank Offered Rate
TRB: Transportation Revenue Bonds
DTF: Dedicated Tax Fund Bonds

Risks Associated with the Swap Agreements

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

Credit Risk. The risk that a counterparty becomes insolvent or is otherwise not able to perform its financial obligations. To mitigate the exposure to credit risk, the swap agreements include collateral provisions in the event of downgrades to the swap counterparties' credit ratings. Generally, MTA and MTA Bridges and Tunnels' swap agreements contain netting provisions under which transactions executed with a single counterparty are netted to determine collateral amounts. Collateral may be posted with a third-party custodian in the form of cash, U.S. Treasury securities, or certain Federal agency securities. MTA and MTA Bridges and Tunnels require its counterparties to fully collateralize if ratings fall below certain levels (in general, at the Baa1/BBB+ or Baa2/BBB levels), with partial posting requirements at higher rating levels (details on collateral posting discussed further under "Collateralization/Contingencies"). As of December 31, 2020, all of the valuations were in liability positions to MTA and MTA Bridges and Tunnels; accordingly, no collateral was posted by any of the counterparties.

The following table shows, as of December 31, 2020, 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	$744,250	34.35%
UBS AG	A+	Aa3	AA-	439,070	20.26
The Bank of New York Mellon	AA-	Aa2	AA	301,970	13.94
Citibank, N.A.	A+	Aa3	A+	188,300	8.69
BNP Paribas US Wholesale Holdings, Corp.	A+	Aa3	A+	188,300	8.69
U.S. Bank National Association	AA-	A1	AA-	110,725	5.11
Wells Fargo Bank, N.A.	A+	Aa2	AA-	110,725	5.10
AIG Financial Products Corp.	BBB+	Baa1	BBB+	83,590	3.86
Total				**$2,166,930**	**100.00%**

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

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

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

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

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

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

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

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

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

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

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

MTA Bridges and Tunnels Subordinate Lien		
Counterparty Name	**MTA Bridges and Tunnels**	**Counterparty**
U.S. Bank National Association; Wells Fargo Bank, N.A.	BelowBaa2 (Moody's) or BBB (S&P)*	Below Baa2 (Moody's) or BBB (S&P)**

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

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

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

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

Associated Bond Issue	Bond Maturity Date	Swap Termination Date
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C (swaps with U.S. Bank/Wells Fargo)	January 1, 2032	January 1, 2030
MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2002F (swap with Citibank, N.A.)	November 1, 2032	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2003B (swap with Citibank, N.A.)	January 1, 2033	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A (swaps with U.S. Bank/Wells Fargo and Citibank, N.A.)	November 1, 2041	January 1, 2030 (U.S. Bank/Wells Fargo) January 1, 2032 (Citibank)
MTA Transportation Revenue Variable Rate Bonds, Series 2011B (swaps with U.S. Bank/Wells Fargo)	November 1, 2041	January 1, 2030

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

As of December 31, 2020, the aggregate mid-market valuation of the MTA's swaps subject to collateral posting agreements was $280.6 ; as of this date, the MTA was not subject to collateral posting based on its credit ratings (see further details below).

As of December 31, 2020, the aggregate mid-market valuation of MTA Bridges and Tunnels' swaps subject to collateral posting agreements was $202.6 ; as of this date, MTA Bridges and Tunnels was not subject to collateral posting based on its credit ratings (see further details below).

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

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

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

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

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

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

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

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

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

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

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

MTA (in millions)				
Year Ended December 31, 2020	Variable-Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2021	58.3	44.9	(4.7)	98.5
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)	101.8
2025	70.8	34.8	(3.4)	102.1
2026-2030	431.3	212.4	(12.2)	631.6
2031-2035	620.1	323.7	(3.2)	940.7
2036-2040	78.1	14.9	(0.4)	92.7

MTA Bridges and Tunnels (in millions)				
Year Ended December 31, 2020	Variable-Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2021	26.6	36.0	(6.8)	55.8
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
2026-2030	408.3	116.8	(27.5)	497.6
2031-2035	350.2	10.0	(1.8)	358.4
2036-2040	-	1.5	-	1.5

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 expires in 2022, at which point the MTA has the option of either exercising a fixed-price purchase option for the equipment or returning the equipment to the third-party owner.

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

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

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

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

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

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

On December 17, 2008, MTA terminated the Ambac Assurance Corp. surety bond for the lease transaction that closed on September 25, 2003 and since then MTA has provided short-term U.S. Treasury debt obligations as replacement collateral. As of December 31, 2020, the fair value of total collateral funds was $39.3.

On January 12, 2009, MTA provided a short-term U.S.Treasury debt obligation as additional collateral in addition to the Ambac Assurance Corp. surety bond for the lease transaction that closed on September 29, 2003. From time to time, additional collateral has been required to be added such that the total market value of the securities being held as additional collateral are expected to be sufficient to pay the remainder of the regularly scheduled lease rent payments under the lease. As of December 31, 2020, the fair value of total collateral funds was $55.4.

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 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"). The Balance Leases do not encumber the railroad tracks, which will continue to be used for transportation purposes.

The following ground leases, each with a 99-year term (beginning December 3, 2012), entered into between the MTA, as landlord, and a special purpose entity controlled by Related-Oxford, as Ground Lease tenants, all of which Ground Leases demise the Eastern Rail Yards ("ERY") and were severed from the ERY Balance Lease, dated as of April 10, 2013:

- the Ground Lease demising the Tower A Severed Parcel, also known as 30 Hudson Yards.
- the Ground Lease demising the Tower D Severed Parcel, also known as 15 Hudson Yards.
- the Ground Lease demising the Tower E Severed Parcel, also known as 35 Hudson Yards.
- the Ground Lease demising the Retail Podium Severed Parcel.

- the Ground Lease demising the Retail Pavilion Parcel.

The 99-year West Side Rail Yard ("WRY") Balance Lease (beginning December 3, 2013) between the MTA and a special purpose entity controlled by Related-Oxford demising the WRY and the Severed Parcel Leases to be entered into upon the creation of Severed Parcels that may be severed from the WRY, at the option of the applicable Ground Lease Tenant, upon satisfaction of certain conditions, in order to construct improvements thereon in accordance with the terms of the applicable Severed Parcel Lease.

Both the ERY and WRY Ground Leases were pledged as security for the Series 2016A Hudson Yards Trust Obligations.

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

- the now-terminated ground lease demising Tower C, also known as 10 Hudson Yards, as to which the Ground Lease tenant closed on its exercise of its Fee Conversion Option on August 1, 2016 for which MTA received $120.
- 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 Severed Parcel Ground Leases required Ground Lease Tenants, at their sole cost and expense, to construct the Long Island Railroad Roof ("LIRR Roof") over the Long Island Railroad tracks in the Hudson Rail Yards, which LIRR Roof will serve as the foundation for substantial portions of the buildings and other improvements being constructed pursuant to each Severed Parcel Ground Lease. Each Ground Lease tenant 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 MTA has classified the ERY and WRY Ground Leases as operating leases. If at the inception of the ground leases, the leases meet one or more of the following four criteria, the lease should be classified as a capital lease. Otherwise, it should be classified as an operating lease. The ERY and WRY Ground Leases did not meet one or more of the following criteria:

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

ii. The lease contains a bargain purchase option.

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

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

Minimum rent receipts for ERY and WRY Ground Leases are as follows as of December 31, 2020:

Year	ERY	WRY	Total
2021	9	33	42
2022	9	33	42
2023	10	33	43
2024	10	36	46
2025	10	36	46
Thereafter	3,969	14,280	18,249
Total	**$4,017**	**$14,451**	**$18,468**

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 $1.1 billion. Under the subleases, the lease is apportioned as follows: MTA New York City Transit, 68.7%, MTA, 21%; and MTA Bridges and Tunnels, 10.3%. However, the involved agencies have agreed to sub-sublease space from one another as necessary to satisfy actual occupancy needs. The agencies will be responsible for obligations under the lease based on such actual occupancy percentages. Actual occupancy percentages at December 31, 2020, 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 52.8%, 7.5% and 39.7%, respectively. MTAs' sublease is for a year-to-year term, automatically extended, except upon the giving of a non-extension notice by MTA. The lease is comprised of both operating and capital elements, with the portion of the lease attributable to the land recorded as an operating lease, and the portion of the lease attributable to the building recorded as a capital lease. The total annual rental payments over the initial lease term are $1,602 with rent being abated from the commencement date through June 30, 1999. The office building at 2 Broadway, is principally occupied by MTA New York City Transit, MTA Bridges and Tunnels, MTA Construction and Development, and MTAHQ.

MTA reflected a capital lease obligation, as of December 31, 2020 and 2019, of $241 and $237, respectively. The MTA made rent payments of $28 and $28 for the years ended December 31, 2020 and 2019, 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 2020, the total of the rental payments charged to MTA New York City Transit and MTA Bridges and Tunnels was $6.34 and $2.17 less, respectively, than the lease payment made by MTA on behalf of MTA New York City Transit and MTA Bridges and Tunnels.

The adjusted capital lease for the aforementioned building is being amortized over the remaining life of the lease. The cost of the building and related accumulated amortization at December 31, 2020 and 2019, is as follows (in millions):

	December 31, 2020	December 31, 2019
Capital lease - building	$196	$196
Less accumulated amortization	(99)	(95)
Capital lease - building - net	$97	$101

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 $70.0 and $72.9 for the years ended December 31, 2020 and 2019, respectively.

At December 31, 2020, the future minimum lease payments under non-cancelable leases are as follows (in millions):

Years	Operating	Capital
2021	$ 78	$ 23
2022	85	74
2023	85	18
2024	86	20
2025	87	20
2026–2030	444	114
2031–2035	439	561
2036–2040	272	161
2041–2045	276	178
2046–2050	143	94
Thereafter	-	-
Future minimum lease payments	$ 1,995	1,263
Amount representing interest		(832)
Total present value of capital lease obligations		431
Less current present value of capital lease obligations		4
Noncurrent present value of capital lease obligations		$ 427

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

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

Capital Leases Schedule
For the Year Ended December 31, 2019
(in millions)

Description	December 31, 2018	Increase	Decrease	December 31, 2019
Sumitomo	$ 15	$ -	$ -	$ 15
Met Life	6	-	-	6
Met Life Equity	19	-	-	19
Bank of New York	22	-	-	22
Bank of America	39	3	-	42
Bank of America Equity	16	-	-	16
Sumitomo	27	1	4	24
Met Life Equity	55	3	-	58
Grand Central Terminal & Harlem Hudson Railroad Lines	14	-	1	13
2 Broadway Lease Improvement	177	2	-	179
2 Broadway	57	1	-	58
Total MTA Capital Lease	$ 447	$ 10	$ 5	$ 452
Current Portion Obligations under Capital Lease	4			14
Long Term Portion Obligations under Capital Lease	$ 443			$ 438

9. FUTURE OPTION

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

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

10. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

A summary of activity in estimated liability as computed by actuaries arising from injuries to persons, including employees, and damage to third-party property for the years ended December 31, 2020 and 2019 is presented below (in millions):

	December 31, 2020	December 31, 2019
Balance - beginning of year	$ 4,587	$ 4,254
Activity during the year:		
Current year claims and changes in estimates	520	884
Claims paid	(432)	(551)
Balance - end of year	4,675	4,587
Less current portion	(501)	(501)
Long-term liability	$ 4,174	$ 4,086

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

11. COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

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

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

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

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

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

On June 12, 2017, the MTA entered into a Memorandum of Understanding with ESD and the New York State Division of the Budget (the "Division") whereby the Division agreed that in the event in any given year during the term of the JSA (i) the MTA is required to make a semi-annual deficiency payment to the TIFIA Debt Service Reserve Account, and (ii) the Division has determined that the MTA has incurred an expense that would otherwise have been incurred by the State of New York (the "State Expense"), the Division will consider entering into a cost recovery agreement with the MTA pursuant to subdivision 4 of Section 2975 of the Public Authorities Law (the "PAL") for such year that will provide that in lieu of paying the full assessment pursuant to subdivisions 2 and 3 of Section 2975 of the PAL in any such year, any such assessment shall be reduced by the State Expense.

12. POLLUTION REMEDIATION COST

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

The MTA recognized pollution remediation expenses of $123 and $42 for the years ended December 31, 2020 and 2019, respectively. A summary of the activity in pollution remediation liability at December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Balance at beginning of year	$ 151	$ 139
Current year expenses/changes in estimates	123	42
Current year payments	(122)	(30)
Balance at end of year	152	151
Less current portion	28	31
Long-term liability	$ 124	$ 120

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

13. NON-CURRENT LIABILITIES

Changes in the activity of non-current liabilities for the years ended December 31, 2020 and 2019 are presented below:

	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020
Non-current liabilities:							
Contract retainage payable	$ 406	$ 24	$ -	430	$ 49	$ -	$ 479
Other long-term liabilities	376	-	(4)	372	126	-	498
Total non-current liabilities	**$ 782**	**$ 24**	**$ (4)**	**$ 802**	**$ 175**	**$ -**	**$ 977**

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.

The Coronavirus Aid, Relief and Economic Security Act, also known as 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 is providing approximately $4 billion to MTA. Funding will be provided at a 100 percent Federal share, with no local match required, and is available to support operating, capital and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders. On May 8, 2020, the FTA approved MTA's initial grant application of $3.9 billion. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 million in additional formula grant allocations to MTA for a CARES Act grant total of $4.010 billion. As of December 31, 2020, a total of $4.010 billion has been released to MTA for operating assistance that occurred from January 20, 2020 through July 31, 2020. The MTA has received all CARES Act funding as provided in the first congressional relief package.

15. FUEL HEDGE

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

Counterparty	Cargill	Cargill	Goldman Sachs	Goldman Sachs	Goldman Sachs	Goldman Sachs	Goldman Sachs	Macquarie Energy LLC
Trade Date	1/29/2019	2/28/2019	3/28/2019	4/30/2019	5/28/2019	6/25/2019	7/30/2019	8/27/2019
Effective Date	1/1/2020	2/1/2020	3/1/2020	4/1/2020	5/1/2020	6/1/2020	7/1/2020	8/1/2020
Termination Date	12/31/2020	1/31/2021	2/28/2021	3/31/2021	4/30/2021	5/31/2021	6/30/2021	7/31/2021
Price/Gal	$1.9390	$2.0518	$2.0045	$2.0650	$1.9675	$1.9200	$1.8875	$1.7790
Original Notional Quantity	2,856,014	2,793,123	2,849,714	2,874,889	2,851,286	2,851,258	2,788,533	2,842,790

Counterparty	BOA_ Merrill	Goldman Sachs	Goldman Sachs	BOA_ Merrill	BOA_ Merrill	Goldman Sachs	Cargill	Macquarie Energy LLC
Trade Date	9/30/2019	10/29/2019	11/26/2019	12/30/2019	1/30/2020	2/25/2020	3/24/2020	4/30/2020
Effective Date	9/1/2020	10/1/2020	11/1/2020	12/1/2020	1/1/2021	2/1/2021	3/1/2021	4/1/2021
Termination Date	8/31/2021	9/30/2021	10/31/2021	11/30/2021	12/31/2021	1/31/2022	2/28/2022	3/31/2022
Price/Gal	$1.8075	$1.8420	$1.8600	$1.9040	$1.7100	$1.6750	$1.3473	$1.1800
Original Notional Quantity	2,844,946	2,839,784	2,839,778	2,839,796	2,839,808	2,841,331	2,819,772	2,819,762

Counterparty	Goldman Sachs	BOA_ Merrill	Macquarie Energy LLC	Goldman Sachs	Goldman Sachs	Goldman Sachs	BOA_ Merrill	JPMorgan
Trade Date	5/27/2020	6/30/2020	7/28/2020	8/27/2020	9/29/2020	10/27/2020	11/30/2020	12/29/2020
Effective Date	5/1/2021	6/1/2021	7/1/2021	8/1/2021	9/1/2021	10/1/2021	11/1/2021	12/1/2021
Termination Date	4/30/2022	5/31/2022	6/30/2022	7/31/2022	8/31/2022	9/30/2022	10/31/2021	11/30/2022
Price/Gal	$1.2640	$1.3685	$1.4200	$1.4340	$1.3145	$1.3120	$1.4615	$1.5355
Original Notional Quantity	2,819,768	2,819,748	2,819,761	2,819,736	2,862,960	2,825,162	2,841,038	2,826,765

The monthly settlements are based on the daily prices of the respective commodities whereby MTA will either receive a payment, or make a payment to the various counterparties, depending on the average monthly price of the commodities in relation to the contract prices. At a contract's termination date, the MTA will take delivery of the fuel. As of December 31, 2020, the total outstanding notional value of the ULSD contracts was 52.1 million gallons with a negative fair market value of $3.8. The valuation of each trade was based on discounting future net cash flows to a single current amount (the income approach) using observable commodity futures prices (Level 2 inputs).

16. CONDENSED COMPONENT UNIT INFORMATION

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

December 31, 2020	**MTA**	**Metro - North Railroad**	**Long Island Railroad**	**New York City Transit Authority**	**Triborough Bridge and Tunnel Authority**	**Eliminations**	**Consolidated Total**
Current assets	$ 9,615	$ 242	$ 236	$ 730	$ 1,367	$ (561)	$ 11,629
Capital assets	12,839	5,828	8,844	46,134	7,250	-	80,895
Other Assets	14,346	-	-	-	470	(13,546)	1,270
Intercompany receivables	1,822	191	254	-	32	(2,299)	-
Deferred outflows of resources	1,878	591	692	2,691	565	(216)	6,201
Total assets and deferred outflows of resources	**$ 40,500**	**$ 6,852**	**$ 10,026**	**$ 49,555**	**$ 9,684**	**$ (16,622)**	**$ 99,995**
Current liabilities	$ 4,438	$ 377	$ 341	$ 2,013	$ 837	$ (47)	$ 7,959
Non-current liabilities	44,083	2,361	3,874	23,713	10,654	(197)	84,488
Intercompany payables	1,902	142	119	592	516	(3,271)	-
Deferred inflows of resources	366	204	462	1,413	120	-	2,565
Total liabilities and deferred inflows of resources	**$ 50,789**	**$ 3,084**	**$ 4,796**	**$ 27,731**	**$ 12,127**	**$ (3,515)**	**$ 95,012**
Net investment in capital assets	$ (29,660)	$ 5,814	$ 8,817	$ 45,884	$ 2,466	$ (437)	$ 32,884
Restricted	1,781	-	-	-	589	(433)	1,937
Unrestricted	17,590	(2,046)	(3,587)	(24,060)	(5,498)	(12,237)	(29,838)
Total net position	**$ (10,289)**	**$ 3,768**	**$ 5,230**	**$ 21,824**	**$ (2,443)**	**$ (13,107)**	**$ 4,983**
For the year ended December 31, 2020							
Fare revenue	$ 98	$ 243	$ 272	$ 2,012	$ -	$ -	$ 2,625
Vehicle toll revenue	-	-	-	-	1,640	-	1,640
Rents, freight and other revenue	52	31	34	365	21	(40)	463
Total operating revenue	**150**	**274**	**306**	**2,377**	**1,661**	**(40)**	**4,728**
Total labor expenses	1,230	997	1,230	7,265	255	-	10,977
Total non-labor expenses	437	334	348	1,750	212	(51)	3,030
Depreciation	78	269	414	2,070	180	-	3,011
Total operating expenses	**1,745**	**1,600**	**1,992**	**11,085**	**647**	**(51)**	**17,018**
Operating (deficit) surplus	**(1,595)**	**(1,326)**	**(1,686)**	**(8,708)**	**1,014**	**11**	**(12,290)**
Subsidies and grants	820	255	-	836	9	(678)	1,242
Tax revenue	4,616	-	-	1,721	-	(944)	5,393
Interagency subsidy	451	498	1,991	181	-	(3,121)	-
Interest expense	(1,389)	1	-	(18)	(319)	3	(1,722)
Other	(572)	318	508	2,840	438	795	4,327
Total non-operating revenues (expenses)	**3,926**	**1,072**	**2,499**	**5,560**	**128**	**(3,945)**	**9,240**
Loss before appropriations	2,331	(254)	813	(3,148)	1,142	(3,934)	(3,050)
Appropriations, grants and other receipts externally restricted for capital projects	(268)	562	-	998	(469)	2,759	3,582
Change in net position	2,063	308	813	(2,150)	673	(1,175)	532
Net position, beginning of year	(12,352)	3,460	4,417	23,974	(3,116)	(11,932)	4,451
Net position, end of year	$ (10,289)	$ 3,768	$ 5,230	$ 21,824	$ (2,443)	$ (13,107)	$ 4,983
For the year ended December 31, 2020							
Net cash (used in) / provided by operating activities	$ (1,167)	$ (1,000)	$ (1,118)	$ (5,417)	$ 1,244	$ 275	$ (7,183)
Net cash provided by / (used in) non-capital financing activities	8,909	1,080	1,128	6,484	(499)	(6,429)	10,673
Net cash (used in) / provided by capital and related financing activities	(861)	(94)	(12)	(1,065)	(330)	3,016	654
Net cash provided by / (used in) investing activities	(6,722)	-	-	(31)	(57)	3,138	(3,672)
Cash at beginning of year	312	37	7	49	149	-	554
Cash at end of year	**$ 471**	**$ 23**	**$ 5**	**$ 20**	**$ 507**	**$ -**	**$ 1,026**

December 31, 2019	MTA	Metro-North Railroad	Long Island Railroad	New York City Transit Authority	Triborough Bridge and Tunnel Authority	Eliminations	Consolidated Total
Current assets	$ 6,051	$ 225	$ 228	$ 651	$ 702	$ (53)	$ 7,804
Capital assets	12,160	5,477	7,881	45,323	6,661	-	77,502
Other Assets	12,948	4	-	1	4	(11,904)	1,053
Intercompany receivables	724	90	167	1,372	739	(3,092)	-
Deferred outflows of resources	1,643	426	559	2,323	527	(178)	5,300
Total assets and deferred outflows of resources	**$ 33,526**	**$ 6,222**	**$ 8,835**	**$ 49,670**	**$ 8,633**	**$ (15,227)**	**$ 91,659**
Current liabilities	$ 4,210	$ 306	$ 258	$ 1,974	$ 823	$ (77)	$ 7,494
Non-current liabilities	39,106	2,171	3,771	21,867	10,318	(148)	77,085
Intercompany payables	2,306	140	125	-	499	(3,070)	-
Deferred inflows of resources	256	145	264	1,855	109	-	2,629
Total liabilities and deferred inflows of resources	**$ 45,878**	**$ 2,762**	**$ 4,418**	**$ 25,696**	**$ 11,749**	**$ (3,295)**	**$ 87,208**
Net investment in capital assets	$ (29,362)	$ 5,449	$ 7,853	$ 45,064	$ 2,097	$ 46	$ 31,147
Restricted	1,668	-	-	-	1,169	(857)	1,980
Unrestricted	15,342	(1,989)	(3,436)	(21,090)	(6,382)	(11,121)	(28,676)
Total net position	**$ (12,352)**	**$ 3,460**	**$ 4,417**	**$ 23,974**	**$ (3,116)**	**$ (11,932)**	**$ 4,451**
For the year ended December 31, 2019							
Fare revenue	$ 231	$ 757	$ 769	$ 4,594	$ -	$ -	$ 6,351
Vehicle toll revenue	-	-	-	-	2,071	-	2,071
Rents, freight and other revenue	76	56	40	467	24	(42)	621
Total operating revenue	**307**	**813**	**809**	**5,061**	**2,095**	**(42)**	**9,043**
Total labor expenses	1,215	1,014	1,222	7,309	287	-	11,047
Total non-labor expenses	494	398	397	2,130	247	(40)	3,626
Depreciation	88	242	379	1,994	167	-	2,870
Total operating expenses	**1,797**	**1,654**	**1,998**	**11,433**	**701**	**(40)**	**17,543**
Operating (deficit) surplus	**(1,490)**	**(841)**	**(1,189)**	**(6,372)**	**1,394**	**(2)**	**(8,500)**
Subsidies and grants	1,281	135	-	655	8	(422)	1,657
Tax revenue	5,090	-	-	3,270	159	(2,719)	5,800
Interagency subsidy	779	406	2,061	329	-	(3,575)	-
Interest expense	(1,239)	-	-	(18)	(318)	19	(1,556)
Other	(2,310)	-	-	12	9	2,569	280
Total non-operating revenues (expenses)	**3,601**	**541**	**2,061**	**4,248**	**(142)**	**(4,128)**	**6,181**
Loss before appropriations	2,111	(300)	872	(2,124)	1,252	(4,130)	(2,319)
Appropriations, grants and other receipts externally restricted for capital projects	(3,196)	566	-	3,173	(767)	3,041	2,817
Change in net position	(1,085)	266	872	1,049	485	(1,089)	498
Net position, beginning of the year	(11,267)	3,194	3,545	22,925	(3,601)	(10,843)	3,953
Net position, end of year	$ (12,352)	$ 3,460	$ 4,417	$ 23,974	$ (3,116)	$ (11,932)	$ 4,451
For the year ended December 31, 2019							
Net cash (used in) / provided by operating activities	$ (1,137)	$ (457)	$ (610)	$ (3,527)	$ 1,585	$ (203)	$ (4,349)
Net cash provided by / (used in) non-capital financing activities	6,909	536	653	4,274	(791)	(4,136)	7,445
Net cash (used in) / provided by capital and related financing activities	(4,594)	(68)	(45)	(958)	(530)	4,135	(2,060)
Net cash provided by / (used in) investing activities	(1,296)	-	-	194	(125)	204	(1,023)
Cash at beginning of year	430	26	9	66	10	-	541
Cash at end of year	**$ 312**	**$ 37**	**$ 7**	**$ 49**	**$ 149**	**$ -**	**$ 554**

17. SUBSEQUENT EVENTS

On January 21, 2021, MTA effectuated a mandatory tender and remarketed $187.2 of Triborough Bridge and Tunnel Authority General Revenue Variable Rate Refunding Bonds, Subseries 2005B-2 as $93.600 Subseries 2005B-2a and $93.600 Subseries 2005B-2b because the irrevocable direct-pay Letter of Credit ("LOC") issued by Citibank, N.A. was expiring by its terms. The LOC associated with Subseries 2005B-2 was replaced with an irrevocable direct-pay LOC issued by State Street Bank that will expire on January 21, 2026. The Subseries 2005B-2a and Subseries 2005B-2b bonds will each be supported separately by the LOC issued by State Street Bank.

On January 26, 2021, MTA executed a 2,826,779 gallon ultra-low sulfur diesel fuel hedge at an all-in price of $1.6051/gallon. The hedge covers the period from January 2022 through December 2022.

On February 1, 2021, MTA effectuated a mandatory tender and remarketed $104.7 of Triborough Bridge and Tunnel Authority General Revenue Variable Rate Refunding Bonds, Subseries 2005B-4a because its current interest rate period was expiring by its terms. The Subseries 2005B-4a bonds were remarketed in Term Rate Mode as Secured Overnight Financing Rate ("SOFR") Tender Notes with a purchase date of February 1, 2024, and with an interest rate of 67% of SOFR plus 0.38%.

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

On February 23, 2021, MTA executed a 2,826,759 gallon ultra-low sulfur diesel fuel hedge at an all-in price of $1.7845/gallon. The hedge covers the period from February 2022 through January 2023.

On March 11, 2021, the American Rescue Plan Act of 2021 ("ARP") was signed into law by President Biden. ARP is a $1.9 trillion economic stimulus bill 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. The MTA expects to receive approximately $6.5 billion in aid from the ARP.

On March 18, 2021, MTA effectuated a mandatory tender and remarketed $110.325 of MTA Dedicated Tax Fund Bonds, Subseries 2002B-1. The Subseries 2002B-1 bonds were converted from a Weekly Term Mode to a Fixed Rate Mode.

On March 18, 2021, S&P Global Ratings revised the outlook on MTA's Transportation Revenue Bonds from Negative to Stable, expecting that the substantial amount of additional federal grants the MTA has received or anticipates receiving will allow the MTA to address projected deficits through 2023.

On March 30, 2021, the Federal Highway Administration determined that an Environmental Assessment is the appropriate next step for MTA to implement the Central Business District Tolling Program. This will allow for the final design and construction of the tolling infrastructure to proceed.

On March 31, 2021, MTA executed a 2,826,761 gallon ultra-low sulfur diesel fuel hedge at an all-in price of $1.8072/gallon. The hedge covers the period from March 2022 through February 2023.

MTA effectuated a mandatory tender and remarketed $200.0 MTA Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002D-2 in a Term Rate mode as follows:

Quantity	Subseries	Delivery Date	Purchase Date	Interest Rate
50	2002D-2a-1	March 31,2021	April 1, 2024	67% of SOPR plus 0.55%
100	2002D-2b	April 1, 2021	April 1, 2024	67% of SOPR plus 0.55%
50	2002D-2a-2	April 6, 2021	April 1, 2026	67% of SOPR plus 0.80%

On March 31, 2021, MTA issued $400 of Triborough Bridge and Tunnel Authority General Revenue Bonds, Series 2021A ("the Series 2021A Bonds"). The Series 2021A Bonds were issued to finance bridge and tunnel projects in the MTA Bridges and Tunnels approved Capital Program and to pay certain financing, legal, and miscellaneous expenses. The Series 2021A Bonds are subject to redemption prior to maturity on any date on or after May 15, 2034, at the option of MTA Bridges and Tunnels.

On April 1, 2021, MTA effectuated a mandatory tender and remarketed $66.57 MTA Transportation Revenue Variable Rate Refunding Bonds, Subseries 2020B-1. The Subseries 2020B-1 bonds were converted from a Term Rate Mode to a Weekly Mode. To support the payment of principal and interest on the Subseries 2020B-1 bonds, MTA obtained an irrevocable direct-pay letter of credit.

On April 6, 2021, Moody's Investors Service revised the outlook on MTA's Transportation Revenue Bonds from Negative to Stable, reflecting the expectation that ridership and revenue will recover slowly from the effects of the coronavirus pandemic.

On April 8, 2021, Moody's Investors Service revised the outlook on MTA Triborough Bridges & Tunnels General Revenue and Subordinate Revenue Bonds from Negative to Stable. The rating action was prompted by the significant improvement in MTA's budget flexibility and liquidity position for the next 18 to 24 months, due to MTA's receipt of substantial federal aid for coronavirus relief and recovery.

On April 22, 2021, S&P Global Ratings revised the outlook on MTA Triborough Bridges & Tunnels General Revenue and Subordinate Revenue Bonds from Negative to Stable, as part of its action on U.S. Transportation Infrastructure sector.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

($ in thousands)

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

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

($ in thousands)

	MaBSTOA Plan					
Plan Measurement Date (December 31):	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total pension liability:						
Service cost	$ 89,814	$ 86,979	$ 84,394	$ 82,075	$ 77,045	$ 72,091
Interest	265,454	256,084	246,284	236,722	232,405	223,887
Effect of economic / demographic (gains) or losses	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	(221,221)	(213,827)	(209,122)	(187,823)	(179,928)	(175,447)
Net change in total pension liability	311,810	134,648	139,729	144,758	60,525	118,935
Total pension liability—beginning	3,811,124	3,676,476	3,536,747	3,391,989	3,331,464	3,212,529
Total pension liability—ending (a)	4,122,934	3,811,124	3,676,476	3,536,747	3,391,989	3,331,464
Plan fiduciary net position:						
Employer contributions	206,390	205,433	202,684	220,697	214,881	226,374
Member contributions	23,552	21,955	19,713	18,472	16,321	15,460
Net investment income	447,365	(87,952)	350,186	212,260	(24,163)	105,084
Benefit payments and withdrawals	(221,221)	(213,827)	(209,122)	(187,823)	(179,928)	(175,447)
Administrative expenses	(220)	(196)	(208)	(186)	(88)	(74)
Net change in plan fiduciary net position	455,866	(74,587)	363,253	263,420	27,023	171,397
Plan fiduciary net position—beginning	2,844,402	2,918,989	2,555,736	2,292,316	2,265,293	2,093,896
Plan fiduciary net position—ending (b)	3,300,268	2,844,402	2,918,989	2,555,736	2,292,316	2,265,293
Employer's net pension liability—ending (a)-(b)	$ 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	80.05%	74.63%	79.40%	72.26%	67.58%	68.00%
Covered payroll	$ 786,600	$ 776,200	$ 749,666	$ 716,527	$ 686,674	$ 653,287
Employer's net pension liability as a percentage of covered payroll	104.59%	124.55%	101.04%	136.91%	160.14%	163.20%

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

($ in thousands)

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

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

($ in thousands)

	MTA Defined Benefit Plan					
Plan Measurement Date (December 31):	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total pension liability:						
Service cost	$ 173,095	$ 162,273	$ 148,051	$ 138,215	$ 124,354	$ 121,079
Interest	387,193	358,118	335,679	308,009	288,820	274,411
Effect of economic / demographic (gains) or losses	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	(264,985)	(242,349)	(232,976)	(209,623)	(199,572)	(191,057)
Net change in total pension liability	1,022,196	415,676	310,937	396,931	265,208	206,755
Total pension liability—beginning	5,488,490	5,072,814	4,761,877	4,364,946	4,099,738	3,892,983
Total pension liability—ending (a)	6,510,686	5,488,490	5,072,814	4,761,877	4,364,946	4,099,738
Plan fiduciary net position:						
Employer contributions	344,714	338,967	321,861	280,768	221,694	331,259
Member contributions	31,504	29,902	31,027	29,392	34,519	26,006
Net investment income	651,919	(150,422)	516,153	247,708	(45,122)	102,245
Benefit payments and withdrawals	(264,985)	(242,349)	(232,976)	(209,623)	(199,572)	(191,057)
Administrative expenses	(3,408)	(3,152)	(4,502)	(3,051)	(1,962)	(9,600)
Net change in plan fiduciary net position	759,744	(27,054)	631,563	345,194	9,557	258,853
Plan fiduciary net position—beginning	4,024,480	4,051,534	3,419,971	3,074,777	3,065,220	2,806,367
Plan fiduciary net position—ending (b)	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)	$ 1,726,462	$ 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	73.48%	73.33%	79.87%	71.82%	70.44%	74.77%
Covered payroll	$ 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	84.11%	72.09%	55.00%	75.20%	72.76%	61.59%

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

($ in thousands)

	NYCERS Plan					
Plan Measurement Date:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
MTA's proportion of the net pension liability	24.420%	24.493%	23.682%	24.096%	23.493%	23.585%
MTA's proportionate share of the net pension liability	$ 5,147,445	$ 4,536,510	$ 4,176,941	$ 5,003,811	$ 5,708,052	$ 4,773,787
MTA's actual covered payroll	$ 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	146.456%	113.989%	129.846%	158.616%	186.294%	159.686%
Plan fiduciary net position as a percentage of the total pension liability	76.933%	78.836%	78.826%	74.805%	69.568%	73.125%

	NYSLERS Plan					
Plan Measurement Date:	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	0.346%	0.345%	0.327%	0.311%	0.303%	0.289%
MTA's proportionate share of the net pension liability	$ 91,524	$ 24,472	$ 10,553	$ 29,239	$ 48,557	$ 9,768
MTA's actual covered payroll	$ 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	86.788%	22.400%	10.025%	30.273%	55.386%	11.187%
Plan fiduciary net position as a percentage of the total pension liability	86.392%	96.267%	98.240%	94.703%	90.685%	97.947%

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

($ in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Additional Plan*										
Actuarially Determined Contribution	$ 68,723	$ 62,774	$ 59,196	$ 76,523	$ 83,183	$ 82,382	$ 112,513	$ -	$ -	$ -
Actual Employer Contribution	68,723	62,774	59,500	221,523	151,100	100,000	407,513	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ (304)	$ (145,000)	$ (67,917)	$ (17,618)	$ (295,000)	$ -	$ -	$ -
Covered Payroll	$ 5,174	$ 7,236	$ 13,076	$ 20,500	$ 29,312	$ 39,697	$ 43,267	$ -	$ -	$ -
Contributions as a % of Covered Payroll	1328.26%	867.54%	455.02%	1080.62%	515.49%	251.91%	941.87%	N/A	N/A	N/A
MaBSTOA Plan										
Actuarially Determined Contribution	$ 159,486	$ 209,314	$ 202,509	$ 202,924	$ 220,697	$ 214,881	$ 226,374	$ 234,474	$ 228,918	$ 186,454
Actual Employer Contribution	159,486	206,390	205,434	202,684	220,697	214,881	226,374	234,474	228,918	186,454
Contribution Deficiency (Excess)	$ -	$ 2,924	$ (2,925)	$ 240	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 785,864	$ 786,600	$ 776,200	$ 749,666	$ 716,527	$ 686,674	$ 653,287	$ 582,081	$ 575,989	$ 579,696
Contributions as a % of Covered Payroll	20.29%	26.24%	26.47%	27.04%	30.80%	31.29%	34.65%	40.28%	39.74%	32.16%
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	$ 278	$ 278	$ 268	$ 471	$ 846	$ 1,474	$ 2,274	$ -	$ -	$ -
Contributions as a % of Covered Payroll	0.00%	0.00%	1.87%	0.00%	2.68%	0.96%	0.00%	N/A	N/A	N/A
MTA Defined Benefit Plan*										
Actuarially Determined Contribution	$ 392,921	$ 349,928	$ 331,566	$ 316,916	$ 290,415	$ 273,700	$ 271,523	$ -	$ -	$ -
Actual Employer Contribution	381,849	343,862	339,800	321,861	280,767	221,694	331,259	-	-	-
Contribution Deficiency (Excess)	$ 11,072	$ 6,066	$ (8,234)	$ (4,945)	$ 9,648	$ 52,006	$ (59,736)	$ -	$ -	$ -
Covered Payroll	$ 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	18.62%	16.75%	16.73%	17.33%	15.73%	12.50%	19.72%	N/A	N/A	N/A

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

($ in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NYCERS										
Actuarially Determined Contribution	$ 882,663	$ 952,616	$ 807,097	$ 800,863	$ 797,845	$ 736,212	$ 741,223	$ 736,361	$ 731,983	$ 657,771
Actual Employer Contribution	882,663	952,616	807,097	800,863	797,845	736,212	741,223	736,361	731,983	657,771
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 3,771,577	$ 3,948,283	$ 3,974,494	$ 3,768,885	$ 3,523,993	$ 3,494,907	$ 3,617,087	$ 2,943,195	$ 2,925,834	$ 2,900,630
Contributions as a % of Covered Payroll	23.40%	24.13%	20.31%	21.25%	22.64%	21.07%	20.49%	25.02%	25.02%	22.68%
NYSLERS **										
Actuarially Determined Contribution	$ 14,533	$ 14,851	$ 14,501	$ 13,969	$ 12,980	$ 15,792	$ 13,816	$ -	$ -	$ -
Actual Employer Contribution	14,533	14,851	14,501	13,969	12,980	15,792	13,816	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 102,838	$ 106,913	$ 109,210	$ 103,787	$ 94,801	$ 86,322	$ 84,041	$ -	$ -	$ -
Contributions as a % of Covered Payroll	14.13%	13.89%	13.28%	13.46%	13.69%	18.29%	16.44%	N/A	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, 2019	January 1, 2018	January 1, 2017	January 1, 2016
Measurement Date:	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
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 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.	Period specified in current valuation report (closed 17 year period beginning January 1, 2016) 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%	7.00%	7.00%	7.00%
Investment rate of return :	6.50%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.25%; 3.25%	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%
Cost-of-Living Adjustments:	N/A	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

	Additional Plan (continued)	
Valuation Dates:	January 1, 2015	January 1, 2014
Measurement Date:	December 31, 2015	December 31, 2014
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	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.
Salary increases:	3.00%	3.00%
Actuarial assumptions:		
Discount Rate:	7.00%	7.00%
Investment rate of return :	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. 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.
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.
Post-retirement Disabled Lives:	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%; 3.50%	2.50%; 3.50%
Cost-of-Living Adjustments:	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, 2019	January 1, 2018	January 1, 2017	January 1, 2016
Measurement Date:	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
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:	Varies by years of employment and employment type.	Varies by years of employment and employment type.	Varies by years of employment and employment type.	Varies by years of employment and employment type.
Actuarial assumptions:				
Discount Rate:	6.50%	7.00%	7.00%	7.00%
Investment rate of return :	6.50%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.	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.
Inflation/Railroad Retirement Wage Base:	2.25%	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.35% per annum	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

	MaBSTOA Plan (continued)	
Valuation Dates:	January 1, 2015	January 1, 2014
Measurement Date:	December 31, 2015	December 31, 2014
Actuarial cost method:	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.
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 Market value restart as of 1/1/96, then gains/losses over a 5-year period. Gains/ losses are five-year moving average of market values based on market value of assets.
Salary increases:	Varies by years of employment and employment type.	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%
Investment rate of return :	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.	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.
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.
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.
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%
Cost-of-Living Adjustments:	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, 2019	January 1, 2019	January 1, 2018	January 1, 2017
Measurement Date:	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
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:	4.00%	4.00%	4.00%	4.00%
Investment rate of return :	4.00%, net of investment expenses.	4.00%, net of investment expenses.	4.00%, net of investment expenses.	4.00%, net of investment expenses.
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on 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.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2012 experience study for all MTA plans.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%	2.30%
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, 2016	January 1, 2014
Measurement Date:	December 31, 2015	December 31, 2014
Actuarial cost method:	Unit Credit Cost	Unit Credit Cost
Amortization method:	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.	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	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%	4.50%
Investment rate of return :	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. 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.
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.
Post-retirement Disabled Lives:	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.30%	2.50%
Cost-of-Living Adjustments:	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, 2019	January 1, 2018	January 1, 2017	January 1, 2016
Measurement Date:	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.
Asset Valuation Method:	Actuarial value equals 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:	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.
Actuarial assumptions:				
Discount Rate:	6.50%	7.00%	7.00%	7.00%
Investment rate of return :	6.50%	7.00%	7.00%	7.00%
Mortality:	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	RP-2014 Disabled Annuitant mortality table for males and females	RP-2014 Disabled Annuitant mortality table for males and females	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.
Inflation/Railroad Retirement Wage Base:	2.25%; 3.25%	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%
Cost-of-Living Adjustments:	55% of inflation assumption or 1.325%, if applicable.	55% of inflation assumption or 1.375%, if applicable.	55% of inflation assumption or 1.375%, if applicable.	55% of inflation assumption or 1.375%, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

	MTA Defined Benefit Plan (continued)	
Valuation Dates:	January 1, 2015	January 1, 2014
Measurement Date:	December 31, 2015	December 31, 2014
Actuarial cost method:	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.
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.
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.
Actuarial assumptions:		
Discount Rate:	7.00%	7.00%
Investment rate of return :	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 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.	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.
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.	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%; 3.00%
Cost-of-Living Adjustments:	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

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

	NYCERS Plan (continued)	
Valuation Dates:	June 30, 2014	June 30, 2013
Measurement Date:	June 30, 2016	June 30, 2015
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.
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.
Salary increases:	3% per annum.	3% per annum.
Actuarial assumptions:		
Discount Rate:	7.00%	7.00%
Investment rate of return :	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.
Pre-retirement:	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A
Inflation/Railroad Retirement Wage Base:	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.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

	NYSLERS Plan			
Valuation Dates:	April 1, 2019	April 1, 2018	April 1, 2017	April 1, 2016
Measurement Date:	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Actuarial cost method:	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method
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:	4.20%	3.80%	3.80%	3.80%
Actuarial assumptions:				
Discount Rate:	6.80%	7.00%	7.00%	7.00%
Investment rate of return :	6.80%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018.	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.	Annuitant mortality rates are based on NYSLERS's 2010 experience study of the period April 1, 2005 through March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.
Pre-retirement:	N/A	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.3% per annum.	1.3% per annum.	1.3% per annum.	1.3% per annum.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

	NYSLERS Plan (continued)	
Valuation Dates:	April 1, 2015	April 1, 2014
Measurement Date:	March 31, 2016	March 31, 2015
Actuarial 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.
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.
Salary increases:	3.80%	4.90%
Actuarial assumptions:		
Discount Rate:	7.00%	7.50%
Investment rate of return :	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.
Pre-retirement:	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.70%
Cost-of-Living Adjustments:	1.3% per annum.	1.4% per annum.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Notes to Schedule of MTA's Contributions for All Pension Plans **(concluded)**

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

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

Changes of Benefit Terms:

There were no significant legislative changes in benefit for the June 30, 2019 valuation for the NYCERS plan.

There were no significant legislative changes in benefit for the April 1, 2019 valuation for the NYSLERS plan.

Changes of Assumptions:

There were no significant changes in the economic and demographic used in the June 30, 2019 valuation for the NYCERS plan.

There were no significant changes in the economic and demographic assumptions used in the April 1, 2019 valuation for the NYSLERS plan.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

($ in thousands)

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

Notes to Schedule:

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

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

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

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REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

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

($ in thousands)	**2020**	**2019**	**2018**	**2017**
Actuarially Determined Contribution	N/A	N/A	N/A	N/A
Actual Employer Contribution (1)	$ 391,529	$ 737,297	$ 691,122	$ 650,994
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A
Covered Payroll	$ 6,716,423	$ 6,901,690	$ 6,903,700	$ 5,394,200
Actual Contribution as a Percentage of Covered Payroll	5.83%	10.68%	10.01%	12.07%

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $62,852 and $76,758 for the years ended December 31, 2020 and 2019, respectively.

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

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

Valuation date	July 1, 2019	July 1, 2017	July 1, 2017
Measurement date	December 31, 2019	December 31, 2018	December 31, 2017
Discount rate	2.74%, net of expenses	4.10%, net of expenses	3.44%, net of expenses
Inflation	2.50%	2.50%	2.50%
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.50%	4.50%	4.50%
Investment rate of return	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.

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, 2020

($ in thousands)	Pension Funds			Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Company Plan for Additional Pensions	MaBSTOA Plan	Other Post-employment Benefits Plan	Total
ASSETS:					
Cash	$ 10,702	$ 1,480	$ 8,076	$ -	$ 20,258
Receivables:					
Employee loans	-	-	40,091	-	40,091
Participant and union contributions	-	(6)	-	-	(6)
Investment securities sold	-	2,769	1,902	-	4,671
Accrued interest and dividends	2,712	375	1,351	-	4,438
Other receivables	21,687	97	-	-	21,784
Total receivables	24,399	3,235	43,344	-	70,978
Investments at fair value:					
Investments measured at readily determined fair value	1,376,584	190,331	631,916	-	2,198,831
Investments measured at net asset value	3,603,771	565,577	2,602,933	172	6,772,453
Total investments	4,980,355	755,908	3,234,849	172	8,971,284
Total assets	$ 5,015,456	$ 760,623	$ 3,286,269	$ 172	$ 9,062,520
LIABILITIES:					
Accounts payable and accrued liabilities	$ 5,461	$ 316	$ 1,628	$ -	$ 7,405
Payable for investment securities purchased	3,921	542	4,317	-	8,780
Accrued benefits payable	-	-	19	42	61
Accrued postretirement death benefits (PRDB) payable	-	-	3,360	-	3,360
Accrued 55/25 Additional Members Contribution (AMC) payable	-	-	5,787	-	5,787
Other liabilities	310	43	-	-	353
Total liabilities	9,692	901	15,111	42	25,746
NET POSITION:					
Restricted for pensions	5,005,764	759,722	3,271,158	-	9,036,644
Restricted for postemployment benefits other than pensions	-	-	-	130	130
Total net position	5,005,764	759,722	3,271,158	130	9,036,774
Total liabilities and net position	$ 5,015,456	$ 760,623	$ 3,286,269	$ 172	$ 9,062,520

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

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SUPPLEMENTARY INFORMATION

Pension And Other Employee Benefit Trust Funds
Combining Statement of Fiduciary Net Position as of December 31, 2019

($ in thousands)	Pension Funds: Defined Benefit Pension Plan	Pension Funds: LIRR Company Plan for Additional Pensions	Pension Funds: MaBSTOA Plan	Other Employee Benefit Trust Fund: Other Post-employment Benefits Plan	Total
ASSETS:					
Cash	$ 6,892	$ 1,114	$ 6,494	$ -	$ 14,500
Receivables:					
Employee loans	-	-	40,091	-	40,091
Participant and union contributions	-	20	-	-	20
Investment securities sold	-	104	1,036	-	1,140
Accrued interest and dividends	2,949	477	1,419	20	4,865
Other receivables	2,149	34	-	-	2,183
Total receivables	5,098	635	42,546	20	48,299
Investments at fair value:					
Investments measured at readily determined fair value	999,705	161,583	531,620	-	1,692,908
Investments measured at net asset value	3,780,706	674,413	2,730,290	414,929	7,600,338
Total investments	4,780,411	835,996	3,261,910	414,929	9,293,246
Total assets	$ 4,792,401	$ 837,745	$ 3,310,950	$ 414,949	$ 9,356,045
LIABILITIES:					
Accounts payable and accrued liabilities	4,067	(342)	1,629	-	5,354
Payable for investment securities purchased	3,594	581	3,425	-	7,600
Accrued benefits payable	-	-	19	122	141
Accrued postretirement death benefits (PRDB) payable	-	-	3,360	-	3,360
Accrued 55/25 Additional Members Contribution (AMC) payable	-	-	5,787	-	5,787
Other liabilities	516	69	-	-	585
Total liabilities	8,177	308	14,220	122	22,827
NET POSITION:					
Restricted for pensions	4,784,224	837,437	3,296,730	-	8,918,391
Restricted for postemployment benefits other than pensions	-	-	-	414,827	414,827
Total net position	4,784,224	837,437	3,296,730	414,827	9,333,218
Total liabilities and net position	$ 4,792,401	$ 837,745	$ 3,310,950	$ 414,949	$ 9,356,045

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

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SUPPLEMENTARY INFORMATION

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

($ in thousands)	Pension Funds			Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Additional Plan	MaBSTOA Plan	Other Post-employment Benefit Plan	Total
ADDITIONS:					
Contributions:					
Employer contributions	$ 394,986	$ 68,723	$ 159,486	$ 317,899	$ 941,094
Implicit rate subsidy contribution	-	-	-	69,472	69,472
Member contributions	32,006	141	24,709	-	56,856
Total contributions	426,992	68,864	184,195	387,371	1,067,422
Investment income:					
Net (depreciation) / appreciation in fair value of investments	66,534	2,637	(9,632)	(77,576)	(18,037)
Dividend income	44,575	1,648	29,752	734	76,709
Interest income	11,461	6,536	7,250	119	25,366
Less: Investment expenses	30,526	4,742	13,196	395	48,859
Investment income, net	92,044	6,079	14,174	(77,118)	35,179
Total additions	519,036	74,943	198,369	310,253	1,102,601
DEDUCTIONS:					
Benefit payments and withdrawals	293,603	152,924	223,696	655,269	1,325,492
Implicit rate subsidy payments	-	-	-	69,472	69,472
Transfer to other plans	233	(878)	-	-	(645)
Administrative expenses	3,660	612	245	209	4,726
Total deductions	297,496	152,658	223,941	724,950	1,399,045
Net increase (decrease) in fiduciary net position	221,540	(77,715)	(25,572)	(414,697)	(296,444)
NET POSITION:					
Restricted for Benefits:					
Beginning of year	4,784,224	837,437	3,296,730	414,827	9,333,218
End of year	$ 5,005,764	$ 759,722	$ 3,271,158	$ 130	$ 9,036,774

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

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SUPPLEMENTARY INFORMATION

Pension And Other Employee Benefit Trust Funds
Combining Statement of Changes in Fiduciary Net Position for the year ended December 31, 2019

($ in thousands)	Pension Funds			Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Additional Plan	MaBSTOA Plan	Other Post-employment Benefits Plan	Total
ADDITIONS:					
Contributions:					
Employer contributions	$ 344,714	$ 62,774	$ 206,390	$ 660,539	$ 1,274,417
Implicit rate subsidy contribution	-	-	-	70,138	70,138
Member contributions	31,503	249	23,551	-	55,303
Total contributions	376,217	63,023	229,941	730,677	1,399,858
Investment income:					
Net appreciation in fair value of investments	613,646	106,186	429,459	60,104	1,209,395
Dividend income	48,512	8,309	31,364	5,077	93,262
Interest income	12,628	2,216	10,534	249	25,627
Less: Investment expenses	22,867	3,642	27,530	1,783	55,822
Investment income, net	651,919	113,069	443,827	63,647	1,272,462
Total additions	1,028,136	176,092	673,768	794,324	2,672,320
DEDUCTIONS:					
Benefit payments and withdrawals	264,878	157,254	221,221	660,539	1,303,892
Implicit rate subsidy payments	-	-	-	70,138	70,138
Transfer to other plans	106	-	-	-	106
Administrative expenses	3,408	718	219	200	4,545
Total deductions	268,392	157,972	221,440	730,877	1,378,681
Net increase in fiduciary net position	759,744	18,120	452,328	63,447	1,293,639
NET POSITION:					
Restricted for Benefits:					
Beginning of year	4,024,480	819,317	2,844,402	351,380	8,039,579
End of year	$ 4,784,224	$ 837,437	$ 3,296,730	$ 414,827	$ 9,333,218

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

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION
SCHEDULE OF CONSOLIDATED RECONCILIATION BETWEEN FINANCIAL PLAN AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020
($ in millions)

Category	Financial Plan Actual	Statement GAAP Actual	Variance
REVENUE:			
Farebox revenue	$ 2,393	$ 2,625	$ 232
Vehicle toll revenue	1,419	$ 1,640	221
Other operating revenue	4,628	463	(4,165)
Total revenue	8,440	4,728	(3,712)
OPERATING EXPENSES:			
Labor:			
Payroll	5,405	5,326	(79)
Overtime	999	920	(79)
Health and welfare	1,405	1,236	(169)
Pensions	1,295	1,436	141
Other fringe benefits	992	788	(204)
Postemployment benefits	2,299	1,677	(622)
Reimbursable overhead	(370)	(406)	(36)
Total labor expenses	12,025	10,977	(1,048)
Non-labor:			
Electric power	398	385	(13)
Fuel	121	103	(18)
Insurance	19	(5)	(24)
Claims	387	237	(150)
Paratransit service contracts	359	326	(33)
Maintenance and other	866	730	(136)
Professional service contract	683	438	(245)
Pollution remediation project costs	6	123	117
Materials and supplies	606	543	(63)
Other business expenses	215	150	(65)
Total non-labor expenses	3,660	3,030	(630)
Depreciation	2,849	3,011	162
Other expenses adjustment	94	-	(94)
Total operating expenses	18,628	17,018	(1,610)
NET OPERATING LOSS	$ (10,188)	$ (12,290)	$ (2,102)

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

SCHEDULE OF CONSOLIDATED SUBSIDY ACCRUAL RECONCILIATION BETWEEN FINANCIAL PLAN AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

($ in millions)

Accrued Subsidies	Financial Plan Actual	Financial Statement GAAP Actual	Variance	
Mass transportation operating assistance	$ 1,416	$ 1,564	$ 148	{1}
Mass transit trust fund subsidies	502	562	60	{1}
Mortgage recording tax 1 and 2	390	465	75	{1}
MRT transfer	(6)	(13)	(7)	{1}
Urban tax	326	353	27	{1}
State and local operating assistance	248	332	84	{1}
Station maintenance	178	174	(4)	{1}
Connecticut Department of Transportation (CDOT)	291	256	(35)	{1}
Subsidy from New York City for MTA Bus and SIRTOA	478	378	(100)	{1}
Build American Bonds Subsidy	-	89	89	{1}
Mobility tax	1,892	2,009	117	{1}
Assistance Fund (For hire vehicle)	235	200	(35)	{1}
Real Property Transfer Tax Surcharge (Mansion Tax)	180	180	-	{1}
Internet Marketplace Tax	244	260	16	{1}
Transfer to Central Business District Capital Lockbox	(424)	-	424	{1}
Other non-operating income	(4)	143	147	{2}
Federal Transit Administration reimbursement related to CARES Act	-	4,010	4,010	{2}
Total accrued subsidies	5,946	10,962	5,016	
Net operating deficit before subsidies and debt service	(10,188)	(12,290)	(2,102)	
Debt Service	(2,734)	(1,722)	1,012	
Conversion to Cash basis: Depreciation	2,849	-	(2,849)	
Conversion to Cash basis: OPEB Obligation	1,607	-	(1,607)	
Conversion to Cash basis: GASB 68 pension adjustment	(237)	-	237	
Conversion to Cash basis: Pollution & Remediation	6	-	(6)	
Total net operating surplus/(deficit) before appropriations, grants and other receipts restricted for capital projects	$ (2,751)	$ (3,050)	$ (299)	

{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} The Financial Plan records do not include other non-operating subsidy or expense for the refunding of NYS Service Contract Bonds.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION
SCHEDULE OF FINANCIAL PLAN TO FINANCIAL STATEMENTS RECONCILIATION
RECONCILING ITEMS
FOR THE YEAR ENDED DECEMBER 31, 2020
($ in millions)

Financial Plan Actual Operating Loss at December 31, 2020			**$ (10,188)**
The Financial Plan Actual Includes:			
1	Lower operating revenues		453
2	Higher other operating revenues primarily from CARES Act funding, which is reported in the Financial Statements as non-operating revenues as per GASB guidance.		(4,165)
3	Higher labor expense primarily from higher OPEB expense projections,		1,048
4	Higher non-labor expense primarily from higher professional service contracts		630
5	Other expense adjustments		(68)
Total operating reconciling items			**(2,102)**
Financial Statements Operating Loss at December 31, 2020			**(12,290)**
Financial Plan Deficit after Subsidies and Debt Service			**(2,751)**
The Financial Plan Actual Includes:			
1	Debt service bond principal payments		1,012
2	Adjustments for non-cash liabilities:		
	Depreciation	(2,849)	
	Unfunded OPEB expense	(1,607)	
	Unfunded GASB No. 68 pension adjustment	237	
	Other non-cash liability adjustment	(6)	(4,225)
The Financial Statement includes:			
3	Higher subsidies and other non-operating revenues and expenses		5,016
4	Total operating reconciling items (from above)		(2,102)
Financial Statement Loss Before Capital Appropriations			**$ (3,050)**

DRAFT

New York City Transit Authority

(Component Unit of the Metropolitan Transportation Authority)

Financial Statements as of and for the Years Ended December 31, 2020 and 2019, Required Supplementary Information, and Independent Auditors’ Report

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

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FINANCIAL REPORTING ENTITY

The New York City Transit Authority (NYCTA) and its component unit, Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA) (collectively, the Authority) are public benefit corporations established pursuant to the New York State (the State) Public Authorities Law, to operate public subway, bus and paratransit services within The City of New York (The City). The Authority is a component unit of the Metropolitan Transportation Authority (MTA), which is a component unit of the State, and whose mission is to continue, develop and improve public transportation and to develop and implement a unified public transportation policy in the New York Metropolitan area.

The Reporting entity includes:

(1) the Primary Government which is comprised of NYCTA, a special purpose government, and its blended Component Unit MaBSTOA, together providing transportation services to New York City. The Primary Government engages in Business-Type Activities.

(2) a Fiduciary Fund comprised of the MaBSTOA Pension Plan.

The financial results of the Primary Government are reported as consolidated financial statements.

OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction to the Annual Report:

This annual report consists of five parts: Management's Discussion and Analysis, Consolidated Financial Statements, Fiduciary Fund Financial Statements, Notes to the Consolidated Financial Statements, and Required Supplementary Information.

Management's Discussion and Analysis:

The following is a narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2020 and 2019. This management discussion and analysis (MD&A) is intended to serve as an introduction to the Authority's basic consolidated financial statements. It provides an assessment of how the Authority's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the consolidated financial statements described below.

The Consolidated Financial Statements:

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

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

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

The Fiduciary Fund Financial Statements:

The Fiduciary fund is used to account for resources held in a trustee capacity for the benefit of parties outside of a government entity. The Fiduciary fund is not reported in the Authority's financial statements because the resources of that fund are not available to support Authority's own programs. The fiduciary fund is reported as a Pension Fund.

The Statement of Fiduciary Net Position presents financial information about the assets, liabilities, and the fiduciary net position held in trust of the fiduciary fund of the Authority.

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

The Notes to the Consolidated Financial Statements:

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

Required Supplementation Information:

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

CONDENSED FINANCIAL INFORMATION

All amounts are in millions, except as noted.

The following sections will discuss the significant changes in the Authority's financial position for the years ended December 31, 2020 and 2019. Additionally, an examination of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, summaries of the consolidated financial statements and the various exhibits presented conform to the Authority's consolidated financial statements, which are presented in accordance with generally accepted accounting principles in the United States of America.

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

(In millions)	2020	2019	2018	Increase/(Decrease) 2020-2019	Increase/(Decrease) 2019-2018
Capital assets	$72,830	$69,980	$66,465	$ 2,850	$ 3,515
Accumulated depreciation	(26,696)	(24,657)	(23,270)	(2,039)	(1,387)
Capital assets, net of accumulated depreciation	46,134	45,323	43,195	811	2,128
Other assets	730	2,024	2,260	(1,294)	(236)
Total assets	46,864	47,347	45,455	(483)	1,892
Deferred outflows of resources	2,691	2,323	1,738	368	585
Total assets and deferred outflows of resources	$49,555	$49,670	$47,193	$ (115)	$ 2,477

The Authority's capital assets totaled $72,830 at December 31, 2020. Of the total, depots, yards, signals, and stations were 49.9%, subway cars and buses accounted for 17.2% and track and structures were 20.9%. These gross capital assets exclude significant infrastructure assets such as tunnels and elevated structures, which are assets owned by The City. More detailed information about the Authority's capital assets is presented in Note 5 to the consolidated financial statements.

Significant changes in assets and deferred outflows of resources include:

December 31, 2020 versus 2019

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

Other assets decreased by $1,294 or 63.9% compared with the prior year. This decrease was mostly due to a decrease in receivables from the MTA for the purchase of capital assets of $730 as funds were used by the MTA to pay for the Authority's capital purchases, and a decrease in due from MTA and constituent authorities of $467 as a result of an increase in net working capital loans from the MTA.

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

December 31, 2019 versus 2018

Capital assets increased from December 31, 2018 to December 31, 2019 by $3,515 or 5.3%. This increase was primarily due to station rehabilitation work of $1,575, signals work of $764, and track and structure of

$711. Accumulated depreciation has increased by $1,387, or 6.0%, due to annual depreciation expense of $1,994, partly offset by normal retirements of $607.

Other assets decreased by $236 or 10.4% compared with the prior year. This decrease was mostly due to a decrease in MTA investment pool of $184 related to operational work requirement, a decrease in receivables from the MTA for the purchase of capital assets of $72, partly offset by an increase in billed and unbilled charges due from New York City of $41 due to timing of payment at year-end related to paratransit reimbursement.

Deferred outflows of resources increased $585 or 33.7% compared with the prior year. The net increase was due to an increase of $614 related to pensions based upon the most recent actuarial valuation report in accordance with GASB Statements No. 68, *Accounting and Financial Reporting for Pensions,* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date,* offset by a decrease of $28 related to OPEB, also based upon the most recent actuarial valuation report in accordance with GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Refer to Note 6 and 7 to the consolidated financial statements for more information regarding the Authority's pensions and postemployment benefits other than pension, respectively.

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

				Increase/(Decrease)	
(In millions)	**2020**	**2019**	**2018**	**2020-2019**	**2019-2018**
Current liabilities	$ 2,605	$ 1,974	$ 1,900	$ 631	$ 74
Long-term liabilities	23,713	21,867	21,609	1,846	258
Total liabilities	26,318	23,841	23,509	2,477	332
Deferred inflows of resources	1,413	1,855	759	(442)	1,096
Total liabilities and deferred inflows of resources	$ 27,731	$ 25,696	$24,268	$ 2,035	$1,428

At the end of 2020, the Authority's liabilities consisted primarily of employee fringe benefit-related liabilities (for retirement, health and other benefits) of 58.2%, net pension liability of 21.7%, and injuries to persons (public liability and workers' compensation) of 12.9%. Included in the employee fringe benefit-related liabilities was $14,507 of post-employment benefits other than pensions.

Significant changes in liabilities and deferred inflows of resources include:

December 31, 2020 versus 2019

Liabilities increased from December 31, 2019 to December 31, 2020 by $2,477 or 10.4%. Current liabilities increased by $631, or 32.0%, and long-term liabilities increased by $1,846 or 8.4%.

The net increase in current liabilities was mainly due to an increase in payable to MTA and constituent authorities of $593, as a result of increased net working capital loans from the MTA, and an increase in salaries, wages and payroll taxes of $101, due to higher employer social security taxes accrual in 2020, as payments are due in 2021 under the payroll tax deferral relief offered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The increase in current liabilities was partially offset by a decrease in unredeemed farecards and tokens liabilities of $73, due to the significant decrease in ridership and MetroCard usage in 2020 as a result of the novel coronavirus (COVID-19) pandemic.

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

Deferred inflows of resources decreased by $442 or 23.8% compared with prior year. The decrease was due to a decrease of $299 related to pensions based upon the most current actuarial valuation report in accordance with GASB Statements No. 68 and GASB No. 71, and a decrease of $143 related to OPEB based upon the most current actuarial valuation report in accordance with GASB Statement No. 75. Refer to Notes 6 and 7 to the consolidated financial statements for more information regarding the Authority's pensions and postemployment benefits other than pension, respectively.

December 31, 2019 versus 2018

Liabilities increased from December 31, 2018 to December 31, 2019 by $332 or 1.4%. Current liabilities increased by $74, or 3.9%, and long-term liabilities increased by $258 or 1.2%.

The net increase in current liabilities was mainly due to higher salaries, wages and payroll taxes of $24, due to general salary increases and retroactive wage reserves, an increase in estimated liability arising from injuries to persons of $23, based upon an updated actuarial valuation, and an increase in revenue advances of $17 mainly related to the prepayment of school fare reimbursement from The City.

The net increase in long-term liabilities was primarily due to the addition of $546 of net pension liability, a $204 increase in the estimated liability arising from injuries to persons, and a decrease in net OPEB liability of $503, based upon the most current actuarial valuations.

Deferred inflows of resources increased by $1,096 or 144.4% compared with prior year. The increase was due to an increase of $1,053 related to OPEB based upon the most current actuarial valuation report in accordance with GASB Statement No. 75, and an increase of $43 related to pensions based upon the most current actuarial valuation report in accordance with GASB Statements No. 68 and GASB No. 71. Refer to Notes 6 and 7 to the consolidated financial statements for more information regarding the Authority's pensions and postemployment benefits other than pension, respectively.

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

				Increase/(Decrease)	
(In millions)	**2020**	**2019**	**2018**	**2020-2019**	**2019-2018**
Net investment in capital assets	$ 45,884	$ 45,064	$ 43,018	$ 820	$ 2,046
Unrestricted	(24,060)	(21,090)	(20,093)	(2,970)	(997)
Total net position	$ 21,824	$ 23,974	$ 22,925	$ (2,150)	$ 1,049

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of three components: net investment in capital assets, restricted and unrestricted. Net investment in capital assets include capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. All other net position are unrestricted.

December 31, 2020 versus 2019

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

December 31, 2019 versus 2018

Total net position was $23,974 at the end of 2019, a net increase of $1,049, or 4.6% from the end of 2018. The net increase was primarily due to an operating loss of $6,372 offset by net nonoperating income of $4,248 and capital contributions from the MTA of $3,173.

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

(In millions)	Year Ended December 31, 2020	2019	2018	Increase/(Decrease) 2020-2019	2019-2018
Operating revenues	$ 2,377	$ 5,061	$ 4,893	$ (2,684)	$ 168
Operating expenses	(11,086)	(11,433)	(10,804)	347	(629)
Operating loss	(8,709)	(6,372)	(5,911)	(2,337)	(461)
Nonoperating revenues (expenses):					
Subsidies: New York State and The City of New York	2,558	3,920	4,072	(1,362)	(152)
Triborough Bridge and Tunnel Authority	181	334	290	(153)	44
Federal Transit Administration CARES Act reimbursement	2,831	-	-	2,831	-
Interest expense	(18)	(18)	(17)		(1)
Other nonoperating revenue/(expenses)	9	12	10	(3)	2
Loss on disposal of subway cars	-	-	(125)	-	125
Total nonoperating revenues (expenses)	5,561	4,248	4,230	1,313	18
Loss before capital contributions	(3,148)	(2,124)	(1,681)	(1,024)	(443)
Capital contributions	998	3,173	2,652	(2,175)	521
Change in net position	(2,150)	1,049	971	(3,199)	78
Net position — beginning of year	23,974	22,925	21,148	1,049	1,777
Restatement of beginning net position — adoption of GASB No. 75	-	-	806	-	(806)
Net position — end of year	$ 21,824	$ 23,974	$ 22,925	$ (2,150)	$ 1,049

Revenue from Fares/Ridership

(In millions)	**2020**	**2019**	**2018**	**Increase/(Decrease) 2020-2019**	**Increase/(Decrease) 2019-2018**
Subway revenue	$1,530	$3,570	$3,427	$(2,040)	$ 143
Bus revenue	386	936	929	(550)	7
Expired fare media revenue	90	64	70	26	(6)
Paratransit revenue	5	23	21	(18)	2
Total revenue from fares	$2,011	$4,593	$4,447	$(2,582)	$ 146
Total ridership (millions)	856	2,266	2,259	(1,410)	7
Non-student average fare	$ 2.34	$ 2.09	$ 2.03	$ 0.25	$ 0.06

2020 versus 2019

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

2019 versus 2018

Total revenue from fares was $4,593 in 2019, an increase of $146, or 3.3%, due mostly to the March 2019 fare increase. Total ridership was 2,266, a slight increase of 7, or 0.3% from 2018.

Operating Expenses, by Major Function

(In millions)	2020	2019	2018	Increase/(Decrease) 2020-2019	Increase/(Decrease) 2019-2018
Salaries and wages	$ 4,059	$ 4,082	$ 4,107	$ (23)	$ (25)
Health and welfare	901	923	836	(22)	87
Pensions	929	1,042	599	(113)	443
Other fringe benefits	416	458	489	(42)	(31)
Reimbursed overhead expenses	(211)	(295)	(347)	84	52
Postemployment benefits other than pensions	1,171	1,099	1,170	72	(71)
Electric Power	240	278	301	(38)	(23)
Fuel	59	107	112	(48)	(5)
Insurance	76	70	67	6	3
Public liability claims	112	255	226	(143)	29
Paratransit service contracts	326	477	455	(151)	22
Maintenance and other operating contracts	334	284	234	50	50
Professional service contracts	146	191	197	(45)	(6)
Pollution remediation projects	116	28	84	88	(56)
Materials and supplies	292	342	353	(50)	(11)
Depreciation	2,070	1,994	1,833	76	161
Other expenses	50	98	88	(48)	10
Total operating expenses	$ 11,086	$ 11,433	$ 10,804	$ (347)	$ 629

2020 versus 2019

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

- Salaries and wages were lower than 2019 by $23 or 0.6%. Payroll decreased by $5, or 0.2%, mainly due to a decrease in headcount as a result of retirements and the professional employee hiring freeze and constrained hiring of operating and maintenance positions. Overtime expenses decreased by $18, or 3.0%, due a decrease in basic inspections as a result of COVID-19 pandemic service reductions.

- Health and welfare expenses decreased by $22, or 2.4%, due primarily to a decrease in health and hospital claims related to higher vacancies.

- Pension expenses decreased by $113, or 10.8%, based on the most current actuarial valuation.

- Other fringe benefit expenses decreased by $42, or 9.2%, due primarily to lower workers' compensation reserve requirements from 2019, based upon a current actuarial valuation.

- Post-employment benefits other than pensions increased by $72, or 6.6%, based on the most current actuarial valuation.

- Electric power expenses decreased by $38, or 13.7%, due to lower consumption resulting from a decrease in transit services due to the COVID-19 pandemic.

- Public liability claims expenses decreased by $143, or 56.1%%, based on the most current actuarial valuation update, reflecting lower claims activity due to reduced risk of much lower ridership.

- Paratransit service contract expenses decreased by $151 or 3.2%, due to lower trips and support costs as a result of the COVID-19 pandemic travel restrictions.

- Maintenance and other operating contracts increased by $50, or 17.6%, mainly due to COVID-19 pandemic response measures, which included intensifying disinfecting operations and cleaning its fleet of cars and buses every night.

- Professional service contracts decreased by $45, or 23.6%, largely due to a reduction in consultants contracts related to the Subway Action Plan (SAP) for studies completed in 2019 and a decrease in inspection & testing service contracts due to the decrease in transit services as a result of COVID-19 pandemic.

- Pollution remediation project expenses significantly increased to $116 versus $28 in 2019, due to the identification of additional areas of exposure requiring environmental remediation in 2020.

- Materials and supplies decreased by $50 or 14.6%, primarily due to reduced normal maintenance activities as result of a decrease in transit services due to the COVID-19 pandemic.

- Depreciation expenses increase by $76, or 3.8%, due to additional capital projects reaching substantial completion and starting depreciation.

2019 versus 2018

Total operating expenses increased by $629 or 5.8% compared to 2018 as follows:

- Salaries and wages were lower than 2018 by $25 or 0.6%. Payroll increased by $60, or 1.7%, mainly due to general wage increases. Overtime expenses decreased by $84, or 12.3%, due mostly to a reduction of emergency requirements related to Subway Action Plan.

- Health and welfare expenses increased by $87, or 10.4%, due primarily to an increase in health and hospital claims.

- Pension expenses increased by $443, or 74.0%, based on the most current actuarial valuation, including adjustment to the New York City Employees' Retirement System (NYCERS) census data recognized as pension expense in 2019.

- Other fringe benefit expenses decreased by $31, or 6.3%, due primarily to lower workers' compensation medical reserve requirements from 2018, based upon a current actuarial valuation.

- Post-employment benefits other than pensions decreased by $71, or 6.1%, based on the most current actuarial valuation.

- Electric power expenses decreased by $23, or 7.6% due to lower prices.

- Public liability claims expenses increased by $29, or 12.8%, based on the most current actuarial valuation update, which reflected the increase in major claims.

- Paratransit service contract expenses increased by $22 or 4.8%, due to continued growth in trips.

- Maintenance and other operating contracts increased by $50 or 21.4%, mainly due to Subways Deep Cleaning initiatives and purchases related to paratransit projects.

- Pollution remediation project expenses significantly decreased to $28 compared to $84 in 2018, due to a decrease in new areas of exposure requiring environmental remediation in 2019.

- Depreciation expenses increase by $161, or 8.8%, due to additional capital projects reaching substantial completion and starting depreciation.

Nonoperating Revenues and Expenses

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

In 2020, nonoperating revenues also included operating assistance from the Federal government in response to the economic fallout of the COVID-19 pandemic known as the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). More detailed information about the CARES Act is presented in Note 17 to the consolidated financial statements.

Operating assistance subsidies from New York State and The City have decreased compared to 2019 due to the COVID-19 pandemic resulting in lower levels of tax supported subsidies.

The Triborough Bridge & Tunnel Authority (TBTA), another affiliate of the MTA, distributes to the Authority, each year, funds that vary based upon its operating surplus. The amount distributed decreased compared to 2019 due to decrease in TBTA's toll revenue as a result of COVID-19 pandemic.

Capital contributions from the MTA of $998 in 2020 and $3,173 in 2019, represent capital program funding from several sources including bonds, Federal, State and City funding.

Changes in Net Position

The change in net position represents the net total of capital contributions, operating losses and nonoperating income. The net position decreased by $2,150 in 2020.

Budget Highlights

Total operating revenues in 2020 of $2,377 (excluding CARES Act Recovery receipts of $2,831), were lower than budget by $2,789, or 54%. Total revenue from fares underran budget by $2,686, or 57%, which included subway revenue lower by $2,109, or 58%, and bus revenue lower by $570, or 60%. Similarly, paratransit revenues underran the budget by $19, or 77%. These results reflect a drastic reduction in ridership due to the impact of the COVID-19 pandemic including the New York State On PAUSE executive order on travel restrictions. Unfavorable farebox revenues were partially offset by fare media liability that overran the budget by $11, or 14%. Other operating revenues (excluding CARES Act Recovery receipts of $2,831) were lower than budget by $104, or 22%, due to lower advertising revenue and paratransit reimbursements.

Total operating expenses in 2020 of $11,086 were lower than budget by $208, or 1.9%. Labor-related expenses of $7,265 underran the budget (including GASB 68 & GASB 75 adjustments to pensions and OPEB, respectively) by $663, or 8%. This result was due primarily to health & welfare and OPEB expenses lower than budget by $822, or 28%. Favorable rates, prescription drug contract rebates, lower medical utilization, and vacancy savings resulted in underruns. Vacancies also caused payroll underruns of $88, or 2%, and favorable Worker's Compensation reserve adjustments caused underruns in other fringe benefits of $100, or 19%. Partial offsets occurred in Pension expenses, which were $207, or 29% over budget due to adjustments per the latest GASB 68 actuarial valuation. Overtime expenses were also higher than budget by $75, or 15%, caused primarily by COVID-19 response measures. Reimbursable overhead also overran the budget by $66, or 24% reflecting lower (unfavorable) reimbursable project requirements.

Non-labor expenses underran the budget by $429, or 21%. Paratransit service contracts were lower by $162, or 33%, principally due to fewer trips and lower support costs caused by the pandemic. Claims expense for public liability underran the budget by $117, 51%, reflecting lower reserve requirements based on reduced claims activity due to reduced risk of much lower ridership. Electric power underran budget by$55, or 19%, due to lower consumption resulting from the essential service plan in response to the pandemic and favorable rates. Similarly, fuel was $43 lower, or 42%. Materials and supplies were lower by $41, or 12%, primarily reflecting reduced maintenance activity and favorable timing of vehicle materials expense. Other business expenses were lower than budget by $37, or 43% resulting from reduced card fees due to lower ridership, and professional service contract expenses were favorable by $37, or 20%, largely resulting from underruns in IT services and outside services. Maintenance contract expense provided a partial offset to broad favorability with results higher than budget by $59, or 22%, due to unbudgeted COVID-19 response measures.

OVERALL FINANCIAL POSITION, RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Results of Operations and Overall Financial Position

Total revenue from fares was $2,011 in 2020, a decrease of $2,582 or 56.2%% from 2019. Total ridership was 856 million, a decrease of 1,410 or 62.2% from 2019. Total operating expenses, including depreciation, other post-employment benefits and environmental remediation expenses, were $11,086 in 2020, a decrease of $347 or 3.0%.

Going forward, the stability of the Authority's financial position is subject to certain risks, requiring the efficient management of costs, including the establishment of new cost reduction programs, in order to counteract any adverse impacts to revenue streams or cost increases.

Economic Conditions

Metropolitan New York is the most transit-intensive region in the United States, and a financially sound and reliable transportation system is critical to the region's economic well-being. New York City Transit (NYCT) consists of urban subway and bus systems, including paratransit services.

Preliminary NYCT system-wide utilization in 2020 decreased by a net 1,410 million trips, or 62% relative to 2019, reflecting a decrease in Subway ridership of 1,058 million trips, or 62%, and a decrease in Bus ridership of 348 million trips, or 63%. A drastic reduction in all system-wide ridership in 2020 reflects the impact of the COVID-19 pandemic including the New York State On PAUSE executive order on travel restrictions. This result followed 2019, a year which saw a significant Subway ridership turnaround, after three consecutive years of declining ridership, despite a fare increase in March 2019. Leadership attributed the increase to the major improvement in subway service quality, notably, significantly improved on-time performance and a reduction in service disruptions following completion of major Subway Action Plan initiatives by year-end 2019. The decline in bus ridership had been consistent with a trend that began in 2009 and has been observed nationally, mainly due to trips shifting to for-hire vehicles and increases in fare evasion. 2020 Paratransit ridership decreased by 3.8 million trips, or 35% from 2019, also primarily reflecting the impact of COVID-19.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was lower in 2020 than in 2019 by 615.3 thousand jobs (13.1%). On a quarter-to-quarter basis, New York City employment gained 60.9 thousand jobs (1.5%), the second consecutive quarterly increase after the increase of 209.9 thousand jobs (5.5%) during the third quarter, which preceded the steep decline of 888.8 thousand jobs (19.0%) during the second quarter of 2020.

National economic growth, as measured by Real Gross Domestic Product (RGDP), increased at an annualized rate of 4.3% in the fourth quarter of 2020, according to the most recent advance estimate released by the Bureau of Economic Analysis; in the third quarter, the revised RGDP increased 33.4 percent. The increase in fourth quarter GDP reflected increases in exports, residential and nonresidential fixed investment, personal consumption expenditures, and private inventory investment. These increases were partially offset by decreases in state and local government spending, as well as in federal government spending due to fewer fees paid to administer Paycheck Protection Program loans. Imports, which are a subtraction in the calculation of GDP, increased. The increase in personal consumer expenditures reflected increases in services, led by health care. The increase in exports primarily reflected an increase in goods led by industrial supplies and materials. The increase in residential fixed investment primarily reflected an increase in single family units. The increase in nonresidential fixed investment primarily reflected an increase in equipment, led by transportation equipment. The increase in private inventory investment primarily reflected an increase in manufacturing of both durable and non-durable goods.

The New York City metropolitan area's price inflation, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), was higher than the national average in the fourth quarter of 2020, with the metropolitan area index increasing 1.58% while the national index increased 1.24%, when compared with the fourth quarter of 2019. Regional prices for energy products declined 6.79%, while the national price of energy products declined 8.54%. In the metropolitan area, the CPI-U exclusive of energy products increased by 2.05%, while nationally, inflation exclusive of energy products increased 1.95%. The spot price for New York Harbor conventional gasoline decreased even further, by 27.4%, from an average price of $1.72 per gallon to an average price of $1.25 per gallon between the fourth quarters of 2019 and 2020.

The Federal Open Market Committee (FOMC) has left unchanged its target for the Federal Funds rate in the 0.00% to 0.25% range since its last rate reduction on March 15, 2020. The Federal Reserve remains committed to using its full range of fiscal tools to support the U.S. economy during the challenging time brought on by the COVID-19 pandemic by continuing to promote its maximum employment and price stability goals. Economic activity and employment have continued to recover but remain well below levels from the first couple of months of 2020, with weaker demand and earlier declines in oil prices having held down consumer price inflation. Overall financial conditions remained accommodative at the end of 2020, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses. The path of the economy depends significantly on the course of the virus as the ongoing public health crisis has continued to weigh on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term. The FOMC seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. With inflation running persistently below this longer run goal, the Committee aims to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over the medium time period and longer-term inflation expectations remain well anchored at 2 percent. The FOMC expects to maintain an accommodative stance of monetary policy until these outcomes are achieved, and expects to maintain this target range until labor market conditions have reached levels consistent with the FOMC's assessments of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time. In addition, over coming months the Federal Reserve will continue to increase its holdings of Treasury securities and agency mortgage-backed securities until substantial progress has been made toward meeting the FOMC's maximum employment and price stability goals. These asset purchases help foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses.

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 expects to receive another $4.0 billion from CRRSAA, although funding has yet to flow to the MTA. Most recently, on March 11, 2021, the American Rescue Plan (ARP) Act of 2021 was signed in law, and MTA expects to receive $6.5 billion in aid from the ARP.

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 Tax (MRT) and Urban Tax, two important sources of MTA revenue. Real estate transaction activity during 2020 was severely affected by social distancing and the economic disruption caused by the COVID-19 pandemic. Mortgage Recording Tax collections in 2020 were higher than 2019 by $1.0 million (0.2%). Unfavorable change was experienced during the second and third quarters of the year, but average monthly receipts in the fourth quarter were $8.3 million higher than the monthly average for the second and third quarters, and receipts in the fourth quarter of 2020 were $6.3 million (5.3%) higher than receipts from the fourth quarter of 2019. Average monthly receipts in the fourth quarter of 2020 were $25.0 million (39.4%) 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 in 2020—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 $291.4 million (43.6%) lower than 2019 receipts. Receipts in the fourth quarter of 2020 were $15.5 million (23.9%) higher than receipts from the third quarter of 2020, although fourth quarter receipts were $72.5 million (47.4%) lower than receipts in the fourth quarter of 2019, continuing the year-over-year decline experienced throughout 2020. Average monthly receipts in the fourth quarter of 2020 were $42.2 million (57.3%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program

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

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

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

The combined funding sources for the 2005-2009 Capital Program are comprised of $7.8 billion in federal funds, $1.5 billion from the New York State voter approved State-Wide Transportation Bond Act, $11.0 billion in bonds, and $4.1 billion from other sources.

At December 31, 2020, $11.5 billion has been encumbered to Authority projects from the 2005-2009 approved plan, of which approximately $11.3 billion has been expended.

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

The combined funding sources for the last MTA Board approved 2010-2014 Capital Program are comprised of $11.6 billion in MTA bonds, $7.4 billion in federal funds, $2.0 billion in Bridges and Tunnels dedicated funds, $0.1 billion in MTA Bus Federal and City Match, $0.8 billion in State Assistance, $0.7 billion in City

Capital Funds, and $1.3 billion from other sources. The funding strategy for Tropical Storm Sandy repair and restoration assumes the receipt of $6.7 billion in insurance and federal reimbursement proceeds (including interim borrowing by MTA to cover delays in the receipt of such proceeds), $0.02 billion in Pay-as-you-go capital, supplemented, to the extent necessary, by external borrowing of up to $1.1 billion in additional MTA and MTA Bridges and Tunnels bonds.

At December 31, 2020, $11.2 billion has been encumbered to Authority projects from the 2010-2014 approved plan, of which approximately $10.6 billion has been expended.

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

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

The combined funding sources for the last MTA Board approved 2015-2019 Capital Program are comprised of $8.5 billion in MTA Bonds, $2.9 billion in MTA Bridges and Tunnels dedicated funds, $9.1 billion in funding from the State of New York, $7.4 billion in Federal Funds, $2.7 billion from City Capital Funds, $2.1 billion in pay-as-you-go (PAYGO) capital, and $1.2 billion from Other Sources.

At December 31, 2020, $14.2 billion has been encumbered to Authority projects from the 2015-2019 approved plan, of which approximately $8.2 billion has been expended.

2020-2024 Capital Program – the 2020-2024 Capital program totaling $54.8 was approved by the MTA Board on September 25, 2019. The capital programs for the transit and commuter systems totaling $51.5 billion was subsequently submitted to the CPRB on October 1, 2019 and approved on January 1, 2020. The Authority's share of the capital program was $35.4 billion.

The combined funding sources for the 2020–2024 MTA Capital Programs and the 2020-2024 MTA Bridges and Tunnels Capital Program, include $15 billion in Central Business District tolling sources, $10 billion in new revenue sources, $9.8 billion in MTA bonds, $10.7 billion in Federal funds, $3 billion in State of New York funding, and $3 billion in City of New York funding.

At December 31, 2020, $1.2 billion has been encumbered to Authority projects from the 2020-2024 approved plan, of which approximately $0.2 billion has been expended.

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

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Going forward, the Authority's February 2020 Financial Plan includes certain risks such as:

- Biennial fare increases approximating inflation.
- Achieving efficiencies/consolidations.
- 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 and dramatic declines in MTA public transportation system ridership and fare revenues. Although certain restrictions have been subsequently lifted, it is expected that limitations will remain in place for some time.

  - *Ridership Update* – Day-by-day ridership on MTA New York City Transit facilities continues to be below 2019 levels. However, on April 8, 2021, subway ridership surpassed 2 million for the first time since the start of the pandemic. The daily ridership reported as of April 22, 2021, when compared to the pre-pandemic equivalent day in 2019, is down 63 percent on the subways and 45 percent for combined MTA New York City Transit and MTA Bus.

- *Federal Aid (CARES Act)* – On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 million in additional formula grant allocations to MTA for a CARES Act grant total of approximately $4 billion. As of August 19, 2020, a total of $4.010 billion had been released to MTA for operating assistance that occurred from January 20, 2020 through July 31, 2020. The MTA has exhausted all CARES Act funding received in the first congressional relief package.

- *Federal Aid (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 expects to receive another $4 billion from CRRSAA. This federal relief is expected to offset operating deficits in 2021, although the funding has yet to flow to the MTA.

- *Federal Aid (ARP)* – On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (ARP). 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. The MTA expects to receive approximately $6.5 billion in aid from the ARP.

- *FEMA Reimbursement* – The MTA's November Plan included reimbursement from the Federal Emergency Management Agency (FEMA) for the estimated $293 million in direct COVID-19 related expenses incurred from the start of the pandemic through September 15, 2020, the cut-off date established by FEMA. FEMA typically reimburses 75% of local claim amounts, with the remaining portion covered by the State; however, with the State experiencing fiscal stress, MTA expects to receive $220 million in 2021, assuming the remaining 25% will not be received.

- *MTA Liquidity Resources* – As of March 1, 2021, MTA has liquidity resources in the approximate amount of $6.775 billion, consisting of a current running cash balance of $885 million, internal available flexible funds totaling $1.313 billion, PMT working capital BANs totaling $2.903 billion and commercial bank lines of credit totaling $1.674 billion (total commercial bank lines of credit are $2.150 billion, of which $476 million have been drawn by MTA).

- *Repayment of Revolving Bank Line of Credit* – To provide liquidity, MTA drew on its line of credit in 2020; the line of credit are expected to be repaid in 2022.

- *Proceeds of MLF Deficit Financing* – On June 4, 2020, New York State designated the MTA as an eligible issuer under the Federal Reserve's Municipal Liquidity Facility (MLF) $500 billion lending program. The Federal Reserve Board established the program facility in late April 2020, under the CARES Act, to enable states and municipalities to borrow from a $500 billion fund to help manage cash flow stresses caused by the coronavirus pandemic. The program allows states and smaller counties to receive three-year loans of up to 20% of their pre-COVID general revenue. The MTA's total capacity under the MLF program was estimated at $3.35 billion. MTA utilized this lending facility in August 2020 to refinance approximately $450 million of maturing Transportation Revenue Bond Anticipation Notes. The terms of the MLF financing are attractive compared with MTA's alternatives in the municipal credit markets. As a result, the MTA borrowed the maximum $2.9 billion as a low interest bridge loan, before the lending window closed at the end of December 31,

2020. The proceeds are currently available to replace lost revenues or increased costs due to the COVID pandemic. The MTA expects to issue long-term bonds in 2023 to repay the MLF loan.

- *Projected COVID-19 Pandemic Budgetary Impacts* – The December Plan, which the MTA Board approved in December 2020, projected cash balances of $29 million in 2021, with deficits of $3.280 billion in 2022, $2.346 billion in 2023 and $2.225 billion in 2024. The December Plan, as with prior financial plans since the onset of the pandemic, reflects the impact and the ensuing effect that the pandemic has had on the MTA region, with focus on the MTA's financial survival as it strives to provide essential regional service. A key conclusion of the forecasts available to MTA management is that the COVID-19 pandemic can be expected to have an extended impact over the entire plan period. The December Plan included, over the December Plan period, $2.9 billion of proceeds from MLF deficit financing, $4.5 billion in federal aid from CRRSAA and proposed expense savings beginning in 2022 from service reductions. MTA is also proposing a permanent wage freeze for all employees, both represented and non-represented, through 2022. This action would save estimated totals of $309 million in 2022, $315 million in 2023 and $322 million 2024. Although the December Plan assumed CRRSAA aid to MTA would be $4.5 billion, MTA is now expecting to receive $500 million less, for a total of $4 billion.

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

CONSOLIDATED STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019
(In thousands)

	Business-Type Activities	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**2020**	**2019**
CURRENT ASSETS:		
Cash (Note 3)	$ 20,009	$ 48,941
MTA investment pool (Note 4)	208,118	175,397
Receivables:		
Billed and unbilled charges due from New York City	29,743	62,218
Accrued subsidies	52,578	97,232
Due from MTA and constituent Authorities (Note 9)	-	466,834
Other	83,834	98,078
Less allowance for doubtful accounts	(9,551)	(9,387)
Net receivables	156,604	714,975
Materials and supplies — at average cost — net	305,000	315,671
Prepaid expenses and other current assets	40,035	38,465
Total current assets	729,766	1,293,449
NONCURRENT ASSETS:		
Due from MTA for the purchase of capital assets (Note 9)	-	729,763
Capital assets (Note 5):		
Construction work-in-progress	4,491,664	4,025,832
Other capital assets, net of accumulated depreciation	41,490,504	41,139,850
Leased property under capital lease, net of accumulated amortization (Note 5)	61,838	64,250
Leasehold improvements on property, net of accumulated depreciation (Note 5)	90,134	93,359
Restricted deposits and other escrow funds	594	584
Total noncurrent assets	46,134,734	46,053,638
Total assets	46,864,500	47,347,087
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pensions (Note 6)	1,575,101	1,339,335
Related to OPEB (Note 7)	1,115,480	983,747
Total deferred outflows of resources	2,690,581	2,323,082
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 49,555,081	$ 49,670,169

See notes to consolidated financial statements.

(Continued)

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

CONSOLIDATED STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019
(In thousands)

	Business-Type Activities	
	2020	**2019**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 164,219	$ 155,596
Due to MTA and constituent Authorities	592,601	-
Accrued expenses:		
Salaries, wages, and payroll taxes	297,699	196,697
Vacation, sick pay, and other benefits	765,996	761,269
Retirement and death benefits	36,939	13,748
Estimated liability arising from injuries to persons (Note 14)	323,640	320,694
Pollution remediation projects (Note 15)	19,927	16,572
Other	160,618	155,589
Total accrued expenses	1,604,819	1,464,569
Unredeemed farecards	226,838	299,780
Revenue advances	8,270	44,336
Loans Payable (Note 8)	8,754	9,708
Total current liabilities	2,605,501	1,973,989
NONCURRENT LIABILITIES:		
Obligation under capital lease, long-term (Note 5)	181,951	179,171
Net pension liability (Note 6)	5,714,566	5,276,945
Net OPEB liability (Note 7)	14,507,208	13,281,035
Estimated liability arising from injuries to persons (Note 14)	3,073,636	2,992,635
Loans Payable (Note 8)	59,249	70,429
Pollution remediation projects (Note 15)	79,708	66,288
Other	96,103	-
Restricted deposits and other escrow funds	594	584
Total noncurrent liabilities	23,713,015	21,867,087
Total liabilities	26,318,516	23,841,076
DEFERRED INFLOWS OF RESOURCES:		
Related to pensions (Note 6)	488,575	787,249
Related to OPEB (Note 7)	924,143	1,067,352
Total deferred inflows of resources	1,412,718	1,854,601
NET POSITION:		
Net investment in capital assets	45,884,186	45,063,983
Unrestricted	(24,060,339)	(21,089,491)
Total net position	21,823,847	23,974,492
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 49,555,081	$ 49,670,169

See notes to consolidated financial statements. (Concluded)

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**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands)**

	Business-Type Activities	
	2020	2019
OPERATING REVENUES:		
Rapid transit	$ 1,529,695	$ 3,570,257
Surface transit	386,430	935,856
Expired fare media	89,706	64,321
Paratransit fares	5,650	23,324
School, elderly, and paratransit reimbursement	253,935	297,487
Advertising and other (Note 10)	111,188	169,730
Total operating revenues	2,376,604	5,060,975
OPERATING EXPENSES:		
Salaries and wages	4,059,194	4,082,216
Health and welfare	901,365	922,527
Pensions	929,027	1,041,840
Other fringe benefits	416,039	458,038
Reimbursed overhead expenses	(211,575)	(294,137)
Postemployment benefits other than pensions	1,171,374	1,098,884
Electric power	239,842	278,381
Fuel	59,026	106,662
Insurance	75,353	69,825
Public liability claims	112,089	254,856
Paratransit service contracts	326,316	476,888
Maintenance and other operating expenses (Note 12)	333,545	283,971
Professional service contracts	146,113	191,372
Environmental remediation	115,677	27,548
Materials and supplies	292,386	341,877
Depreciation	2,069,768	1,994,253
Other expenses (Note 11)	50,053	98,102
Total operating expenses	11,085,592	11,433,103
OPERATING LOSS	(8,708,988)	(6,372,128)

See notes to consolidated financial statements. (Continued)

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NEW YORK CITY TRANSIT AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands)

	Business-Type Activities	
	2020	**2019**
NONOPERATING REVENUES:		
Tax-supported subsidies:		
New York State (Note 2)	$ 1,702,113	$ 2,629,111
New York City	352,765	641,350
Operating Assistance subsidies:		
New York State	126,938	158,672
New York City	158,672	158,672
Triborough Bridge and Tunnel Authority	180,671	334,064
Less amounts provided to Staten Island Rapid Transit Operating Authority	(4,870)	(5,899)
Other subsidies:		
Assistance fund (Note 2)	222,142	337,697
Total subsidies revenues	2,738,431	4,253,667
Federal Transit Administration CARES Act reimbursement (Note 17)	2,830,562	-
Interest expense	(18,346)	(17,889)
Interest income and other nonoperating revenues	9,467	12,345
Total nonoperating income	5,560,114	4,248,123
LOSS BEFORE CAPITAL CONTRIBUTIONS	(3,148,874)	(2,124,005)
CAPITAL CONTRIBUTIONS (Note 2)	998,229	3,173,918
CHANGE IN NET POSITION	(2,150,645)	1,049,913
NET POSITION:		
Beginning of year	23,974,492	22,924,579
End of year	$ 21,823,847	$ 23,974,492

See notes to consolidated financial statements. (Concluded)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands)

	Business-Type Activities	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from passengers, tenants, advertisers, and others	$ 2,289,179	$ 5,111,122
Cash payments for payroll and related employee costs	(6,105,446)	(6,570,368)
Cash payments to suppliers for goods and services	(1,602,575)	(2,067,466)
Net cash used in operating activities	(5,418,842)	(3,526,712)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Subsidies received	5,684,134	4,274,227
Net working capital loans from MTA	800,000	-
Net cash provided by noncapital financing activities	6,484,134	4,274,227
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments	(9,167)	(9,580)
Interest paid	(2,539)	(3,694)
Payments on MTA Transportation bonds issued to fund capital assets	(1,259,794)	(1,271,834)
Subsidies designated for debt service payments	285,473	315,311
Capital project costs incurred for capital program	(920,164)	(1,194,933)
Cash transferred to capital program fund	(16)	(329)
Reimbursement of capital project costs from MTA	841,487	1,207,055
Net cash used in capital and related financing activities	(1,064,720)	(958,004)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in MTA investment pool	(32,721)	184,280
Interest on investments	3,217	9,317
Net cash (used in) provided by investing activities	(29,504)	193,597
NET DECREASE IN CASH	(28,932)	(16,892)
CASH — Beginning of year	48,941	65,833
CASH — End of year	$ 20,009	$ 48,941

See notes to consolidated financial statements. (Continued)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands)

	Business-Type Activities	
	2020	**2019**
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (8,708,988)	$ (6,372,128)
Adjustments to reconcile operating loss to net cash used in operating activities — depreciation	2,069,768	1,994,253
On-behalf payments related to rent (Note 5)	6,337	5,013
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
(Increase) decrease in operating receivables	(14,483)	51,688
Increase in prepaid expenses and other current assets	(1,570)	(2,117)
Decrease (increase) in materials and supplies	10,671	(21,663)
Increase in deferred outflows of resources related to pensions	(235,766)	(613,540)
(Increase) decrease in deferred outflows of resources related to OPEB	(131,733)	28,078
Decrease in farecard liability	(72,942)	(1,541)
Increase in accrued salaries, wages and payroll taxes	101,002	23,740
Increase (decrease) in accounts payable and other accrued liabilities	13,306	(3,346)
Increase in accrued vacation, sick pay and other benefits	4,727	11,156
Increase in accrued retirement and death benefits	23,191	1,069
Increase in net pension liability	437,621	546,225
Increase (decrease) in net OPEB liability	1,226,173	(502,816)
(Decrease) increase in deferred inflows of resources related to pensions	(298,674)	42,978
(Decrease) increase in deferred inflows of resources related to OPEB	(143,209)	1,053,029
Increase in estimated liability arising from injuries to persons	83,947	227,918
Increase in liability for environmental pollution remediation	115,677	5,292
Increase in other long term liability	96,103	-
NET CASH USED IN OPERATING ACTIVITIES	$ (5,418,842)	$ (3,526,712)
SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES — Contributed capital assets	$ 1,801,018	$ 2,608,320

See notes to consolidated financial statements. (Concluded)

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

STATEMENTS OF FIDUCIARY NET POSITION
PENSION FUND
DECEMBER 31, 2020 AND 2019
(In thousands)

	Fiduciary Activities*	
	2020	**2019**
ASSETS		
Cash	$ 8,076	$ 6,494
Receivables:		
Employee loans	40,091	40,092
Investment securities sold	1,902	1,036
Interest and dividends	1,351	1,419
Total receivables	43,344	42,547
Investments at fair value:		
Investments measured at readily determined fair value	631,916	531,619
Investments measured at net asset value	2,602,933	2,730,245
Total investments	3,234,849	3,261,864
Total assets	3,286,269	3,310,905
LIABILITIES		
Accounts payable and accrued liabilities	1,629	1,629
Payable for investment securities purchased	4,316	3,425
Accrued benefits payable	19	19
Accrued postretirement death benefits (PRDB) payable	3,360	3,360
Accrued 55/25 Additional Members Contribution (AMC) payable	5,787	5,787
Total liabilities	15,111	14,220
NET POSITION		
Restricted for pensions	3,271,158	3,296,685
Total liabilities and net position	$ 3,286,269	$ 3,310,905

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

See notes to consolidated financial statements.

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

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION FUND
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands)

	Fiduciary Activities*	
	2020	**2019**
ADDITIONS		
Contributions:		
Employer contributions	$ 159,486	$ 206,389
Member contributions	24,709	23,552
Total contributions	184,195	229,941
Investments income:		
Net appreciation (depreciation) in fair value of investments	(9,632)	429,415
Dividend income	29,752	31,364
Interest income	7,250	10,534
Less:		
Investment expenses	13,196	27,530
Investment income, net	14,174	443,783
Total additions	198,369	673,724
DEDUCTIONS		
Benefit payments and withdrawals	223,696	221,221
Administrative expenses	200	220
Total deductions	223,896	221,441
Net (decrease) increase in fiduciary net position	(25,527)	452,283
NET POSITION		
Restricted for pensions:		
Beginning of year	3,296,685	2,844,402
End of year	$ 3,271,158	$ 3,296,685

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

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION

Reporting Entity — The accompanying consolidated financial statements include the accounts of the New York City Transit Authority (Transit Authority), and its component unit, the Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA) (collectively, the Authority), which are public benefit corporations and component units of the Metropolitan Transportation Authority (MTA) created pursuant to the Public Authorities Law (the Act) of the State of New York (the State) to operate public subway and bus services within The City of New York (The City).

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

MaBSTOA is a component unit of the Transit Authority and, therefore, the financial results of MaBSTOA are combined with those of the Transit Authority in the consolidated financial statements. The Manhattan and Bronx Surface Transit Operating Authority Pension Plan (MaBSTOA Plan) is categorized as a Pension Fund and is a fiduciary component unit of the Authority.

MaBSTOA is operationally and legally independent of the Authority. MaBSTOA enjoy certain rights typically associated with separate legal status. However, MaBSTOA is included in the Authority's consolidated financial statements as a blended component unit because of the Authority's financial accountability.

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

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

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

In December of 2004, MTA Bus was created as a public benefit corporation subsidiary of the MTA specifically to operate certain City bus routes. These routes are currently operated by MTA Bus and not by the Authority. All material transactions between MTA Bus and the Authority have been properly recorded as of December 31, 2020.

Staten Island Rapid Transit Operating Authority — The Staten Island Rapid Transit Operating Authority (SIRTOA) is a component unit of the MTA and provides transportation service on Staten Island. SIRTOA is managed by the Authority on behalf of The City. The Authority has no responsibility for the operating deficit of SIRTOA. The Authority collects, on SIRTOA's behalf, its share of certain operating assistance subsidies determined by formula, and transfers such subsidies to SIRTOA. The amount of subsidy funds to which SIRTOA is entitled is recorded as a reduction of the subsidy revenues of the Authority.

Operations — Operations are conducted pursuant to leases with The City which expired on November 1, 1989, except that the terms of the leases continue so long as any financing agreement between the Authority and the MTA and any MTA Transportation Revenue Bonds remain outstanding. The City has the option to terminate the leases at any time. In the event of termination, The City is required to assume the assets and liabilities of the Authority and must pay or make provision for the payment of any debt incurred pursuant to financing agreements of the Authority.

Substantial operating losses (the difference between operating revenues and expenses) result from the essential services that the Authority provides; such operating losses will continue in the foreseeable future. To meet the funding requirements of these operating losses, the Authority receives subsidies from:

a. The State, in the form of annual subsidies of special State and regional tax revenues, operating assistance, and reimbursement of certain expenses;

b. The City, in the form of operating assistance, tax revenues, and reimbursement of certain expenses; and

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The fiduciary statements of the fiduciary funds is prepared using the accrual basis of accounting and a measurement focus on the periodic determination of additions, deductions, and net position restricted for benefits.

New Accounting Standards Adopted

The Authority adopted the following GASB Statements for the year ended December 31, 2020:

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of GASB Statement No. 89 are effective for reporting periods beginning after December 31, 2021. Earlier application is encouraged. Effective January 1, 2020, the Authority early implemented the provisions of GASB Statement No. 89. As a result of the implementation of this Statement, all interest incurred during the period ended December 31, 2020 is reported as an expense in the Statement of Revenues, Expenses and Changes in Net Position.

GASB Statement No.97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* seeks to improve consistency and comparability related to fiduciary component unit reporting in circumstances where the potential component unit does not have a governing board and the primary government performs such duties. GASB Statement No. 97 also seeks to mitigate reporting costs for certain defined-contributions, OPEB and other employee benefit plans as fiduciary component units and to enhance the relevance, consistency and comparability of Internal Revenue Code (IRC) Section 457 deferred compensation plans. Paragraph 4 “Absence of a Governing Board in Determining Accountability” and paragraph 5 “Applicability of the Financial Burden Criterion in Paragraph 7 of Statement 84” of GASB Statement No. 97 related to Component Unit Criteria are effective immediately. The requirements of GASB Statement No. 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. The adoption of this Statement did not have a material impact to the Authority’s consolidated financial statements.

Accounting Standards Issued but Not Yet Adopted

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

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

Net Position — The Authority follows the “business type” activity requirements of GASB 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments* which requires that resources be classified for accounting and reporting purposes into the following two net position categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- Unrestricted: Net position that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by actions of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

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

The principal funding sources for the Authority are as follows:

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

Triborough Bridge and Tunnel Authority — The New York State Public Authorities law requires the TBTA to transfer its annual operating surplus, as defined, to the Authority and the MTA. The initial $24 million of the operating surplus is provided to the Authority and the balance is divided equally between the Authority and the MTA. However, the amounts transferred to the Authority and the MTA are net of a provision for debt service on TBTA bonds issued to finance the acquisition of facilities under their respective portions of the Capital Program. For the years ended December 31, 2020 and 2019, $246.1 million and $245.4 million, respectively, were paid from the operating surplus of the TBTA to satisfy the Authority's portion of debt service requirements.

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

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

No funds from the Additional Mortgage Recording Tax were disbursed to the Authority in 2020 and 2019.

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

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

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

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

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

The composition of New York State tax-supported subsidies for 2020 and 2019 is as follows (in thousands):

	2020	2019
Petroleum business tax*	$ 158,625	$ 229,458
Metro mass tax	1,067,030	1,235,049
Payroll Mobility tax	476,458	1,164,604
	$1,702,113	$2,629,111

* Net of $285,473 and $315,311 for debt service payments in 2020 and 2019, respectively.

Paratransit — Pursuant to an agreement between The City and the MTA, the Authority, effective July 1, 1993, assumed operating responsibility for all paratransit service required by the Americans with Disability Act of 1990. Services are provided by private vendors under contract with the Authority. The City reimburses the Authority for the lesser of 33% of net paratransit operating expenses defined as labor, transportation, and administrative costs less fare revenues and 6% of gross urban tax proceeds as described above, or an amount that is 20% greater than the amount paid by The City for the preceding calendar year. Fare revenues and The City reimbursement aggregated approximately $180.6 million in 2020 and $236.8 million in 2019. Total paratransit expenses, including paratransit service contracts, were $404.3 million and $596.0 million in 2020 and 2019, respectively.

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

Reimbursement of Expenditures — Engineering and labor costs incurred by the Authority for capital projects are reimbursed under the capital program by the MTA to the extent that they relate to approved expenditures applicable to capital projects primarily initiated after April 1, 1982. They are reimbursed by The City to the extent they relate to amounts approved for prior projects. In 2020 and 2019, reimbursements were netted against gross operating expenses on the consolidated statements of Revenues, Expenses, and Changes in Net Position.

Fare and Service Reimbursement from the State and City — In 1995, The City ceased reimbursing the Authority for the full costs of the free/reduced fare program for students. Beginning in 1996, the State and The City each began paying $45 million per annum to the Authority toward the cost of the program. In 2009, the State reduced its $45 million reimbursement to $6.3 million. Beginning in 2010, the State increased its annual commitment to $25.3 million while The City's annual commitment remained at $45 million. These commitments have been met by both the State and The City in 2019 and by The City in 2020. For the year ended December 31, 2020, the Authority received $20.2 million from the State. The 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, The City was obligated to reimburse the Authority for the transit police force. As a result of the April 1995 merger of the transit police force into the New York City Police Department, The City no longer reimburses the Authority for the costs of policing the Transit System on an ongoing basis since policing of the Transit System is being carried out by the New York City Police Department at The City's expense. The Authority continues to be responsible for certain capital costs and support services related to such police activities, a portion of which is reimbursed by The City. The Authority received approximately $3.4 million and $4.1 million in 2020 and 2019, respectively for the reimbursement of transit police costs.

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

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

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

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

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

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

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

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

Federal Transit Administration CARES Act Reimbursement — In 2020, the Authority received $2,831.0 million of operating assistance from the Federal government in response to the economic fallout of the COVID-19 pandemic, known as the CARES Act. More detailed information about the CARES Act reimbursement is presented in Note 17 to the consolidated financial statements.

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

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

Prepaid Expenses and Other Current Assets — The Authority prepaid $12.1 million to the New York Health Insurance Plan (NYSHIP) and $27.9 million in risk management related insurance coverage during 2020. The Authority prepaid $12.9 million to the New York Health Insurance Plan (NYSHIP) and $25.5 million in risk management related insurance coverage during 2019.

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

Capital Assets — Capital assets acquired prior to April 1982 were funded primarily by The City, with capital grants made available to the Authority. The City has title to a substantial portion of such assets and, accordingly, these assets are not recorded on the books of the Authority. Subsequent acquisitions, which are part of the capital program, are recorded at cost by the Authority. Funding sources for the acquisition of these capital assets include Federal, State, and City capital grants, grants from the Port Authority of New York and New Jersey, the proceeds from the issuance of Transportation Revenue Bonds, and various TBTA bonding and other sources. Capital assets are recorded at cost and are depreciated on a straight-line basis over 25 or 35 years for subway cars, 12 years for buses, and lives generally ranging from 10 years to 60 years for the other capital assets. Cost includes capitalized interest apportioned to assets during construction. For the purposes of this calculation, interest expense is reported net of investment income.

Contributed Capital — Capital assets contributed by the MTA and restricted funds due from the MTA for the purchase of capital assets are recorded as capital contributions on the consolidated statements of Revenues, Expenses, and Changes in Net Position. Contributed capital is recognized upon identification of capital costs to be funded by the MTA. Capital contributions for the years ended December 31, 2020 and 2019, consist of the following (in thousands):

	2020	2019
Capital assets contributed by MTA from:		
Federal grants	$ 1,089,309	$ 1,060,286
Other than federal grants	1,625,100	2,753,008
Petroleum business taxes received for principal and interest payments on debt	285,473	315,311
Principal and interest payments on MTA Transportation bonds issued to fund capital assets	(958,219)	(930,202)
Decrease in funds due from MTA for purchase of capital assets	(1,043,434)	(24,485)
Total capital contributions	$ 998,229	$ 3,173,918

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

Materials and Supplies — Materials and supplies are recorded at weighted average cost, net of a reserve for obsolescence at December 31, 2020 and 2019 of $90.8 million and $81.6 million, respectively.

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

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

In 2003, and as a result of collective bargaining, the Authority assumed responsibility for providing health benefits to its employees who are members of the Transport Workers Union (TWU) Local 100, as well as to retirees who were members of the TWU Local 100 and reach normal retirement age while working for the Authority. During 2005, the Authority also began providing health benefits for active and retired members of the Amalgamated Transit Union (ATU) Local 1056 and Local 726. Previously, these benefits were being provided by the TWU and ATU Health Benefits Trusts (the Trusts) with the

Authority required to make monthly contributions to the Trusts on behalf of the participants on a 'pay as you go' basis. The majority of the benefits provided under the plan are self-insured with administrative services provided by various health insurance companies.

The Authority has recorded a liability for claims incurred but not reported (IBNR). The liability represents those estimated future payments that are attributable, under the plan's provisions, to services rendered to participants prior to year-end. The estimated liability of claims includes benefits expected to be paid to retired or terminated employees or their beneficiaries and present employees or their beneficiaries, as applicable. The estimated liability for claims incurred but not reported or paid is \$141.8 million and \$136.0 million as of December 31, 2020 and 2019, respectively.

Effective for the year ended December 31, 2018, the Authority adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus* for the OPEB Plan.

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

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

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

Pollution Remediation Projects — Pollution remediation costs are being expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (see Note 15). An operating expense provision and corresponding liability measured at current value using the expected cash flow method has been recognized for certain pollution remediation obligations, which previously may not have been required to be recognized, have been recognized earlier than in the past or are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations occur when any one of the following obligating events takes place: the Authority is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; the Authority is named by a regulator as a responsible or potentially responsible party to participate in remediation; the Authority voluntarily commences or legally obligates itself to commence remediation efforts; or the Authority is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

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

3. CASH

The bank balances are insured up to $250 in the aggregate by the Federal Deposit Insurance Corporation (FDIC) for each bank in which funds are deposited. Cash, including funds on hand and in transit, consists of the following at December 31, 2020 and 2019 (in thousands):

	2020		2019	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Insured and collateralized deposits	$ 8,699	$ 8,346	$ 11,406	$ 11,183
Less escrow and other restricted deposits	(705)	(705)	(828)	(828)
Commercially insured funds on-hand and in-transit	12,015	-	38,363	-
	$ 20,009	$ 7,641	$ 48,941	$ 10,355

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

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

4. MTA INVESTMENT POOL

The MTA, on behalf of the Authority, invests funds which are not immediately required for the Authority's operations, in securities permitted by the State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero coupon bonds. All investments are held by the MTA's agent, in custody accounts, in the name of the MTA. The Authority records its position in the Pool based upon a net asset value derived on assets invested in the Pool plus all realized income and losses earned. The Authority's earnings from short-term investments approximated $2.7 million and $9.0 million for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, the Authority had an investment pool balance of $208.1 million and $175.4 million, respectively.

5. CAPITAL ASSETS

Capital assets, at December 31, 2020 and 2019, consist of the following (in thousands):

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

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	December 2018	Additions / Reclassifications	Deletions / Reclassifications	December 2019
Capital assets not being depreciated:				
Construction work-in-progress	$ 4,313,656	$ 4,001,521	$ (4,289,345)	$ 4,025,832
Total capital assets not being depreciated	4,313,656	4,001,521	(4,289,345)	4,025,832
Capital assets being depreciated:				
Subway cars	9,070,579	417,598	-	9,488,177
Buses	3,176,102	439,129	(604,196)	3,011,035
Track and structures	13,762,787	711,050	-	14,473,837
Depots and yards	4,716,455	192,900	-	4,909,355
Stations	19,954,229	1,574,491	-	21,528,720
Signals	7,755,683	764,257	-	8,519,940
Service vehicles	389,680	56,767	-	446,447
Building	166,733	-	-	166,733
Other	2,736,785	254,310	(3,254)	2,987,841
Total capital asset being depreciated	61,729,033	4,410,502	(607,450)	65,532,085
Less accumulated depreciation:				
Subway cars	(4,296,165)	(248,096)	-	(4,544,261)
Buses	(1,817,835)	(224,676)	604,196	(1,438,315)
Track and structures	(5,049,292)	(367,504)	-	(5,416,796)
Depots and yards	(2,195,759)	(140,596)	-	(2,336,355)
Stations	(5,631,413)	(595,924)	-	(6,227,337)
Signals	(2,130,700)	(255,278)	-	(2,385,978)
Service vehicles	(181,163)	(17,226)	-	(198,389)
Building	(89,490)	(3,308)	-	(92,798)
Other	(1,619,252)	(136,008)	3,254	(1,752,006)
Total accumulated depreciation	(23,011,069)	(1,988,616)	607,450	(24,392,235)
Total capital assets being depreciated—net	38,717,964	2,421,886	-	41,139,850
Capital assets—net	$ 43,031,620	$ 6,423,407	$ (4,289,345)	$ 45,165,682

Effective January 1, 2020, in accordance with GASB Statement No. 89, the Authority no longer capitalizes interest costs related to the construction of capital assets. Interest capitalized in conjunction with the construction of capital assets for December 31, 2019 was $11.6 million.

In 1990, the Authority issued approximately $202.8 million of Transit Facility Revenue Bonds, Series 1990 to fund the acquisition of an office building located at 130 Livingston Street in Brooklyn, New York. The bonds were subsequently defeased in May 2002 by the MTA Transportation Revenue bonds. The property is located on land owned by the New York City Economic Development Corporation (NYC EDC), as trustee for The City, with whom the Authority has entered into a 99-year ground lease. In 2011, the ground lease between the MTA and NYC EDC for Livingston Street was renegotiated with monthly lease payments increasing from approximately $47 to $111 per month. In January 2020, the base rent was increased to $205 per month as a result of a revaluation of the land appraisal. Rent expense, on a cash basis, under the lease was approximately $2.5 and $1.3 million in 2020 and 2019, respectively. Additionally, the Authority also paid in 2020 the base rent true-up of $283 for the period of November and December 2019.

Lease Transaction — On July 29, 1998, the MTA, (solely on behalf of MTA Long Island Rail Road and MTA Metro-North Railroad, MTA New York City Transit, and MTA Bridges and Tunnels) entered into a lease and related agreements whereby each agency, as sublessee, will rent, an office building at Two Broadway in lower Manhattan. The triple-net-lease has an initial stated term of approximately 50 years, with the right to extend the lease for two successive 15-year periods at a rental of at least 95% of fair market rent. Remaining payments under the lease approximate $1.1 billion. Under the subleases, the lease is apportioned as follows: the Authority, 68.7%, MTA, 21%; and TBTA, 10.3%. However, the involved agencies have agreed to sub-sublease space from one another as necessary to satisfy actual occupancy needs. The agencies will be responsible for obligations under the lease based on such actual occupancy percentages. Actual occupancy percentages at December 31, 2020 for the Authority, TBTA and MTA (including MTA Bus, MTA Construction and Development, and MTA Business Service Center) were 52.8%, 7.5% and 39.7%, respectively. The Authority's sublease is for a year-to-year term, automatically extended, except upon the giving of a nonextension notice by the Authority.

The lease is comprised of both operating and capital elements, with the portion of the lease attributable to the land recorded as an operating lease, and the portion of the lease attributable to the building recorded as a capital lease. The Authority reflected capital lease obligation as of December 31, 2020 and 2019 of $182.0 million and $179.2 million, respectively. Operating rent expenses under the Authority's lease amounted to $7.5 million in 2020 and 2019.

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

At December 31, 2020, future minimum lease payments under the Authority's lease are as follows (in thousands):

Years Ending December 31	Operating	Capital
2021	$ 7,452	$ 13,543
2022	7,452	13,543
2023	7,452	13,543
2024	7,452	15,517
2025	7,452	15,517
2026–2030	37,260	85,800
2031–2035	37,260	105,449
2036–2040	37,260	121,415
2041–2045	37,260	134,251
2046–2048	18,630	71,154
Total minimum lease payments	204,930	589,732
Less interest		(407,781)
Present value of net minimum lease payments		$ 181,951

The adjusted capital lease for the aforementioned building is being amortized over the remaining life of the lease. The cost of the building and related accumulated amortization at December 31, 2020 and 2019, is as follows (in thousands):

	2020	2019
Capital lease — building	$114,489	$114,489
Less accumulated amortization	(52,651)	(50,239)
Capital lease — building — net	$ 61,838	$ 64,250

The amount of such improvements apportioned to the Authority as of December 31, 2020 and 2019 are as follows (in thousands):

	2020	2019
Base building improvements	$ 134,394	$ 134,394
Tenant improvements	130,792	130,792
Furniture and fixtures	11,434	11,434
Computers and equipment	10,781	10,781
Development fees	6,893	6,893
Capitalized interest	13,702	13,702
	307,996	307,996
Less accumulated depreciation	(217,862)	(214,637)
Total leasehold improvements	$ 90,134	$ 93,359

6. EMPLOYEE BENEFITS

Pensions — The Authority participates in two defined benefit pension plans for their employees, the Manhattan and Bronx Surface Transit Operating Authority Pension Plan (MaBSTOA) and New York City Employees' Retirement System (NYCERS). A brief description of each of the pension plans follows:

Plan Descriptions

MaBSTOA — The MaBSTOA Plan is a single-employer governmental retirement plan, administered by MTA New York City Transit. MaBSTOA employees are specifically excluded from NYCERS. Effective January 1, 1999, in order to afford managerial and nonrepresented MaBSTOA employees the same pension rights as like title employees in the New York City Transit Authority, membership in the MaBSTOA Plan is optional. The Plan provides retirement as well as death, accident, and disability benefits.

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

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

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

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

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

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

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

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

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

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

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

Benefits Provided

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

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

Tier 1 —

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

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

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

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

Tier 2 —

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

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

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

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

Tiers 3 and 4 —

Eligibility and Benefit Calculation: Tier 3 and 4 members in the Regular 62 and 5 Plan must be at least age 62 with the completion of at least 5 years of service to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 20 years of service, is equal to 2.0% of Final Average Salary (FAS) for the first 30 years of service plus 1.5% of FAS for years of service in excess of 30. FAS is defined as the highest average earnings over three consecutive years, of which earnings in a year cannot exceed 110% of the average of the two preceding years. If the member completes less than

20 years of credited service, the benefit equals 1- 2/3% of FAS multiplied by years of service. For early retirement, members must be at least age 55 with the completion of at least 5 years of service. The benefit equals the service retirement benefit reduced by 6% for each of the first two years prior to age 62, and by 3% for years prior to age 60.

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

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

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

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

Tier 6 —

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

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

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

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

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

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

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

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

During March 2012, the Governor signed Chapter 18 of the Laws of 2012 that placed certain limitations on the Tier 3 and Tier 4 benefits available to participants who joined on and after April 1, 2012. In general, these changes, commonly referred to as Tier 6, increase the age requirement to 63 for most non-uniformed employees to retire and receive a full pension, require member contributions for all years of service for non-uniformed employees, institute progressive member contributions for non-uniformed employees, and lengthen the final average salary period from 3 to 5 years.

NYCERS provides automatic Cost-of-Living Adjustments (COLA), death benefits, accident, disability retirement benefits, and other supplemental pension benefits to certain retirees and beneficiaries. Members become fully vested as to benefits upon the completion of 5 years of service.

The State Constitution provides that pension rights of public employees are contractual and shall not be diminished or impaired. In 1973, 1976, 1983 and 2012, significant amendments made to the State Retirement and Social Security Law (RSSL) modified certain benefits for employees joining the Plan on or after the effective date of such amendments, creating membership tiers.

Membership

Membership in the MaBSTOA pension plan consisted of the following at January 1, 2019 and 2018, the date of the latest actuarial valuations:

	2019	2018
Active Plan Members	8,835	8,686
Retirees and beneficiaries receiving benefits	5,779	5,780
Vested formerly active members not yet receiving benefits	1,275	1,232
Total	15,889	15,698

Contributions and Funding Policy

MaBSTOA — The contribution requirements of plan members are established, approved and may be amended only by the MaBSTOA Board, in accordance with the Articles of the MaBSTOA plan. The financial objective of the Plan is to fund, on an actuarial basis, the retirement and death benefits for eligible MaBSTOA employees and beneficiaries. The Plan's funding policy is for periodic employer contributions to provide for actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due. MaBSTOA contributions to the fund are made annually.

The MaBSTOA Pension Plan includes the following plans: (i.) the Tier 3 and 4 Transit Age 62 Plan; (ii.) the Tier 6 Age 63 Plan; (iii.) the 55/25 Plan; (iv.) the Tier 4 25 Year Early Retirement Plan; (v.) the Tier 4 Age 57 Plan, and (vi.) the 2000 amendments which are all under the same terms and conditions as NYCERS.

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

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

- Increases in employee contribution rates. The rate varies depending on salary, ranging from 3% to 6% of gross wages. Contributions are made until retirement or separation from service.

- The retirement age increases to 63 and includes early retirement penalties, which reduce pension allowances by 6.5 percent for each year of retirement prior to age 63.

- Vesting after 10 years of credited service; increased from 5 years of credited service under Tier 3 and Tier 4.

- Adjustments of the Pension Multiplier for calculating pension benefits (excluding Transit Operating Employees): the multiplier will be 1.75% for the first 20 years of service, and 2% starting in the 21st year; for an employee who works 30 years, their pension will be 55% of FAS under Tier 6, instead of 60% percent under Tier 4.

- Adjustments to the FAS Calculation; the computation changed from an average of the final 3 years to an average of the final 5 years. Pensionable overtime will be capped at $15,000 per year plus an inflation factor.

- Pension buyback in Tier 6 will be at a rate of 6% of the wages earned during the period of buyback, plus 5% compounded annually from the date of service until date of payment.

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

Upon termination of employment before retirement, certain participants are entitled to refunds of their own contributions including accumulated interest less any loans outstanding.

The Authority's contributions to the MaBSTOA plan amounted to $159.5 million and $206.4 million for the years ended December 31, 2020 and 2019, respectively.

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

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

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

The Authority is required to contribute at an actuarially determined rate. The Authority's contributions to NYCERS for the years ended December 31, 2020 and 2019 were $841.9 million and $904.1 million, respectively.

Net Pension Liability

The Authority's net pension liabilities for each of the pension plans reported at December 31, 2020 and 2019 were measured as of December 31, 2019 and 2018, respectively for the MaBSTOA plan and June 30, 2020 and 2019, respectively for NYCERS. The total pension liability for each of the pension plans were determined as of the actuarial valuation dates of January 1, 2019 and 2018 for MaBSTOA plan and June 30, 2019 and 2018 for NYCERS, respectively, and updated to roll forward the total pension liability to the respective measurement dates. The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by NYCERS and MaBSTOA. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the Plan; and investments are reported at fair value.

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Actuarial Assumptions

The total pension liability in each pension plan's actuarial valuation dates were determined using the following actuarial assumptions for each of the pension plans as follows:

	MaBSTOA		NYCERS	
Valuation Date:	**January 1, 2019**	**January 1, 2018**	**June 30, 2019**	**June 30, 2018**
Investment Rate of Return	6.50% per annum, net of investment expenses	7.00% per annum, net of investment expenses	7.00% per annum, net of investment expenses	7.00% per annum, net of investment expenses
Salary Increases	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	In general, merit and promotion increases, plus assumed General Wage increases of 3.5% per year to 15.0% for operating employees and 4.0% to 7.0% for nonoperating employees per year, depending on years of service.	In general, merit and promotion increases, plus assumed General Wage increases of 3.0% per year.	In general, merit and promotion increases, plus assumed General Wage increases of 3.0% per year.
Inflation	2.25%	2.50%	2.50%	2.50%
Cost-of Living Adjustments	1.35% per annum	1.375% per annum	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees.	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees.
Mortality	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA.	Pre-retirement and post-retirement 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. Mortality assumption is based on an experience study for the plan covering the period from January 1, 2011 to December 1, 2015.	Mortality tables for service and disability pensioners were developed from an experience study of the plan. The mortality tables for beneficiaries were developed from an experience review.	Mortality tables for service and disability pensioners were developed from an experience study of the plan. The mortality tables for beneficiaries were developed from an experience review.
Pre-retirement	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	N/A	N/A
Post-retirement- Healthy Lives	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	N/A	N/A
Post-retirement Disabled Lives	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.	N/A	N/A

Expected Rate of Return on Investments

The long-term expected rate of return on investments of 6.5% and 7.0% for the MaBSTOA plan and NYCERS, respectively, was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocations of each of the funds and the expected real rate of returns (RROR) for each of the asset class in the MaBSTOA plan and NYCERS were as of the measurement dates of December 31, 2019 and June 30, 2020, respectively, are summarized as follows:

	MaBSTOA Plan	
Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
US Core Fixed Income	9.00%	1.51%
US Long Bonds	1.00%	2.41%
US Bank / Leveraged Loans	7.00%	2.74%
US Inflation-Indexed Bonds	2.00%	0.71%
US High Yield Bonds	4.00%	3.13%
Emerging Markets Bonds	2.00%	3.36%
US Large Caps	12.00%	4.33%
US Small Caps	6.00%	5.65%
Foreign Developed Equity	12.00%	5.95%
Emerging Markets Equity	5.00%	8.05%
Global REITs	1.00%	5.50%
Private Real Estate Property	4.00%	3.80%
Private Equity	9.00%	9.50%
Commodities	1.00%	2.79%
Hedge Funds — MultiStrategy	16.00%	3.26%
Hedge Funds — Event-Driven	6.00%	3.41%
Hedge Funds — Equity Hedge	3.00%	3.82%
	100.00%	
Assumed Inflation — Mean		2.25%
Assumed Inflation — Standard Deviation		1.65%
Portfolio Arithmetic Mean Return as per Actuary		6.73%
Portfolio Standard Deviation		10.94%
Long Term Expected Rate of Return selected by MTA		6.50%

Asset Class	NYCERS Target Asset Allocation	NYCERS Long-Term Expected Real Rate of Return
Public Markets:		
U.S. Public Market Equities	27.00%	7.60%
Developed Public Market Equities	12.00%	7.70%
Emergining Public Market Equities	5.00%	10.60%
Fixed Income	30.50%	3.10%
Private Markets (Alternative Investments):		
Private Equity	8.00%	11.20%
Private Real Estate	7.50%	7.00%
Infrastructure	4.00%	6.80%
Opportunistic Fixed Income	6.00%	6.50%
	100.00%	
Assumed Inflation — Mean		2.50%
Long Term Expected Rate of Return		7.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.5% for the MaBSTOA plan as of December 31, 2019 and 7.0% for NYCERS as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for each pension plan and that employer contributions will be made at the rates determined by each pension plan's actuary. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and non-active members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability — MaBSTOA

The Authority's net pension liability for the MaBSTOA plan at the measurement date of December 31, 2019 and 2018 were as follows (in thousands):

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2018	$ 3,811,124	$ 2,844,402	$ 966,722
Changes for fiscal year 2019:			
Service Cost	89,814	-	89,814
Interest on total pension liability	265,454	-	265,454
Effect of economic/demographic (gains) or losses	9,011	-	9,011
Effect of assumptions changes or inputs	168,752	-	168,752
Benefit payments and withdrawals	(221,221)	(221,221)	-
Administrative expense	-	(220)	220
Member contributions	-	23,552	(23,552)
Net investment income	-	447,365	(447,365)
Employer contributions	-	206,390	(206,390)
Balance as of December 31, 2019	$ 4,122,934	$ 3,300,268	$ 822,666

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2017	$ 3,676,475	$ 2,918,988	$ 757,487
Changes for fiscal year 2018:			
Service Cost	86,979	-	86,979
Interest on total pension liability	256,085	-	256,085
Effect of economic/demographic (gains) or losses	5,412	-	5,412
Benefit payments and withdrawals	(213,827)	(213,827)	-
Administrative expense	-	(196)	196
Member contributions	-	21,955	(21,955)
Net investment income	-	(87,951)	87,951
Employer contributions	-	205,433	(205,433)
Balance as of December 31, 2018	$ 3,811,124	$ 2,844,402	$ 966,722

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

The following presents the Authority's net pension liability calculated using the current discount rate for the MaBSTOA Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate used as of each measurement date:

	December 31, 2019			December 31, 2018		
	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
		(in thousands)			(in thousands)	
Net Pension Liability	$ 1,293,875	$ 822,666	$ 422,759	$ 1,388,193	$ 966,722	$ 607,684

The Authority's Proportion of Net Pension Liability — NYCERS

The following table presents the Authority's proportionate share of the net pension liability of NYCERS at the measurement date of June 30, 2020 and 2019, and the proportion percentage of the net pension liability of NYCERS allocated to the Authority:

	June 30, 2020	June 30, 2019
	(in millions)	
The Authority's proportion of the net pension liability	23.207 %	23.271 %
The Authority's proportionate share of the net pension liability	$ 4,891.90	$ 4,310.22

The Authority's proportion of the net pension liability was based on the Authority's actual contributions made to NYCERS for the years ended June 30, 2020 and 2019, relative to the contributions of all employers in the plan.

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

The following table presents the Authority's proportionate share of the net pension liability calculated using the current discount rate for NYCERS, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate used as of each measurement date:

	June 30, 2020			June 30, 2019		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
		(in thousands)			(in thousands)	
The Authority's proportionate share of the net pension liability	$ 7,313,292	$ 4,891,900	$ 2,848,251	$ 6,648,704	$ 4,310,223	$ 2,335,795

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

For the years ended December 31, 2020 and 2019, the Authority recognized pension expense, gross of reimbursements, related to each pension plan as follows (in thousands):

	December 31,	
Pension Plans	**2020**	**2019**
MaBSTOA	$ 155,021	$ 171,073
NYCERS	749,518	915,057
Total	$ 904,539	$ 1,086,130

For the years ended December 31, 2020 and 2019, the Authority's reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows (in thousands):

For the Year Ended December 31, 2020	**MaBSTOA** Deferred Outflows of Resources	**MaBSTOA** Deferred Inflows of Resources	**NYCERS** Deferred Outflows of Resources	**NYCERS** Deferred Inflows of Resources	**Total** Deferred Outflows of Resources	**Total** Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,101	$ 14,237	$ 492,733	$ 220,658	$ 515,834	$ 234,895
Changes in actuarial assumptions	147,353	-	2,061	144,897	149,414	144,897
Net difference between projected and actual earnings on pension plan investments	-	100,799	232,330	-	232,330	100,799
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	108,400	7,984	108,400	7,984
Employer contributions to plan subsequent to the measurement date of net pension liability	159,486	-	409,637	-	569,123	-
Total	$ 329,940	$ 115,036	$ 1,245,161	$ 373,539	$ 1,575,101	$ 488,575

For the Year Ended December 31, 2019	**MaBSTOA** Deferred Outflows of Resources	**MaBSTOA** Deferred Inflows of Resources	**NYCERS** Deferred Outflows of Resources	**NYCERS** Deferred Inflows of Resources	**Total** Deferred Outflows of Resources	**Total** Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,188	$ 25,455	$ 360,418	$ 299,411	$ 380,606	$ 324,866
Changes in actuarial assumptions	4,394	-	2,753	180,733	7,147	180,733
Net difference between projected and actual earnings on pension plan investments	148,979	-	-	267,447	148,979	267,447
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	163,386	14,203	163,386	14,203
Employer contributions to plan subsequent to the measurement date of net pension liability	206,390	-	432,827	-	639,217	-
Total	$ 379,951	$ 25,455	$ 959,384	$ 761,794	$ 1,339,335	$ 787,249

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

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

	Recognition Period (in years)		
Pension Plan	**Differences Between Expected and Actual Experience**	**Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions**	**Changes in Actuarial Assumptions**
MaBSTOA	6.80	N/A	6.80
NYCERS	6.07	6.07	6.07

For the years ended December 31, 2020 and 2019, $569.1 million and $639.2 million, respectively were reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement dates. The amount of $569.1 million will be recognized as a reduction of the net pension liability in the year-ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2020 will be recognized as pension expense as follows (in thousands):

Year Ending December 31:	**MaBSTOA**	**NYCERS**	**Total**
2021	$ (14,157)	$ (35,684)	$ (49,841)
2022	3,488	104,502	107,990
2023	39,825	138,082	177,907
2024	(21,209)	208,301	187,092
2025	26,558	44,119	70,677
Thereafter	20,913	2,665	23,578
Total	$ 55,418	$ 461,985	$ 517,403

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

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

7. OTHER POSTEMPLOYMENT BENEFITS

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

Plan Description

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

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

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

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

Benefits Provided — The benefits provided by the OPEB Plan include medical, pharmacy, dental, vision, life insurance and a Medicare supplemental plan. The different types of benefits provided vary by employee type (represented employees versus non-represented) and the relevant collective bargaining agreements. Certain benefits are provided upon retirement as defined in the applicable pension plan. The Authority provides benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of the Authority are members of NYCERS and the MaBSTOA Plan.

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

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

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

(a) have retired;

(b) be receiving a pension;

(c) have at least 10 years of credited service as a member of NYCERS or the MaBSTOA Plan; and

(d) have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members). A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

Surviving Spouse and Other Dependents —

- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of retired managers and certain non-represented retired employees.

- Represented retired employees must follow the guidelines of their collective bargaining agreements regarding continued health coverage for a surviving spouse or domestic partner and surviving dependents. The surviving spouse coverage continues until spouse is eligible for Medicare for represented employees, retiring on or after:

  - May 21, 2014 for Transport Workers Union (TWU) Local 100;

  - September 24, 2014 for Amalgamated Transit Union (ATU) Local 726;

  - October 29, 2014 for ATU Local 1056;

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

Contributions — The Authority is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the "pay-as-you-go" (PAYGO) amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years ended December 31, 2020 and 2019, the Authority paid $236.7 million and $505.6 million of PAYGO to the OPEB Plan, respectively. In addition, the OPEB Plan paid $252.9 million in OPEB benefits for the year-ended December 31, 2020. The PAYGO amounts included an implicit rate subsidy adjustment of $16.4 million and $21.3 million for the years ended December 31, 2020 and 2019, respectively. The implicit rate subsidy of $16.4 million includes an additional adjustment of $3.6 million, related to 2019, resulting in a net amount of $12.8 million for the year-ended December 31, 2020.

During 2012, the MTA funded $250 million into the Trust and an additional $50 million during 2013. There have been no further contributions made to the Trust. The 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 2017 exceeded the current market value of the assets, a depletion date is assumed to occur immediately. Therefore, the discount rate is set equal to the municipal bond index. The MTA elected the Bond Buyer 20-Bond General Obligation Index. As a result, the discount rates as of December 31, 2019 and December 31, 2018, the measurement dates, are 2.74% and 4.10%, respectively.

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue on the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore are partially subsidized by the active employees. As shown in the following table, for the year ended December 31, 2019 and 2018, the employer made a cash payment for retiree healthcare of $21.3 million and $19.9 million, respectively, as part of the employer's payment for active-employee healthcare benefits. For purposes of GASB Statement No. 75, this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees' underlying age-adjusted, retiree benefit costs.

Blended and Age-adjusted Premium	2019 Retirees	2018 Retirees
	(in thousands)	
Total blended premiums	$ 484,380	$ 448,835
Employment payment for retiree healthcare	21,259	19,928
Net payments	$ 505,639	$ 468,763

Net OPEB Liability

The Authority's proportionate share of the Plan's net OPEB liability reported at December 31, 2020 and 2019 was measured as of the OPEB Plan's fiscal year-end of December 31, 2019 and 2018, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019 and 2017, and rolled forward to December 31, 2019 and 2018, respectively. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. The following table presents the Authority's proportionate share of the net OPEB liability and corresponding proportion percentage at the measurement date:

	December 31,	
	2019	2018
	(in thousands)	
The Authority's proportion of the net OPEB liability	68.700 %	67.826 %
The Authority's proportionate share of the net OPEB liability	$ 14,507,208	$ 13,281,035

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.

Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan, which refers to the plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees. The projections include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members at that time. The Authority may not be obligated to provide the same types or levels of benefits to retirees in the future.

The total OPEB liability was determined by an actuarial valuation performed on July 1, 2019 and 2017. Update procedures were used to roll forward the total OPEB liability to December 31, 2019 and 2018, the measurement dates. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

Valuation date	July 1, 2019	July 1, 2017
Measurement date	December 31, 2019	December 31, 2018
Discount rate	2.74%	4.10%
Inflation	2.25%	2.50%
Actuarial cost method	Entry Age Normal	Entry Age Normal
Investment rate of return	5.75%	6.50%

Salary Scale — Salary increases vary by years of service and differ for members of NYCERS and the MaBSTOA Plan. Rates are shown below for the measurement date December 31, 2019:

	NYCERS		MaBSTOA	
Years of Service	Rate of Increase	Years of Service	Operating Employee Rate	Non-operating Employee Rate
0	19.00 %	0	12.00 %	6.00 %
1	14.00	1	12.00	7.00
2	10.00	2	15.00	6.50
3	9.00	3	5.00	6.25
4	6.00	4	3.00	6.00
5	5.00	5 - 9	3.00	4.50
6 - 22	4.50	10	3.00	4.30
23+	4.00	11	3.00	4.10
		12	3.00	3.90
		13	3.00	3.80
		14	3.00	3.70
		15	3.00	3.60
		16	3.00	3.50
		17	3.00	3.40
		18	3.00	3.30
		19+	3.00	3.25

Healthcare Cost Trend — The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, healthcare reform provisions including changes due to H.R. 1865 (December 2019), separately for NYSHIP and self-insured benefits administered by the Authority. Long-term trend increases are 3.5% for dental and vision benefits and 4.5% for Medicare Part B reimbursements, but no more than projected medical and pharmacy trends. The self-insured trend is applied directly for represented employees.

This valuation reflects updated healthcare-related assumptions, including changes due to H.R. 1865 Further Consolidated Appropriation Act, 2020, which repealed the Cadillac tax on health plans. This change decrease the Authority's OPEB liability by $523.0 million as of the valuation date July 1, 2019 and reporting year-ended December 31, 2020, using a discount rate of 4.10%.

Healthcare Cost Trend Rates — The following lists illustrative rates for the NYSHIP and self-insured trend assumptions for the measurement date December 31, 2019:

	NYSHIP Trend		Self-Insured Trend	
Trend from Year Ending	Pre-65 Trend	Post-65 Trend	Pre-65 Trend	Post-65 Trend
2019 to 2020	6.80 %	5.90 %	6.50 %	5.10 %
2020 to 2021	6.20 %	5.70 %	6.10 %	5.10 %
2021 to 2022	5.70 %	5.40 %	5.60 %	5.10 %
2022 to 2023	5.10 %	5.10 %	5.10 %	5.10 %
2023 to 2024	5.00 %	5.00 %	5.00 %	5.00 %
2022 to 2025	4.90 %	4.90 %	4.90 %	4.90 %
2025 to 2026	4.80 %	4.80 %	4.80 %	4.80 %
2026 to 2027	4.70 %	4.70 %	4.70 %	4.70 %
2027 to 2028	4.60 %	4.60 %	4.60 %	4.60 %
2028 to 2029	4.50 %	4.50 %	4.50 %	4.50 %
2038 to 2039	4.60 %	4.60 %	4.60 %	4.60 %
2048 to 2049	4.80 %	4.80 %	4.80 %	4.80 %
2058 to 2059	4.50 %	4.50 %	4.50 %	4.50 %
2068 to 2069	4.20 %	4.20 %	4.20 %	4.20 %
2078 to 2079	3.80 %	3.80 %	3.80 %	3.80 %
2088 to 2089	3.80 %	3.80 %	3.80 %	3.80 %
2098 to 2099	3.80 %	3.80 %	3.80 %	3.80 %

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date are based on the ultimate rates, which are 3.8% for medical and pharmacy costs.

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

Preretirement — RP-2000 Employee Mortality Table for Males and Females with blue-collar adjustments.

Postretirement Healthy Lives — 95% of the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.

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

Expected Rate of Return on Investments — The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Cash	3.50%	0.04%
US Core Fixed Income	13.00%	1.51%
US Inflation-Indexed Bonds	4.00%	0.71%
Emerging Market Bonds	5.00%	3.36%
Global Equity	42.00%	5.28%
Commodities	3.50%	2.79%
Hedge Funds — MultiStrategy	29.00%	3.26%
	100.00%	
Assumed Inflation — Mean		2.25%
Assumed Inflation — Standard Deviation		1.65%
Portfolio Arithmetic Mean Return as per Actuary		5.92%
Portfolio Standard Deviation		9.27%
Long Term Expected Rate of Return selected by MTA		5.75%

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, 2019 and 2018 of 2.74% and 4.10%, respectively.

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

	December 31, 2019			December 31, 2018		
	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
		(in thousands)			(in thousands)	
Proportionate share of the net OPEB liability	$ 16,647,921	$ 14,507,208	$ 12,745,731	$ 15,194,985	$ 13,281,035	$ 11,705,018

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

	December 31, 2019			December 31, 2018		
	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(in thousands)			(in thousands)	
Proportionate share of the net OPEB liability	$ 12,387,949	$ 14,507,208	$ 17,188,468	$ 11,345,745	$ 13,281,035	$ 15,716,167

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

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020 and 2019, the Authority recognized OPEB expense of $1.2 billion and $1.1 billion, respectively, which represents its proportionate share of the Plan's OPEB expense.

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

At December 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows ($ in thousands):

	December 31, 2020		December 31, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 154,822	$ 9,727	$ 6,734	$ 11,381
Changes in assumptions	559,776	902,456	451,129	1,055,971
Net difference between projected and actual earnings on OPEB plan investments	-	11,960	12,591	-
Changes in proportion and differences between contributions and proportionate share of contributions	164,153	-	7,654	-
Employer contributions to the plan subsequent to the measurement of net OPEB liability	236,729	-	505,639	-
Total	$ 1,115,480	$ 924,143	$ 983,747	$ 1,067,352

For the year ended December 31, 2020 and 2019, $236.7 million and $505.6 million, respectively, were reported as deferred outflows of resources related to OPEB resulting from both the Authority's contributions subsequent to the measurement date and an implicit rate subsidy adjustment. The amount of $236.7 million will be recognized as a reduction of the net OPEB liability in the year-ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2020 will be recognized in OPEB expense as follows:

Year ending December 31:	
2021	$ (15,535)
2022	(15,535)
2023	(11,911)
2024	(17,817)
2025	(63,738)
Thereafter	79,144
Total	$ (45,392)

8. LOANS PAYABLE

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

The debt service requirements at December 31, 2020 are as follows (in thousand):

Year	Principal	Interest	Total
2021	$ 8,754	$ 1,783	$ 10,537
2022	7,859	1,548	9,407
2023	6,174	1,355	7,529
2024	6,213	1,182	7,395
2025	6,107	1,010	7,117
2026–2030	25,683	2,534	28,217
2031–2035	7,213	293	7,506
Total	$ 68,003	$ 9,705	$ 77,708
Less current portion	8,754		
Long-term loans payable	$ 59,249		

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

9. RELATED PARTY TRANSACTIONS

The Authority receives support services from the MTA in the areas of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, most of which are charged back to the Authority through intercompany billings. The MTA also provides funding for the Authority's capital program via MTA debt issuance, federal capital grant pass-throughs, and proceeds from the sale of tax benefits on leasing transactions. The Authority recognizes funds contributed to Transit capital programs as contributed capital in the consolidated statements of revenues, expenses, and changes in net position. State and City tax — supported subsidies received by the Authority from the MTA to support operations are recorded as nonoperating revenues. The MTA also provides short-term loans, as required, to supplement the Authority's working capital needs.

The Authority has intercompany transactions with MNCR, LIRR, MTA Bus, TBTA, and SIRTOA related to farecard settlements, service agreements, shared operating contracts, inter-agency loan transactions, and other operating receivables and payables.

The resulting receivables and payables from the above transactions are recorded in Due from / Payable to MTA and constituent authorities and Due from MTA for the purchase of capital assets, included in the accompanying consolidated statements of net position.

Related party transactions consist of the following at December 31, 2020 and 2019 (in thousands):

	2020		2019	
	Receivable	(Payable)	Receivable	(Payable)
MTA	$5,437,627	$ (6,101,475)	$8,074,712	$ (7,688,823)
Constituent authorities	84,326	(13,079)	94,962	(14,017)
Total MTA and constituent authorities	$5,521,953	$ (6,114,554)	$8,169,674	$ (7,702,840)

10. ADVERTISING AND OTHER INCOME

Advertising and other income for the years ended December 31, 2020 and 2019, consist of (in thousands):

	2020	2019
Advertising revenue	$ 65,477	$ 112,002
Metrocard green fee surcharge	8,200	22,898
Transit Adjudication Bureau collections	8,657	12,874
Station income	2,798	5,625
Rental income	23,020	11,359
Fare media transaction fees	2,627	4,861
All other	409	111
	$ 111,188	$ 169,730

11. OTHER EXPENSES

Other expenses for the years ended December 31, 2020 and 2019, consist of (in thousands):

	2020	2019
Credit and debit card fees for fare media sales	$26,581	$54,274
Fare media sales commissions	6,045	12,509
NYS Metro Commuter Transportation Mobility Tax expense	14,824	15,189
Print and office supplies	5,847	6,351
Allowance for uncollectible accounts	1,063	277
Business travel, meetings, and conventions	235	412
Dues and subscriptions	715	1,688
Other miscellaneous expenses	(5,257)	7,402
	$50,053	$98,102

12. MAINTENANCE AND OTHER OPERATING EXPENSES

Maintenance and other operating expenses for the years ended December 31, 2020 and 2019, consist of (in thousands):

	2020	2019
Operating maintenance and repair services	$ 81,627	$112,111
Facility maintenance and repairs	18,249	14,059
Real estate rentals (including 2 Broadway operating expenses)	26,964	23,513
Security services	20,728	14,650
Refuse and recycling	8,486	11,315
Telephone services	6,954	5,627
Tire and tube rentals	13,622	14,660
Janitorial and custodial services	9,324	6,906
Water and sewage	9,515	9,968
Specialized equipment	1,345	3,632
Bridge, tunnel and highway tolls	5,165	5,331
Uniforms	2,993	4,317
Ticket stock material	2,149	3,878
Safety equipment and supplies	24,324	14,139
Environmental/hazardous waste removal	10,737	22,764
Other miscellaneous expenses	91,363	17,101
	$333,545	$283,971

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13. FUEL HEDGE

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

Counterparty	**Cargill**	**Cargill**	**Goldman Sachs**	**Goldman Sachs**	**Goldman Sachs**	**Goldman Sachs**
Trade Date	1/29/2019	2/28/2019	3/28/2019	4/30/2019	5/28/2019	6/25/2019
Effective Date	1/1/2020	2/1/2020	3/1/2020	4/1/2020	5/1/2020	6/1/2020
Termination Date	12/31/2020	1/31/2021	2/28/2021	3/31/2021	4/30/2021	5/31/2021
Price/Gal	$1.94	$2.05	$2.00	$2.07	$1.97	$1.92
Notional Qnty (Gal)	2,856,014	2,793,123	2,849,714	2,874,889	2,851,286	2,851,258
Counterparty	**Goldman Sachs**	**Macquarie Energy LLC**	**BOA_ Merrill**	**Goldman Sachs**	**Goldman Sachs**	**BOA_ Merrill**
Trade Date	7/30/2019	8/27/2019	9/30/2019	10/29/2019	11/26/2019	12/30/2019
Effective Date	7/1/2020	8/1/2020	9/1/2020	10/1/2020	11/1/2020	12/1/2020
Termination Date	6/30/2021	7/31/2021	8/31/2021	9/30/2021	10/31/2021	11/30/2021
Price/Gal	$1.89	$1.78	$1.81	$1.84	$1.86	$1.90
Notional Qnty (Gal)	2,788,533	2,842,790	2,844,946	2,839,784	2,839,778	2,839,796
Counterparty	**BOA_ Merrill**	**Goldman Sachs**	**Cargill**	**Macquarie Energy LLC**	**Goldman Sachs**	**BOA_ Merrill**
Trade Date	1/30/2020	2/25/2020	3/24/2020	4/30/2020	5/27/2020	6/30/2020
Effective Date	1/1/2021	2/1/2021	3/1/2021	4/1/2021	5/1/2021	6/1/2021
Termination Date	12/31/2021	1/31/2022	2/28/2022	3/31/2022	4/30/2022	5/31/2022
Price/Gal	$1.71	$1.68	$1.35	$1.18	$1.26	$1.37
Notional Qnty (Gal)	2,839,808	2,841,331	2,819,772	2,819,762	2,819,768	2,819,748
Counterparty	**Macquarie Energy LLC**	**Goldman Sachs**	**Goldman Sachs**	**Goldman Sachs**	**BOA_ Merrill**	**JPMorgan**
Trade Date	7/28/2020	8/27/2020	9/29/2020	10/27/2020	11/30/2020	12/29/2020
Effective Date	7/1/2021	8/1/2021	9/1/2021	10/1/2021	11/1/2021	12/1/2021
Termination Date	6/30/2022	7/31/2022	8/31/2022	9/30/2022	10/31/2021	11/30/2022
Price/Gal	$1.42	$1.43	$1.31	$1.31	$1.46	$1.54
Notional Qnty (Gal)	2,819,761	2,819,736	2,862,960	2,825,162	2,841,038	2,826,765

The monthly settlements are based on the daily prices of the respective commodities whereby MTA will either receive a payment, or make a payment to the various counterparties, depending on the average monthly price of the commodities in relation to the contract prices. At a contract's termination date, the Authority will take delivery of the fuel. As of December 31, 2020, the total outstanding notional value of the ULSD contracts was 52.1 million gallons with a negative fair market value of $3.8 million. The valuation of each trade was based on discounting future net cash flows to a single current amount (the income approach) using observable commodity futures prices (Level 2 inputs).

The Transit Authority recognized a fuel hedge loss of $0.3 million and $1.3 million in 2020 and 2019, respectively.

14. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of its assets; injuries to persons, including employees; and natural disasters.

The Authority is self-insured up to certain per occurrence limits for liability claims arising from injuries to persons, excluding employees. For claims arising from incidents that occurred on or after November 1, 2001, but before November 1, 2006, the self-insured retention limit was $7 million per occurrence. Claims arising on or after November 1, 2006, but before November 1, 2009 were subject to an $8 million limit. Effective November 1, 2009, the retention limit was increased to $9 million per occurrence and effective November 1, 2012, the retention limit was increased to $10 million. Effective October 31, 2015, the self-insured retention limit was increased to $11 million. Lower limits applied for claims arising prior to November 1, 2001. The Authority is self-insured for work-related injuries to employees. The annual cost associated with injuries to persons, other than employees, and damage to third-party property, is reflected in expenses as public liability claims in the accompanying consolidated statements of revenues, expenses and change in net position.

The Authority establishes its liability for injuries to employees and to the general public on the basis of independent actuarial estimates of future liability.

A summary of activity in estimated liability arising from injuries to persons, including employees, and damage to third-party property, for the years ended December 31, 2020 and 2019, is as follows (in thousands):

	2020	2019
Balance at beginning of year	$3,313,329	$3,085,410
Activity during the year:		
Current year claims and changes in estimates	355,393	575,555
Claims paid	(271,446)	(347,636)
Balance at end of year	3,397,276	3,313,329
Less current portion	(323,640)	(320,694)
Long-term liability	$3,073,636	$2,992,635

Liability Insurance — First Mutual Transportation Assurance Company (FMTAC), an insurance captive subsidiary of MTA, operates a liability insurance program (ELF) that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limit is: $8 million for the Authority. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limit is: $9 million for Authority. Effective November 1, 2012, the self-insured retention limits for ELF was increased to $10 million for the Authority. Effective October 31, 2015 the self-insured retention limit for ELF was increased to $11 million for the Authority. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50 million. The retrospective portion contains the same insurance agreements, participant retentions, and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Group entities above their specifically assigned self-insured retention with a limit of $50 million per occurrence with a $50 million annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2020, the balance of the assets in this program was $182.7 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $307.5 million for a total limit of $357.5 million ($307.5 million excess of $50 million). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50 million.

On March 1, 2020, the “nonrevenue fleet” automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for the MTA Group with the exception of the Authority.

On March 1, 2020, the “Access-A-Ride” automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for the MTA New York City Transit’s Access-A-Ride program, including the contracted operators. This policy provides a $1 million per occurrence limit excess of a $2 million self-insured retention.

Property Insurance — Effective May 1, 2020, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2020, FMTAC directly insures property damage claims of the Related Entities in excess of a $25 million per occurrence deductible, subject to an annual $75 million aggregate deductible. The total All Risk program annual limit is $500 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. In addition to the noted $25 million per occurrence deductible, MTA is self-insured above the deductible for $44.464 million within the overall $500 million per occurrence property program, as follows: $0.685 million (or 1.37%) of the $50 million excess $50 million layer, plus $13.4 million (or 26.8%) of $50 million excess $150 million layer, plus $6.85 million (or 13.7%) of the $50 million excess $200 million layer, plus $17.35 million (or 34.71%) of the $50 million excess $250 million layer and $6.18 million (or 12.36%) of the $50 million excess $300 million layer.

The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

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

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of “certified” losses, as covered by the Terrorism Risk Insurance Program

Reauthorization Act (TRIPRA) of 2019. The remaining 20% of the Related Entities' losses arising from an act of terrorism would be covered under the additional terrorism policy described below. No federal compensation will be paid unless the aggregate industry insured losses exceed a trigger of $200 million. The United States government's reinsurance is in place through December 31, 2027.

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

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $215 million. Recovery under the terrorism policy is subject to a deductible of $25 million per occurrence and $75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed $75 million future losses in that policy year are subject to a deductible of $7.5 million. The terrorism coverages expire at midnight on May 1, 2021.

During 2020 there were FMTAC excess loss claim reimbursements of $2.62 million to the Authority. FMTAC had open claims for the Authority at December 31, 2020. At December 31, 2020, FMTAC had $986.4 million of assets to insure current and future claims.

15. CONTINGENCIES

The Authority is involved in various litigation and claims involving personal liability claims and certain other matters. The ultimate outcome of these claims and suits cannot be predicted at this time. Nevertheless, management does not believe that the ultimate outcome of these matters will have a material effect on the consolidated financial position of the Authority.

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

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, in 2020 and 2019, the Authority recognized $115.7 million and $27.5 million, respectively, in pollution remediation expenses. The expense provision was measured at its current value utilizing the prescribed expected cash flow method (see Note 2). Pollution remediation obligations are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. The Authority does not expect any recoveries of cost that would have a material effect on the recorded obligations.

A summary of the activity in pollution remediation liability at December 31, 2020 and 2019, were as follows (in thousands):

	2020	2019
Balance at beginning of year	$ 82,860	$ 77,568
Activity during the year:		
Changes in estimates	115,676	27,548
Payments	(98,901)	(22,256)
Balance at end of year	99,635	82,860
Less current portion	(19,927)	(16,572)
Long-term liability	$ 79,708	$ 66,288

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

16. CONDENSED COMPONENT UNIT INFORMATION

The following table presents condensed financial information for MaBSTOA, a blended component unit of the Authority (in thousands):

December 31:	**2020**	**2019**
Current assets	$ 7,246	$ 365,804
Capital assets	569,168	629,767
Deferred outflows of resources	329,940	379,951
Total assets and deferred outflows of resources	906,354	1,375,522
Current liabilities	545,857	274,751
Non-current liabilities	1,621,628	1,748,792
Deferred inflows of resources	115,036	25,455
Total liabilities and deferred inflows of resources	2,282,521	2,048,998
Net Investment in capital assets	556,875	616,643
Unrestricted	(1,933,042)	(1,290,119)
Total net position	$ (1,376,167)	$ (673,476)
For the Year Ended December 31:		
Fare revenue	$ 194,552	$ 430,417
Advertising and other revenue	14,295	15,714
Total operating revenue	208,847	446,131
Total labor expenses	1,117,187	1,127,291
Total non-labor expenses	71,705	126,099
Depreciation	85,646	77,727
Total operating expenses	1,274,538	1,331,117
Operating (deficit) surplus	(1,065,691)	(884,986)
Loss before capital contributions	(1,065,691)	(884,986)
Capital contributions	363,000	1,140,117
Change in net position	(702,691)	255,131
Net position, beginning of the year	(673,476)	(928,607)
Net position, end of year	$ (1,376,167)	$ (673,476)

17. NOVEL CORONAVIRUS (COVID-19)

On March 12, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in the face of the global spread of the virus. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China and has since spread globally, including to the United States and to New York State. On March 7, 2020, Governor Cuomo declared a Disaster Emergency in the State of New York. On March 13, 2020, President Trump declared a national state of emergency as a result of the COVID-19 pandemic. By order of Governor Cuomo (New York State on PAUSE), effective March 22, 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The PAUSE order was lifted on May 15, 2020 for five New York regions that met the requirements to start opening. However, a new order was signed by Governor Cuomo on May 15, 2020 extending the PAUSE to June 13, 2020 for New York City, Long Island and the Hudson Valley. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a sharp decline in the utilization of MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, including the Authority.

The Coronavirus Aid, Relief and Economic Security Act, also known as 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 Interim Financial Statements as of and for the Nine-Month Period Ended September 30, 2020 Metropolitan Transportation Authority 98 funding provisions is providing approximately $4 billion to MTA. Funding will be provided at a 100 percent Federal share, with no local match required, and is available to support operating, capital and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders. On May 8, 2020, the FTA approved MTA's initial grant application of $3.9 billion. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 million in additional formula grant allocations to MTA for a CARES Act grant total of $4.009 billion. As of December 31, 2020, a total of $2.831 billion has been released to the Authority for operating assistance that occurred from January 20, 2020 through July 31, 2020. The MTA, including the Authority, has received all CARES Act funding as provided in the first congressional relief package.

18. SUBSEQUENT EVENTS

On March 11, 2021, the American Rescue Plan Act of 2021 ("ARP") was signed into law by President Biden. ARP is a $1.9 trillion economic stimulus bill 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. The MTA expects to receive approximately $6.5 billion in aid from the ARP.

On March 30, 2021, the Federal Highway Administration determined that an Environmental Assessment is the appropriate next step for MTA to implement the Central Business District Tolling Program. This will allow for the final design and construction of the tolling infrastructure to proceed.

On May 3, 2021, New York State Governor Cuomo announce that the New York City Subway will resume 24 hour a day service beginning May 17, 2021.

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REQUIRED SUPPLEMENTARY INFORMATION

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE MABSTOA PENSION PLAN AT DECEMBER 31:
(In millions)

	2019	2018	2017	2016	2015	2014
Total pension liability:						
Service cost	$ 90	$ 87	$ 84	$ 82	$ 77	$ 72
Interest	265	256	246	237	233	224
Differences between expected and actual experience	9	6	12	14	(69)	(2)
Change of assumptions	169	-	6	-	-	-
Benefit payments and withdrawals	(221)	(214)	(209)	(188)	(180)	(175)
Net change in total pension liability	312	135	139	145	61	119
Total pension liability — beginning	3,811	3,676	3,537	3,392	3,331	3,212
Total pension liability — ending(a)	4,123	3,811	3,676	3,537	3,392	3,331
Fiduciary net position:						
Employer contributions	206	205	202	221	215	226
Member contributions	24	22	20	19	16	15
Net investment income	447	(88)	350	212	(24)	105
Benefit payments and withdrawals	(221)	(214)	(209)	(188)	(180)	(175)
Administrative expenses	-	-	-	-	-	-
Net change in plan fiduciary net position	456	(75)	363	264	27	171
Plan fiduciary net position — beginning	2,844	2,919	2,556	2,292	2,265	2,094
Plan fiduciary net position — ending(b)	3,300	2,844	2,919	2,556	2,292	2,265
Employer's net pension liability — ending(a)-(b)	$ 823	$ 967	$ 757	$ 981	$1,100	$1,066
Plan fiduciary net position as a percentage of the total pension liability	80.0 %	74.6 %	79.4 %	72.3 %	67.6 %	68.0 %
Covered-employee payroll	787	776	750	717	687	653
Employer's net pension liability as a percentage of covered-employee payroll	104.6 %	124.6 %	100.9 %	136.8 %	160.1 %	163.2 %

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

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IN THE NYCERS PENSION PLAN AT JUNE 30:
(In millions)

	2020	2019	2018	2017	2016	2015
The Authority's proportion of the net pension liability	23.207 %	23.271 %	22.527 %	22.788 %	22.227 %	22.380 %
The Authority's proportionate share of the net pension liability	$ 4,892	$ 4,310	$ 3,973	$ 4,732	$ 5,400	$ 4,530
The Authority's actual covered-employee payroll	$ 3,388	$ 3,256	$ 3,090	$ 3,024	$ 2,930	$ 2,862
The Authority's proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	144.392 %	132.371 %	128.576 %	156.481 %	184.300 %	158.277 %
Plan fiduciary net position as a percentage of the total pension liability	76.933 %	78.836 %	78.826 %	74.805 %	69.568 %	73.125 %

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available. In accordance with GASB No. 68, information was not readily available for periods prior to 2015.

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO ALL PENSION PLANS
FOR THE YEARS ENDED DECEMBER 31:
(In millions)

MaBSTOA:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contribution	$ 159.5	$ 209.3	$ 202.5	$ 202.9	$ 220.7	$ 214.9	$ 226.4	$ 234.5	$ 228.9	$ 186.5
Actual Employer Contribution	159.5	206.4	205.4	202.7	220.7	214.9	226.4	234.5	228.9	186.5
Contribution Deficiency (Excess)	$ -	$ 2.9	$ (2.9)	$ 0.2	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	802.1	786.6	776.2	749.7	716.5	686.7	653.3	582.1	576.0	579.7
Contributions as a % of Covered Payroll	19.9 %	26.2 %	26.5 %	27.0 %	30.8 %	31.3 %	34.7 %	40.3 %	39.7 %	32.2 %

NYCERS:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contribution	$ 841.9	$ 904.1	$ 768.4	$ 759.6	$ 753.2	$ 694.4	$ 708.2	$ 702.9	$ 695.8	$ 630.1
Actual Employer Contribution	841.9	904.1	768.4	759.6	753.2	694.4	708.2	702.9	695.8	630.1
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	3,644.7	3,784.2	3,841.0	3,624.4	3,386.1	3,344.3	3,449.1	2,811.1	2,797.7	2,771.9
Contributions as a % of Covered Payroll	23.1 %	23.9 %	20.0 %	21.0 %	22.2 %	20.8 %	20.5 %	25.0 %	24.9 %	22.7 %

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO ALL PENSION PLANS:

The following actuarial methods and assumptions were used in the January 1, 2019 and 2018 funding valuation for the MaBSTOA pension plan as follows:

	MaBSTOA	
Valuation Date	January 1, 2019	January 1, 2018
Measurement Date	December 31, 2019	December 31, 2018
Actuarial cost method	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)(1)
Amortization method	For FIL bases, period specified in current valuation report. Fresh start based as of 1/1/2020 will be determined based on the Plan's unfunded Entry Age Normal liability less amortization balances of remaining plan change base. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, period specified in current valuation report. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.
Asset Valuation Method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Actuarial assumptions:		
Discount Rate	6.5%	7.0%
Investment rate of return	6.5%, net of investment expenses	7.0%, net of investment expenses
Mortality	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA.
Inflation	2.25% per annum	2.5% per annum
Salary increases	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	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.
Overtime	Except for managerial employees, 8.5% of base salary for operating employees and 2.0% of base salary for nonoperating employees, with different assumptions used in the year before retirement. For Tier 6 members, all overtime was assumed to be less than the overtime cap.	Except for managerial employees, 8.5% of base salary for operating employees and 2.0% of base salary for nonoperating employees, with different assumptions used in the year before retirement. For Tier 6 members, all overtime was assumed to be less than the overtime cap.
Cost-of-Living Adjustments	1.35% per annum	1.375% per annum
Rate of normal retirement	Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan. All members are assumed to retire by age 80.

(1) Under this actuarial method, the initial liability has been established by the Entry Age Actuarial Cost Method for determining changes in the Unfunded Actuarial Accrued Liability (UAAL) due to plan provision and assumption changes.

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO ALL PENSION PLANS:

Significant methods and assumptions used in calculating the actuarially determined contributions of an employer's proportionate share in a Cost Sharing, Multiple-Employer pension plan, the NYCERS Plan, should be presented as notes to the schedule. Factors that significantly affect trends in the amounts reported are changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions. Following is a summary of such factors:

Changes of Benefit Terms

There were no changes of benefit terms in the June 30, 2019 funding valuation.

Changes of Assumptions

There were no changes of benefit assumptions in the June 30, 2019 funding valuation.

(Concluded)

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY IN THE MTA OPEB PLAN AT:
(In millions)

Plan Measurement Date (December 31):	2019	2018	2017
The Authority's proportion of the net OPEB liability	68.70%	67.83%	67.88%
The Authority's proportionate share of the net OPEB liability	$ 14,507	$ 13,281	$ 13,784
The Authority's covered payroll	$ 4,571	$ 4,617	$ 3,619
The Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	317.37%	287.65%	380.88%
Plan fiduciary net position as a percentage of the total OPEB liability	1.93%	1.76%	1.79%

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

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO THE OPEB PLAN AND NOTES TO SCHEDULE OF THE AUTHORITY'S CONTRIBUTION TO THE OPEB PLAN FOR THE YEARS ENDED DECEMBER 31:
(In millions)

	2020	2019	2018	2017
Actuarially Determined Contribution	n/a	n/a	n/a	n/a
Actual Employer Contribution [(1)]	$ 236.7	$ 505.6	$ 468.8	$ 441.9
Contribution Deficiency (Excess)	n/a	n/a	n/a	n/a
Covered Payroll	4,446.8	4,570.8	4,617.2	3,618.6
Actual Contribution as a Percentage of Covered Payroll	11.01%	11.06%	10.15%	12.21%

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $12.8, $21.3, $19.9 and $19.6 for the years ended December 31, 2020, 2019, 2018 and 2017, respectively.

Notes to Schedule of the Authority's Contribution to the OPEB Plan:

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2019	July 1, 2017
Measurement date	December 31, 2019	December 31, 2018
Discount rate	2.74%	4.10%
Inflation	2.25%	2.50%
Actuarial cost method	Entry Age Normal	Entry Age Normal
Investment rate of return	5.75%	6.50%

Changes of benefit terms: In the July 1, 2019 and 2017 actuarial valuations, there were no changes to the benefit terms.

Changes of assumptions: In the July 1, 2017 actuarial valuation, there was a change in assumptions. The discount rate used to measure liabilities was updated to incorporate GASB 75 guidance and changed to reflect the current municipal bond rate. In the July 1, 2019 actuarial valuation, there were changes in healthcare related assumptions, demographic and economic assumptions.

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

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Metropolitan Transportation Authority ("MTA") Long Island Rail Road

(Component Unit of the MTA)

Financial Statements as of and for the
Years Ended December 31, 2020 and 2019,
Required Supplementary Information, and
Independent Auditors' Report

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MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

TABLE OF CONTENTS

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction

The following is a narrative overview and analysis of the financial activities of MTA Long Island Rail Road ("LIRR"), a component unit of the Metropolitan Transportation Authority ("MTA"), for the years ended December 31, 2020 and 2019. This discussion and analysis is intended to serve as an introduction to MTA LIRR's financial statements, which have the following components: (1) Management's Discussion and Analysis ("MD&A"), (2) Business-Type Activity Financial Statements, (3) Fiduciary Fund Financial Statements, (4) Notes to Financial Statements, and (5) Required Supplemental Information.

Management's Discussion and Analysis

The MD&A provides an assessment of how MTA LIRR's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected MTA LIRR's overall financial position. It may contain opinions, assumptions or conclusions by MTA LIRR's management that should not be considered a replacement for and must be read in conjunction with the financial statements.

The Financial Statements

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

The Statements of Revenues, Expenses and Changes in Net Position show how MTA LIRR's net position changed during each year and accounts for all the current and prior year's revenues and expenses, measure the success of MTA LIRR's operations over the twelve months and can be used to determine how MTA LIRR has funded its costs.

The Statements of Cash Flows provide information about MTA LIRR's cash receipts, cash payments, and net changes in cash resulting from operations, noncapital financing, capital and related financing.

The Fiduciary Fund Financial Statements

The Fiduciary fund is used to account for resources held in a trustee capacity for the benefit of parties outside of a government entity. The Fiduciary fund is not reported in the MTA LIRR's financial statements because the resources of that fund are not available to support MTA LIRR's own programs. The fiduciary fund is reported as a Pension Trust Fund.

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

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

The Notes to the Financial Statements

The Notes provide information that is essential to understanding the financial statements, such as MTA LIRR's accounting methods and policies. The notes also have the details of cash, capital assets, retirement benefits, lease transactions, future commitments and contingencies and any other events or developing situations that could materially affect MTA LIRR's financial position.

Required Supplemental Information

The Required Supplemental Information provides information concerning the MTA LIRR's progress in funding its obligation to provide pension and other postemployment benefits to its employees. It also includes the Schedule of Changes in the MTA LIRR's Net Pension Liability and Related Ratios for The LIRR Company Plan for Additional Pensions, the Schedule of the MTA LIRR's Proportionate Share of the Net Pension Liability in the MTA Defined Benefit Pension Plan, the Schedule of MTA LIRR's Contributions to All Pension Plans, the Schedule of the MTA LIRR's Proportionate Share of the Net OPEB Liability in the MTA OPEB Plan, and the Schedule of the MTA LIRR's contributions to the MTA OPEB Plan.

FINANCIAL REPORTING ENTITY

In 1966, the MTA acquired the capital assets of MTA LIRR from the former Pennsylvania Railroad Company. In February 1980, MTA LIRR became a component unit of the MTA, pursuant to New York State Public Authorities Law, whose mission is to continue, develop, and improve public transportation and to develop and implement a unified public transportation policy in the New York Metropolitan area. MTA LIRR is a part of the related financial reporting group of the MTA. The MTA is a component unit of the State of New York.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in MTA LIRR's financial position for the years ended December 31, 2020 and 2019. Additionally, an examination of major economic factors that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are in conformity with MTA LIRR's financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America. All dollar amounts are in thousands.

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

(Dollars in thousands)

	As of December 31,			Increase / (Decrease)	
	2020	2019	2018	2020–2019	2019–2018
Total noncurrent assets	$ 8,843,901	$ 7,881,528	$ 6,825,946	$ 962,373	$ 1,055,582
Total current assets	489,746	394,608	396,978	95,138	(2,370)
Total deferred outflows of Resources	691,843	558,738	434,776	133,105	123,962
Total assets and Deferred Outflows of Resources	$ 10,025,490	$ 8,834,874	$ 7,657,700	$ 1,190,616	$ 1,177,174

Significant Changes in Assets and Deferred Outflows of Resources—

In 2020, capital assets increased by $962.4 million or 12.2% compared to December 2019. The major components of the increase are related to capital assets placed into beneficial service, changes to construction work-in-progress and changes in accumulated depreciation.

Significant additions to capital assets resulted from the following:

- Improvements to MTA LIRR's infrastructure road-assets continued under the Annual Track Program that provided replacement of various track elements and branches at a cost of $65.7 million. Implementation of a Positive Train Control (PTC) System on all main-line tracks to comply with the Rail Safety Improvement Act of 2008 was completed at a cost of $346.0 million. The PTC system was designed to prevent train to train collisions, overspeed derailments, incursions into established work zone limits and the movement of a train through an improperly aligned switch. The new Mid-Suffolk Yard contains a new yard lead, train storage tracks, track and yard signal system which cost $46.1 million. The Mid-Suffolk Yard project contains a yard lead and train storage tracks, track and yard signal system and yard facilities. Long Island City Yard Restoration was completed at a cost of $6M which included reconstruction of tracks, restoration of third rail systems and switch replacements. LIRR had additional costs for the Main Line Double Track of $3.8 million. Lastly, various improvements to infrastructure and road-assets accumulated to $14.1 million.

- The Mid-Suffolk Yard project included construction of a new electric train storage yard on the main line in central Suffolk County at a cost of $72.3 million. The Nostrand Avenue Station rehabilitation was completed in 2020 at a cost of $27.8 million. The new consolidated LIRR employee facility in Bethpage was established at a cost of $20.6 million. The new facility will provide space for material storage, engineering operations Track, Signal, Communications, Power, Structures and Facility departments. The replacement of the Meadowbrook station was completed costing $20.6 million. Long Island City Yard Restoration was completed at a cost of $16.3 million which included construction of car cleaning platforms, and a storm water detention and management system with flap valves, sumps, pumps and chambers. Installation of two new elevators at the Murray Hill station was completed at a total cost of $11.5 million. Rehabilitation and repair of Lynbrook and Rockville Centre viaducts was completed at a cost of $11.8 million. Rehabilitation of five bridges was also completed costing $9.3 million. Lynbrook and St. Albans Station Improvements were completed at a cost of $10.7 and $4.3 million respectively. LIRR continued The Enhanced Station Initiatives project enhanced the appearance, function, safety, and customer experience at 14 LIRR stations: Deer Park, Brentwood, Merrick, Stony Brook, Syosset, East Hampton, Bellmore, Farmingdale Great Neck, Bayside, Northport, Valley Stream, Ronkonkoma, and Baldwin at a total cost of $8.80 million. Additional costs of $10.6 million were incurred for Bridge Replacements of two LIRR bridges over North Main Street and Accabonac Road in East Hampton on the Montauk Branch. Lastly, various structural improvements resulted in an additional $21.4 million increase to buildings and structures.

- Forty-two M9 rail cars entered passenger service in 2020 for additional costs of $113.4 million. The new cars incorporate and improve upon the most successful and popular features of the LIRR's familiar M7 electric cars.

- The new entrance for Penn Station at 33rd Street and 7th Avenue was completed at a cost of $160.0 million. The entrance has three new escalators and one staircase from the street level to the LIRR 33rd Street connecting concourse and associated work. This project will improve customer experience and flow in the busy corridor within Penn Station connecting Seventh and Eighth avenues. The Moynihan Train Hall was completed at a cost of $95.0 million. This project converted the back of house areas of the Farley Post Office to a world class train hall with 8 vaulted glass ceilings for Amtrak and the Long Island Railroad. The East River Tunnel Track replacement was completed at a cost of $35.6 million. Work included total track replacement with removal / replacement of third rail equipment, running rails, continuous welded rail (CWR), ties, ballast, impedance bonds and installation of new drain covers. Costs incurred for the Penn station elevator/escalator replacement project totaled $9.5 million. The project replaced 5 elevators and 14 escalators at LIRR level A of Penn Station.

- The Mid-Suffolk Yard project included $6.2 million in costs for machinery and equipment. Non-revenue vehicle purchases totaled $5.9 million in 2020. The LIRR Engineering Foundations project was completed under the Enterprise Asset Management. Ninety-four advertising displays at LIRR train stations were installed totaling $2.5 million. The construction equipment project purchased four tie cranes totaling $2.3 million. There were additional costs of $2.4 million for a signal hut, two bucket trucks, a fueling station and a rail grapple truck under the emergency management equipment project. The purchases of various types of machinery and equipment including security cameras resulted in an additional $7.8 million increase to machinery and equipment.

Significant changes to construction work-in-progress continued in the following areas:

- Signal and communication construction work-in-progress decreased by $295.8 million due to the completion of Positive Train Control on all main-line tracks to maintain compliance with Rail Safety Improvement Act of 2018. These decreases were offset by continuing build up and upgrade of the LIRR fiber optic network and the signal replacement program.

- Shops & Yards work in progress decreased by $54.5 million primarily due to the completion of a new Mid-Suffolk Yard. This decrease was primarily offset by an increase in construction of the new Morris Park Locomotive Shop containing the Diesel Shop.

- Passenger cars work in progress decreased by $21.7 million due to placing 42 more M-9 cars in service this year to replace the M-3 car fleet. The decrease was offset by the continued procurement of new M-9 cars for the East Side Access service.

- Passenger Station work in progress decreased by $97.6 million mainly due to the completion of the Moynihan Train Hall, the new entrance for Penn Station at 33rd Street and 7th Avenue and the Nostrand Avenue Station rehabilitation. These decreases were primarily offset by increases in costs incurred for the second phase of Penn Station's renewal project and the New Elmont Station project.

- Line Structures work in progress increased $660.2 million primarily due to the LIRR Expansion Project of the Main Line Third Track between Floral Park and Hicksville, the Jamaica Capacity Improvements project, the Queens interlocking project and the concrete tie program. The increases are offset by decreases in the costs incurred for ERT rehabilitation project and 1st Ave Substation Restoration project.

- An increase of $17.7 million resulted from owner-controlled insurance program, program administration, project material, security projects, and New York State Department of Transportation ("NYSDOT") projects.

These increases are partially offset by increases in accumulated depreciation and amortization of $396.8 million.

Other assets increased in 2020 by $95.1 million or 24% primarily due to an increase in the investment account funds received from MTA HQ for the repayment of the prior year loan and an increase in materials and supplies. The increase was primarily offset by a decrease in passenger receivables.

Deferred outflows of resources increased by $133.1 million or 23.8% due to the increase in deferred outflows for pensions per the actuarial report and increase in deferred outflows for postemployment benefits other than pensions. Refer to Note 7 and Note 8 of the audited financial statements for further information, respectively.

In 2019, capital assets increased by $1.1 billion or 15.5% compared to December 2018. The major components of the increase are related to capital assets placed into beneficial service, changes to construction work-in-progress and changes in accumulated depreciation.

Significant additions to capital assets resulted from the following:

- Improvements to MTA LIRR's infrastructure road-assets continued under the 2019 Track Program that provided replacement of various track elements and branches at a cost of $61.9 million. LIRR had additional costs for the Main Line Double Track of $30.8 million. The Right of Way Fencing project had costs of $4.1 million. High security fencing was installed along the LIRR Right of Way. The new high security fencing will mitigate identified hazards on the ROW for the protection of LIRR customers, employees, and the communities. Signal power lines were replaced and/or upgraded across various locations at a cost of $2.6 million. This included replacing or upgrading aged, deteriorated, and inadequate signal power lines systemwide that are beyond their useful life to address State of Good Repair needs. Selected power poles were replaced and upgraded based on age and condition systemwide with fiberglass power poles at a cost of $2.3 million to ensure the power pole system is maintained in a State of Good Repair. Replacements of the DC relay controls at select substations were done at a cost of $1.2 million to improve LIRR power system reliability. These improvements will provide the LIRR with the ability to better analyze and control the amount of energy that is transferred between the power feeds and the tracks.

- The Enhanced Station Initiatives project enhanced the appearance, function, safety, and customer experience at 14 LIRR stations: Deer Park, Brentwood, Merrick, Stony Brook, Syosset, East Hampton, Bellmore, Farmingdale Great Neck, Bayside, Northport, Valley Stream, Ronkonkoma, and Baldwin at a total cost of $95.0 million. Bridge Replacements of two LIRR bridges over North Main Street and Accabonac Road in East Hampton on the Montauk Branch were completed at a cost of $11.9 million. Upgrades to the Hillside Maintenance facility were completed at a cost of $7.3 million. Improvements to the Port Washington Substation continued from prior year at a cost of $5.0 million. Additional costs of $4.8 million for the Main Line Double Track project were incurred. Rehabilitation of Springfield and Union Turnpike bridges were completed at a cost of $5.4 million. The Enhanced Station Initiative at Port Jefferson Station on the Port Jefferson Branch in Suffolk County totaled $6.6 million. Work included construction of new stamped concrete sidewalks, parking lot rehabilitation, repaving and striping, new curbs and planters, and station building exterior brick renewal. The Mentor Station Component Replacement project included rehabilitation to two stations: Laurelton Station and Locust Manor Station at a cost of $3.9 million. Station Enhancements to the Stewart Manor Station to improve the appearance of the station were completed at a cost of $2.0 million. Improvements included installation of new art glass within the platform shelter sheds, landscaping, new stamped concrete sidewalks, bike racks, and new curbs. Rehabilitation of the two-track Flushing Main Street Bridge is completed costing $2.6 million. Bridge rehabilitation included new bearings and bridge deck waterproofing as well as repairs to the concrete underdeck, girders, parapets. Lastly, various structural improvements resulted in an additional $21.0 million increase to buildings and structures.

- Twenty-Six M9 rail cars entered passenger service in 2019 for additional costs of $70.2 million. The new cars incorporate and improve upon the most successful and popular features of the LIRR’s familiar M7 electric cars.

- The LIRR centralized control of all LIRR train movement to a full centralized train control system within the JCC building at a cost of $29.0 million. The project included the initial architectural fit-out of the CTC facility, with furnishings and installation of flooring, ceiling, electrical, security, communication, and fire suppression systems. The lost and found office at Penn Station was renovated at an additional cost of $1.1 million.

- Non-revenue vehicle purchases totaled $17.0 million in 2019. A Wheel Lathe Truer was purchased for $14.8 million. There were additional costs of $1.2 million for the purchase of a bucket truck under emergency equipment. Eight-three advertising displays at LIRR train stations were installed totaling $2.8 million. The purchases of various types of machinery and equipment including security cameras resulted in an additional $2.6 million increase to machinery and equipment.

Significant changes to construction work-in-progress continued in the following areas:

- Signal and communication construction work-in-progress increased by $76.2 million due to the emphasis on Positive Train Control on all main-line tracks to maintain compliance with Rail Safety Improvement Act of 2018, the continuing build up and upgrade of the LIRR fiber optic network and the signal replacement program. These increased were offset by decreases in the Centralized Train Control and Centralized Traffic Control projects.

- Shops & Yards work in progress increased by $76.8 million primarily due to the continuing construction of a new Mid-Suffolk Yard and the new Morris Park Locomotive Shop containing the Diesel Shop, Bone Yard, Stores Building and Employee Facilities. These increases are primarily offset by a decrease in Rolling Stock Support Equipment.

- Passenger cars work in progress incurred an additional cost of $39.7 million due to continued procurement of new M-9 cars for the East Side Access service, as well as the eventual replacement of the aging M 3 fleet.

- Passenger Station work in progress increased by $26.6 million mainly due to additional costs for the Penn Station new entrance at 33th Street and 7th Avenue, Nostrand Avenue Station Rehabilitation, new elevators at the Murray Hill Station, new elevators and escalators at Penn Station and the complete renovation of the station master office at Penn Station. These increases were primarily offset by a decrease in Enhanced Initiative projects for upgrades to various passenger stations.

- Line Structures work in progress increased $707.9 million primarily due to the LIRR Expansion Project of the Main Line Third Track between Floral Park and Hicksville, the Jamaica Capacity Improvements project, the annual track program and Other Territory Improvements.

- An increase of $71.1 million resulted from owner-controlled insurance program, program administration, project material, security projects, and NYSDOT projects.

These increases are partially offset by increases in accumulated depreciation and amortization of $349.1 million.

Other assets decreased in 2019 by $2.4 million or .6% primarily due to a decrease in the investment account funds received from MTA HQ for the repayment of the prior year loan. The decrease was offset by increases in outstanding prebills and invoices for capital and reimbursable expenditures, such as the five-year capital program, the third track program and east side access.

Deferred outflows of resources increased by $123.9 million or 28.5% due to the increase in deferred outflows for pensions per the actuarial report. See Note 7 of the audited financial statements for further information. The increase was offset by a decrease in deferred outflows for postemployment benefits other than pensions. See Note 8 of the audited financial statements for further information.

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

(Dollars in thousands)

	As of December 31, 2020	2019	2018	Increase / (Decrease) 2020–2019	2019–2018
Current liabilities	$ 460,175	$ 383,276	$ 319,379	$ 76,899	$ 63,897
Noncurrent liabilities	3,873,564	3,770,896	3,705,007	102,668	65,889
Deferred inflows of Resources	462,108	264,088	88,490	198,020	175,598
Total liabilities and Deferred Inflows of Resources	$ 4,795,847	$ 4,418,260	$ 4,112,876	$ 377,587	$ 305,384

Significant Changes in Liabilities and Deferred Inflows of Resources—

In 2020, total liabilities and deferred inflows of resources increased by $377.6 million or 8.6% compared to 2019.

- Current liabilities increased by $76.9 million or 20.1% primarily due to the deferral of the employer's payroll taxes as part of the CARES Act.

- Noncurrent liabilities increased by $102.7 million or 2.7% primarily due to the increase in Pension liability, deferral of payroll taxes resulting from the CARES Act and estimated liability arising from injuries to persons including employees and damage to third-party property which was offset by a decrease in the other post-employment benefits ("OPEB") liability.

- Deferred inflows of resources increased by $198.0 million or 75.0% primarily due to the increase in deferred inflows for OPEB and pensions per the actuarial report. See Note 7 and 8 of the audited financial statements for further information.

In 2019, total liabilities and deferred inflows of resources increased by $305.2 million or 7.4% compared to 2018.

- Noncurrent liabilities increased by $65.9 million or 1.78% primarily due to the increase in Pension liability and was offset by a decrease in the postemployment benefits ("OPEB") liability.

- Deferred inflows of resources increased by $175.6 million or 198.4% primarily due to the increase in deferred inflows for OPEB. The increase was offset by a decrease in deferred inflows for pensions per the actuarial report. See Note 7 and 8 of the audited financial statements for further information.

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

	As of December 31,			Increase / (Decrease)	
	2020	2019	2018	2020–2019	2019–2018
Net investment in capital assets	$ 8,817,087	$ 7,852,796	$ 6,825,946	$ 964,291	$ 1,026,850
Unrestricted	(3,587,445)	(3,436,182)	(3,281,122)	(151,263)	(155,060)
Total net position	$ 5,229,642	$ 4,416,614	$ 3,544,824	$ 813,028	$ 871,790

Net Position represents the residual interest in MTA LIRR assets after liabilities are deducted and consist of the net investment in capital assets and unrestricted deficit. Net investment in capital assets include capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.

December 31, 2020 versus 2019

Total net position increased by $813.0 million in 2020. The increase was comprised of operating and capital contributions from the MTA of $2.1 billion, $508.0 million from the FTA Cares Act offset by an operating loss of $1.7 billion.

December 31, 2019 versus 2018

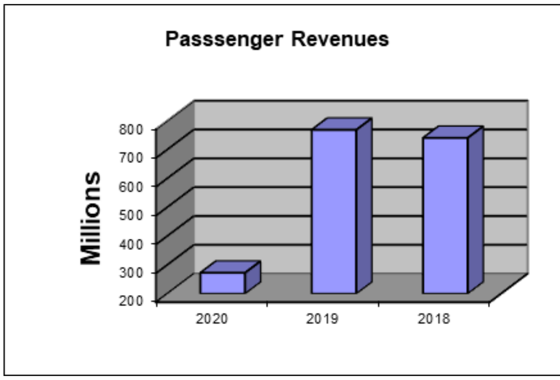
Total net position increased by $871.8 million in 2019. The increase was comprised of operating and capital contributions from the MTA of $2.1 billion offset by an operating loss of $1.2 billion.

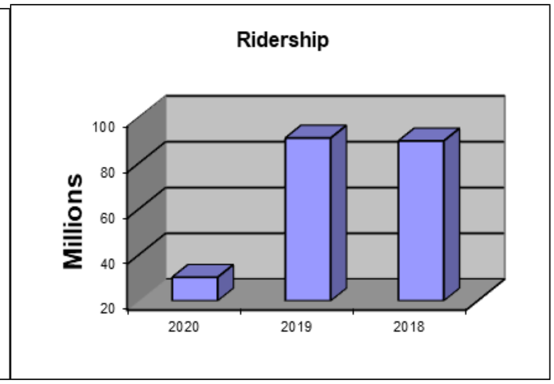
Condensed Statements of Revenues, Expenses and Changes in Net Position

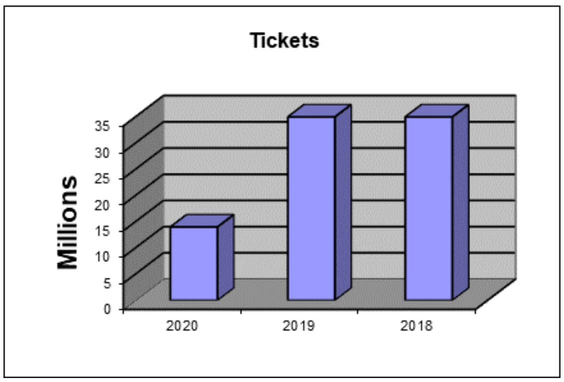
	December 31,		
	2020	2019	2018
Operating revenues	$ 306,522	$ 809,243	$ 789,373
Operating expenses	(1,992,469)	(1,998,838)	(1,982,876)
Operating loss	(1,685,947)	(1,189,595)	(1,193,503)
Nonoperating revenue and capital contributions:			
Operating subsidies from MTA	619,573	653,179	824,348
Capital contributions	1,371,442	1,408,206	1,080,692
FTA Cares Act	507,960		
FTA/FEMA reimbursement	-	-	311
Total nonoperating revenue and capital contributions	2,498,975	2,061,385	1,905,351
Change in net position	813,028	871,790	711,848
Net position—beginning of year	4,416,614	3,544,824	4,246,107
Restatement of beginning net position	-	-	(1,413,131)
Net position—end of year	$ 5,229,642	$ 4,416,614	$ 3,544,824

Revenues and Expenses by Major Source

Operating Revenues







The MTA LIRR finished the year 2020 with significantly reduced ridership, due to the drastic impact of the COVID-19 pandemic. The 2020 total ridership was 30.3 million customers, decreasing -66.8% below 2019's record 91.1 million ridership. Non-Commutation ridership decreased -60.6% in 2020 with 16.0 million ridership, outperforming the Commutation ridership that declined -71.8% in 2020 with 14.3 million ridership.

The MTA LIRR experienced its highest ridership since the post-war record of 91.8 million passengers in 1949. During 2019, the LIRR carried 91.1 million customers, which was a 1.5 percent increase from 89.8 million customers in 2018. LIRR remains the busiest commuter railroad in North America. Strong local economic conditions and continuous growth in non-commutation travel, including trips to entertainment and sports venues, have contributed to these ridership numbers.

The 2019 Non-Commutation market experienced growth of 4.1% when compared to 2018, outpacing the growth of the Commutation market, which decreased by 0.5%. Two major sporting events occurred in 2019, including the PGA golf tournament at Bethpage State Park and the Belmont Stakes at Belmont Park.

Operating Expenses by Categories

	2020	2019	2018	Increase / (Decrease) 2020–2019	Increase / (Decrease) 2019–2018
Salaries and wages	$ 679,342	$ 711,738	$ 687,085	$ (32,396)	$ 24,653
Health and welfare	91,310	86,772	83,109	4,538	3,663
Pension	202,129	125,102	117,870	77,027	7,232
Other fringe benefits	96,467	105,946	97,037	(9,479)	8,909
Other postemployment benefits (OPEB)	160,549	192,469	219,751	(31,920)	(27,282)
Electric power	77,691	80,528	88,946	(2,837)	(8,418)
Fuel	14,471	20,162	21,068	(5,691)	(906)
Insurance	16,218	20,326	19,880	(4,108)	446
Claims	5,276	9,995	13,505	(4,719)	(3,510)
Maintenance and other operating contracts	70,291	62,181	73,056	8,110	(10,875)
Environmental remediation	4,390	9,954	1,936	(5,564)	8,018
Professional service contracts	31,271	31,001	46,657	270	(15,656)
Materials and supplies	112,745	147,223	136,464	(34,478)	10,759
Depreciation and amortization	414,524	379,199	362,333	35,325	16,866
Other expenses	15,795	16,242	14,179	(447)	2,063
Total operating expenses	$ 1,992,469	$ 1,998,838	$ 1,982,876	$ (6,369)	$ 15,962

Significant Changes to Operating Expenses in 2020—

Total 2020 operating expenses decreased by $6.4 million or 0.32% over 2019 as follows:

- Salaries and wages decreased by $32.4 million or 4.6% primarily due the existence of vacant position as a result of the MTA hiring freeze and lower vacation pay accruals. Overtime decreased primarily in the areas of right of way maintenance scheduled/unscheduled service due to management oversight to implement a reduced service plan that delivered sufficient essential service while responding to the effects of COVID

- Pension costs increased by $77.0 million or 61.6% primarily as a result of the latest actuarial valuation report.

- OPEB decreased by $31.9 million or 16.6% primarily as a result of a change in the deferred inflow of LIRR's proportionate share of Net OPEB liability from 12.52% in 2018 to 11.48% in 2019 per the latest actuarial valuation report.

- Fuel decreased by $5.7 million or 28.2% primarily due to lower rates and consumption.

- Maintenance and other operating contracts increased by $8.1 million or 13.0% primarily due to the timing of Engineering right of way conduit cable installation, security system, vegetation management and non-revenue vehicle maintenance. The increase was partially offset by lower real estate rental costs and waste maintenance.

- Environmental remediation decreased by $5.6 million or 55.9 % primarily due to a decrease in reserves due lower than anticipated environmental remediation cost.

- Depreciation and amortization increased by $35.3 million or 9.3% primarily due to additional depreciation for new assets capitalized in 2020.

Significant Changes to Operating Expenses in 2019—

Total 2019 operating expenses increased by $16.0 million or 0.81% over 2018 as follows:

- Salaries and wages increased by $24.7 million or 3.6% primarily due to lump sum payments to represented employees required by a union agreement, maintenance and weather-related overtime.
- Pension costs increased by $7.2 million or 6.1% primarily as a result of the latest actuarial valuation report.
- OPEB decreased by $27.3 million or 12.4% primarily as a result of the latest actuarial valuation report.
- Electric power decreased by $8.4 million or 9.5% primarily due to lower rates and consumption.
- Maintenance and other operating contracts decreased by $10.9 million or 14.9% primarily due to lower costs for the security system, facility maintenance expenditures and non-revenue vehicle maintenance. The decrease was partially offset by higher expenses for emergency bussing support and elevator/ escalator maintenance.
- Professional Service Contracts decreased by $15.7 million or 33.6% primarily due to a decrease in write-offs of various projects that are no longer capital eligible.
- Environmental remediation increased by $8.0 million or 414.2 % primarily due to an increase in reserves for large projects undertaken in 2019.
- Depreciation and amortization increased by $16.9 million or 4.7% primarily due to additional depreciation for new assets capitalized in 2019.

Significant Changes to Nonoperating Revenue and Capital Contributions in 2020

In 2020, MTA LIRR received $508.0 million from the FTA CARES Act grant. Operating subsidies from the MTA decreased by $33.6 million or 5.1%. Operating subsidies are provided by MTA to MTA LIRR as part of an MTA approved financial plan.

Decreases in operating subsidies primarily relate to:

- Payroll decreased by $15.0 million due to a reduction in head count and a decrease in overtime hours.
- Electric power and fuel decreased by $4.1 million due to service reductions caused by COVID-19.
- Other business expenses decreased by $7.9 million due to lower credit/ debit fees due to lower ridership caused by the Covid-19 pandemic.

In 2019, nonoperating capital project subsidies from MTA decreased by $36.8 million or 2.6%. Nonoperating capital projects subsidies are provided as part of the MTA approved five-year Capital Program which supports three key imperatives: completion of the restoration of the system which began in 1982; preservation of the investments is made through timely replacement of assets; and expansion of the MTA transportation network to better serve the economy of the New York City region. The amount of these subsidies is based on scheduled project activity occurring during the current five-year capital program lifecycle.

Significant Changes to Nonoperating Revenue and Capital Contributions in 2019

In 2019, operating subsidies from the MTA decreased by $171.2 million or 20.76%. Operating subsidies are provided by MTA to MTA LIRR as part of an MTA approved financial plan.

Decreases in operating subsidies primarily relate to:

- Passenger Revenues increased by $23.5 million primarily due to an increase in fares and ridership.
- Electric power and fuel decreased by $15.3 million due to lower rates and consumption.
- Other fringe payments decreased by $8.0 million due to a decrease in employee claims and lawsuits.
- Capital and Other Reimbursements decreased by $73.9 million primarily due to the timing of activity and reimbursement for capital and other reimbursements.

In 2019, nonoperating capital project subsidies from MTA increased by $327.5 million or 30.31%. Nonoperating capital projects subsidies are provided as part of the MTA approved five-year Capital Program which supports three key imperatives: completion of the restoration of the system which began in 1982; preservation of the investments is made through timely replacement of assets; and expansion of the MTA transportation network to better serve the economy of the New York City region. The amount of these subsidies is based on scheduled project activity occurring during the current five-year capital program lifecycle.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

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

Preliminary MTA system-wide utilization through the fourth quarter of 2020 decreased substantially relative to 2019, with ridership down by 1,604 million trips (62.7%). The effective shut-down 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 the region moved through the State-mandated re-opening phases. During 2020, compared with 2019, MTA New York City Transit subway ridership declined by 1,058.2 million trips (62.3%), MTA New York City Transit bus declined by 348.1 million trips (62.5%), MTA LIRR ridership declined by 60.8 million trips (66.8%), MTA Metro-North Railroad declined by 59.4 million trips (68.6%), MTA Bus declined by 74.5 million trips (61.9%), and MTA Staten Island Railway declined by 2.9 million trips (66.8%). From March 20, 2020 through the end of August, entry onto most buses was only permitted through the rear door only and fares were not collected, and in these instances, ridership was not counted. Vehicle traffic at MTA Bridges and Tunnels facilities in 2020 decreased by 76.2 million crossings (23.1%) compared with 2019 levels. The 2019 New York State Budget approved congestion pricing in Manhattan south of 60th Street, which will likely impact ridership and vehicle crossings once implemented. While originally scheduled to go into effect in 2021, the MTA only received approval on March 30, 2021, after significant delays, by the Federal Highway Administration to proceed with the Environmental Assessment which will allow for the final design and construction of the tolling infrastructure to proceed.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was lower in 2020 than in 2019 by 615.3 thousand jobs (13.1%). On a quarter-to-quarter basis, New York City employment gained 60.9 thousand jobs (1.5%), the second consecutive quarterly increase after the increase of 209.9 thousand jobs (5.5%) during the third quarter, which preceded the steep decline of 888.8 thousand jobs (19.0%) during the second quarter of 2020.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 4.3% in the fourth quarter of 2020, according to the most recent advance estimate released by the Bureau of Economic Analysis; in the third quarter, the revised RGDP increased 33.4 percent. The increase in fourth quarter GDP reflected increases in exports, residential and nonresidential fixed investment, personal consumption expenditures, and private inventory investment. These increases were partially offset by decreases in state and local government spending, as well as in federal government spending due to fewer fees paid to administer Paycheck Protection Program loans. Imports, which are a subtraction in the calculation of GDP, increased. The increase in personal consumer expenditures reflected increases in services, led by health care. The increase in exports primarily reflected an increase in goods led by industrial supplies and materials. The increase in residential fixed investment primarily reflected an increase in single family units. The increase in nonresidential fixed investment primarily reflected an increase in equipment, led by transportation equipment. The increase in private inventory investment primarily reflected an increase in manufacturing of both durable and non-durable goods.

The New York City metropolitan area's price inflation, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was higher than the national average in the fourth quarter of 2020, with the metropolitan area index increasing 1.58% while the national index increased 1.24%, when compared with the fourth quarter of 2019. Regional prices for energy products declined 6.79%, while the national price of energy products declined 8.54%. In the metropolitan area, the CPI-U exclusive of energy products increased by 2.05%, while nationally, inflation exclusive of energy products increased 1.95%. The spot price for New York Harbor conventional gasoline decreased even further, by 27.4%, from an average price of $1.72 per gallon to an average price of $1.25 per gallon between the fourth quarters of 2019 and 2020.

The Federal Open Market Committee ("FOMC") has left unchanged its target for the Federal Funds rate in the 0.00% to 0.25% range since its last rate reduction on March 15, 2020. The Federal Reserve remains committed to using its full range of fiscal tools to support the U.S. economy during the challenging time brought on by the COVID-19 pandemic by continuing to promote its maximum employment and price stability goals. Economic activity and employment have continued to recover but remain well below levels from the first couple of months of 2020, with weaker demand and earlier declines in oil prices having held down consumer price inflation. Overall financial conditions remained accommodative at the end of 2020, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses. The path of the economy depends significantly on the course of the virus as the ongoing public health crisis has continued to weigh on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term. The FOMC seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. With inflation running persistently below this longer run goal, the Committee aims to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over the medium time period and longer-term inflation expectations remain well anchored at 2 percent. The FOMC expects to maintain an accommodative stance of monetary policy until these outcomes are achieved, and expects to maintain this target range until labor market conditions have reached levels consistent with the FOMC's assessments of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time. In addition, over coming months the Federal Reserve will continue to increase its holdings of Treasury securities and agency mortgage-backed securities until substantial progress has been made toward meeting the FOMC's maximum employment and price stability goals. These asset purchases help foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses.

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 expects to receive another $4.0 billion from CRRSAA, although funding has yet to flow to the MTA. Most recently, on March 11, 2021, the American Rescue Plan (ARP) Act of 2021 was signed in law, and MTA expects to receive $6.5 billion in aid from the ARP.

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 Tax ("MRT") and Urban Tax, two important sources of MTA revenue. Real estate transaction activity during 2020 was severely affected by social distancing and the economic disruption caused by the COVID-19 pandemic. Mortgage Recording Tax collections in 2020 were higher than 2019 by $1.0 million (0.2%). Unfavorable change was experienced during the second and third quarters of the year, but average monthly receipts in the fourth quarter were $8.3 million higher than the monthly average for the second and third quarters, and receipts in the fourth quarter of 2020 were $6.3 million (5.3%) higher than receipts from the fourth quarter of 2019. Average monthly receipts in the fourth quarter of 2020 were $25.0 million (39.4%) 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 in 2020—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 $291.4 million (43.6%) lower than 2019 receipts. Receipts in the fourth quarter of 2020 were $15.5 million (23.9%) higher than receipts from the third quarter of 2020, although fourth quarter receipts were $72.5 million (47.4%) lower than receipts in the fourth quarter of 2019, continuing the year-over-year decline experienced throughout 2020. Average monthly receipts in the fourth quarter of 2020 were $42.2 million (57.3%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

Results of Operations—One of the most reliable predictors of customer satisfaction is the ability of the LIRR to deliver passengers to their intended destinations on time. For 2020, the LIRR's OTP was 95.9%, an increase of 3.5% from the 2019 OTP rate of 92.4%.

The M7 fleet, with a mean distance between failures (MDBF) of 462,053 miles, continued to be the strongest contributor in the LIRR's fleet reliability achievements. The RCM program and rigorous maintenance schedules and enhanced protocols contributed to this outstanding reliability performance. In addition, as part of LIRR Forward, 75 heated threshold plates were installed/replaced on the M7 fleet to improve door system reliability.

The Maintenance of Equipment Department's increased maintenance efforts also improved the reliability of the C3 fleet, which reached a MDBF of 122,573 – exceeding the goal by 19%. The combined diesel fleet achieved an MDBF of 68,799 miles, which exceeded the goal by 34.9%.

At the end of 2020, the multiple unit (MU) electric fleet consisted of 826 M7, 68 M9 and 132 M3 cars available for revenue service. The diesel fleet consisted of 134 C3 coach cars and 45 diesel locomotives.

New M-9 rail cars entered passenger service on September 11, 2019. The new cars incorporate and improve upon the most successful and popular features of the MTA's two recent electric car fleets, the LIRR's familiar M-7 electric cars and the M8 cars serving Metro-North's New Haven Line. A total of 202 cars are expected to be put into revenue service over the next several years. With the arrival of the new M-9 cars as well as lower service levels due to COVID, the LIRR was able to reduce the usage of the older M-3 fleet which also contributed to the overall MDBF improvement.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program—The LIRR Modernization Program is a multibillion-dollar investment in the regional transportation infrastructure that aims to foster Long Island's economic growth for generations to come. This comprehensive program to reconstruct and improve the LIRR system is moving forward with planning, design and construction. These projects range from large system expansion efforts, such as the LIRR Expansion Project from Floral Park to Hicksville and East Side Access, to improvements to existing infrastructure, such as bridge replacements, substation replacements and station enhancements. Collectively, these projects will work together to improve the overall LIRR system efficiency and reliability. Several major projects were completed while others remain ongoing.

In 2020, the implementation of Positive Train Control (PTC) System on all Main-Line tracks was completed. The PTC system will prevent train to train collisions, overspeed derailments, incursions into established work zone limits, and a train's movement through an improperly aligned switch.

The conversion of the Back of House (BOH) areas of the of Farley Post Office (located across from New York Penn Station along 8th Avenue) to a world class train hall (Moynihan Train Hall) with a vaulted glass ceiling for Amtrak and Long Island Rail Road was also completed in 2020.

The Penn Station 33rd Street Corridor Phase 1 project was completed and provided a new entrance at 33rd Street and 7th Avenue with three new escalators and one staircase from the street level to the LIRR 33rd Street Connecting Concourse.

A new Mid-Suffolk Electric Train Yard, located south of and adjacent to the existing Ronkonkoma Storage Yard, was completed. The Mid-Suffolk Electric Yard project is a key infrastructure improvement, supports the LIRR's future ESA, and service expansion needs across the LIRR network. The new yard provides additional storage capacity with 11 new layup tracks, each able to accommodate a 12-car electric train set. This project is critical to the LIRR's efforts to meet existing service needs as well as adding functionality and capacity for future service improvements and ridership growth.

Five railroad crossings were eliminated, including School Street in Westbury and the New Hyde Park Road crossing on the Garden City/New Hyde Park border where new undergrade crossings were opened in 2020. Two at Willis Avenue in Mineola and S. 12th Street railroad crossing in New Hyde Park were closed, with construction set to begin in 2021. The S. 12th Street elimination makes way to construct an Americans with Disabilities Act (ADA) - compliant pedestrian underpass.

Four Bridge replacement/modification projects were completed, including Meadowbrook Parkway, in Carle Place, that will carry the LIRR's third track; the 78-year-old Glen Cove Road bridge in Carle Place to accommodate a future third track; the Plainfield Avenue bridge, located in the village of Floral Park and in service since 1958, received a new single-track span to accommodate the third track; and the Linden Avenue underpass was also completed. This underpass is the only pedestrian access to the Floral Park Pool and Recreation Center from the north side of the LIRR Main Line.

In 2020, several station upgrade projects were completed, including the first phase of Lynbrook Station rehabilitation, which now offers two new island platforms, platform canopies, and other amenities; Murray Hill station work was completed, including the addition of two elevators and the installation of renewed retaining walls, new lighting, security cameras, signage, and pigeon abatement measures; and ADA elevators, new platforms, and canopies were among the upgrades completed at Nostrand Avenue Station in Brooklyn.

The 2020 Annual Track Program continued LIRR’s cyclical replacement of track assets, including replacement of 33,317 concrete ties on the Main Line Branch; 7 switch installations at various locations, 11 grade crossings at various locations; and 126,533 pieces of contingency welded rail along various branches.

OTHER

Customer Service—Keeping customers fully informed in real-time is a high priority of the LIRR, and the Rail Road continues to explore ways to improve in this area. The LIRR Public Information Office (PIO) continues to improve messaging protocols to provide customers with recovery estimates for service disruptions as well as early morning messages in advance of anticipated disruptions. Since January 2019, riders seen exactly where their trains are, in real-time, thanks to the Train Time Application. This tool uses real-time GPS tracking technology, enabling our customers to pull up their train location and expected time of arrival. It also provides information such as the car length of a train, train direction, and whether the train is diesel or electric. More recently, the LIRR added the ability for customers to see how crowded the train is in real-time both on the Train Time app and station platform signage. Based on load weight as measured by air pressure sensors within the trains suspension system, this functionality is currently available on the M-7 fleet with expansion to the M-9 fleet in 2021. Another new function being added in 2021 is the ability to chat with customer service representatives directly through the Train Time application.

Customer Amenities—During 2020, LIRR completed and advanced several improvement projects, that will enhance the customer experience. These included:

- In 2020, 42 new M9 rail cars entered passenger service. The new cars incorporate and improve upon the most successful and popular features of the MTA's two recent electric car fleets, the LIRR's familiar M7 electric cars and the M8 cars serving Metro-North's New Haven Line. A total of 202 cars are expected to be put into revenue service over the next several years.

- Passenger station rehabilitation and improvements were completed at the Nostrand Avenue, Meadowbrook, Lynbrook and St. Albans stations.

- The new entrance for Penn Station at 33rd Street and 7th Avenue was completed in 2020. The entrance has three new escalators and one staircase from the street level to the LIRR 33rd Street connecting concourse and associated work. This project will improve customer experience and flow in the busy corridor within Penn Station connecting Seventh and Eighth avenues. The Moynihan Train Hall was also completed in 2020. This project converted the back of house areas of the Farley Post Office to a world class train hall with 8 vaulted glass ceilings for Amtrak and the LIRR.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Impacts from Global Coronavirus Pandemic:

On March 12, 2020, the World Health Organization declared the current novel coronavirus ("COVID-19") outbreak to be a pandemic in the face of the global spread of the virus. By order of Governor Cuomo ("New York State on PAUSE"), effective March 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a severe decline in the utilization of MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, and MTA Bridge and Tunnel crossing traffic and toll revenues. Although certain restrictions have been subsequently lifted, it is expected that limitations will remain in place for some time.

- ***Ridership and Traffic Update:*** Day-by-day ridership on MTA facilities continues to be below 2019 levels. However, on April 8, 2021, subway ridership surpassed 2 million for the first time since the start of the pandemic. The daily ridership reported as of April 22, 2021, when compared to the pre-pandemic equivalent day in 2019, is down 63 percent on the subways, 45 percent for combined MTA New York City Transit and MTA Bus, 76 percent on MTA Metro-North Railroad, and 72 percent on the MTA Long Island Rail Road. Traffic crossings at MTA Bridges and Tunnels facilities are down by an estimated 7.5% compared to 2019 with an estimated traffic volume of 871,573.

- ***Federal Aid (CARES Act).*** On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 million in additional formula grant allocations to MTA for a CARES Act grant total of approximately $4 billion. As of August 19, 2020, a total of $4.010 billion had been released to MTA for operating assistance that occurred from January 20, 2020 through July 31, 2020. The MTA has exhausted all CARES Act funding received in the first congressional relief package.

- ***Federal Aid (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 expects to receive another $4.0 billion from CRRSAA. This federal relief is expected to offset operating deficits in 2021, although the funding has yet to flow to the MTA.

- ***Federal Aid ((ARP).*** On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 ("ARP"). 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. The MTA expects to receive approximately $6.5 billion in aid from the ARP.

- ***FEMA Reimbursement.*** The MTA's November Plan included reimbursement from the Federal Emergency Management Agency ("FEMA") for the estimated $293 million in direct COVID-19 related expenses incurred from the start of the pandemic through September 15, 2020, the cut-off date established by FEMA. FEMA typically reimburses 75% of local claim amounts, with the remaining portion covered by the State; however, with the State experiencing fiscal stress, MTA expects to receive $220 million in 2021, assuming the remaining 25% will not be received.

- ***MTA Liquidity Resources.*** As of March 1, 2021, MTA has liquidity resources in the approximate amount of $6.775 billion, consisting of a current running cash balance of $885 million, internal available flexible funds totaling $1.313 billion, PMT working capital BANs totaling $2.903 billion and commercial bank lines of credit totaling $1.674 billion (total commercial bank lines of credit are $2.150 billion, of which $476 million have been drawn by MTA).

- ***Repayment of Revolving Bank Line of Credit.*** To provide liquidity, MTA drew on its lines of credit in 2020; the lines of credit are expected to be repaid in 2022.

- ***Proceeds of MLF Deficit Financing.*** On June 4, 2020, New York State designated the MTA as an eligible issuer under the Federal Reserve's Municipal Liquidity Facility ("MLF") $500 billion lending program. The Federal Reserve Board established the program facility in late April 2020, under the CARES Act, to enable states and municipalities to borrow from a $500 billion fund to help manage cash flow stresses caused by the coronavirus pandemic. The program allows states and smaller counties to receive three-year loans of up to 20% of their pre-COVID general revenue. The MTA's total capacity under the MLF program was estimated at $3.35 billion. MTA utilized this lending facility in August 2020 to refinance approximately $450 million of maturing Transportation Revenue Bond Anticipation Notes. The terms of the MLF financing are attractive compared with MTA's alternatives in the municipal credit markets. As a result, the MTA borrowed the maximum $2.9 billion as a low interest bridge loan, before the lending window closed at the end of December 31, 2020. The proceeds are currently available to replace lost revenues or increased costs due to the COVID pandemic. The MTA expects to issue long-term bonds in 2023 to repay the MLF loan.

- ***Projected COVID-19 Pandemic Budgetary Impacts.*** The December Plan, which the MTA Board approved in December 2020, projected cash balances of $29 million in 2021, with deficits of $3.280 billion in 2022, $2.346 billion in 2023 and $2.225 billion in 2024. The December Plan, as with prior financial plans since the onset of the pandemic, reflects the impact and the ensuing effect that the pandemic has had on the MTA region, with focus on the MTA's financial survival as it strives to provide essential regional service. A key conclusion of the forecasts available to MTA management is that the COVID-19 pandemic can be expected to have an extended impact over the entire plan period. The December Plan included, over the December Plan period, $2.9 billion of proceeds from MLF deficit financing, $4.5 billion in federal aid from CRRSAA and proposed expense savings beginning in 2022 from service reductions. MTA is also proposing a permanent wage freeze for all employees, both represented and non-represented, through 2022. This action would save estimated totals of $309 million in 2022, $315 million in 2023 and $322 million 2024. Although the December Plan assumed CRRSAA aid to MTA would be $4.5 billion, MTA is now expecting to receive $500 million less, for a total of $4 billion.

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MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019
(Dollars in thousands)

	Business-Type Activities 2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	$ 5,390	$ 6,959
Fare cards	8,422	8,839
Invested funds at MTA	83,085	-
Receivables:		
Passenger	1,564	5,650
Due from MTA and affiliated agencies (Note 11)	170,540	166,618
Due from NYSDOT	3,533	1,289
Rents	3,489	2,736
Other	29,738	23,826
Less: allowance for doubtful accounts	(9,095)	(4,534)
Receivables—net	199,769	195,585
Materials and supplies, net of allowance of $54,356 and $49,482 in 2020 and 2019, respectively	161,478	149,730
Prepaid expenses and other current assets	31,602	33,495
Total current assets	489,746	394,608
NONCURRENT ASSETS:		
Capital assets (Notes 2 and 5):		
Land and construction work-in-progress	2,855,691	2,647,145
Other Capital assets, net of accumulated depreciation	5,988,210	5,234,383
Total noncurrent assets	8,843,901	7,881,528
Total assets	9,333,647	8,276,136
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows for pension (Note 7)	516,426	383,261
Deferred outflows for postemployment benefits other than pensions (Note 8)	175,417	175,477
Total deferred outflows of resources	691,843	558,738
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 10,025,490	$ 8,834,874

See notes to financial statements

(Continued)

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019
(Dollars in thousands)

	Business-Type Activities 2020	Business-Type Activities 2019
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 65,118	$ 63,625
Due to MTA and affiliated agencies (Note 11)	119,355	125,536
Accrued expenses and other liabilities:		
Salary, wages and payroll taxes	142,001	51,349
Vacation and sick pay benefits	82,349	80,069
Current portion—retirement and death benefits	963	740
Current portion—estimated liability arising from injuries to persons (Note 9)	36,240	40,588
Current portion—loan repayment (Note 10)	3,403	3,406
Environmental remediation (Note 13)	1,352	6,484
Total accrued expenses	266,308	182,636
Unearned revenues	9,394	11,479
Total current liabilities	460,175	383,276
NONCURRENT LIABILITIES:		
Estimated liability arising from injuries to persons (Note 9)	123,548	103,678
Net pension liability	1,171,746	1,077,521
Postemployment benefits other than pensions (Note 8)	2,424,927	2,451,276
Environmental remediation (Note 13)	29,260	27,325
Loan repayment (Note 10)	23,411	25,326
Other long-term liabilities (Note 14)	100,673	85,770
Total noncurrent liabilities	3,873,565	3,770,896
Total liabilities	4,333,740	4,154,172
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows from pension	82,328	19,914
Deferred inflows from post employment benefits other than pensions	379,780	244,174
Total deferred inflows of resources	462,108	264,088
NET POSITION:		
Net investment in capital assets	8,817,087	7,852,796
Unrestricted deficit	(3,587,445)	(3,436,182)
Total net position	5,229,642	4,416,614
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 10,025,490	$ 8,834,874

See notes to financial statements. (Concluded)

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Dollars in thousands)

	Business-Type Activities 2020	2019
OPERATING REVENUES:		
Passenger	$ 272,533	$ 768,739
Rents and utilities	20,437	23,717
Advertising	6,683	9,889
Other	6,869	6,898
Total operating revenues	306,522	809,243
OPERATING EXPENSES:		
Salaries and wages	679,342	711,738
Retirement and other employee benefits	389,906	317,820
Postemployment Benefits other than pensions	160,549	192,469
Electric Power	77,691	80,528
Fuel	14,471	20,162
Insurance	16,218	20,326
Claims	5,276	9,995
Maintenance and other operating contracts	70,291	62,181
Environmental remediation	4,390	9,954
Professional service contracts	31,271	31,001
Material and supplies	112,745	147,223
Depreciation and amortization	414,524	379,199
Other	15,795	16,242
Total operating expenses	1,992,469	1,998,838
OPERATING LOSS	(1,685,947)	(1,189,595)
NONOPERATING REVENUES:		
Operating subsidies from MTA	619,573	653,179
Federal Transit Authority ("FTA") Reimbursement	507,960	-
Total nonoperating revenues	1,127,533	653,179
LOSS BEFORE CAPITAL CONTRIBUTIONS	(558,414)	(536,416)
CAPITAL CONTRIBUTIONS—		
MTA contributions for capital projects	1,371,442	1,408,206
CHANGE IN NET POSITION	813,028	871,790
NET POSITION—Beginning of year	4,416,614	3,544,824
NET POSITION—End of year	$ 5,229,642	$ 4,416,614

See notes to financial statements.

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MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Dollars in thousands)

	Business-Type Activities 2020	Business-Type Activities 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts	$ 274,086	$ 770,230
Rents, advertising, and other receipts	33,831	43,702
Payroll and related fringe	(1,015,525)	(1,125,249)
Other operating expenses	(409,034)	(298,184)
Net cash used in operating activities	(1,116,642)	(609,501)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating subsidies from MTA	619,574	653,179
FTA reimbursement	507,960	-
Cash provided by noncapital financing activities	1,127,534	653,179
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions from MTA	268,650	270,520
Capital expenditures incurred for capital program	(281,111)	(315,916)
Net cash used in capital financing activities	(12,461)	(45,396)
NET DECREASE IN CASH	(1,569)	(1,718)
CASH—Beginning of year	6,959	8,677
CASH—End of year	$ 5,390	$ 6,959
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (1,685,948)	$ (1,189,595)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	414,524	379,199
Net increase in accounts payable, accrued expenses, other liabilities, unearned revenues	377,589	305,382
Net decrease (increase)in receivables	(80,264)	16,749
Net (increase) decrease in materials and supplies, prepaid expenses and other current assets, other assets	(142,543)	(121,236)
NET CASH USED IN OPERATING ACTIVITIES	$ (1,116,642)	$ (609,501)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital assets	$ 1,095,785	$ 1,118,865
Capital assets related liabilities	99,642	91,555
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	$ 1,195,427	$ 1,210,420

See notes to financial statements.

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THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS (Unaudited)

STATEMENTS OF FIDUCIARY NET POSITION AS OF DECEMBER 31, 2020 AND 2019

(Amounts in thousands)

	Pension Trust Fund 2020	Pension Trust Fund 2019
ASSETS:		
Cash	$ 1,480	$ 1,114
Investments — at fair value:		
Investments measured at readily determined fair value	190,331	161,583
Investments measured net asset value	565,577	677,437
Total investments	755,909	839,020
Receivables:		
Participant and union contributions	(6)	20
Other receivable	3	3
Variation Margin	94	30
Securities sold	2,769	104
Accrued interest and dividends	375	477
Total receivables	3,235	635
Total assets	760,623	840,769
LIABILITIES:		
Due to broker for securities purchased	542	581
Forward Currency & Margin contracts	43	83
Due to broker for investment fees	316	(342)
Due to broker for administrative expenses	-	(14)
Total liabilities	901	308
PLAN NET POSITION RESTRICTED FOR PENSIONS	$ 759,722	$ 840,461

See notes to financial statements.

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THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS (Unaudited)

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in thousands)

	Pension Trust Fund	
	2020	**2019**
ADDITIONS:		
Investment income :		
Net realized and unrealized gains	$ 2,637	$ 109,210
Interest income	6,536	2,216
Dividend income	1,648	8,309
Total investment income	10,821	119,735
Less investment expenses	(4,742)	(3,642)
Total Net investment income / (losses)	6,080	116,093
Contributions (Note 5):		
Employer	68,723	62,774
Participant and union	141	249
Total contributions	68,863	63,023
Total additions	74,943	179,116
DEDUCTIONS:		
Benefits paid to participants	(152,924)	(157,254)
Transfers	878	-
Administrative expenses	(612)	(718)
Total deductions	(152,658)	(157,972)
NET INCREASE / (DECREASE) IN PLAN NET POSITION	(77,715)	21,144
PLAN NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	840,461	819,317
End of year	$ 762,746	$ 840,461

See notes to financial statements.

1. BASIS OF PRESENTATION

Reporting Entity—In 1966, the Metropolitan Transportation Authority ("MTA") acquired the capital assets of MTA LIRR from the former Pennsylvania Railroad Company. In February 1980, MTA LIRR became a component unit of the MTA pursuant to New York State Public Authorities Law. MTA LIRR is a part of the related financial reporting group of the MTA and is a component unit of the MTA. The MTA is a component unit of the State of New York.

MTA LIRR performs a public service of providing essential passenger transportation between New York City and Long Island. Substantial deficits result from providing these services and MTA LIRR expects that such deficits will continue in the foreseeable future. Funding for MTA LIRR's operations and capital needs is provided by MTA, which obtains the required funds from state and federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to MTA LIRR on a discretionary basis. The continuance of MTA LIRR's operations has been, and will continue to be, dependent upon the receipt of adequate funds to subsidize operating deficits.

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

MTA LIRR is not liable for real estate or personal property taxes on its properties or sales taxes on substantially all its purchases.

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

As part of the 2019 adoption of GASB 84, Fiduciary Activities, the MTA and the stand-alone agencies are required to show the balance sheet and income statement of pension or other postemployment plans that meet the criteria of a fiduciary fund. The LIRR Company Plan for Additional Pensions ("Additional Plan") is categorized as a Pension Trust Fund and is a fiduciary component unit of MTA LIRR.

The fiduciary statements of the fiduciary funds are prepared using the accrual basis of accounting and a measurement focus on the periodic determination of additions, deductions, and net position restricted for benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

New Accounting Standards—

The MTA LIRR adopted the following GASB Statements for the year ended December 31, 2020:

GASB Statement No.89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No.62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of GASB Statement No. 89 are effective for reporting periods beginning after December 31, 2021. Earlier application is encouraged. Effective January 1, 2020, the MTA LIRR early implemented the provisions of GASB Statement No. 89. As a result of the implementation of this Statement, all interest incurred during the year end December 31, 2020 is reported as an expense in the Statement of Revenues, Expenses and Changes in Net Position.

GASB Statement No.97, Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, seeks to improve consistency and comparability related to fiduciary component unit reporting in circumstances where the potential component unit does not have a governing board and the primary government performs such duties. GASB Statement No. 97 also seeks to mitigate reporting costs for certain defined-contributions, OPEB and other employee benefit plans as fiduciary component units and to enhance the relevance, consistency and comparability of Internal Revenue Code (IRC) Section 457 deferred compensation plans. Paragraph 4 "Absence of a Governing Board in Determining Accountability" and paragraph 5 "Applicability of the Financial Burden Criterion in Paragraph 7 of Statement 84" of GASB Statement No. 97 related to Component Unit Criteria are effective immediately. The requirements of GASB Statement No. 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. The adoption of this Statement did not have a material impact to the MTA LIRR's financial statements.

Accounting Standards Issued but Not Yet Adopted

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

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

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

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

Materials and Supplies—Materials and supplies, except for rebuilt items, are valued at the lower of average cost or market, net of obsolescence reserve. Rebuilt items are recorded at 50% of their average purchase price.

Fare Cards—MTA LIRR sells joint prevalued MetroCard ("fare cards") on consignment on behalf of an affiliated agency. Such fare cards are recorded at cost and reimbursed to the affiliated agency upon sale.

Capital Assets—Capital assets and improvements include all land, construction work-in-progress, buildings and structures, equipment, infrastructure—road and leasehold improvements of MTA LIRR having a minimum useful life of 3 years and a cost of more than $25. Capital assets also include the Pennsylvania Station Leasehold further discussed in Note 6 to these financial statements.

Capital assets are stated at historical cost. Accumulated depreciation and amortization are reported as reductions of capital assets. Depreciation is computed using the straight-line method based upon estimated useful lives; 7 to 50 years for buildings and structures; 25 to 35 years for passenger cars, locomotives and work train equipment; 3 to 20 years for other equipment; and 6 to 43 years for infrastructure—road. Capital lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset, whichever is less. The Pennsylvania Station Leasehold is amortized over 30 years.

MTA LIRR reviews long-lived assets for impairment when events or circumstances indicate that the carrying amount may not be recoverable and records the appropriate loss when assets are disposed of or are determined to be impaired.

Pollution Remediation Projects—Effective January 1, 2008, pollution remediation costs have been charged in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (see Note 13). An operating expense provision and corresponding liability measured at its current value using the expected cash flow method have been recognized for certain pollution remediation obligations that previously may not have been required to be recognized, have been recognized earlier than in the past or are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations occur when any one of the following obligating events takes place: an imminent threat to public health due to pollution exists; the MTA LIRR is in violation of a pollution prevention-related permit or license; the MTA LIRR is named by a regulator as a responsible or potentially responsible party to participate in remediation; the MTA LIRR is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities; or the MTA LIRR voluntarily commences or legally obligates itself to commence remediation efforts.

Operating Revenues—Passenger revenues are recognized as income as they are used. Tickets are assumed to be used in the month of purchase, except for advance purchases of monthly and weekly tickets. Unearned revenues are recognized for the estimated amount of unused tickets. Revenues from rents are recognized as earned. Revenues from sundry, such as food and beverages, are recorded when the items are sold.

Nonoperating Revenues—Nonoperating subsidies are provided to MTA LIRR by MTA as part of an MTA approved financial plan. Nonoperating capital projects subsidies are provided as part of the MTA approved 5 Year Capital Program based on scheduled project activity occurring during the current 5-year capital program lifecycle.

Nonexchange Transactions with MTA — In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, funds contributed by MTA for the MTA LIRR's capital project expenditures are reported as nonoperating revenue when such expenditures are accrued. MTA contributions for capital projects are included as nonoperating capital projects subsidy in the accompanying statements of revenues, expenses and changes in net position.

The cost of certain services provided by MTA for the benefit of the MTA LIRR is accrued as incurred. MTA does not charge the MTA LIRR (or other related groups) for the cost of Police services relating to the other lines.

Operating and Nonoperating Expenses—Operating and nonoperating expenses are recognized in the accounting period in which the liability is incurred. All expenses related to operating the MTA LIRR are reported as operating expenses. All other expenses would be reported as nonoperating expenses; however, there were no such expenses for the years ended December 31, 2019 and 2018.

Compensated Absences—MTA LIRR has accrued the full value (including fringe benefits) of all vacation and sick leave benefits earned by employees to date if the leave is attributable to past service and it is probable that MTA Long Island Rail Road will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Liability Insurance—FMTAC, an insurance captive subsidiary of MTA, operates a liability insurance program ("ELF") that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limits for MTA LIRR was $8 million. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limits for MTA LIRR was $9 million. Effective November 1, 2012 the self-insured retention limits for ELF was increased to $10 million for MTA LIRR. Effective October 31, 2015, the self-insured retention limits for ELF was increased to $11 million for the MTA LIRR. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50 million. The retrospective ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Group entities above their specifically assigned self-insured retention with a limit of $50 million per occurrence with a $50 million annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2019, the balance of the assets in this program was $164.1 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $350 million for a total limit of $400 million ($350 million excess of $50 million). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50 million.

On March 1, 2019, the "nonrevenue fleet" automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for the MTA Group with the exception of MTA New York City Transit, MTA Bus and MTA Bridges and Tunnels. The policy provides $11 million per occurrence limit with a $0.5 million per occurrence deductible for MTA LIRR. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

On December 15, 2019, FMTAC renewed the primary coverage on the Station Liability and Force Account liability policies $11 million per occurrence loss for MTA LIRR.

Property Insurance—Effective May 1, 2019, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2019, FMTAC directly insures property damage claims of the Related Entities in excess of a $25 million per occurrence deductible, subject to an annual $75 million aggregate deductible. The total All Risk program annual limit is $575 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage. Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $575 million per occurrence noted above, FMTAC's property insurance program has been expanded to include $125 million of fully collateralized earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three-year period from May 23, 2017 to April 30, 2020. The expanded protection is reinsured by MetroCat Re Ltd. 2017-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets-based property reinsurance. The MetroCat Re Ltd. 2017-1 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 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 81% of "certified" losses in 2019 and 80% of "certified" losses in 2020, as covered by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") of 2015. The remaining 19% (2019) and 20% (2020) 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 $180 million in 2019 and $200 million in 2020. The United States government's reinsurance is in place through December 31, 2020.

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) 19% of any "certified" act of terrorism up to a maximum recovery of $204.3 million for any one occurrence and in the annual aggregate during 2019 and 20% of any "certified" act of terrorism up to a maximum recovery of $215 million for any one occurrence and in the annual aggregate during 2020 (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the "certified" acts of terrorism insurance or (3) 100% of any "certified" terrorism loss which exceeds $5 million and less than the $180 million TRIPRA trigger up to a maximum recovery of $180 million for any occurrence and in the annual aggregate during 2019 or 100% of any "certified" terrorism loss which exceeds $5 million and less than the $200 million TRIPRA trigger up to a maximum recovery of $200 million for any occurrence and in the annual aggregate during 2020.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $204.3 million in 2019 and $215 million in 2020. Recovery under the terrorism policy is subject to a deductible of $25 million per occurrence and $75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed $75 million future losses in that policy year are subject to a deductible of $7.5 million. The terrorism coverages expire at midnight on December 31, 2020.

All Agency Protective Liability—

FMTAC All-Agency Protective Liability Program. Under the All-Agency Protective Liability Program ("AAPL"), FMTAC directly insures the Related Entities against claims arising out of work performed by independent contractors on capital projects. The policy provides coverage of $2 million per occurrence.

FMTAC All-Agency Protective Excess Liability Program. FMTAC directly insures the Related Entities to provide excess coverage on top of the AAPL. The policy provides coverage of $9 million in excess of $2 million per occurrence, with an $18 million annual aggregate. Any excess is covered by the ELF program.

Self-Insurance and Risk Retention—The MTA LIRR is self-insured for liabilities arising from injuries to passengers, employees and others with the exception of injuries to non-employees and off-duty employees arising from occurrences at NYS stations ("Station Liability"), and employees and non-employees, arising from reimbursable project work ("Force Account"). The MTA LIRR accrues the estimated total cost for the self-insured liability arising out of these claims. For incidents occurring on or before October 31, 2012, claims arising from Station Liability and Force Account are fully insured up to $9 million per occurrence. That amount was increased to $10 million per occurrence for incidents occurring on or after November 1, 2012 and increased to $11 million on October 31, 2015.

Deferred Compensation Plan—The MTA and its affiliated agencies' employees are participants in a deferred compensation plan established in 1985 in accordance with Internal Revenue Code Section 457. MTA LIRR established a trust or custodial account to hold plan assets for the exclusive use of the participants and their beneficiaries. Accordingly, at December 31, 2020 and 2019, plan assets and liabilities are not reflected in the accompanying Statements of Net Position.

Retirement Benefits—MTA LIRR's pension plans are governmental plans and, accordingly, are not subject to funding and other requirements of the Employee Retirement Income Security Act of 1974.

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

Other Postemployment Benefits—Effective for the year ended December 31, 2018, the MTA LIRR adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus* for the OPEB Plan.

GASB has issued Statements No. 74 and 75, which replaced GASB Statements No. 43 and 45. The effective date of GASB Statement No. 74 (which applies to financial reporting on a plan basis) is the year ended December 31, 2017. The effective date of GASB Statement No. 75 (which applies to financial reporting by contributing employers) is the year ended December 31, 2018.

The MTA LIRR recognizes a proportionate share of the net OPEB liability for the MTA's cost-sharing multiple-employer OPEB Plan, which represents the excess of the total OPEB liability over the fiduciary net position of the OPEB Plan, measured as of the measurement date of the plan.

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

Restatement of Beginning Net Position—The effect of the implementation of GASB No. 75 and 85 is a restatement of 2018 beginning net position to retroactively report the beginning balances for net OPEB liability, deferred outflows of resources related to OPEB, deferred inflows of resources related to OPEB, and the removal of any net OPEB obligations (assets) along with any payables to the OPEB Plan, as follows:

Net position as of December 31, 2017, as previously reported	$ 4,246,107
Composition of Restatement:	
Deferred outflows related to contributions, beginning of the year	83,430
Net OPEB liabilities, beginning of the year	(2,366,347)
Accrued OPEB liabilities	869,786
Total restatement:	(1,413,131)
Net position as of December 31, 2017, as restated	$ 2,832,976

3. CASH

The Bank balances are insured up to $250 in the aggregate by the Federal Deposit Insurance Corporation (“FDIC”) for each bank in which funds are deposited.

The Bank balances in 2020 and 2019 that were not insured were maintained in major financial institutions considered by management to be secure. As of December 31, 2020, and 2019, cash consists of:

	2020		2019	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured (FDIC) or collateralized deposits	$ 2,579	$ 2,097	$ 4,406	$ 4,216
Uninsured and noncollateralized fund on-hand and in-transit	2,811	-	2,553	-
Total cash	$ 5,390	$ 2,097	$ 6,959	$ 4,216

Cash carrying amounts also include deposits in transit and cash on hand offset by any outstanding checks.

MTA LIRR or its agent in MTA LIRR’s name holds all collateralized deposits. These accounts contain revenue pledged by MTA LIRR as collateral for certain MTA Transportation Revenue Bonds, as further described in Note 4 below.

The MTA, on behalf of the Authority, invests funds, which are not immediately required for MTA LIRR's operations in securities permitted by the New York State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes and U.S. Treasury zero-coupon bonds. As such, there were no investments subject to credit or interest rate risk.

4. TRANSPORTATION REVENUE BONDS

MTA LIRR's capital programs are partially funded from the proceeds of bonds, including the MTA's Transportation Revenue Bonds. The Transportation Revenue Bonds are special obligations of MTA, payable from, and secured by a pledge of:

- the gross operating revenues of MTA LIRR, Metro-North Commuter Railroad, and the New York City Transit Authority and its component, Manhattan and Bronx Surface Transit Operating Authority until monthly deposits of principal and interest are satisfied under the Transportation Revenue Bond Resolution,

- Triborough Bridge and Tunnel Authority's operating surplus,

- general operating subsidies from the State and local governments,

- special tax-supported operating subsidies, and

- Station maintenance and service reimbursements.

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5. CAPITAL ASSETS, NET

The summary of capital assets activity as of December 31, 2020 and 2019, are as follows:

	As of December 31, 2018	Additions / Reclassifications	Deletions / Reclassifications	As of December 31, 2019	Additions / Reclassifications	Deletions / Reclassifications	As of December 31, 2020
Capital assets, not being depreciated:							
Land	$ 48,112	$ -	$ -	$ 48,112	$ -	$ -	$ 48,112
Construction work-in-progress	1,600,706	1,937,860	939,533	2,599,033	2,037,927	1,829,381	2,807,579
Total capital assets, not being depreciated	1,648,818	1,937,860	939,533	2,647,145	2,037,927	1,829,381	2,855,691
Capital assets, being depreciated:							
Leasehold improvements	76,515	30,092	-	106,607	300,282	-	406,889
Pennsylvania Station leasehold	44,600	-	-	44,600	-	-	44,600
Buildings and structure	3,790,008	165,872	389	3,955,491	245,583		4,201,074
Equipment:							
Passenger cars and locos	2,601,732	70,200.00	0	2,671,932	113,704	-	2,785,636
Equipment and other	663,561	47,190	8,831	701,920	27,085	3,275	725,730
Infrastructure—road	3,778,696	123,392	21,157	3,880,931	481,711	14,473	4,348,169
Total capital assets, being depreciated	10,955,112	436,746	30,377	11,361,481	1,168,365	17,748	12,512,098
Less accumulated depreciation/amortization:							
Leasehold improvements	11,699	2,540	-	14,239	11,734	-	25,973
Pennsylvania Station leasehold	44,600	0	-	44,600		-	44,600
Buildings and structure	1,365,876	105,912	248	1,471,540	112,995		1,584,535
Equipment:							
Passenger cars and locos	1,638,819	96,825	0	1,735,644	99,966	-	1,835,610
Equipment and other	476,014	29,982	8,679	497,317	33,102	3,276	527,143
Infrastructure—road	2,240,976	143,940	21,158	2,363,758	156,726	14,457	2,506,027
Total accumulated depreciation/amortization	5,777,984	379,199	30,085	6,127,098	414,523	17,733	6,523,888
Total capital assets, being depreciated/amortized—net	5,177,128	57,547	292	5,234,383	753,842	15	5,988,210
Capital assets—net	$ 6,825,946	$ 1,995,407	$ 939,825	$ 7,881,528	$ 2,791,769	$ 1,829,396	$ 8,843,901

Effective January 1, 2020, in accordance with GASB Statement No. 89, the MTA no longer capitalizes interest costs related to the construction of capital assets. Interest capitalization in conjunction with the construction of capital assets for December 31, 2019 was $8,178.

On April 24, 2015, Governor Cuomo announced that the Federal Railroad Administration had approved a U.S. Federal Railroad Administration loan of $967.1 million under its Railroad Rehabilitation and Improvement Financing Program. MTA, on behalf of Metro-North Railroad, and the LIRR, applied for funding to improve the safety of signal systems. The loan will finance the installment of positive train control, a technology designed to remove the potential for human error that can lead to train-involved accidents. The loan was approved by the MTA Board at its meeting on April 29, 2015 and the loan was closed in May 2015. The MTA will issue its Transportation Revenue Bond directly to the Federal Railroad Administration and will repay the obligation by November 15, 2037 at a fixed interest rate of 2.38%. As of December 31, 2020, $690.9M has been drawn down, of which $399.8M was for LIRR's PTC project.

6. LEASE TRANSACTIONS

Pennsylvania Station Leasehold—In 1988, MTA LIRR and MTA entered into a 99-year lease agreement with Amtrak for the Pennsylvania Station. This agreement, with an option to renew, is for rights to the lower concourse level and certain platforms. The $44,600 paid to Amtrak by MTA under this agreement is reflected as a leasehold asset and a capital contribution from MTA, which was amortized over 30 years.

7. EMPLOYEE BENEFITS

MTA LIRR sponsors and participates in two defined benefit pension plans for their employees, the Long Island Rail Road Company Plan for Additional Pensions (the "Additional Plan") and the Metropolitan Transportation Authority Defined Benefit Plan (the "MTA Defined Benefit Plan"). A brief description of each of the pension plans follows:

Plan Descriptions

1. The Long Island Rail Road Additional Plan—

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

The LIRR Plan for Additional Pensions is administered by the Board of Managers of Pensions, which is comprised of the Chairman of the MTA, MTA Chief Financial Officer, MTA Director of Labor Relations and the agency head of each participating Employer. The LIRR Company Plan for Additional Pensions may be amended by action of the MTA Board. The Additional Plan is a fiduciary component unit of the MTA LIRR and is reflected as the Pension Trust Fund in the Fiduciary Fund section of MTA LIRR's financial statements.

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

2. MTA Defined Benefit Plan—

The MTA Defined Benefit Pension Plan (the "MTA Plan" or the "Plan") is a cost sharing, multiple-employer pension plan. The Plan covers certain MTA LIRR nonrepresented employees hired after December 31, 1987, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 23, 1983, MTA Police, MTA LIRR represented employees hired after December 31, 1987, certain MTA Metro-North Railroad represented employees, MTA Staten Island Railway represented and nonrepresented employees and certain employees of the MTA Bus Company ("MTA Bus"). MTA LIRR, MTA Metro-North Railroad, MTA, MTA Staten Island Railway and MTA Bus contribute to the MTA Plan, which offers distinct retirement, disability retirement, and death benefit programs for their covered employees and beneficiaries.

The MTA Defined Benefit Plan is administered by the Board of Managers of Pensions, which is comprised of the Chairman of the MTA, MTA Chief Financial Officer, MTA Director of Labor Relations and the agency head of each participating Employer. The MTA Plan may be amended by action of the MTA Board.

A stand-alone financial report may be obtained at www.mta.info or by writing to the MTA Comptroller, 2 Broadway, 16th Floor, New York, New York, 10004.

Benefits Provided

1. The Long Island Rail Road Additional Plan—

Pension Benefits—An employee who retires under the Additional Plan, either: (a) after completing at least 20 years of credited service, or (b) after both attaining age 65 while in service and completing at least 5 years of credited service, or in the case of those who were active employees on January 1, 1988, after completing at least 10 years of credited service, is entitled to an annual retirement benefit, payable monthly for life. Payments commence to an employee referred to in: (a) only after attaining age 50, or (b) only after attaining age 65.

Benefit and contribution provisions, which are based on the point in time at which participants last entered qualifying service and their length of credited service, are established by, and may only be amended by the MTA, subject to the obligations of the MTA under its collective bargaining agreements. The MTA's Board of Directors must approve all amendments. The Additional Plan has both contributory and non-contributory requirements, with retirement ages varying from 50 to 65 depending upon a participant's length of credited service. Pension benefits payable to age 65, where eligible, are calculated as 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earnings for each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65, regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including any supplemental annuity) value at age 65 under the Federal Railroad Retirement Act.

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

The LIRR Additional Plan also provide death and disability benefits. Participants who become disabled after accumulating 10 years of credited service and who meet the requirements receive a disability benefit. Disability pension benefits are calculated based on the participant's qualifying service and a percentage of final average compensation reduced by the full amount of benefit under the Federal Railroad Retirement Act.

Survivorship benefits are paid to the participant's spouse when a survivorship option is elected or when an active participant has not divested his or her spouse of benefits. The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than 5 thousand dollars is payable upon death on behalf of a nonvested participant or vested participant whose pension rights were waived.

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

2. MTA Defined Benefit Plan

Pension Benefits—Retirement benefits are paid from the Plan to covered post—1987 MTA LIRR employees as service retirement allowances or early retirement allowances. A participant is eligible for a service retirement allowance upon termination if the participant satisfied both age and service requirement. A participant is eligible for an early retirement allowance upon termination if the participant has attained age 55 and completed at least 10 years of credited service. Terminated participants with 5 or more years of credited service who are eligible for a deferred vested benefit are not eligible to receive a service retirement allowance or early retirement allowance.

Pre-1988 MTA LIRR participants are eligible for a service retirement allowance upon termination if the participants have either: (a) attained age 65 and completed at least 5 years of credited service, or if an employee on January 1, 1988 completed at least 10 years of credited service, or (b) attained age 50 and has completed at least 20 years of credited service. Terminated participants who were not employees on January 1, 1988 with 5 or more years of credited service are eligible for a deferred vested benefit. Pension benefits payable to age 65, where eligible, are calculated as 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earning of each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65 regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including supplemental annuity) value at age 65 under the Federal Railroad Retirement Act.

In 2017, the reduction of pension benefits for amounts payable under the Tier II Federal Railroad Retirement Act was reduced from 100% to 90%. This change for LIRR represented employees was effective upon ratification of respective collective bargaining agreements, with various ratification dates occurring in 2017. Management employees were effective November 15, 2017.

Death & Disability Benefits—In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after ten years of credited service for covered MTA LIRR management and represented employees. The disability retirement allowance for covered and MTA LIRR management is calculated based on the participant's credited service and final average salary ("FAS") but not less than ⅓ of FAS. Pre-1988 MTA LIRR participants who become disabled after accumulating 10 years of credited service and who meet the requirements as described in the Plan may be eligible to receive a disability benefit. Disability pension benefits are calculated based on the participant's qualified service and a percentage of final average compensation reduced by the full amount of the disability benefit under the Federal Railroad Retirement Act. Survivorship benefits for pre-1988 MTA LIRR participants are paid to the spouse when a survivorship option is elected or when an active participant has not divested their spouse of benefits.

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

Membership

Membership in the LIRR Additional Pension Plan ("LIRR Additional Pension Plan" or "Additional Plan") consisted of the following at January 1, 2019 and January 1, 2018, the date of the latest actuarial valuation:

	January 1 2019	January 1 2018
Active plan members	49	84
Retirees and beneficiaries receiving benefits	5,626	5,755
Vested formerly active members not yet receiving benefits	20	24
Total	5,695	5,863

Contributions and Funding Policy

1. Long Island Rail Road Company Plan for Additional Pensions Plan

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

Upon termination of employment before retirement, vested participants who have been required to contribute must choose to: (1) receive a refund of their own contributions, including accumulated interest at rates established by the MTA Defined Benefit Pension Board of Managers (1.5% in 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 Defined Benefit Pension Board of Managers (1.5% in 2020 and 2019).

Funding for the Additional Plan is provided by MTA, which obtains the required funds from New York State, federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to the LIRR Additional Company Plan for Additional Pensions on a discretionary basis. The continuance of the MTA's funding for the Additional Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

Contributions as a percent of covered payroll was 1,328.25% for the year ended December 31, 2020. The actual contributions for the year ended December 31, 2020 was $68,724.

Contributions as a percent of covered payroll was 867.47% for the year ended December 31, 2019. The actual contributions for the year ended December 31, 2019 was $62,774.

2. MTA Defined Benefit Plan

MTA LIRR's contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the Plan are recognized in the period in which the contributions are due. The following summarizes the types of employee contributions made to the Plan.

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

Covered MTA LIRR represented employees who first became eligible to be Plan participants prior to January 30, 2008 contribute 3% of salary. MTA LIRR represented employees who became participants after January 30, 2008 contribute 4% of salary. MTA LIRR represented employees are required to make the employee contributions for ten years, or fifteen years if hired after certain dates in 2014 as per collective bargaining agreements.

Contributions as a percent of covered payroll was 16.78% for the year ended December 31, 2020. The actual contributions for the year ended December 31, 2020 was $146,427.

Contributions as a percent of covered payroll was 13.83% for the year ended December 31, 2019. The actual contributions for the year ended December 31, 2019 was $121,740.

Net Pension Liability—MTA LIRR’s net pension liabilities for each of the pension plans reported at December 31, 2020 were measured as of December 31, 2019. The total pension liability for each of the pension plans was determined by an actuarial valuation as of the valuation date of January 1, 2019, that was updated to roll forward the total pension liability to the respective year-end. Actuarial valuations are performed annually as of January 1. Information about the fiduciary net position of each qualified pension plan’s fiduciary net position has been determined on the same basis as reported by each respective qualified pension plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan, and investments are reported at fair value.

Actuarial Assumptions—The total pension liability in the January 1, 2019 actuarial valuations was determined using the following actuarial assumptions, which were based on the 2012 actuarial experience study, for each of the pension plans as follows:

	Additional Plan	MTA Defined Benefit
Actuarial cost method	Entry Age Cost Method	Entry Age Cost Method
Interest Rate	Net rate of 7.0% for 2019, per annum, net of	Net rate of 7.0% for 2019, per annum, net of
Inflation	2.5% per annum.	2.5% per annum.
Railroad retirement wage base	3.5% per year.	3.5% per year.
Mortality	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA. For Pre-Retirement, RP-2000 Employee Mortality Table for males and females with blue collar adjustments was used. As a generational table, it reflects mortality improvements both before and after the measurement date. Postretirement Healthy Lives: 95% of the RP-2000 Healthy Annuitant mortality table for males with Blue Collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females was used.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA. For Pre-Retirement, RP-2000 Employee Mortality Table for males and females with blue collar adjustments was used. As a generational table, it reflects mortality improvements both before and after the measurement date. Postretirement Healthy Lives: 95% of the RP-2000 Healthy Annuitant mortality table for males with Blue Collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females was used. For Postretirement Disabled Lives: RP-2014 Disabled Annuitant mortality table for males and females.
Separations other than for normal retirement	Tables based on recent experience.	Tables based on recent experience.
Rates of normal retirement	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.
Salary increases	3.0% per year	Varies by years of employment and employee group;
Overtime	Earnings in each year are increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.	Tables based on recent experience.
Cost of living adjustments	Not applicable.	55% of inflation or 1.375% per annum.
Provision for expenses	The provision for administrative expenses was changed from a 3-year average to a 2-year average of prior administrative expense charges.	Estimated administrative charges added to the normal cost. Administrative expenses are based on the prior two year's reported administrative expenses.

Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments was 6.5% for both the Additional Plan and the MTA Defined Benefit Plan. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

The target allocation and best estimates of arithmetic real rates of return ("RROR") for each major asset class included in each of the pension funds are as follows:

	Additional Plan		MTA Defined Benefit Plan	
Asset Class	**Target Allocation***	**Real Rate of Return**	**Target Allocation***	**Real Rate of Return**
US Core Fixed Income	9.00%	1.51%	9.00%	1.51%
US Long Bonds	1.00%	2.41%	1.00%	2.41%
US Bank/Leveraged Loans	7.00%	2.74%	7.00%	2.74%
US Inflation-Indexed Bonds	2.00%	0.71%	2.00%	0.71%
US High Yield Bonds	4.00%	3.13%	4.00%	3.13%
Emerging Market Bonds	2.00%	3.36%	2.00%	3.36%
US Large Caps	12.00%	4.33%	12.00%	4.33%
US Small Caps	6.00%	5.65%	6.00%	5.65%
Foreign Developed Equity	12.00%	5.95%	12.00%	5.95%
Emerging Market Equity	5.00%	8.05%	5.00%	8.05%
Global REITS	1.00%	5.50%	1.00%	5.50%
Private Real Estate Property	4.00%	3.80%	4.00%	3.80%
Private Equity	9.00%	9.50%	9.00%	9.50%
Commodities	1.00%	2.79%	1.00%	2.79%
Hedge Funds - MultiStrategy	16.00%	3.26%	16.00%	3.26%
Hedge Funds - Event Driven	6.00%	3.41%	6.00%	3.41%
Hedge Funds - Equity Hedge	3.00%	3.82%	3.00%	3.82%
Assumed Inflation - Mean		2.25%		2.25%
Assumed Inflation - Standard Deviation		1.65%		1.65%
Portfolio Nominal Mean Return		6.73%		6.73%
Portfolio Standard Deviation		10.94%		10.94%
Long-Term Expected Rate of Return selected by MTA		**6.50%**		**6.50%**

* Based on March 2014 Investment Policy

Discount Rate

As of December 31, 2020, the discount rate used to measure the total pension liability of both the Additional Plan and the MTA Defined Benefit Plan was 6.5%.

The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in accordance with the Employer funding policy as projected by the Plan's actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability—Additional Plan

Changes in MTA LIRR's net pension liability for the Additional Plan for the year ended December 31, 2020, based on the December 31, 2019 measurement date, are as follows:

	Additional Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance—December 31, 2018	$ 1,411,144	$ 819,317	$ 591,827
Changes for the year:			
Service cost	621	-	621
Interest on total pension liability	93,413	-	93,413
Effect of economic/demographics gains or losses	13,455	-	13,455
Effect of assumptions changes or inputs	50,191	-	50,191
Benefit payments	(157,254)	(157,254)	-
Administrative expense	-	(718)	718
Member contributions	-	249	(249)
Employer contributions	-	62,774	(62,774)
Net Investment Income	-	116,092	(116,092)
Balance—December 31, 2019	$ 1,411,570	$ 840,460	$ 571,110

Changes in MTA LIRR's net pension liability for the Additional Plan for the year ended December 31, 2019, based on the December 31, 2018 measurement date, are as follows:

	Additional Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance—December 31, 2017	$ 1,471,828	$ 951,327	$ 520,501
Changes for calendar year 2018:			
Service cost	1,057	-	1,057
Interest on total pension liability	97,612	-	97,612
Effect of liability gains & losses	213	-	213
Benefit payments	(159,565)	(159,565)	-
Administrative expense	-	(1,180)	1,180
Member contributions	-	334	(334)
Employer contributions	-	59,500	(59,500)
Net Investment Income	-	(31,097)	31,097
Balance—December 31, 2018	$ 1,411,144	$ 819,317	$ 591,827

The following presents the MTA LIRR's net pension liability calculated at the measurement dates using the current discount rate of 6.5% for the Additional Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the current rate:

2019	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Net pension liability	$ 682,677	$ 571,110	$ 474,087

The following presents the MTA LIRR's net pension liability calculated at the measurement dates using the current discount rate of 7.0% for the Additional Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

2018	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	$ 701,222	$ 591,827	$ 496,547

MTA LIRR's Proportion of Net Pension Liability—MTA Defined Benefit Plan

The following table presents MTA LIRR's proportionate share of the net pension liability of the MTA Defined Benefit Plan at the measurement date December 31, 2019, and the proportion percentage of the net pension liability of the MTA Defined Benefit Plan allocated to MTA LIRR:

MTA Long Island Railroad's proportion of the net pension liability	34.790 %
MTA Long Island Railroad's proportionate share of the net pension liability	$ 602,256

The following table presents MTA LIRR's proportionate share of the net pension liability of the MTA Defined Benefit Plan at the measurement date December 31, 2018, and the proportion percentage of the net pension liability of the MTA Defined Benefit Plan allocated to MTA LIRR:

MTA Long Island Railroad's proportion of the net pension liability	33.176 %
MTA Long Island Railroad's proportionate share of the net pension liability	$ 485,694

MTA LIRR's proportion of the respective Plan's net pension liability was based on actual required contributions of the participating employer for the calendar year.

The following table presents MTA LIRR's proportionate share of the net pension liability calculated at the measurement date using the discount rate of 6.50% for the MTA Defined Benefit Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the current rate:

2019	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
MTA Long Island Railroad's proportionate share of the net pension liability	$ 889,304	$ 602,256	$ 360,543

The following table presents MTA LIRR's proportionate share of the net pension liability calculated at the measurement date using the discount rate of 7.0% for the MTA Defined Benefit Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

2018	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
MTA Long Island Railroad's proportionate share of the net pension liability	$ 712,122	$ 485,694	$ 294,696

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

For the year ended December 31, 2020 and 2019, MTA LIRR recognized pension expense related to each pension plans as follows:

Pension Plans	2020	2019
Additional Plan	$ 108,956	$ 57,499
MTA Defined Benefit Plan	121,740	114,854
Total	$ 230,696	$ 172,353

At December 31, 2020, MTA LIRR reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

	Additional Plan		MTA Defined Benefit Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -	$ 62,767	$ (7,058)	$ 62,767	$ (7,058)
Changes in assumptions	-	-	2,799	(12,856)	2,799	(12,856)
Net difference between projected and actual earnings on pension plan investments	50,828	-	78,420	-	129,248	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	3,933	-	3,933	-
Employer contribution to plan subsequent to the measurement date of net pension liability	62,774	-	121,740	-	184,514	-
Total	$ 113,602	$ -	$ 269,659	$ (19,914)	$ 383,261	$ (19,914)

At December 31, 2019, MTA LIRR reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

	Additional Plan		MTA Defined Benefit Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -	$ 62,767	$ (7,058)	$ 62,767	$ (7,058)
Changes in assumptions	-	-	2,799	(12,856)	2,799	(12,856)
Net difference between projected and actual earnings on pension plan investments	50,828	-	78,420	-	129,248	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	3,933	-	3,933	-
Employer contribution to plan subsequent to the measurement date of net pension liability	62,774	-	121,740	-	184,514	-
Total	$ 113,602	$ -	$ 269,659	$ (19,914)	$ 383,261	$ (19,914)

The annual differences between the projected and actual earnings on investments are amortized over a five-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over a 1 year closed period for the Additional Plan and 8.6 years period for the MTA Defined Benefit Plan, beginning in the year in which the deferred amount occurs.

The amount of $xxx,xxx reported as deferred outflows of resources related to pensions resulting from the MTA LIRR's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-ended December 31, 2021. Other amounts reported as deferred outflows of resources related to pensions at December 31, 2020 will be recognized as pension expense as follows:

Year Ending December 31	Additional Plan	MTA Defined Benefit Plan	Total
2020	$ 17,116	$ 36,817	$ 53,933
2021	6,655	18,263	24,918
2022	8,227	20,300	28,527
2023	18,829	39,364	58,193
2024	-	6,410	6,410
Thereafter	-	6,852	6,852
Total	$ 50,827	$ 128,005	$ 178,832

Defined Contribution Plan—Effective January 1, 2004, represented employees who were participants in the Money Purchase Plan became participants in the MTA Defined Benefit Plan and have the same terms and conditions as those applicable to management employees of MTA LIRR in the MTA Defined Benefit Plan upon approval of each union's Collective Bargaining Agreement by the MTA Board. MTA LIRR ceased contributing to the Money Purchase Plan in 2004 and the employee ceased to contribute upon approval of their union's Collective Bargaining Agreement by the MTA Board. All past Employer contributions and earnings attributable to such contributions have been transferred to the MTA Defined Benefit Plan to fund the pension liability for past service under the Money Purchase Plan. As of December 31, 2006, the Board of the MTA approved the Collective Bargaining Agreements for all represented employees with the last union agreement having been approved in April 2006. There are no longer active participants in the Money Purchase Plan.

The Money Purchase Plan was terminated at December 31, 2009, which has resulted in no expenses to the operations of the MTA LIRR, after 2009.

8. OTHER POSTEMPLOYMENT BENEFITS

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

(1) Plan Description

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

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

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

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

Benefits Provided—The benefits provided by the OPEB Plan include medical, pharmacy, dental, vision, life insurance and a Medicare supplemental plan. The different types of benefits provided vary by agency, employee type (represented employees versus non-represented) and the relevant collective bargaining agreements. Certain benefits are provided upon retirement as defined in the applicable pension plan. Certain agencies provide benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of the MTA LIRR are members of the following pension plans: the MTA Defined Benefit Plan and the Additional Plan.

The MTA LIRR participates in the New York State Health Insurance Program ("NYSHIP") and provides medical and prescription drug benefits, including Medicare Part B reimbursements, to many of its members. NYSHIP offers a Preferred Provider Organization ("PPO") plan and several Health Maintenance Organization ("HMO") plans.

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

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

(a) have retired;

(b) be receiving a pension;

(c) have at least 10 years of credited service as a member of the MTA Defined Benefit Plan and the Additional Plan; and

(d) have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members). A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

Surviving Spouse and Other Dependents—

- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of retired managers and certain non-represented retired employees.

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

Contributions—The MTA LIRR is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the "pay-as-you-go" ("PAYGO") amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years-ended December 31, 2020 and

December 31, 2019, the MTA LIRR paid $83,907 and $86,519 of PAYGO to the OPEB Plan respectively.

During 2012, the MTA funded $250 million into the Trust and an additional $50 million during 2013. There have been no further contributions made to the Trust. The 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 2019 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, 2019 and December 31, 2018, the measurement dates, are 2.74% and 4.10%, respectively.

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue in the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore are partially subsidized by the active employees. As shown in the following table, for the years ended December 31, 2019 and December 31, 2018, the employer made a cash payment for retiree healthcare of $23,726 and $24,843 as part of the employer's payment for active-employee healthcare benefits. For purposes of GASB Statement No. 75, this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees' underlying age-adjusted, retiree benefit costs.

Blended and Age-adjusted Premium (in thousands)	**2019 Retirees**	**2018 Retirees**
Total blended premiums	$ 60,181	$ 61,676
Employment payment for retiree healthcare	23,726	24,843
Net Payments	**$ 83,907**	**$ 86,519**

(2) Net OPEB Liability

At December 31, 2020, the MTA LIRR reported a net OPEB liability of $2,,424,927 for its proportionate share of the OPEB Plan's net OPEB liability. The net OPEB liability was measured as of the OPEB Plan's fiscal year-end of December 31, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019 and rolled forward to December 31, 2019. The MTA LIRR's proportion of the net OPEB liability was based on a projection of the MTA LIRR's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2020, the MTA LIRR's proportion was 11.48% percent.

At December 31, 2019, the MTA LIRR reported a net OPEB liability of $2,451,276 for its proportionate share of the OPEB Plan's net OPEB liability. The net OPEB liability was measured as of the OPEB Plan's fiscal year-end of December 31, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2017 and rolled forward to December 31, 2018. The MTA LIRR's proportion of the net OPEB liability was based on a projection of the MTA LIRR's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2019, the MTA LIRR's proportion was 12.52% percent.

At December 31, 2018, the MTA LIRR reported a net OPEB liability of $2,602,499 for its proportionate share of the Plan's net OPEB liability. The net OPEB liability was measured as of the OPEB Plan's fiscal year-end of December 31, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2017 and rolled forward to December 31, 2017. The MTA LIRR's proportion of the net OPEB liability was based on a projection of the MTA LIRR's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2018, the MTA LIRR's proportion was 12.82% percent.

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

(3) Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan, which refers to the plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees. The projections include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members at that time. The MTA LIRR may not be obligated to provide the same types or levels of benefits to retirees in the future.

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

Valuation date	July 1, 2019
Measurement date	December 31, 2019
Discount rate	2.74%, net of expenses
Inflation	2.25%
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.50%
Investment rate of return	5.75%

The total OPEB liability was determined by an actuarial valuation performed on July 1, 2017. Update procedures were used to roll forward the total OPEB liability to December 31, 2018, the measurement date. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

Valuation date	July 1, 2017
Measurement date	December 31, 2018
Discount rate	4.10%, net of expenses
Inflation	2.50%
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.50%
Investment rate of return	6.50%

The total OPEB liability was determined by an actuarial valuation performed on July 1, 2017. Update procedures were used to roll forward the total OPEB liability to December 31, 2017, the measurement date. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

Valuation date	July 1, 2017
Measurement date	December 31, 2017
Discount rate	3.44%, net of expenses
Inflation	2.50%
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.50%
Investment rate of return	6.50%

Salary Scale

A. Members hired prior to January 1, 1988 - Salaries are assumed to increase 3.0% per year.

B. Managers hired on or after January 1, 1988 - Salaries are assumed to increase by years of service. Rates are shown below.

Years of Service	Rate of Increase
0	6.00%
1	5.00%
2	4.25%
3	4.00%
4+	3.50%

C. Represented Employees hired on or after January 1, 1988 – Salaries are assumed to increase by years of service. Rates are shown below:

Years of Service	Rate of Increase
0	3.25%
1	10.50%
2	10.00%
3	9.75%
4	9.25%
5	14.75%
6+	3.25%

Healthcare Cost Trend—The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.5% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, potential excise taxes due to healthcare reform, and other healthcare reform provisions, separately for NYSHIP. The NYSHIP trend reflects actual increases in premiums to participating agencies through 2019. These assumptions are combined with long-term assumptions for dental and vision benefits of an annual trend of 3.5% plus Medicare Part B reimbursements of an annual trend of 4.5%, but not more than projected medical trends excluding any excise tax adjustments.

The valuation reflects the actuaries understanding of the impact in future health costs due to the Affordable Care Act ("ACA") passed into law in March 2010. An excise tax for high cost health coverage or "Cadillac" health plans was included in ACA. The provision levies a 40% tax on the value of health plan costs that exceed certain thresholds for single coverage or family coverage. In December 2019, the President signed into law the "Further Consolidated Appropriations Act, 2020" (the "Act"), which included the permanent repeal of the "Cadillac" tax, effective January 1, 2020. The impact of the elimination of the "Cadillac" tax on the MTA LIRR's OPEB liability is approximately $85.0 million and will be reflected in the next valuation dated July 1, 2019 and in the reporting year-ended December 31, 2020.

Healthcare Cost Trend Rates—The following lists illustrative rates for the (all amounts are in percentages).

	NYSHIP	
Fiscal Year	**< 65**	**>=65**
2019	6.80%	5.90%
2020	6.20%	5.70%
2021	5.70%	5.40%
2022	5.10%	5.10%
2023	5.10%	5.10%
2024	5.00%	5.00%
2025	5.00%	5.00%
2026	4.90%	4.90%
2027	4.80%	4.80%
2028	4.80%	4.80%
2038	4.90%	4.90%
2048	5.00%	5.00%
2058	4.80%	4.80%
2068	4.40%	4.40%
2078	4.00%	4.00%
2088	4.00%	4.00%
2098	4.00%	4.00%

For purposes of applying the Entry Age Normal Cost method, the healthcare trend prior to the valuation date are based on the ultimate rates, which are 4.1% for medical and pharmacy costs prior to age 65, 4.2% for NYSHIP costs at age 65 and later, and 4.3% for self-insured and pharmacy costs at age 65 and later.

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

Preretirement—RP-2000 Employee Mortality Table for Males and Females with blue-collar adjustments.

Postretirement Healthy Lives—95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.

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

Expected Rate of Return on Investments—The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

		Long-Term Expected		
Asset Class	**Target Allocation**	**2019 Real Rate of Return**	**2018 Real Rate of Return**	**2017 Real Rate of Return**
US Cash	3.50%	0.04%	0.00%	0.00%
US Core Fixed Income	13.00%	1.51%	2.03%	1.96%
US Inflation-Indexed Bonds	4.00%	0.71%	0.00%	0.00%
Global Bonds	0.00%	0.00%	0.41%	0.34%
Emerging Market Bonds	5.00%	3.36%	3.76%	3.30%
Global Equity	42.00%	5.28%	5.65%	4.99%
Commodities	3.50%	2.79%	0.00%	0.00%
Non-US Equity	0.00%	0.00%	6.44%	5.84%
Global REITS	0.00%	0.00%	5.80%	5.62%
Hedge Funds-Muliti Strategy	29.00%	3.26%	3.28%	3.35%
Total	**100.00%**			
Long Term Expected Rate of Return selected by MTA		5.75%	6.50%	6.50%

Discount Rate—The discount rate used in this valuation to measure the total OPEB liability was updated to incorporate GASB Statement No. 75 guidance.

The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. Therefore, the discount rate is set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of December 31, 2019 of 2.74% and as of December 31, 2018 of 4.10%.

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

	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
		(in thousands)	
December 31, 2019 Measurement Date			
Proportionate share of the net OPEB liability	$ 2,781,909	$ 2,424,191	$ 2,129,844

	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
		(in thousands)	
December 31, 2018 Measurement Date			
Proportionate share of the net OPEB liability	$ 2,804,826	$ 2,451,276	$ 2,160,617

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
		(in thousands)	
December 31, 2017 Measurement Date			
Proportionate share of the net OPEB liability	$ 3,000,787	$ 2,602,499	$ 2,284,179

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

	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(in thousands)	
December 31, 2019 Measurement Date			
Proportionate share of the net OPEB liability	$ 2,070,057	$ 2,424,191	$ 2,872,236

	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(in thousands)	
December 31, 2018 Measurement Date			
Proportionate share of the net OPEB liability	$ 2,094,299	$ 2,451,276	$ 2,901,031

	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(in thousands)	
December 31, 2017 Measurement Date			
Proportionate share of the net OPEB liability	$ 2,229,924	$ 2,602,499	$ 3,082,423

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

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

For the year ended December 31, 2020, the MTA LIRR recognized OPEB expense of $160,549, which represents its proportionate share of the Plan's OPEB expense.

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

At December 31, 2020, 2019 and 2018, the MTA LIRR reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows ($ in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 25,879	$ (1,626)
Changes in assumptions	93,568	(150,848)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,999)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(225,306)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	55,969	-
Total	**$ 175,416**	**$ (379,779)**

	December 31, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,243	$ (2,101)
Changes in assumptions	83,265	(194,900)
Net difference between projected and actual earnings on OPEB plan investments	2,324	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	(47,173)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	88,645	-
Total	**$ 175,477**	**$ (244,174)**

	December 31, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,508	$ -
Changes in assumptions	101,026	-
Net difference between projected and actual earnings on OPEB plan investments	-	(2,704)
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Employer contributions to the plan subsequent to the measurement of net OPEB liability	90,613	-
Total	**$ 193,147**	**$ (2,704)**

For the year ended December 31, 2020, $175,416 was reported as deferred outflows of resources related to OPEB. This amount includes both MTA LIRR's contributions after the measurement date and an implicit rate subsidy adjustment that will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2020 will be recognized in OPEB expense as follows:

Year ending December 31:	
2021	$ 37,971
2022	37,971
2023	34,435
2024	40,198
2025	84,995
Thereafter	(31,227)
	$ 204,343

9. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

A summary of activity in estimated liability arising from injuries to persons, including employees, and damage to third-party property as of December 31, 2020 and 2019, is presented below:

	2020	2019
Balance—beginning of year	$ 144,266	$ 129,214
Activity during the year:		
Current year claims and changes in estimates	29,505	33,797
Claims paid	(13,983)	(18,745)
Balance—end of year	159,788	144,266
Less current portion	(36,240)	(40,588)
Long-term liability	$ 123,548	$ 103,678

10. LOANS PAYABLE

In December 2005, the MTA and the New York Power Authority ("NYPA") entered into an updated Energy Services Program Agreement ("ESP Agreement"). The ESP Agreement authorized MTA affiliates and subsidiaries to enter into a Customer Installation Commitment ("CIC") with NYPA for turnkey, energy efficiency projects, which would usually be long-term funded and constructed by NYPA. The repayment period for the NYPA loan can be up to 20 years but can be repaid at any time with no penalty.

The debt service requirements at December 31, 2020 are as follows:

Loans Payable

Year	Principal	Interest	Total
2021	$ 3,403	$ 704	$ 4,107
2022	3,260	608	3,868
2023	3,351	516	3,867
2024	2,300	436	2,736
2025	2,368	368	2,736
2026-2045	12,132	1,395	13,527
Total	**$ 26,814**	**$ 4,027**	**$ 30,841**

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

11. RELATED PARTY TRANSACTIONS

MTA LIRR and other affiliated MTA agencies receive support from MTA in the form of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, some of which are charged back. MTA LIRR's subsidies from MTA for use in operations are recorded as credits to operations when received. Funds for MTA LIRR's capital project expenditures are also provided by MTA. Funds contributed by MTA for MTA LIRR's capital project expenditures are classified as nonoperating.

MTA LIRR also sells joint prevalued fare cards on consignment on behalf of an affiliated agency. These amounts are reflected in the accompanying Statements of Net Position. The dollar volume of such related party transactions for the years ended December 31, 2020 and 2019, is shown in the following table:

	2020	2019
Payments to MTA and affiliated agencies	$ 155,794	$ 172,807
Payments from MTA and affiliated agencies	420,503	397,201

The resulting receivables and payables from the above transactions are recorded in the due from/to MTA and affiliated agencies account included in the accompanying Statements of Net Position.

Due from/to MTA and affiliated agencies as of December 31, 2020 and 2019, consists of:

	2020		2019	
	Receivable	(Payable)	Receivable	(Payable)
MTA	$ 253,228	$ (108,138)	$ 166,359	$ (104,545)
Affiliated agencies	396	(11,217)	259	(20,991)
Total MTA and affiliated agencies	$ 253,624	$ (119,355)	$ 166,618	$ (125,536)

12. OPERATING LEASES

MTA LIRR leases equipment and office facilities under agreements accounted for as operating leases. Certain leases contain renewal options and escalation clauses based on the Consumer Price Index. Future minimum rental payments for all noncancelable-operating leases as of December 31, 2020, are as follows:

Years Ending December 31	
2021	$ 3,185
2022	2,671
2023	2,689
2024	2,394
2025	1,364
2026-2030	6,820
2031-2035	6,820
2036-2039	1,365
	$ 27,308

Total rent expense for the years ended December 31, 2020 and 2019, amounted to $10,013 and $10,949, respectively, and is recorded in administrative expenses.

On July 29, 1998, MTA, New York City Transit Authority ("NYCTA") and TBTA entered into a lease and related agreements whereby each agency, as sublessees, will rent an office building at 2 Broadway in lower Manhattan for an initial lease term of approximately 50 years. Through separate triple-net sublease agreements, the lease was appointed 21% to MTA, on behalf of MTA LIRR and Metro-North Railroad ("MNR"), 68.7% to NYCTA, and 10.3% to TBTA. The lease term expires on July 29, 2048, and, pursuant to certain provisions, is renewable for two additional 15-year terms. Total annual rent payments over the initial lease term are $1.6 billion. Base building and tenant improvements at 2 Broadway are being financed through the issuance by MTA of 2 Broadway Certificates of Participation. MTA LIRR and MNR are obligated to pay 21% of the ground lease payments and payments relating to the 2 Broadway Certificates of Participation. Pursuant to an agreement by and among MTA, MTA LIRR, MNR, NYCTA and TBTA, NYCTA and TBTA have agreed to reimburse the MTA LIRR and

MNR for the space occupied by NYCTA and TBTA. Presently, MTA Headquarters, NYCTA and TBTA occupy substantially all the space at 2 Broadway and rent is paid directly to the landlord.

13. ENVIRONMENTAL REMEDIATION

MTA LIRR has implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The statement establishes standards for determining when expected pollution remediation outlays should be accrued as a liability or, if appropriate, capitalized. An operating expense and corresponding liability, measured at its current value using the expected cash flow method, have been recognized for certain pollution remediation obligations that are no longer able to be capitalized as a component of a capital project.

Pollution remediation obligations, which are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations, occur when any one of the following obligating events takes place:

- An imminent threat to public health due to pollution exists.
- MTA LIRR is in violation of a pollution prevention-related permit or license.
- MTA LIRR is named by a regulator as a responsible or potentially responsible party to participate in remediation.
- MTA LIRR is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities, or
- MTA LIRR voluntarily commences or legally obligates itself to commence remediation efforts.

MTA LIRR does not anticipate any changes in the near future that would have a material impact on the recorded obligations due to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. In addition, MTA LIRR does not expect any recoveries of cost that would have a material effect on the recorded obligations.

In accordance with GASB Statement No. 49, pollution remediation expenses were recorded on the Statement of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2020 and 2019, respectively. The expense provision was measured at its current value utilizing the prescribed expected cash flow method.

As of December 31, the pollution remediation liability totaled $30,612 for 2020 and $33,809 for 2019, primarily consisting of future remediation activities associated with lead and asbestos abatement.

A summary of activity in estimated liability arising from environmental remediation as of December 31, 2020 and 2019 is presented below:

	2020	2019
Balance-beginning of year	$ 33,809	$ 28,592
Activity during the year:		
Current year remediation and changes in estimates	4,390	9,955
Remediation paid	(7,587)	(4,738)
Balance-end of year	30,612	33,809
Less current portion	(1,352)	(6,484)
Long-term liability	$ 29,260	$ 27,325

14. OTHER LONG-TERM LIABILITIES

MTA LIRR has recorded $100.7 million in 2020 and $84.1 million in 2019, for the estimated long-term sick leave payout for employees and other long-term liabilities of $1.6 million in 2020 and $2.3 million in 2019. All represented employees who have worked for MTA LIRR for 10 years can receive a non-pensionable lump sum severance payment representing 50% of the value of all accrued but unused sick days. Management employees who have worked for MTA LIRR for 10 years or more are paid half of their sick days with a maximum payout of 120 days. Other long-term liabilities increased due to the payroll tax deferral resulting from the CARES Act.

A summary of activity in estimated liability arising from other liabilities as of December 31, 2020 and 2019 is presented below:

	2020	2019
Balance-beginning of year	$ 85,770	$ 83,390
Activity during the year:		
Current year sick leave payout and changes in estimates	3,141	7,186
Sick leave payout	(3,884)	(4,224)
Other long term liabilities	15,646	(582)
Balance-end of year	$ 100,673	$ 85,770

15. COMMITMENTS AND CONTINGENCIES

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

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

16. CURRENT KNOWN FACTS, DECISIONS OR CONDITIONS

Labor Negotiation Update - Negotiation of new agreements between the MTA LIRR and the unions covering all the MTA LIRR's represented employees, whose contracts expired on April 16, 2019, are ongoing.

17. SUBSEQUENT EVENT

On January 21, 2021, MTA effectuated a mandatory tender and remarketed $187.2 of Triborough Bridge and Tunnel Authority General Revenue Variable Rate Refunding Bonds, Subseries 2005B-2 as $93.600 Subseries 2005B-2a and $93.600 Subseries 2005B-2b because the irrevocable direct-pay Letter of Credit ("LOC") issued by Citibank, N.A. was expiring by its terms. The LOC associated with Subseries 2005B-2 was replaced with an irrevocable direct-pay LOC issued by State Street Bank that will expire on January 21, 2026. The Subseries 2005B-2a and Subseries 2005B-2b bonds will each be supported separately by the LOC issued by State Street Bank.

On January 26, 2021, MTA executed a 2,826,779 gallon ultra-low sulfur diesel fuel hedge at an all-in price of $1.6051/gallon. The hedge covers the period from January 2022 through December 2022.

On February 1, 2021, MTA effectuated a mandatory tender and remarketed $104.7 of Triborough Bridge and Tunnel Authority General Revenue Variable Rate Refunding Bonds, Subseries 2005B-4a because its current interest rate period was expiring by its terms. The Subseries 2005B-4a bonds were remarketed in Term Rate Mode as Secured Overnight Financing Rate ("SOFR") Tender Notes with a purchase date of February 1, 2024, and with an interest rate of 67% of SOFR plus 0.38%.

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

On February 23, 2021, MTA executed a 2,826,759 gallon ultra-low sulfur diesel fuel hedge at an all-in price of $1.7845/ gallon. The hedge covers the period from February 2022 through January 2023. On March 11, 2021, the American Rescue Plan Act of 2021 ("ARP") was signed into law by President Biden. ARP is a $1.9 trillion economic stimulus bill 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. The MTA expects to receive approximately $6.5 billion in aid from the ARP.

On March 18, 2021, MTA effectuated a mandatory tender and remarketed $110.325 of MTA Dedicated Tax Fund Bonds, Subseries 2002B-1. The Subseries 2002B-1 bonds were converted from a Weekly Term Mode to a Fixed Rate Mode.

On March 18, 2021, S&P Global Ratings revised the outlook on MTA's Transportation Revenue Bonds from Negative to Stable, expecting that the substantial amount of additional federal grants the MTA has received or anticipates receiving will allow the MTA to address projected deficits through 2023.

On March 30, 2021, the Federal Highway Administration determined that an Environmental Assessment is the appropriate next step for MTA to implement the Central Business District Tolling Program. This will allow for the final design and construction of the tolling infrastructure to proceed.

On March 31, 2021, MTA executed a 2,826,761 gallon ultra-low sulfur diesel fuel hedge at an all-in price of $1.8072/gallon. The hedge covers the period from March 2022 through February 2023. MTA effectuated a mandatory tender and remarketed $200.0 MTA Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002D-2 in a Term Rate mode as follows:

Quantity	Subseries	Delivery Date	Purchase Date	Interest Rate
50	2002D-2a-1	March 31,2021	April 1, 2024	67% of SOPR plus 0.55%
100	2002D-2b	April 1, 2021	April 1, 2024	67% of SOPR plus 0.55%
50	2002D-2a-2	April 6, 2021	April 1, 2026	67% of SOPR plus 0.80%

On March 31, 2021, MTA issued $400 of Triborough Bridge and Tunnel Authority General Revenue Bonds, Series 2021A (“the Series 2021A Bonds”). The Series 2021A Bonds were issued to finance bridge and tunnel projects in the MTA Bridges and Tunnels approved Capital Program and to pay certain financing, legal, and miscellaneous expenses. The Series 2021A Bonds are subject to redemption prior to maturity on any date on or after May 15, 2034, at the option of MTA Bridges and Tunnels.

On April 1, 2021, MTA effectuated a mandatory tender and remarketed $66.57 MTA Transportation Revenue Variable Rate Refunding Bonds, Subseries 2020B-1. The Subseries 2020B-1 bonds were converted from a Term Rate Mode to a Weekly Mode. To support the payment of principal and interest on the Subseries 2020B-1 bonds, MTA obtained an irrevocable direct-pay letter of credit.

On April 6, 2021, Moody’s Investors Service revised the outlook on MTA’s Transportation Revenue Bonds from Negative to Stable, reflecting the expectation that ridership and revenue will recover slowly from the effects of the coronavirus pandemic.

On April 8, 2021, Moody’s Investors Service revised the outlook on MTA Triborough Bridges & Tunnels General Revenue and Subordinate Revenue Bonds from Negative to Stable. The rating action was prompted by the significant improvement in MTA’s budget flexibility and liquidity position for the next 18 to 24 months, due to MTA’s receipt of substantial federal aid for coronavirus relief and recovery.

On April 22, 2021, S&P Global Ratings revised the outlook on MTA Triborough Bridges & Tunnels General Revenue and Subordinate Revenue Bonds from Negative to Stable, as part of its action on U.S. Transportation Infrastructure sector.

REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)

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MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE MTA LIRR'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE LIRR COMPANY PLAN FOR ADDITIONAL PENSIONS AT DECEMBER 31
(In thousands, except percentages)

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:						
Service cost	$ 621	$ 1,057	$ 1,874	$ 2,752	$ 3,441	$ 3,813
Interest	93,413	97,612	101,477	104,093	106,987	110,036
Differences between expected and actual experience	63,646	213	1,890	15,801	6,735	-
Benefit payments and withdrawals	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)	(156,974)
Net change in total pension liability	426	(60,684)	(54,476)	(35,947)	(39,908)	(43,125)
TOTAL PENSION LIABILITY—Beginning	1,411,144	1,471,828	1,526,304	1,562,251	1,602,159	1,645,284
TOTAL PENSION LIABILITY—Ending(a)	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251	1,602,159
FIDUCIARY NET POSITION:						
Employer contributions	62,774	59,500	76,523	81,100	100,000	407,513
Non-Employer contributions	-	-	145,000	70,000	-	-
Member contributions	249	333	760	884	1,108	1,304
Net investment income (loss)	116,092	(31,098)	112,614	58,239	527	21,231
Benefit payments and withdrawals	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)	(156,974)
Administrative expenses	(718)	(1,180)	(1,070)	(611)	(1,218)	(975)
Net change in plan fiduciary net position	21,143	(132,010)	174,110	51,019	(56,654)	272,099
PLAN FIDUCIARY NET POSITION—Beginning	819,317	951,327	777,217	726,198	782,852	510,753
PLAN FIDUCIARY NET POSITION—Ending(b)	840,460	819,317	951,327	777,217	726,198	782,852
EMPLOYER'S NET PENSION LIABILITY—Ending(a)-(b)	$ 571,110	$ 591,827	$ 520,501	$ 749,087	$ 836,053	$ 819,307
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	59.54 %	58.06 %	64.64 %	50.92 %	46.48 %	48.86 %
COVERED—EMPLOYEE PAYROLL	$ 7,236	$ 13,169	$ 20,500	$ 29,312	$ 39,697	$ 43,267
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	7,892.19 %	4,494.20 %	2,539.07 %	2,555.56 %	2,106.09 %	1,893.61 %

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

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MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE MTA LIRR'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IN THE MTA DEFINED BENEFIT PENSION PLAN AT DECEMBER 31
(In thousands, except percentages)

	2019	2018	2017	2016	2015	2014
MTA Long Island Railroad's proportion of the net pension liability	34.790 %	33.176 %	35.402 %	33.186 %	35.250 %	34.970 %
MTA Long Island Railroad's proportionate share of the net pension liability	$ 602,256	$ 485,694	$ 361,550	$ 455,330	$ 456,653	$ 361,771
MTA Long Island Railroad's actual covered-employee payroll	$ 880,114	$ 885,247	$ 794,719	$ 741,461	$ 718,326	$ 720,069
MTA Long Island Railroad's proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	68.429 %	54.865 %	45.494 %	61.410 %	63.572 %	50.241 %
Plan fiduciary net position as a percentage of the total pension liability	73.483 %	73.326 %	79.868 %	71.820 %	70.440 %	74.770 %

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

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MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA LIRR'S CONTRIBUTIONS TO ALL PENSION PLANS FOR THE YEARS ENDED DECEMBER 31
(In whole dollars, except percentages)

	2020	2019	2018	2017	2016	2015	2014
Additional Plan							
Actuarially determined contribution	$ 68,722,943	$ 62,773,550	$ 59,195,693	$ 76,523,056	$ 83,182,872	$ 82,381,698	$ 112,512,532
Actual employer contribution	68,723,751	62,773,550	59,500,000	76,523,056	81,100,000	100,000,000	407,512,532
Contribution deficiency (excess)	$ (808)	$ -	$ (304,307)	$ -	$ 2,082,872	$ (17,618,302)	$ (295,000,000)
Covered payroll	$ 5,174,007	$ 7,236,395	$ 13,168,691	$ 20,499,671	$ 29,311,816	$ 39,696,819	$ 43,266,565
Contributions as a % of Covered payroll	1,328.25 %	867.47 %	451.83 %	373.29 %	276.68 %	251.91 %	941.86 %
MTA Defined Benefit Pension Plan							
Actuarially determined contribution	$ 146,426,687	$ 121,739,928	$ 114,854,414	$ 109,304,403	$ 101,964,855	$ 96,400,000	$ 94,951,686
Actual employer contribution	146,426,687	121,739,928	114,854,414	111,459,116	99,800,000	68,500,000	123,849,954
Contribution deficiency (excess)	$ -	$ -	$ -	$ (2,154,713)	$ 2,164,855	$ 27,900,000	$ (28,898,268)
Covered payroll	$ 872,612,168	$ 880,113,664	$ 885,247,422	$ 794,718,795	$ 741,460,982	$ 718,325,512	$ 720,069,352
Contributions as a % of Covered payroll	16.78 %	13.83 %	12.97 %	14.02 %	13.46 %	9.54 %	17.20 %

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

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MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO SCHEDULE OF LIRR'S CONTRIBUTIONS TO ALL PENSION PLANS

The following actuarial methods and assumptions were used in the funding valuation for the LIRR Company Plan for Additional Pensions:

Valuation dates	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Measurement date	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Period specified in current valuation report (closed 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	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	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	The actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Actuarial assumptions:						
Discount Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Investment rate of return	7.0% per annum, compounded annually, net of investment expenses.	7.0% per annum, compounded annually, net of investment expenses.	7.0%; net of investment expenses.	7.0%; net of investment expenses.	7.0%; net of investment expenses.	7.0%; net of investment expenses.
Mortality	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.	Based on experience of all MTA members reflecting morality improvement on a generational basis using Scale AA.
Inflation/Railroad Retirement Wage Base	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%
Salary increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cost-of-living adjustments	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule of MTA LIRR's Contributions to the MTA Defined Benefit Plan:

Significant methods and assumptions used in calculating the actuarially determined contributions of an employer's proportionate share in a Cost Sharing, Multiple-Employer pension plan, the MTA Defined Benefit Plan, should be presented as notes to the schedule. Factors that significantly affect trends in the amounts reported are changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions. Following is a summary of such factors:

Changes of Benefit Terms—There were no changes of benefit terms in the January 1, 2019 funding valuation.

Changes of Assumptions—There were no changes since the prior valuation.

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE MTA LIRR'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY IN THE MTA OPEB PLAN FOR THE YEARS ENDING DECEMBER 31:
(In thousands)

Plan Measurement Date (December 31):	**2019**	**2018**	**2017**
MTA Long Island Rail Road's proportion of the net OPEB liability	11.480%	12.520%	12.185%
MTA Long Island Rail Road's proportionate share of the net OPEB liability	$ 2,424,927	$ 2,451,276	$ 2,602,499
MTA Long Island Rail Road's covered payroll	$ 888,502	$ 911,672	$ 645,382
MTA Long Island Rail Road's proportionate share of the net OPEB liability as a percentage of its covered payroll	272.92%	268.88%	403.25%
Plan fiduciary net position as a percentage of the total OPEB liability	1.93%	1.76%	1.79%

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

MTA LONG ISLAND RAIL ROAD
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE MTA LIRR'S CONTRIBUTIONS TO THE MTA OPEB PLAN AND NOTES TO THE SCHEDULE OF THE MTA LIRR'S CONTRIBUTIONS TO THE MTA OPEB PLAN FOR THE YEARS ENDED DECEMBER 31:
(In thousands)

	2019	2018	2017
Actuarially Determined Contribution	N/A	N/A	N/A
Actual Employer Contribution [(1)]	$ 83,907	$ 86,519	$ 83,430
Contribution Deficiency (Excess)	N/A	N/A	N/A
Covered Payroll	888,502	911,672	645,382
Actual Contribution as a Percentage of Covered Payroll	9.44%	9.49%	12.93%

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $23,726, $24,843, and $23,608 for the year ended December 31, 2019, 2018, and 2017, respectively.

(2) Notes to Schedule of the MTA LIRR's Contribution to the OPEB Plan:

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2019
Measurement date	December 31, 2019
Discount rate	4.10%, net of expenses
Inflation	2.25%
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.50%
Investment rate of return	5.75%

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, 201 actuarial valuation, there was a change in assumptions. The discount rate used to measure liabilities was updated to incorporate GASB 75 guidance and changed to reflect the current municipal bond rate.

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

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Metro-North Commuter Railroad Company

(Component Unit of the Metropolitan Transportation Authority "MTA")

Financial Statements as of and for the
Years Ended December 31, 2020 and 2019,
Required Supplementary Information, and
Independent Auditors' Report

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METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

TABLE OF CONTENTS

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction

The following is a narrative overview and analysis of the financial activities of the Metro-North Commuter Railroad Company (the "MTA Metro-North Railroad", "MNR", or the "Company"), a component unit of the Metropolitan Transportation Authority ("MTA"), for the years ended December 31, 2020 and 2019. It is intended to serve as an introduction to the MTA Metro-North Railroad's financial statements, which have the following components: (1) Management's Discussion and Analysis (MD&A), (2) Financial Statements, (3) Notes to the Financial Statements and (4) Required Supplementary Information.

Management's Discussion and Analysis

The management discussion and analysis provides an assessment of how the MTA Metro-North Railroad's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Company's overall financial position. It may contain opinions, assumptions or conclusions by the Company's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements.

The Financial Statements

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

The Statements of Revenues, Expenses and Changes in Net Position show how MTA Metro-North Railroad's net position changed during each year and accounts for all the current and prior year's revenues and expenses, measure the success of the Company's operations over the twelve months and can be used to determine how the Company has funded its costs.

The Statements of Cash Flows provide information about the MTA Metro-North Railroad's cash receipts, cash payments and net changes in cash resulting from operations; noncapital financing and capital related financing activities.

The Notes to the Financial Statements

The notes provide information that is essential to understanding the financial statements, such as the MTA Metro-North Railroad's basis of presentation and significant accounting policies.

The notes also have the details of cash, capital assets, employee benefits, lease transactions and future commitments and contingencies of the MTA Metro-North Railroad, including any other events or developing situations that could materially affect the MTA Metro-North Railroad's financial position.

Required Supplementary Information

The Required Supplementary Information provides information concerning MTA Metro-North Commuter Railroad Company's progress in funding its obligation to provide pension and other postemployment benefits to its employees. It also includes the Schedule of Changes in the MTA Metro-North Commuter Railroad Company's Net Pension Liability and Related Ratios for the Metro-North Commuter Railroad Company Cash Balance Plan, the Schedule of the MTA Metro-North Commuter Railroad Company's Proportionate Share of the Net Pension Liability in the MTA Defined Benefit Pension Plan, the Schedule of MTA Metro-North Commuter Railroad Company's Contributions to All Pension Plans, the Notes to Schedule of MTA Metro-North Commuter Railroad Company's Contributions to all Pension Plans, the Schedule of MTA Metro-North Commuter Railroad Company's Proportionate Share of the Net Other Postemployment Benefit Liability in the MTA Other Postemployment Benefit Plan, and the Schedule and Notes of MTA Metro-North Commuter Railroad Company's Contributions to Other Postemployment Benefit Plan and Notes to Schedule of Contributions to the Other Postemployment Benefit Plan.

FINANCIAL REPORTING ENTITY

The MTA Metro-North Railroad is a component unit of the MTA, established in September 1982 pursuant to the New York State Public Authorities Law and is a part of the related financial reporting group of the MTA. The MTA is a component unit of the State of New York.

The MTA Metro-North Railroad plays a vital role in the transportation network for the region. Commuter service is provided every day of the year, although frequency of service varies by route, day of week and time of day. Passenger transportation is provided between New York City and the suburban communities in Westchester, Dutchess, Putnam, Orange, and Rockland counties in New York State, and New Haven and Fairfield counties in Connecticut. The Company has direct operating responsibility for the entire New Haven commuter railroad line under a Service Agreement among MTA, MTA Metro-North Railroad and the Connecticut Department of Transportation ("CDOT"). Under the terms of the Service Agreement, CDOT pays 65% of the net operating deficit of the New Haven main line operating deficit.

The MTA Metro-North Railroad also has a service agreement with New Jersey Transit ("NJT"). The agreement allows NJT to provide passenger service on the Port Jervis and Pascack Valley Lines in the State of New York (referred to as "West of Hudson"). The MTA Metro-North Railroad compensates NJT for that service, for their operating deficit, capital needs and under certain prescribed circumstances for fare hold down amounts.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in the MTA Metro-North Railroad's financial position for the years ended December 31, 2020 and 2019. Additionally, an examination of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are in conformity with the MTA Metro-North Railroad's financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America.

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

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

Other Assets include, but are not limited to cash, receivables due from MTA and affiliates, other receivables, farecards (MetroCard subway tickets) on consignment, materials and supplies net of the reserve for obsolescence and prepaid expenses.

Deferred outflows of resources for pensions reflect changes in pension valuation and employer contributions subsequent to the measurement date.

Deferred outflows of resources for OPEB reflect changes in the valuation of OPEB and employer contributions subsequent to the measurement date.

($ in thousands)

	As of December 31,			Increase/(Decrease)	
	2020	2019	2018	2020–2019	2019–2018
Current assets	$ 432,314	$ 319,734	$ 305,301	$112,580	$ 14,433
Noncurrent assets	5,828,155	5,476,910	5,092,456	351,245	384,454
Deferred Outflows of resources for Pensions	444,757	280,683	199,557	164,074	81,126
Deferred Outflows of resources for OPEB	146,643	144,889	115,823	1,754	29,066
Total assets and deferred outflows of resources	$6,851,869	$6,222,216	$5,713,137	$629,653	$ 509,079

Significant changes in Assets and Deferred Outflows of resources include:

December 31, 2020 versus 2019

- Net capital assets increased in 2020 by $351,245 or 6.41%. Increase in land of $24,626 for purchase of Grand Central Terminal and Hudson/Harlem line; increases in construction work-in-progress of $73,470 included $47,544 of Harmon Shop Replacement. Major additions to capital assets in 2020 were $518,467 primarily for Positive Train Control (PTC) for $279,648. These increases were offset by depreciation and amortization of $265,308.

- Other assets increased in 2020 by $112,580 or 35.21%. Increase in invested funds at MTA of $82,155 is primarily due to the outstanding $50 million inter-agency loan from MTA and timing of Accounts Payable disbursements; Materials and supplies net of reserve increased by $27,156 due to spares for M8 fleet maintenance, COVID-19 cleaning and safety materials, wheel and axle and other related materials; and due from MTA increased by $19,012 primarily due to timing of funding for the 2020-2024 Capital Program, increase in the accruals for unbilled third party invoices and retroactive wage adjustments for force account. These increases were offset by a decrease of $13,944 in cash.

- Deferred outflows of resources for Pensions increased by $164,074 or 58.46% due to an increase in the actuarial assumption changes or inputs of $213,849; increase in the proportion and differences in employer contributions of $17,854; increase in difference of contributions made after measurement date of $13,860; offset by decrease in differences between expected and actual experience of $1,687; and decrease in difference between projected versus actual plan investment earnings of $79,788.

- Deferred outflows of resources for OPEB increased by $1,754 or 1.21% due to increase in recognition of the differences between expected and actual experience of $16,669; increase in actuarial assumption changes or inputs of $10,412; offset by decrease in difference between projected versus actual plan investment earnings of $1,471; decrease in the proportion and differences in employer contributions of $5,091; and decrease in contributions after measurement date of $18,765.

December 31, 2019 versus 2018

- Net capital assets increased from 2018 to 2019 by $384,454 or 7.55%. Increases in construction work-in-progress of $165,903 included $77,902 of Harmon Shop Replacement, $48,515 for Positive Train Control and $41,129 for Enhanced Station Initiative. Major additions to capital assets in 2019 were $451,906 primarily for Harmon Shop Improvements for $301,740. These increases were offset by depreciation and amortization of $241,596.

- Other assets increased in 2019 by $14,433 or 4.73%. Increase in cash of $11,032 primarily due to the receipt of advance funding and undisbursed balance of $8,513 for the Maybrook Trailway project which is part of the Empire State Trail initiative for a 750-mile long hiking and biking trail network throughout New York state; Materials and supplies net of reserve increased by $15,569 due to spares for M8 fleet maintenance, and buildup of inventory for the wheel and axle support shop; and Accounts Receivable increased by $6,362 primarily due to timing of MTA reimbursements of Capital project expenses. These increases were offset by a decrease of $6,666 in fare cards due to elimination of the monthly rail ticket with the $50 MetroCard and timing of other stock replenishment; and decrease of $11,184 due to timing of MTA funding for disbursements.

- Deferred outflows of resources for Pensions increased by $81,126 or 40.65% due to increase in difference between projected versus actual plan investment earnings of $79,788; increase in the differences between expected and actual experience of $12,847; increase in difference of contributions made after measurement date of $5,975; offset by the decrease in the proportion and differences in employer contributions of $16,937; and decrease in the actuarial assumption changes or inputs of $548.

- Deferred outflows of resources for OPEB increased by $29,066 or 25.10% due to increase in the proportion and differences in employer contributions of $32,584, increase in contributions after measurement date of $2,582; increase in difference between projected versus actual plan investment earnings of $1,471; offset by decrease in actuarial assumption changes or inputs of $7,460; and decrease in recognition of the differences between expected and actual experience of $111.

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

Current liabilities include: accrued payroll and related fringe benefits, the short-term portion of claims liabilities, amounts due to MTA and affiliates and accounts payable accrued in the normal course of business.

Non-current liabilities include: net pension liability, claims for injuries to persons, other postemployment benefits (OPEB) and a capital lease obligation for Grand Central Terminal.

Deferred inflows of resources reflect the difference between actual and projected pension plan and OPEB investment earnings.

($ in thousands)

	As of December 31,			Increase/(Decrease)	
	2020	2019	2018	2020–2019	2019–2018
Current liabilities	$ 544,659	$ 445,851	$ 380,854	$ 98,808	$ 64,997
Noncurrent liabilities	2,335,231	2,171,595	2,070,254	163,636	101,341
Deferred inflows of resources for Pensions	66,861	20,269	66,254	46,592	(45,985)
Deferred inflows of resources for OPEB	137,358	124,692	1,610	12,666	123,082
Total liabilities and deferred inflows of resources	$ 3,084,109	$ 2,762,407	$2,518,972	$ 321,702	$ 243,435

Significant changes in liabilities include:

December 31, 2020 versus 2019

- Current liabilities increased in 2020 by $98,808 or 22.16%. The increase is primarily due to the increase in payroll accrual and payroll tax deferral of employer contributions to Railroad Retirement Board as provided for by the Federal Transit Administration's (FTA) Coronavirus Aid, Relief, and Economic Security Act, also known as CARES Act of $77,137; and $28,260 in intercompany account with MTA for capital vendor payments. These increases were offset by a decrease of $11,118 due to MTA attributed to timing of funding and disbursements.

- Non-current liabilities increased in 2020 by $163,636 or 7.54%. The increase was primarily attributable to the increase in net pension liability of $111,786; and increase of $82,566 for GASB 75 net OPEB liability. These increases were offset by a decrease of $13,435 in capital lease obligation as a result of the purchase of GCT and Hudson/Harlem lines; a decrease of $12,499 for environmental remediation; and a decrease of $5,061 for personal injury liability.

December 31, 2019 versus 2018

- Current liabilities increased in 2019 by $64,997 or 17.07%. The increase is primarily due to MTA and affiliated agencies of $75,044 due to timing of loan repayment to MTA; $15,587 in other liabilities for project advances primarily for Maybrook Trailway Project of $8,513; and $4,936 in salaries, wages and payroll taxes due to an additional week of payroll accrual and retroactive wage adjustment accruals. These increases were offset by a decrease in accounts payable of $13,890 due to timing of payments to vendors; and decrease of $17,006 due to CDOT as a result of lower advance deposits for capital projects and administrative asset accruals.

- Non-current liabilities increased in 2019 by $101,341 or 4.90%. The increase was primarily attributable to the increase of net pension liability of $123,412; increase of $1,915 for environmental remediation primarily for Harmon Shop replacement project; and increase of $1,373 for other long term liabilities due to additional lease space on Graybar office building. These increases were offset by a decrease of $4,766 in personal injury liability; and a decrease of $2,393 in New York Power Authority ("NYPA") loans.

($ in thousands)

	As of December 31,			Increase/(Decrease)	
	2020	2019	2018	2020-2019	2019-2018
Net investment in capital assets	$5,813,853	$5,448,543	$5,078,863	$ 365,310	$ 369,680
Unrestricted	(2,046,093)	(1,988,734)	(1,884,699)	(57,359)	(104,035)
Total net position	$3,767,760	$3,459,809	$3,194,164	$ 307,951	$ 265,645

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

In 2020, the total net position increase of $307,141 is primarily due to increased payments made by MTA for capital projects and larger operating loss as a result of the COVID-19 pandemic.

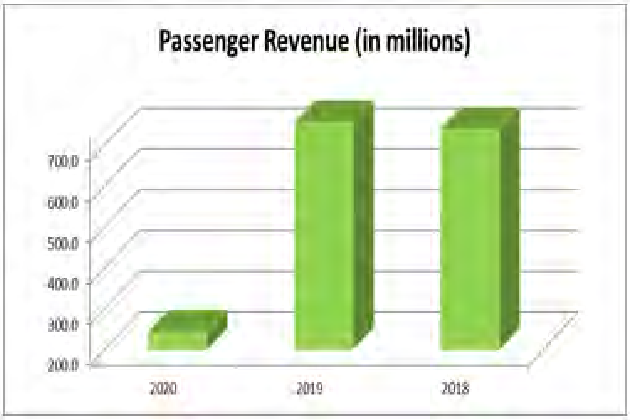
In 2019, the total net position increase of $265,645 is primarily due to increased payments made by MTA for capital projects and lower operating loss, offset by the implementation of GASB Statement No. 75 in 2018.

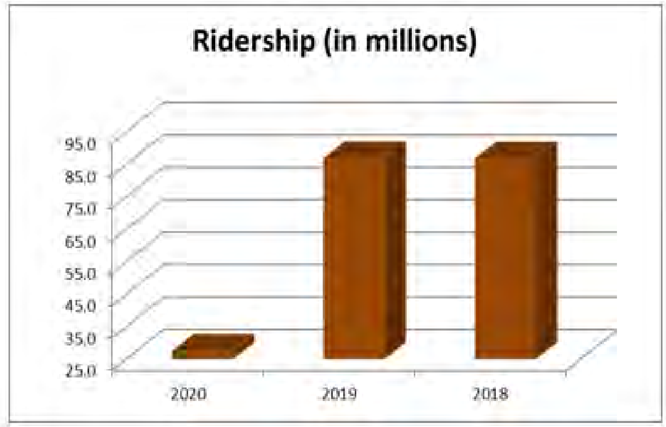
Condensed Statements of Revenues, Expenses and Changes in Net Position

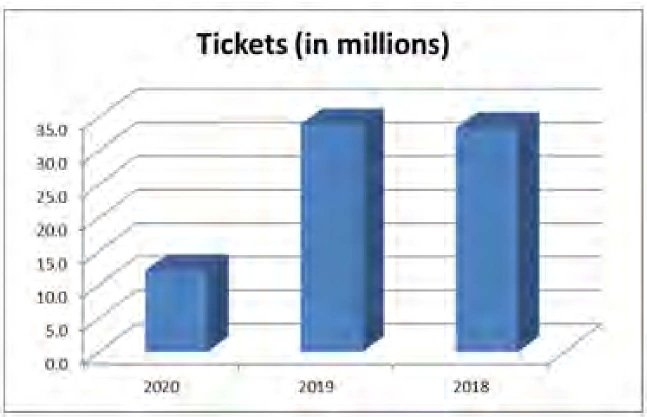
($ in thousands)

	Years Ended December 31,			Favorable/(Unfavorable)	
	2020	2019	2018	2020–2019	2019–2018
Operating revenues	$ 274,195	$ 813,159	$ 792,054	$(538,964)	$ 21,105
Operating expenses	(1,600,187)	(1,654,077)	(1,683,114)	53,890	29,037
Asset impairment & related expenses	-	(642)	-	642	(642)
Operating loss	(1,325,992)	(841,560)	(891,060)	(484,432)	49,500
Total nonoperating revenues and capit	1,633,943	1,107,205	997,884	526,738	109,321
Change in net position	307,951	265,645	106,824	42,306	158,821
Net position—beginning of year	(377,705)	(643,350)	-	265,645	(643,350)
position for implementation of new accounting standard	-	-	(750,174)	-	750,174
Net position—end of year	$ (69,754)	$ (377,705)	$ (643,350)	$ 307,951	$ 265,645

Operating Revenues by Major Source







Passenger fares accounted for 88.8% and 93.0% of operating revenues in 2020 and 2019, respectively. The remaining revenue represents collection of rental income from stores in and around passenger stations and revenue generated from advertising.

MTA Metro-North (East of Hudson) passenger revenue decreased in 2020 by $504.4 million or 68%. The revenue decrease reflects the impact of social distancing and State governmental orders limiting non-essential activities caused by the COVID-19 pandemic. MTA Metro-North (West of Hudson) passenger revenue decreased in 2020 by $8.9 million or 61%.

MTA Metro-North (East of Hudson) ridership decreased in 2020 by 58.4 million or 68.7% from 2019. When adjusted for the same number of calendar workdays, the 2020 ridership decreased by 58.7 or 68.8%. West of Hudson ridership decreased in 2020 by 1.0 million or 63.4% from 2019.

MTA Metro-North (East of Hudson) ridership decreased in 2020 by 58.7 million or 68.8% from 2019. When adjusted for the same number of calendar workdays, the 2020 ridership decreased by or %. West of Hudson ridership decreased in 2020 by 1.0 million or 63.4% from 2019.

MTA Metro-North (East of Hudson) passenger revenue increased in 2019 by $16.45 million or 2.3%. The revenue increase is primarily a reflection of the full year impact of the April 21, 2019 New York State 3.85% fare increase. MTA Metro-North (West of Hudson) passenger revenue decreased in 2019 by $5.0 thousand or 0.03%.

MTA Metro-North (East of Hudson) ridership increased in 2019 by 69.67 thousand or 0.1% from 2018. When adjusted for the same number of calendar workdays, the 2019 ridership increased by 81.16 thousand or 0.1%. West of Hudson ridership increased in 2019 by 2.54 thousand or 0.16% from 2018.

Expenses by Category

<u>December 31, 2020 versus 2019</u>

Salaries and wages decreased by $20,753 or 3.27% in 2020 over 2019. This decrease is primarily due to lower overtime costs related to service reductions because of the COVID-19 pandemic.

Retirement and Other Employee Benefits increased by $5,644 or 2.30% in 2020 over 2019. The increase is primarily due to higher pension costs of $12,560 from increased interest on the pension liability; lower overhead costs recovery of $4,260 due to decreased capital work performed; and COVID-19 family benefits of $1,500 for three deceased employees. These increases were offset by lower employee claim costs of $8,182 and lower unemployment and railroad retirement expenses of $1,662 and $2,603, respectively due to lower overtime costs.

Postemployment Benefits other than Pensions decreased by $1,849 or 1.39%. This decrease is primarily due to OPEB plan changes of $19,917 and the effects of assumptions changes of $18,916 offset by higher plan service costs of $11,961 and an increase in the proportionate share of the plan of $5,091.

Electric Power costs decreased by $16,958 or 24.09% as compared to 2019. This is due to decreased service as a result of the COVID-19 pandemic.

Fuel costs decreased by $6,954 or 36.09% as compared to 2019. This decrease primarily reflects lower consumption due to the reduced service level.

Maintenance and Other Operating Contracts increased $1,255 or 1.11%. Increased safety equipment and supplies of $2,293 due to COVID-19 extraordinary cleaning of stations, rolling stock and employee facilities; increased revenue vehicle maintenance and repairs of $2,134; increased MTA police services of $1,965; and increased janitorial and custodial services of $1,057. These increases were offset by lower ferry service expenses of $3,524; bus transfer services of $1,418 and water of $1,486.

Professional service contracts decreased by $11,457 or 27.78%. This decrease is primarily due to the adjusted lower allocation of MTA Information Technology and Business Service Center costs for the New Haven Line of $7,302; MTA Audit services of $1,098; legal of $1,030; MTA other professional services of $635; advertising, marketing and promo expenses of $522; and market research of $333.

Environmental Remediation decreased by $1,799 or 58.99% and is mainly attributable to timing of projects requiring remediation.

Materials and supplies decreased by $15,841 or 14.75% primarily due to maintenance plans adjustments and lower rolling stock material usage due to the reduced service schedule partially offset by the net impact of adjustments for obsolete material reserves and other inventory adjustments.

Other business expenses decreased by $11,370 or 40.37% primarily due to lower credit card fees of $7,372 as a result of lower ridership; lower subsidy payments to New Jersey Transit of $3,533 due to reduced service levels for the Port Jervis and Pascack Valley lines; and lower claims of $1,188 primarily due to lower actuarial claims valuation a result of lower than expected growth to reported claim costs, lower exposures and partially due to the residual impact of the reduction to estimates for prior accident years. . These increases were offset by higher miscellaneous expenses of $2,530 primarily due to CDOT capital billing adjustments

Depreciation expense increased by $27,635 or 11.44%. This was primarily attributable to the completion of Positive Train Control, West of Hudson Signal Improvements, GCT Utilities, GCT Turnouts/Switch Renewal and Power and Signals Mitigation.

<u>December 31, 2019 versus 2018</u>

Salaries and wages increased by $7,338 or 1.17% in 2019 over 2018. This increase is primarily due to accruals for the 2018 retroactive wage adjustments for pending union agreements.

Retirement and Other Employee Benefits decreased by $18,505 or 7.02% in 2019 over 2018. The decrease is primarily due to higher overhead costs recovery of $17,938 due to increased capital work performed; lower GASB 68 pension adjustment of $7,469; and lower GASB 75 implicit subsidy of $867. These decreases were offset by the higher estimated Actuarially Determined Contribution ("ADC") for pension of $5,114; higher Railroad Retirement contributions by $2,518 primarily due to an increase in the maximum tax earnings base; and higher health and welfare costs of $252.

Postemployment Benefits other than Pensions decreased by $19,202 or 12.60%. This decrease is primarily due to OPEB plan changes of $19,917 and the effects of assumptions changes of $18,916 offset by higher plan service costs of $11,961 and an increase in the proportionate share of the plan of $5,091.

Electric Power costs decreased by $4,871 or 6.47% as compared to 2018. This decrease reflects lower rates and lower usage due to milder temperatures in 2019.

Fuel costs decreased by $2,469 or 11.36% as compared to 2018. This decrease primarily reflects a decrease in diesel fuel rates.

Claims costs decreased by $2,559 or 49.57% as compared to 2018. This is primarily due to lower actuarial valuation for claims because of lower than expected claim cost emergence in 2019.

Maintenance and Other Operating Contracts increased $5,255 or 4.89%. Increased utilities by $5,604 primarily attributable to a settlement of water billings for prior years of $3,743 and increased operating contracts by $2,979 primarily due to revenue vehicle maintenance and repairs of $2,120. These increases were offset by lower facilities expenses of $3,328.

Professional service contracts increased by $4,262 or 11.52%. This increase is primarily due to higher allocated MTA Information Technology and Business Service Center costs for the New Haven Line of

$5,724; outside legal and audit services of $858; consolidated service charges from MTA of $619; offset by lower market research and ridership analysis of $1,145; other professional service contracts of $1,003 and office equipment and software services of $886.

Environmental Remediation decreased by $14,301 or 82.42% and is mainly attributable to the environmental abatement and disposal costs associated with demolition and excavation activities of the Harmon Shop replacement project in 2018.

Materials and supplies increased by $12,166 or 12.78% primarily due to an increase in the obsolescence reserve of $2,838 pertaining to rolling stock parts; usage of maintenance materials for revenue vehicles of $6,766; and infrastructure repairs of $3,567.

Other business expenses decreased by $5,550 or 19.50% primarily due to lower miscellaneous expenses of $2,248 because of lower CDOT discrepancy capital billing write-offs of $870 and write-off of projects in progress and project studies of $1,083 in 2018; increased PRIIA recovery from Amtrak of $1,981 primarily for propulsion related costs and an increase in shared right-of-way costs; and higher billings on freight of $1,274 for Hudson and West of Hudson lines.

Depreciation expense increased by $11,111 or 4.8%. This was primarily attributable to the completion of Harmon Shop Improvements, purchase of roadway equipment, cyclical track program, installation of M-8 car cameras, Park Avenue Alarm system and Outfront screen installations.

Nonoperating Revenues and Capital Contributions by Major Source

December 31, 2020 versus 2019

MTA Contributions for Capital Projects — MTA capital contributions decreased in 2020 by $3,566 or 0.63%. The decrease in 2020 is primarily due to timing of capital contributions.

***MTA Operating Subsidies* —** MTA operating subsidies are driven by the excess of operating expenses over fare and other revenues. These subsidies increased in 2020 over 2019 by $91,756 or 22.58%, primarily due to decreases in revenues. Fare revenue collection decreased by $513,253 due to reduced service levels and ridership as a result of the COVID-19 pandemic, rents and concessions decreased by $21,087 and advertising decreased by $4,625. These were offset by decreases in total labor related expenses of $16,958, non-labor expenses of $36,932 and reimbursements for operating projects of $28,136.

December 31, 2019 versus 2018

MTA Contributions for Capital Projects — MTA capital contributions increased in 2019 by $124,086 or 28.1%. The increase in 2019 is primarily due to the $77,902 contribution for Harmon Shop Replacement.

***MTA Operating Subsidies* —** MTA operating subsidies are driven by the excess of operating expenses over fare and other revenues. These subsidies decreased in 2019 over 2018 by $15,532 or 3.7%, primarily due to a $78,998 increase in 2018 on reimbursements for operating projects. Fare revenue collection increased by $16,448 due to fare increases. Total labor related disbursements increased by $47,576 and non-labor disbursements increased by $51,154.

CDOT Subsidies Relating to the New Haven Line — CDOT subsidies increased in 2019 by approximately $0.917 or 0.68% primarily due to higher administrative asset allocation to CDOT of $1,228, offset by a decrease in operating deficit subsidy of $0.311. This decrease in operating deficit subsidy is primarily attributable to a decrease in OPEB cost due to funds withdrawal in 2018 of $8,645 and an increase in passenger revenue of $2,811, reduced by increases in labor and fringe of $3,814, materials and supplies of $4,471 and contractual services and other costs of $3,482. The amount CDOT is required to contribute is derived from an agreed upon formula based on the New Haven Line deficit.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Economic Conditions

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

Preliminary MTA system-wide utilization through the fourth quarter of 2020 decreased substantially relative to 2019, with ridership down by 1,604 million trips (62.7%). The effective shut-down 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 the region moved through the State-mandated re-opening phases. During 2020, compared with 2019, MTA New York City Transit subway ridership declined by 1,058.2 million trips (62.3%), MTA New York City Transit bus declined by 348.1 million trips (62.5%), MTA Long Island Rail Road ridership declined by 60.8 million trips (66.8%), MTA Metro-North Railroad declined by 59.4 million trips (68.6%), MTA Bus declined by 74.5 million trips (61.9%), and MTA Staten Island Railway declined by 2.9 million trips (66.8%). From March 20, 2020 through the end of August, entry onto most buses was only permitted through the rear door only and fares were not collected, and in these instances, ridership was not counted. Vehicle traffic at MTA Bridges and Tunnels facilities in 2020 decreased by 76.2 million crossings (23.1%) compared with 2019 levels. The 2019 New York State Budget approved congestion pricing in Manhattan south of 60th Street, which will likely impact ridership and vehicle crossings once implemented. While originally scheduled to go into effect in 2021, the MTA only received approval on March 30, 2021, after significant delays, by the Federal Highway Administration to proceed with the Environmental Assessment which will allow for the final design and construction of the tolling infrastructure to proceed.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was lower in 2020 than in 2019 by 615.3 thousand jobs (13.1%). On a quarter-to-quarter basis, New York City employment gained 60.9 thousand jobs (1.5%), the second consecutive quarterly increase after the increase of 209.9 thousand jobs (5.5%) during the third quarter, which preceded the steep decline of 888.8 thousand jobs (19.0%) during the second quarter of 2020.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 4.3% in the fourth quarter of 2020, according to the most recent advance estimate released by the Bureau of Economic Analysis; in the third quarter, the revised RGDP increased 33.4 percent. The increase in fourth quarter GDP reflected increases in exports, residential and nonresidential fixed investment, personal consumption expenditures, and private inventory investment. These increases were partially offset by decreases in state and local government spending, as well as in federal government spending due to fewer fees paid to administer Paycheck Protection Program loans. Imports, which are a subtraction in the calculation of GDP, increased. The increase in personal consumer expenditures reflected increases in services, led by health care. The increase in exports primarily reflected an increase in goods led by industrial supplies and materials. The increase in residential fixed investment primarily reflected an increase in single family units. The increase in nonresidential fixed investment primarily reflected an increase in equipment, led by transportation equipment. The increase in private inventory investment primarily reflected an increase in manufacturing of both durable and non-durable goods.

The New York City metropolitan area's price inflation, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was higher than the national average in the fourth quarter of 2020, with the metropolitan area index increasing 1.58% while the national index increased 1.24%, when compared with the fourth quarter of 2019. Regional prices for energy products declined 6.79%, while the national price of energy products declined 8.54%. In the metropolitan area, the CPI-U exclusive of energy products increased by 2.05%, while nationally, inflation exclusive of energy products increased 1.95%. The spot price for New York Harbor conventional gasoline decreased even further, by 27.4%, from an average price of $1.72 per gallon to an average price of $1.25 per gallon between the fourth quarters of 2019 and 2020.

The Federal Open Market Committee ("FOMC") has left unchanged its target for the Federal Funds rate in the 0.00% to 0.25% range since its last rate reduction on March 15, 2020. The Federal Reserve remains committed to using its full range of fiscal tools to support the U.S. economy during the challenging time brought on by the COVID-19 pandemic by continuing to promote its maximum employment and price stability goals. Economic activity and employment have continued to recover but remain well below levels from the first couple of months of 2020, with weaker demand and earlier declines in oil prices having held down consumer price inflation. Overall financial conditions remained accommodative at the end of 2020, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses. The path of the economy depends significantly on the course of the virus as the ongoing public health crisis has continued to weigh on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term. The FOMC seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. With inflation running persistently below this longer run goal, the Committee aims to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over the medium time period and longer-term inflation expectations remain well anchored at 2 percent. The FOMC expects to maintain an accommodative stance of monetary policy until these outcomes are achieved, and expects to maintain this target range until labor market conditions have reached levels consistent with the FOMC's assessments of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time. In addition, over coming months the Federal Reserve will continue to increase its holdings of Treasury securities and agency mortgage-backed securities until substantial progress has been made toward meeting the FOMC's maximum employment and price stability goals. These asset purchases help foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses.

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 expects to receive another $4.0 billion from CRRSAA, although funding has yet to flow to the MTA. Most recently, on March 11, 2021, the American Rescue Plan (ARP) Act of 2021 was signed in law, and MTA expects to receive $6.5 billion in aid from the ARP.

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 Tax ("MRT") and Urban Tax, two important sources of MTA revenue. Real estate transaction activity during 2020 was severely affected by social distancing and the economic disruption caused by the COVID-19 pandemic. Mortgage Recording Tax collections in 2020 were higher than 2019 by $1.0 million (0.2%). Unfavorable change was experienced during the second and third quarters of the year, but average monthly receipts in the fourth quarter were $8.3 million higher than the monthly average for the second and third quarters, and receipts in the fourth quarter of 2020 were $6.3 million (5.3%) higher than receipts from the fourth quarter of 2019. Average monthly receipts in the fourth quarter of 2020 were $25.0 million (39.4%) 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 in 2020—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 $291.4 million (43.6%) lower than 2019 receipts. Receipts in the fourth quarter of 2020 were $15.5 million (23.9%) higher than receipts from the third quarter of 2020, although fourth quarter receipts were $72.5 million (47.4%) lower than receipts in the fourth quarter of 2019, continuing the year-over-year decline experienced throughout 2020. Average monthly receipts in the fourth quarter of 2020 were $42.2 million (57.3%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

Results of Operations

As a result of the COVID-19 pandemic and related safety restrictions, systemwide Metro-North ridership fell precipitously in 2020 to about 27.2 million rides from about 86.8 million[1] the previous year.

East-of-Hudson ridership was down 68.8 percent to about 26.6 million. Ridership on the Harlem Line fell 67.9 percent to 8.81 million rides; on the Hudson Line by 67.1 percent to 5.58 million rides; and on the New Haven Line by 69.8 percent to 12.2 million rides.

West-of-Hudson ridership was about 0.6 million rides, 63.4 percent below the previous year. Combined ridership on Metro-North's three connecting services was about 146,878, down by 69.6 percent. Ridership dropped by 72.7 percent on the Hudson Rail Link; by 54.6 percent on the Haverstraw-Ossining Ferry; and by 48.3 percent on the Newburgh-Beacon Ferry. Both ferry services were suspended beginning in June 2020.

With drastically reduced ridership, Metro-North moved to a reduced schedule beginning in April 2020, which may have contributed positively to some service metrics. Systemwide On-Time Performance (OTP) for 2020 was above goal at 97.9 percent. The Hudson Line performed at 98.2 percent OTP, the Harlem Line at 97.8 percent, and the New Haven Line at 97.8 percent.

Mean Distance Between Failures (MDBF) also improved in 2020, largely due to the warranty correction of new PTC equipment, which had generated equipment failures the prior year. MDBF was 278,951 miles in 2020, which is a new record high. Completion of PTC equipment installations also improved car availability in 2020, resulting in a 99.9 percent "consist compliance rate," which is the percentage of cars required for daily service and customer seating. West-of-Hudson OTP for 2020 was above goal at 94.4 percent. This was driven by more reliable service on the Port Jervis Line, due to completion of a new cab signal system.

2019

Total system-wide Metro-North ridership in 2019 was approximately 87.2 million rides, 85,883 rides higher than in the previous year, though slightly below the 2019 year-end forecast.

East of Hudson ridership in 2019 was approximately 85.0 million, 0.1 percent or 69,667 rides higher than in 2018.

Ridership for the year on the Harlem Line was 27.37 million, down 0.3 percent from the previous year. Ridership rose on the Hudson line by 217,771 rides, or 1.3 percent, to a new high in 2019. The New Haven Line saw a slight decrease to 40.23 million rides in 2019 from 40.30 million rides in 2018.

[1] 2019 actual rides restated to simulate the 2020 calendar for comparison purposes.

One of the contributing factors to the decrease in New Haven ridership was 10 days of reduced service on the line to accommodate the CDOT Atlantic Street Bridge Replacement Project. Substitute busing on the Danbury Line for long periods to accommodate the installation of PTC on the line, and busing from Wassaic to Southeast on the Harlem Line for extended periods during major infrastructure improvements, also contributed to drops in ridership.

West of Hudson ridership was approximately 1.6 million, which was 0.2 percent above the previous year.

Combined ridership on Metro-North's three connecting services was about 598,416, up by 18,149 rides or 3.1 percent. Ridership also increased by 1.6 percent on the Hudson Rail Link, 5.6% on the Haverstraw-Ossining ferry and 8.2% on the Newburgh-Beacon ferry.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program — The MTA's 2020-2024 Capital Plan, which went into effect on January 1, 2020, includes $3,558.2 million of investments in MTA Metro-North Railroad assets, providing for fleet modernization of $852.7 million, GCT, stations and parking improvements of $1,129.2 million, track and structures repairs and improvements of $1,021.4 million, and communications, signals and power improvements of $384.4 million.

The MTA Metro-North Railroad's portion of the MTA's capital program for 2015-2019 as approved by the MTA Board via plan amendment in September 2019, totals $2.464.5 billion. With subsequent updates, this program provides for fleet modernization of $379.3 million, shop and yard improvements of $473.3 million, GCT, stations and parking improvements of $507.8 million, track and structures repairs and improvements of $445.9 million, communications and signals upgrade of $348.0 million and power rehabilitation and improvements of $94.9 million.

MTA Metro-North Railroad's portion of the 2010-2014 capital program as approved by the MTA Board via plan amendment in September 2019, was $1,564.3 million, subsequently revised to $1,560.3 million, including $242.4 million for fleet modernization, shop and yard improvements of $322.7 million, track and structures repair and rehabilitation work at $302.7 million, $303.8 million for communications and signals work primarily focused on positive train control implementation, $188.9 million of GCT, stations and parking improvements, and $116.0 million for power investments. These investments focus on safety and maintaining the core infrastructure. The majority of the projects in this program are either completed or nearing completion.

In the past, the capital program has addressed infrastructure state of good repair needs, including tracks, passenger stations, communications and maintenance shops. The achievements of the investments made during prior capital programs yielded dramatic improvements in trip times, reliability, on-time performance, passenger comfort, safety and convenience. See Capital Assets Note 5 for further details.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

On February 26, 2020, the MTA Board approved the proposal for a 10% discount on eligible Metro-North ticket types and applicable railroad stations within ticket zones 1 & 2 of the City of New York.

Eligible discounted tickets would be available on all modes of purchase including on board, through eTix, and from ticket windows and ticket vending machines (where available) at the applicable New York City stations. The pilot is designed to provide additional customer travel options within New York City. The duration of the pilot will be 6-12 months, and could begin as early as May 1, 2020. Funds from the Outer Borough Transportation Account established under Section 1270-i(3) of the Public Authorities Law are being allocated to the MTA, pursuant to agreement between the Governor and the State Legislative leaders, to support the NYC Outer Borough Rail Discount pilot ("Pilot"). The Pilot will only be implemented for such time period in which funds from the Outer Borough Transportation Account has been provided to the MTA or will be provided to the MTA to support such discounted tickets. The pilot program was not implemented because of the onset of the COVID pandemic.

MTA Metro-North Railroad adopted on March 27, 2020, an Essential Service Plan, operating an amended weekend schedule on the Hudson, Harlem, and New Haven Lines. The amended schedule provided all-day service for healthcare workers, first responders and essential employees who have been on the frontlines of the COVID-19 public health crisis, from early in the morning until after midnight. With the suspension of Peak-service trains, Off-Peak fares were placed into effect. The reduction in service followed a significant drop in ridership in response to federal, state and local health precautionary directives against COVID-19. The measure was also taken to protect the health and safety of customers and employees. As ridership began to return in early Summer, the railroad added on June 15, 2020, some Peak and reverse-Peak trains, while retaining hourly service mid-day, in the evenings and at night and on weekends. The revised schedule provides 63% of pre-COVID all-day service. This schedule has continued to be in effect through the end of 2020.

Passenger Rail Investment and Improvement Act

Pursuant to a 1991 trackage rights agreement with Amtrak, Metro-North is reimbursed for incremental operating costs associated with Amtrak's use of the New Haven Line, which is shared with CDOT at 65%. Under Section 212 of the Passenger Rail Investment and Improvement Act ("PRIIA") of 2008, the Northeast Corridor Infrastructure and Operations Advisory Commission (the "Commission") was established to develop and implement a cost-sharing arrangement (the "cost allocation policy") for the Northeast Corridor ("NEC") infrastructure used for commuter and intercity rail services. The cost allocation policy creates a standardized formula to ensure each intercity and commuter service is assigned the costs associated with its sole-benefit use of the NEC and a proportional share of costs resulting from joint-benefit use.

On April 26, 2018, an amendment to the 1991 agreement was executed which incorporates the applicable terms of the NEC cost allocation policy retroactively from October 1, 2015. The Amtrak expense recoveries (shared with CDOT at 65%) were approximately $27.9 million in 2020 and $27.7 million in 2019.

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. Although certain restrictions have been subsequently lifted, it is expected that limitations will remain in place for some time.

- ***Ridership and Traffic Update.*** Day-by-day ridership on MTA facilities continues to be below 2019 levels. However, on April 8, 2021, subway ridership surpassed 2 million for the first time since the start of the pandemic. The daily ridership reported as of April 22, 2021, when compared to the pre-pandemic equivalent day in 2019, is down 63 percent on the subways, 45 percent for combined MTA New York City Transit and MTA Bus, 76 percent on MTA Metro-North Railroad, and 72 percent on the MTA Long Island Rail Road. Traffic crossings at MTA Bridges and Tunnels facilities are down by an estimated 7.5% compared to 2019 with an estimated traffic volume of 871,573.

- ***Federal Aid (CARES Act)***. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 million in additional formula grant allocations to MTA for a CARES Act grant total of approximately $4 billion. As of August 19, 2020, a total of $4.010 billion had been released to MTA for operating assistance that occurred from January 20, 2020 through July 31, 2020. The MTA has exhausted all CARES Act funding received in the first congressional relief package.

- ***Federal Aid (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 expects to receive another $4.0 billion from CRRSAA. This federal relief is expected to offset operating deficits in 2021, although the funding has yet to flow to the MTA.

- ***Federal Aid (ARP***). On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 ("ARP"). 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. The MTA expects to receive approximately $6.5 billion in aid from the ARP.

- ***FEMA Reimbursement.*** The MTA's November Plan included reimbursement from the Federal Emergency Management Agency ("FEMA") for the estimated $293 million in direct COVID-19 related expenses incurred from the start of the pandemic through September 15, 2020, the cut-off date established by FEMA. FEMA typically reimburses 75% of local claim amounts, with the remaining portion covered by the State; however, with the State experiencing fiscal stress, MTA expects to receive $220 million in 2021, assuming the remaining 25% will not be received.

- ***MTA Liquidity Resources.*** As of March 1, 2021, MTA has liquidity resources in the approximate amount of $6.775 billion, consisting of a current running cash balance of $885 million, internal available flexible funds totaling $1.313 billion, PMT working capital BANs totaling $2.903 billion and commercial bank lines of credit totaling $1.674 billion (total commercial bank lines of credit are $2.150 billion, of which $476 million have been drawn by MTA).

- ***Repayment of Revolving Bank Line of Credit***. To provide liquidity, MTA drew on its lines of credit in 2020; the lines of credit are expected to be repaid in 2022.

- ***Proceeds of MLF Deficit Financing.*** On June 4, 2020, New York State designated the MTA as an eligible issuer under the Federal Reserve's Municipal Liquidity Facility ("MLF") $500 billion lending program. The Federal Reserve Board established the program facility in late April 2020, under the CARES Act, to enable states and municipalities to borrow from a $500 billion fund to help manage cash flow stresses caused by the coronavirus pandemic. The program allows states and smaller counties to receive three-year loans of up to 20% of their pre-COVID general revenue. The MTA's total capacity under the MLF program was estimated at $3.35 billion. MTA utilized this lending facility in August 2020 to refinance approximately $450 million of maturing Transportation Revenue Bond Anticipation Notes. The terms of the MLF financing are attractive compared with MTA's alternatives in the municipal credit markets. As a result, the MTA borrowed the maximum $2.9 billion as a low interest bridge loan, before the lending window closed at the end of December 31, 2020. The proceeds are currently available to replace lost revenues or increased costs due to the COVID pandemic. The MTA expects to issue long-term bonds in 2023 to repay the MLF loan.

- ***Projected COVID-19 Pandemic Budgetary Impacts.*** The December Plan, which the MTA Board approved in December 2020, projected cash balances of $29 million in 2021, with deficits of $3.280 billion in 2022, $2.346 billion in 2023 and $2.225 billion in 2024. The December Plan, as with prior financial plans since the onset of the pandemic, reflects the impact and the ensuing effect that the pandemic has had on the MTA region, with focus on the MTA's financial survival as it strives to provide essential regional service. A key conclusion of the forecasts available to MTA management is that the COVID-19 pandemic can be expected to have an extended impact over the entire plan period. The December Plan included, over the December Plan period, $2.9 billion of proceeds from MLF deficit financing, $4.5 billion in federal aid from CRRSAA and proposed expense savings beginning in 2022 from service reductions. MTA is also proposing a permanent wage freeze for all employees, both represented and non-represented, through 2022. This action would save estimated totals of $309 million in 2022, $315 million in 2023 and $322 million 2024. Although the December Plan assumed CRRSAA aid to MTA would be $4.5 billion, MTA is now expecting to receive $500 million less, for a total of $4 billion.

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METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019
($ in thousands)

	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	$ 22,824	$ 36,768
Fare cards	10,526	8,747
Invested funds at MTA (Note 2)	89,886	7,731
Receivables:		
Passenger	-	3,574
Due from MTA and affiliated agencies (Note 12)	101,029	82,017
Due from New York State Department of Transportation	2,377	1,100
Due from Amtrak	464	1,468
Rents	12,711	3,657
Other	7,145	3,376
Less allowance for doubtful receivables	(7,361)	(2,687)
Receivables—net	116,365	92,505
Materials and supplies—net of reserve for obsolescence of $57,841 and $50,123 in 2020 and 2019, respectively (Note 2)	168,145	140,989
Advance to Defined Benefit Pension Trust	1,268	-
Prepaid expenses and other current assets	23,300	28,309
Total current assets	432,314	315,049
NONCURRENT ASSETS:		
Capital assets (Notes 2 and 5):		
Land and construction work-in-progress	1,878,445	1,780,358
Other capital assets net of accumulated depreciation	3,949,710	3,696,552
Other	-	4,685
Total noncurrent assets	5,828,155	5,481,595
TOTAL ASSETS	6,260,469	5,796,644
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pension	444,757	280,683
Deferred Outflows for Other Postemployment Benefits	146,643	144,889
TOTAL DEFERRED OUTFLOWS OF RESOURCES	591,400	425,572
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 6,851,869	$ 6,222,216

(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019
($ in thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	2020	2019
CURRENT LIABILITIES:		
Accounts payable	$ 71,272	$ 65,995
Due to MTA and affiliated agencies (Note 12)	141,942	139,833
Due to CDOT	14,776	8,370
Accrued expenses:		
Salaries, wages and payroll taxes	133,497	56,360
Vacation and sick pay benefits	106,692	102,089
Other	52,200	44,445
Total accrued expenses	292,389	202,894
Current portion - retirement and death benefits	18	46
Current portion of estimated liability arising from injuries to persons (Note 10)	14,454	15,250
Current portion - loans payable (Note 6)	2,884	2,723
Current portion - environmental remediation (Note 11)	710	710
Unearned passenger revenue	6,214	10,030
Total current liabilities	544,659	445,851
NONCURRENT LIABILITIES:		
Net liability for other postemployment benefits (Note 8)	1,635,681	1,553,115
Net pension liability (Note 7)	605,901	494,115
Estimated liability arising from injuries to persons (Note 10)	50,143	55,205
Loans payable (Note 6)	11,419	12,208
Capital lease obligation (Note 9)	-	13,435
Environmental remediation (Note 11)	7,641	20,140
Other long-term liabilities	24,446	23,377
Total noncurrent liabilities	2,335,231	2,171,595
TOTAL LIABILITIES	2,879,890	2,617,446
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows from Pensions	66,861	20,269
Deferred Inflows from Other Post Employment Benefits	137,358	124,692
TOTAL DEFERRED INFLOWS OF RESOURCES	204,219	144,961
NET POSITION:		
Net Investment in Capital Assets	5,813,853	5,448,543
Unrestricted	(2,046,093)	(1,988,734)
Total net position	3,767,760	3,459,809
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 6,851,869	$ 6,222,216

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METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019
($ in thousands)

	2020	2019
OPERATING REVENUES:		
Passenger	$ 243,426	$ 756,680
Rents and utilities	24,915	46,002
Advertising & Other Income	5,854	10,477
Total operating revenues	274,195	813,159
OPERATING EXPENSES:		
Salaries and wages	614,818	635,571
Retirement and other employee benefits	250,825	245,181
Postemployment benefits other than pensions	131,311	133,160
Electric Power	53,435	70,393
Fuel	12,312	19,266
Insurance	14,970	16,411
Maintenance and other operating contracts	113,907	112,653
Professional service contracts	29,788	41,245
Environmental Remediation	1,251	3,050
Materials and supplies	91,547	107,389
Depreciation and amortization	269,231	241,596
Other expense	16,792	28,162
Total operating expenses	1,600,187	1,654,077
Net expenses related to asset impairment (Note 13)	-	642
OPERATING LOSS	(1,325,992)	(841,560)
NONOPERATING REVENUES (EXPENSES) (Notes 2 and 14):		
Operating subsidies from MTA	448,136	406,380
Loan fom MTA	50,000	-
FTA Cares Act	312,167	-
CDOT subsidies	255,775	135,679
Other Nonoperating revenues (expenses)	5,745	(540)
Net nonoperating revenues	1,071,823	541,519
LOSS BEFORE CAPITAL CONTRIBUTIONS	(254,169)	(300,041)
CAPITAL CONTRIBUTIONS:		
MTA contributions for capital projects	562,120	565,686
Change in Net Position	307,951	265,645
NET POSITION—Beginning of year	3,459,809	3,194,164
NET POSITION—End of year	$3,767,760	$3,459,809
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVIES	$ 467,438	$ 375,584

See notes to financial statements.

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METRO-NORTH COMMUTER RAILROAD COMPANY

(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
($ in thousands)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts	$ 243,126	$ 756,018
Rents, sundry, and other receipts	17,833	57,547
Payroll and related fringes	(927,386)	(1,013,264)
Other operating expenses	(333,916)	(257,085)
Net cash used in operating activities	(1,000,343)	(456,784)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating subsidies from MTA	448,136	406,380
FTA CARES Act	312,167	-
Operating subsidies from CDOT	263,523	128,663
Loan from MTA	50,000	-
Other Non-operating revenues, net	6,150	720
Net cash provided by noncapital financing activities	1,079,976	535,763
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions from MTA	99,356	136,703
Capital expenditures	(192,933)	(204,650)
Net cash used in capital related financing activities	(93,577)	(67,947)
NET INCREASE IN CASH	(13,944)	11,032
CASH—Beginning of year	36,768	25,736
CASH—End of year	$ 22,824	$ 36,768
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$(1,325,992)	$ (841,560)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation, amortization, and retirements	269,231	241,596
Net increase in payables	169,310	133,400
Net (decrease) increase in farecards and receivables	(94,162)	24,669
Net decrease in materials and prepaid expenses	(18,730)	(14,889)
NET CASH USED IN OPERATING ACTIVITIES	$(1,000,343)	$ (456,784)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital assets	408,715	290,028
Capital assets and related liabilities	58,723	85,556
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	$ 467,438	$ 375,584

1. BASIS OF PRESENTATION

Reporting Entity — The Metro-North Commuter Railroad Company (the "MTA Metro-North Railroad") is a component unit of the MTA, established in September 1982 pursuant to the New York State Public Authorities Law and is a part of the related financial reporting group of the MTA. The MTA is a component unit of the State of New York.

The MTA Metro-North Railroad performs a public service by providing essential commuter passenger transportation between New York City and the suburban communities in Westchester, Dutchess, Putnam, Orange, and Rockland Counties in New York State, and New Haven and Fairfield Counties in Connecticut. The Company has direct operating responsibility for the entire New Haven commuter railroad line under a service agreement among MTA, MTA Metro-North Railroad and the Connecticut Department of Transportation ("CDOT"). It also has direct operating responsibility for the Harlem/Hudson Lines in New York State. In addition, pursuant to a service agreement between the MTA Metro-North Railroad and New Jersey Transit Rail Operations, Inc. ("New Jersey Transit") the Company funds certain net operating costs of the Port Jervis and Pascack Valley Lines operated by New Jersey Transit.

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

Substantial deficits result from providing these services and the MTA Metro-North Railroad expects that such deficits will continue in the foreseeable future. Funding for the MTA Metro-North Railroad's operations and capital needs is provided by MTA and CDOT. MTA obtains the required funds from state and federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to the MTA Metro-North Railroad on a discretionary basis. The continuance of the MTA Metro-North Railroad's operations has been, and will continue to be, dependent upon the receipt of adequate funds from the MTA, as well as subsidies provided by CDOT.

The MTA Metro-North Railroad is not liable for real estate or personal property taxes on its properties, or sales taxes on substantially all of its purchases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with GAAP.

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

New Accounting Standards – The MTA adopted the following GASB Statements for the year ended December 31, 2020.

GASB Statement No.89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No.62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of GASB Statement No. 89 are effective for reporting periods beginning after December 31, 2021. Earlier application is encouraged. Effective January 1, 2020, the MTA Metro-North early implemented the provisions of GASB Statement No. 89. As a result of the implementation of this Statement, all interest incurred during the year end December 31, 2020 is reported as an expense in the Statement of Revenues, Expenses and Changes in Net Position.

GASB Statement No.97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, seeks to improve consistency and comparability related to fiduciary component unit reporting in circumstances where the potential component unit does not have a governing board and the primary government performs such duties. GASB Statement No. 97 also seeks to mitigate reporting costs for certain defined-contributions, OPEB and other employee benefit plans as fiduciary component units and to enhance the relevance, consistency and comparability of Internal Revenue Code (IRC) Section 457 deferred compensation plans. Paragraph 4 "Absence of a Governing Board in Determining Accountability" and paragraph 5 "Applicability of the Financial Burden Criterion in Paragraph 7 of Statement 84" of GASB Statement No. 97 related to Component Unit Criteria are effective immediately. The requirements of GASB Statement No. 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. The adoption of this Statement did not have a material impact to the MTA Metro-North financial statements.

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 Metro-North upon implementation. Management has not yet evaluated the effect of implementation of these standards.

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

Capital Assets Footnote:

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

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

MTA Investment Pool — The MTA, on behalf of the MTA Metro-North Railroad, invests funds which are not immediately required for the MTA Metro-North Railroad's operations in securities permitted by the MTA's All-Agency Investment Guidelines in accordance with the State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes and U.S. Treasury zero-coupon bonds. All investments are held by the MTA's agent in custody accounts in the name of the MTA. The Company has no financial instruments with significant individual or group concentration of credit risk. The Authority categorizes its fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Materials and Supplies — Materials and supplies, except for repaired and repairable items, are recorded at average cost. Reserve for obsolete and excess materials was $57,841 and $50,123 in 2020 and 2019, respectively. Repaired items, such as engines and motors, are valued at 50% of their current purchase price.

Fare Cards — MTA Metro-North Railroad sells joint prevalued MetroCard ("fare cards") on consignment on behalf of an affiliated agency. Such fare cards are recorded at cost and reimbursed to the affiliated agency upon sale.

Capital Assets — Capital assets and improvements include all land, buildings, leasehold improvements, and equipment of the MTA Metro-North Railroad having a useful life of greater than two years and having a cost of at least $25.

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

Accumulated depreciation and amortization are reported as reductions of capital assets. Depreciation is computed using the straight-line method based upon estimated useful lives, 25 to 30 years for road and structures, 50 years for rail and buildings, and 3 to 20 years for other equipment. Capital lease assets and leasehold improvements are amortized over the term of the lease or the life of the assets, whichever is less.

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment loss on assets to be sold, if any, is based on the estimated proceeds to be received, less estimated costs to sell.

Expenditures for maintenance and repairs that do not extend the useful life of the asset are charged to operations as incurred. Funding for substantially all capital projects of the MTA Metro-North Railroad is provided by MTA. Asset acquisitions funded by MTA on capital projects are transferred to the MTA Metro-North Railroad monthly.

Pollution Remediation Projects — Pollution remediation costs have been expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (see Note 10). An operating expense provision and corresponding liability measured at current value using the expected cash flow method has been recognized for certain pollution remediation obligations, which previously may not have been required to be recognized, have been recognized earlier than in the past or are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations occur when any one of the following obligating events takes place: the MTA Metro-North Railroad is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; the MTA Metro-North Railroad is named by a regulator as a responsible or potentially responsible party to participate in remediation; the MTA Metro-North Railroad voluntarily commences or legally obligates itself to commence remediation efforts; or the MTA Metro-North Railroad is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

Operating Revenues — Passenger revenues from the sale of tickets are recognized as income as they are sold; unearned revenue is recorded for tickets sold in advance of the period for which the ticket is valid. Revenues from rents, advertising and other related income are recorded when earned.

Nonoperating Revenues — The MTA Metro-North Railroad receives both Capital Contributions and Operating Subsidies from the MTA, and subsidies relating to New Haven Line operations from the Connecticut Department of Transportation. In addition, an allocation of FTA CARES Act funding was received in 2020.

Nonexchange Transactions with MTA — In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, funds contributed by MTA for the MTA Metro-North Railroad's capital project expenditures are reported as nonoperating revenue when such expenditures are accrued. MTA contributions for capital projects are included as nonoperating capital projects subsidy in the accompanying statements of revenues, expenses and changes in net position.

The cost of certain services provided by MTA for the benefit of the MTA Metro-North Railroad are accrued as incurred, including the cost of police services relating to the New Haven Line. MTA does not charge the

MTA Metro-North Railroad (or other related groups) for the cost of police services relating to the other lines.

Amount Recoverable from CDOT — The portion of the deficit from operations relating to the New Haven line recoverable from CDOT is recorded as nonoperating revenue based on billings reflecting the monthly deficit. The CDOT Service Agreement (the “Service Agreement”), dated June 21, 1985, governs the operations of the New Haven Line. The Service Agreement provides for automatic five-year renewals. The present renewal term commenced January 1, 2020 and expires December 31, 2024.

Under the terms of the Service Agreement, CDOT pays 100% of the net operating deficit of the branch lines (New Canaan, Danbury and Waterbury) and 65% of the New Haven main line operating deficit. The New Haven Line’s share of the net operating deficit of Grand Central Terminal (GCT) is funded by a fixed fee for the use of GCT, calculated using several years as a base, with annual increases for inflation and the actual cost of operating GCT North End Access beginning in 1999. The Service Agreement also provides that CDOT shall pay 100% of the cost of nonmovable capital assets located in Connecticut, 100% of movable capital assets to be used primarily on the branch lines and 65% of the cost of other movable capital assets allocated to the New Haven Line. Remaining funding for New Haven Line capital assets is provided by MTA. Capital assets completely funded by CDOT are not reflected in the MTA Metro-North Railroad’s financial statements, as ownership is retained by CDOT.

The Service Agreement provides that final billings for each year be subject to audit by CDOT. The audits of 2018 and 2019 billing are still open.

Compensated Absences — The MTA Metro-North Railroad has accrued the full value (including fringe benefits) of all vacation and sick leave benefits earned by employees to date if the leave is attributable to past service and it is probable that the MTA Metro-North Railroad will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Accruals for vacation benefits were $68.1 million and $62.4 million at December 31, 2020 and 2019, respectively. Accruals for sick leave benefits were $38.6 million and $39.6 million at December 31, 2020 and 2019, respectively.

Liability Insurance — The First Mutual Transportation Assurance Company(“FMTAC”), an insurance captive subsidiary of MTA, operates a liability insurance program (“ELF”) that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limits for MTA Metro-North Railroad was $8 million. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limits for MTA Metro-North Railroad was $9 million. Effective November 1, 2012 the self-insured retention limits for ELF was increased to $10 million for MTA Metro-North Railroad. Effective October 31, 2015, the self-insured retention limits for ELF was increased to $11 million for the MTA Metro-North Railroad. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50 million. The retrospective portion contains the same insurance agreements, participant retentions, and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Group entities above their specifically assigned self-insured retention with a limit of $50 million per occurrence with a $50 million annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2020, the balance of the assets in this program was $182.7 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $307.5 million for a total limit of $357.5 million ($307.5 million excess of $50 million). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50 million.

On March 1, 2020, the "nonrevenue fleet" automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for the MTA Group with the exception of MTA New York City Transit, MTA Bus and MTA Bridges and Tunnels. The policy provides $11 million per occurrence limit with a $1 million per occurrence deductible for MTA Metro-North Railroad. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

On December 15, 2020, FMTAC renewed the primary coverage on the Station Liability and Force Account liability policies $11 million per occurrence loss for MTA Metro-North Railroad.

Property Insurance — Effective May 1, 2020, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2020, FMTAC directly insures property damage claims of the Related Entities in excess of a $25 million per occurrence deductible, subject to an annual $75 million aggregate deductible. The total All Risk program annual limit is $500 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. In addition to the noted $25 million per occurrence deductible, MTA is self-insured above the deductible for $44.464 million within the overall $500 million per occurrence property program, as follows: $0.685 million (or 1.37%) of the $50 million excess $50 million layer, plus $13.4 million (or 26.8%) of the $50 million excess $150 million layer, plus $6.85 million (or 13.7%) of the $50 million excess $200 million layer, plus $17.35 million (or 34.71%) of the $50 million excess $250 million layer and $6.18 million (or 12.36%) of the $50 million excess $300 million layer.

The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

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

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

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

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $215 million. Recovery under the terrorism policy is subject to a deductible of $25 million per occurrence and $75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed $75 million future losses in that policy year are subject to a deductible of $7.5 million. The terrorism coverages expire at midnight on May 1, 2021.

All Agency Protective Liability —

FMTAC All-Agency Protective Liability Program. Under the All-Agency Protective Liability Program ("AAPL"), FMTAC directly insures the Related Entities against claims arising out of work performed by independent contractors on capital projects. The policy provides coverage of $2 million per occurrence.

FMTAC All-Agency Protective Excess Liability Program. FMTAC directly insures the Related Entities to provide excess coverage on top of the AAPL. The policy provides coverage of $9 million in excess of $2 million per occurrence, with an $18 million annual aggregate. Any excess is covered by the ELF program.

Self-Insurance and Risk Retention — The MTA Metro-North Railroad is self-insured for liabilities arising from injuries to passengers, employees and others with the exception of injuries to non-employees and off-duty employees arising from occurrences at NYS stations ("Station Liability"), and employees and non-employees, arising from reimbursable project work ("Force Account"). The MTA Metro-North Railroad accrues the estimated total cost for the self-insured liability arising out of these claims. For incidents occurring on or before October 31, 2012, claims arising from Station Liability and Force Account are fully insured up to $9 million per occurrence. That amount was increased to $10 million per occurrence for incidents occurring on or after November 1, 2012 and increased to $11 million on October 31, 2015.

Retirement Benefits — The MTA Metro-North Railroad's pension plans are governmental plans and, accordingly, are not subject to funding and other requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

MTA Metro-North Railroad adopted the standards of GASB Statement No. 68, *Accounting and Financial Reporting for Pension,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date,* for its pension plans.

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

Postemployment Benefits Other Than Pensions — MTA Metro-North adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus* for the OPEB Plan.

The MTA Metro-North recognizes a proportionate share of the net OPEB liability for the MTA's cost-sharing multiple-employer OPEB Plan, which represents the excess of the total OPEB liability over the fiduciary net position of the OPEB Plan, measured as of the measurement date of the plan.

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

3. CASH

The bank balances are insured up to $250 in the aggregate by the Federal Deposit Insurance Corporation ("FDIC") for each bank in which funds are deposited. The bank balances in 2020 and 2019 that were not insured were maintained in major financial institutions.

At December 31, 2020 and 2019, cash consisted of (in thousands):

	2020		2019	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits (FDIC)	$ 250	$ 250	$ 250	$ 250
Collateralized deposits	20,779	20,629	29,377	29,377
Uninsured deposits—noncollateralized	-	-	3,314	3,227
Uninsured amounts held by ticket agents and deposits in transit	1,795	-	3,827	-
	$22,824	$20,879	$36,768	$32,854

Certain of these cash accounts are held in the name of a trustee; the carrying amount of the trustee accounts at December 31, 2020 and 2019 were $1,326 and $3,961, respectively. These accounts include revenue pledged by the MTA Metro-North Railroad as collateral for the MTA Transportation Revenue Bonds, as discussed more fully in Note 4.

4. TRANSPORTATION REVENUE BONDS

The MTA Metro-North Railroad's capital programs are partially funded from the proceeds of bonds, including the MTA's Transportation Revenue Bonds. The Transportation Revenue Bonds are special obligations of MTA, payable from, and secured by a pledge of:

- the gross operating revenues of the MTA Metro-North Railroad, MTA Long Island Rail Road and the New York City Transit Authority ("MTA New York City Transit") and its component, the Manhattan and Bronx Surface Transit Operating Authority, until monthly deposits of principal and interest are satisfied under the Transportation Revenue Bond Resolution,

- Triborough Bridge and Tunnel Authority's operating surplus,

- general operating subsidies from the State and local governments,

- special tax-supported operating subsidies, and

- station maintenance and service reimbursements.

5. CAPITAL ASSETS

The following is a summary of capital assets activity as of December 31, 2020 and 2019:

($ in thousands)

	Balance December 31, 2018	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2019	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2020
Capital assets, not being depreciated:							
Land	$ 86,746	$ 5,628	$ -	$ 92,374	$ 24,616	$ -	$ 116,990
Construction work-in-progress	1,522,082	620,858	454,956	1,687,984	646,483	573,013	1,761,454
Total capital assets, not being depreciated	1,608,828	626,486	454,956	1,780,358	671,099	573,013	1,878,444
Capital assets, being depreciated:							
Roads	1,990,466	40,599	-	2,031,065	118,239	-	2,149,304
Buildings and structures	3,474,558	366,701	189	3,841,070	89,431	-	3,930,501
Buildings and structures under capital leases	28,372			28,372	17,367	28,372	17,367
West of Hudson improvements	252,165	2,736	-	254,901	60,955	-	315,856
Passenger cars	1,505,267	9,027	4,192	1,510,102	143,904		1,654,006
Locomotives	165,702	1,347	87	166,962	35,262	-	202,224
Other	330,467	35,275	4,939	360,803	83,441	1,760	442,484
Total capital assets, being depreciated	7,746,997	455,685	9,407	8,193,275	548,599	30,132	8,711,742
Less accumulated depreciation:							
Roads	1,176,272	50,420	-	1,226,692	53,736	-	1,280,428
Buildings and structures	1,735,801	107,046	190	1,842,657	114,728	-	1,957,385
Buildings and structures under capital leases	2,478	101		2,579	55	2,601	33
West of Hudson improvements	88,558	7,113		95,671	9,184	-	104,855
Passenger cars	863,613	51,259	3,550	911,322	57,140	-	968,462
Locomotives	121,103	6,394	87	127,410	7,720	-	135,130
Other	275,544	19,263	4,415	290,392	26,668	1,322	315,738
Total accumulated depreciation	4,263,369	241,596	8,242	4,496,723	269,231	3,923	4,762,031
Total capital assets, being depreciated—net	3,929,906	214,089	1,165	4,142,830	279,368	26,209	3,949,711
Capital assets—net	$ 5,710,264	$ 840,575	$ 456,121	$ 6,094,718	$ 950,467	$ 599,222	$ 5,828,155

MTA Metro-North Railroad owns all trackage in New York State including the land and related improvements constituting the New Haven Line between the Connecticut border at Port Chester, New York and Woodlawn Junction. The Harlem and Hudson railroad lines along with the Grand Central Terminal were purchased by MTA on February 28, 2020 (see Note 9).

On April 24, 2015, the Federal Railroad Administration approved a U.S. Federal Railroad Administration loan of $967.1 million under its Railroad Rehabilitation and Improvement Financing Program. MTA, on behalf of Metro-North Railroad, and the Long Island Rail Road, applied for funding to improve the safety of signal systems. The loan financed the installment of Positive Train Control, a technology designed to remove the potential for human error that can lead to train-involved accidents. The loan was approved by the MTA Board at its meeting on April 29, 2015 and the loan was closed in May 2015. MTA will issue its Transportation Revenue Bond directly to the Federal Railroad Administration and will repay the obligation over 22½ years at a fixed interest rate of 2.38%. MTA's first draw on the loan was on September 20, 2016 in the amount of $146.5 million. MTA's second draw on the loan was on May 1, 2019 in the amount of $300.0 million. MTA's third draw on the loan was on April 20, 2020 in the amount of $244.4 million.

6. LOANS PAYABLE

The MTA and the New York Power Authority ("NYPA") entered into an updated Energy Services Program Agreement ("ESP Agreement"). The ESP Agreement authorized MTA affiliates and subsidiaries to enter into a Customer Installation Commitment ("CIC") with NYPA for turn-key, energy efficiency projects, which would usually be long-term funded and constructed by NYPA. The repayment period for the NYPA loan can be up to 20 years, but can be repaid at any time with no penalty.

The debt service requirements at December 31, 2020 are as follows:

($ in thousands)

Year	Principal	Interest	Total
2021	2,884	362	3,246
2022	2,770	282	3,052
2023	2,473	209	2,682
2024	2,253	144	2,397
2025	2,310	80	2,390
2026-2030	1,613	119	1,732
Total	14,303	1,196	15,499

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 semi-annually.

7. EMPLOYEE BENEFITS

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

In 1984, the MTA established the 457 Plan to provide benefits competitive with private industry. Only managerial employees were permitted to participate in the Plan and investment options were limited to five funds: a Guaranteed Interest Fund, a Common Stock Fund, a Money Market Fund, a Managed Fund, and a Stock Index Fund. Pursuant Internal Revenue Code ("Code") Section 457, the MTA has established a trust or custodial account to hold plan assets for the exclusive benefit of the participants and their beneficiaries. Participation in the 457 Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 457 Plan, and all income attributable to such compensation, less expenses and fees, are in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 457 Plan is not reflected on the MTA's consolidated statements of net position.

In 1985, the MTA Board adopted the 401(k) Plan, a tax-qualified plan under section 401(k) of the Code. The 401(k) Plan remained dormant until 1988 when an IRS ruling "grandfathered" the plan under the Tax Reform Act of 1986. Participation in the 401(k) Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 401(k) Plan, and all income attributable to such compensation, less expenses and fees, are in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 401(k) Plan is not reflected in the accompanying consolidated statements of net position. The 401(k) Plan received a favorable determination letter from the Internal Revenue Service dated October 27, 2016.

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

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

1. Tier 1 – The MTA Target-Year Lifecycle Funds, which are comprised of a mix of several funds, most of which are available as separate investments in the Deferred Compensation Program. The particular mix of investments for each Fund is determined by the "target" date, which is the date the money is intended to be needed for retirement income.

2. Tier 2 - The MTA Index Funds offer a tier of index funds, which invest in the securities of companies that are included in a selected index, such as the Standard & Poor's 500 (large cap) Index or Russell Mid Cap Index.

3. Tier 3 – The MTA Actively Managed Portfolios, which are comprised of actively managed portfolios that are directed by one or a team of professional managers who buy and sell a variety of holdings in an effort to outperform a selected index. These institutional strategies provide participants with a diversified array of distinct asset classes, with a single fund option in each class to simplify the decision-making process.

4. Tier 4 – Self-Directed Mutual Fund Option is designed for the more experienced investors. Offers access to an expanded universe of mutual funds from hundreds of well-known mutual fund families. Participants may invest only a portion of their account balances in this tier.

In 2011, the Deferred Compensation Program began offering Roth contributions. Employees can elect after-tax Roth contributions and before-tax contributions in both the 401(k) Plan and the 457 Plan. The total combination of Roth after-tax contributions and regular before-tax contributions cannot exceed the IRS maximum of $19,000 in 2019 and $19,500 in 2020. For those over age 50, the maximums are $25,000 for 2019 and $25,500 for 2020.

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

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

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

Forfeitures — Nonvested contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the years ended December 31, 2020 and 2019, no forfeitures reduced the Plan's expense.

The following is a summary of activity for the 401k deferred compensation program:

($ in thousands)

	2020	2019
Contributions:		
Employee contributions, net of loans	$ 47,521	$ 34,069
Participant rollovers	2,517	2,817
Employer contributions	2,561	2,818
Total contributions	$ 52,600	$ 39,704

The Trustee for the MTA Deferred Compensation Program is Prudential Bank & Trust Federal Savings Bank. Record keeper and/or Administrative Services are provided by Prudential Retirement Insurance & Annuity Company ("PRIAC"). Investment management services are provided by Prudential Retirement Insurance & Annuity Company and Galliard Capital Management. Separate accounts are managed by TCW-Metropolitan West Asset Management, William Blair, Jackson Square Partners and Alliance Bernstein. The financial advisor is Mercer Investment Consulting, Inc. which reviews the investment policies adopted by the Investment Committee, the Plans' portfolios and the Investment Managers' performance.

Pensions — MTA Metro-North Railroad sponsors and participates in two defined benefit pension plans for their employees, the Metro-North Commuter Railroad Company Cash Balance Plan (the "MNR Cash Balance Plan") and the Metropolitan Transportation Authority Defined Benefit Plan (the "MTA Defined Benefit Plan"). A brief description of each of the pension plans follows:

Plan Descriptions

1. MNR Cash Balance Plan

The MNR Cash Balance Plan is a single employer, defined benefit pension plan administered by MTA Metro-North Railroad. The Plan covers non-collectively bargained employees, formerly employed by Conrail, who joined MTA Metro-North Railroad as management employees between January 1 and June 30, 1983, and were still employed as of December 31, 1988. Effective January 1, 1989, these management employees became covered under the Metro-North Commuter Railroad Defined Contribution Plan for Management Employees (the "Management Plan") and the MNR Cash Balance Plan was closed to new participants. The assets of the Management Plan were merged with the Metropolitan Transportation Authority Defined Benefit Plan for Non-Represented Employees (now titled as the Metropolitan Transportation Authority Defined Benefit Pension Plan) as of the asset transfer date of July 14, 1995. The MNR Cash Balance Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) and 501(a) of the Internal Revenue Code. Accordingly, the MNR Cash Balance Plan is tax-exempt and is not subject to the provisions of the Employee Retirement Income Security Act ("ERISA") of 1974.

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

The financial information for the MNR Cash Balance Plan is not included in the financial statements of MTA Metro-North Railroad as the balances and activities are not material to MTA Metro-North Railroad. Further information about the MNR Cash Balance Plan is more fully described in the separately issued financial statements that can be obtained by writing to MTA Comptroller, 2 Broadway, 16th Floor, New York, New York, 10004. These statements are also available at www.mta.info.

2. MTA Defined Benefit Plan

The MTA Defined Benefit Pension Plan (the "MTA Plan" or the "Plan") is a cost sharing, multiple-employer pension plan. The Plan covers certain MTA Long Island Rail Road nonrepresented employees hired after December 31, 1987, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 23, 1983, MTA Police, MTA Long Island Rail Road represented employees hired after December 31, 1987 and certain MTA Metro-North Railroad represented employees. MTA Staten Island Railway represented and nonrepresented employees and certain employees of the MTA Bus Company ("MTA Bus"). MTA Long Island Rail Road, MTA Metro-North Railroad, MTA, MTA Staten Island Railway and MTA Bus contribute to the MTA Plan, which offers distinct retirement, disability retirement and death benefit programs for their covered employees and beneficiaries.

The MTA Defined Benefit Plan is administered by the Board of Managers of Pensions. The MTA Plan, including benefits and contributions, may be amended by action of the MTA Board.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the MTA Comptroller, 2 Broadway, 16th Floor, New York, New York, 10004. This report is also available at www.mta.info.

Benefits Provided

1. MNR Cash Balance Plan

Pension Benefits — Participants of the Plan obtain a nonforfeitable right to their accrued benefit upon the earlier of (a) the completion of 5 years of service with the MTA Metro-North Railroad or (b) the attainment of age 62. The accrued benefit is a participant's Initial Account Balance increased each month by the benefit escalator. The benefit escalator is defined as the Pension Benefit Guaranty Corporation ("PBGC") immediate annuity rate in effect for December of the year preceding the year for which the determination is being made) divided by 180. The accrued benefit is paid as an Escalating Annuity. Vested participants are entitled to receive pension benefits commencing at age 65. Participants of the MNR Cash Balance Plan may elect to receive the value of their accumulated plan benefits as a lump-sum distribution upon retirement or they may elect to receive their benefits as a life annuity payable monthly from retirement. Participants may also elect to receive their pension benefits in the form of a joint and survivor annuity.

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

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

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

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

2. MTA Defined Benefit Plan

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

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

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

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

The disability retirement allowance for covered MTA Metro-North Railroad management is calculated based on the participant's credited service and final average salary ("FAS") but not less than ⅓ of FAS.

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

Death benefits are paid to the participant's beneficiary in the event of the death of a covered MTA Metro-North Railroad employee after completion of one year of credited service. The death benefit payable is calculated based on a multiple of a participant's salary based on years of credited service up to three years and is reduced beginning at age sixty-one. There is also a post-retirement death benefit which, in the 1st year of retirement, is equal to 50% of the pre-retirement death benefit amount, whichever is greater, 25% the 2nd year and 10% of the death benefit payable at age 60 for the 3rd and later years. This death benefit is payable in a lump sum distribution. Moreover, an accidental death benefit is payable for the death of a participant who is a covered MTA Metro-North Railroad employee and dies as the result of an on-the-job accidental injury. This death benefit is paid as a pension equal to 50% of the participant's salary and is payable to the spouse for life, or, if none, to children until age eighteen (or twenty-three, if a student), or if none, to a dependent parent.

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

Membership

Membership in the MNR Cash Balance Plan as of the date of the actuarial valuation consisted of the following:

	January 1, 2020	January 1, 2019
Active Plan Members	2	2
Retirees and beneficiaries receiving benefits	24	25
Vested formerly active members not yet receiving benefits	15	15
Total	41	42

Contributions and Funding Policy

1. MNR Cash Balance Plan

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

MTA Metro-North Railroad's funding policy with respect to the Plan was to contribute the full amount of the pension benefit obligation ("PBO") of approximately $2,977 to the trust fund in 1989. As participants retire, the Trustee has made distributions from the plan. MTA Metro-North Railroad anticipated that no further contributions would be made to the Plan. However, due to changes in actuarial assumptions and market performance, additional contributions were made to the Plan in several subsequent years.

Contributions as a percent of covered payroll were 2.97% for the year ended December 31, 2019. The actual contributions for the year ended December 31, 2019 was $9. There were no contributions made in 2020.

2. MTA Defined Benefit Plan

MTA Metro-North Railroad's contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the Plan are recognized in the period in which the contributions are due.

The following summarizes the types of employee contributions made to the Plan:

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

Covered MTA Metro-North Railroad represented employees who first became eligible to be Plan participants prior to January 30, 2008 contribute 3% of salary. Certain Metro-North represented employees, depending on their collective bargaining agreements, were required to make employee contributions until the completion of required years of credited service as per the relevant collective bargaining agreements.

Contributions as a percent of covered payroll were 19.57% and 16.97% for the years ended December 31, 2020 and December 31, 2019, respectively. The actual contributions for the years ended December 31, 2020 and December 31, 2019 were $136,422 and $122,819 respectively.

Net Pension Liability

MTA Metro-North Railroad's net pension liabilities for each of the pension plans reported at December 31, 2020 and December 31, 2019 were measured as of December 31, 2019 and December 31, 2018, respectively. The total pension liability at December 31, 2019 and December 31, 2018 for the MTA Defined Benefit Plan was determined by actuarial valuations as of the valuation date of January 1, 2019 and January 1, 2018, respectively. The total pension liability at December 31, 2019 and December 31, 2018 for the MNR

Cash Balance plan was determined by an actuarial valuation as of the valuation date of January 1, 2019. Each of the pension plans total pension liabilities was calculated based on the discount rate and actuarial assumptions below and then projected forward to the measurement date. Information about the fiduciary net position of each qualified pension plan has been determined on the same basis as reported by each respective qualified pension plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan and investments are reported at fair value.

Actuarial Assumptions

The actuarial assumptions used in the January 1, 2020 and January 1, 2019 valuations for the MTA plans are based on the results of actuarial experience studies for the period from January 1, 2012 through December 31, 2017 dated October 4, 2019 and January 1, 2006 through December 31, 2011, respectively.

The 2020 and 2019 post retirement mortality assumptions are based on an experience analysis covering the period from January 1, 2011 to December 31, 2015 for all MTA plans.

The pre-retirement and post retirement healthy annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee. As generational tables, they reflect mortality improvements both before and after measurement date.

The total pension liability in the actuarial valuations was determined using the following actuarial assumptions for each of the pension plans as follows:

	January 1, 2019	**January 1, 2019**	**January 1, 2019**	**January 1, 2018**
	MNR Cash Balance Plan	**MTA Defined Benefit Plan**	**MNR Cash Balance Plan**	**MTA Defined Benefit Plan**
Investment Rate of Return	3.5% per annum, net of investment expenses.	6.50% per annum, net of investment expenses.	4.0% per annum, net of investment expenses.	7.00% per annum, net of investment expenses.
Salary Increases	Not applicable	Varies by years of employment, and employee group.	Not applicable	Varies by years of employment, and employee group.
Inflation	2.25%	2.25%, 3.25% for Railroad Retirement Wage Base.	2.5%	2.5%, 3.5% for Railroad Retirement Wage Base.
Cost-of Living Adjustments	Not applicable	60% of inflation assumption or 1.35%, if applicable	Not applicable	55% of inflation assumption or 1.375%, if applicable

	January 1, 2019 MNR Cash Balance Plan	January 1, 2019 MTA Defined Benefit Plan	January 1, 2019 MNR Cash Balance Plan	January 1, 2018 MTA Defined Benefit Plan
Mortality	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA. Mortality assumption is based on a 2017 experience study for all the MTA plans.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee. Mortality assumption is based on an experience analysis covering the period from January 1, 2011 to December 31, 2015.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA. Mortality assumption is based on a 2017 experience study for all the MTA plans.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee. Mortality assumption is based on an experience analysis covering the period from January 1, 2011 to December 31, 2015.
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.

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	January 1, 2019 MNR Cash Balance Plan	January 1, 2019 MTA Defined Benefit Plan	January 1, 2019 MNR Cash Balance Plan	January 1, 2018 MTA Defined Benefit Plan
Post-retirement Disabled Lives	Not applicable	RP-2014 Disabled Annuitant mortality table for males and females.	Not applicable	RP-2014 Disabled Annuitant mortality table for males and females.

Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments for the MNR Cash Balance Plan was 3.50% and 4.00% as of January 1, 2020 and January 1, 2019, respectively and 6.50% and 7.00% for the MTA Defined Benefit Plan as of January 1, 2019 and January 1, 2018. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

The target allocation and best estimates of arithmetic real rates of return ("RROR") for each major asset class included in each of the pension funds are as follows:

December 31, 2019	MNR Cash Balance Plan		MTA Defined Benefit Plan	
Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return	Target Asset Allocation	Long-Term Expected Real Rate of Return
US Core Fixed Income	100.00 %	1.27 %	9.00 %	1.51 %
US Long Bonds			1.00 %	2.41 %
US Bank/Leveraged Loans			7.00 %	2.74 %
US Inflation-Indexed Bonds			2.00 %	0.71 %
US High Yield Bonds			4.00 %	3.13 %
Emerging Market Bonds			2.00 %	3.36 %
US Large Caps			12.00 %	4.33 %
US Small Caps			6.00 %	5.65 %
Foreign Developed Equity			12.00 %	5.95 %
Emerging Markets Equity			5.00 %	8.05 %
Global REITS			1.00 %	5.50 %
Private Real Estate Property			4.00 %	3.80 %
Private Equity			9.00 %	9.50 %
Commodities			1.00 %	2.79 %
Hedge Funds - Multistrategy			16.00 %	3.26 %
Hedge Funds - Event-Driven			6.00 %	3.41 %
Hedge Funds - Equity Hedge			3.00 %	3.82 %
	100.00 %		100.00 %	
Assumed Inflation—Mean		2.25 %		2.25 %
Assumed Inflation—Standard Deviation		1.65 %		1.65 %
Portfolio Nominal Mean Return as per Actuary		3.54 %		6.73 %
Portfolio Standard Deviation		3.90 %		10.94 %
Long Term Expected Rate of Return selected by MTA		3.50 %		6.50 %

Discount Rate

As of December 31, 2019 and December 31, 2018, the discount rates used to measure the total pension liability of the MNR Cash Balance Plan were 3.5% and 4.0%, respectively.

As of December 31, 2019 and December 31, 2018, the discount rates used to measure the total pension liability of the MTA Defined Benefit Plan were 6.5% and 7.0%, respectively.

The projection of cash flows used to determine the discount rate assumed that plan contributions would be made in accordance with the Employer funding policy as projected by the Plan's actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability – MNR Cash Balance Plan

Changes in Metro-North Railroad's net pension liability for the Metro-North Cash Balance Plan for the year ended December 31, 2020, based on the December 31, 2019 measurement date and for the year ended December 31, 2019, based on the December 31, 2018 measurement date, are as follows:

($ in thousands)

December 31, 2020	**Metro-North Cash Balance Plan**		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance as of December 31, 2018	$479	$471	$ 8
Changes for calendar year 2018:			
Interest on total pension liability	18	-	18
Effect of plan changes	-	-	-
Effect of economic /demographic (gains) or losses	-	-	-
Effect of assumption changes or inputs	4	-	4
Benefit payments	(53)	(53)	-
Administrative expense	-	(3)	3
Net investment income	-	40	(40)
Employer contributions	-	-	-
Balance as of December 31, 2019	$448	$455	$ (6)

December 31, 2019	Metro-North Cash Balance Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2017	$528	$523	$ 5
Changes for calendar year 2017:			
Interest on total pension liability	20	-	20
Effect of plan changes	-	-	-
Effect of economic /demographic (gains) or losses	(11)	-	(11)
Effect of assumption changes or inputs	-	-	-
Benefit payments	(58)	(58)	-
Administrative expense	-	0	(0)
Net investment income	-	-	-
Employer contributions	-	5	(5)
Balance as of December 31, 2018	$479	$471	$ 8

MTA Metro-North Railroad's Proportionate Share of the Net Pension Liability – Metro-North Cash Balance Plan

The following presents MTA Metro-North Railroad's net pension liability/(asset) as of December 31, 2020 calculated using the current discount rate at January 1, 2020 of 3.5% for the Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.5%) or 1-percentage point higher (4.5%) than the current rate:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
		(in whole dollars)	
Net Pension Liability	$17,379	$ (6,494)	$(27,526)

The following presents MTA Metro-North Railroad's net pension liability as of December 31, 2019 calculated using the current discount rate at January 1, 2019 of 4% for the Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3%) or 1-percentage point higher (5%) than the current rate:

	1% Decrease 3.00%	Current Discount Rate 4.00%	1% Increase 5.00%
		(in whole dollars)	
Net Pension Liability	$35,157	$ 8,252	$(15,544)

MTA Metro-North Railroad's Proportionate Share of the Net Pension Liability – MTA Defined Benefit Plan

The following table presents MTA Metro-North Railroad's proportionate share of the net pension liability of the MTA Defined Benefit Plan at:

	December 31, 2019	December 31, 2018
MTA Metro-North Railroad's proportion of the net pension liability	35.10 %	35.24 %
MTA Metro-North Railroad's proportionate share of the net pension liability	$605,988	$494,107

MTA Metro-North Railroad's proportion of the respective Plan's net pension liability was based on actual required contributions of the participating employer for the calendar year.

The following table presents MTA Metro-North Railroad's proportionate share of the net pension liability as of December 31, 2019 based upon the January 1, 2019 actuarial valuation calculated using the discount rate of 6.50% for the MTA Defined Benefit Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the current rate:

December 31, 2019	MTA Defined Benefit Plan		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
MTA Metro-North Railroad's proportionate share of the net pension liability	$895,594	$ 605,988	$362,122

The following table presents MTA Metro-North Railroad's proportionate share of the net pension liability as of December 31, 2018 based upon the January 1, 2017 actuarial valuation calculated using the discount rate of 7.00% for the MTA Defined Benefit Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

December 31, 2018	MTA Defined Benefit Plan		
	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
MTA Metro-North Railroad's proportionate share of the net pension liability	$ 724,448	$ 494,107	$ 299,797

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

MTA Metro-North Railroad recognized pension expense related to each pension plans as follows:

Pension Plans	December 31, 2020	December 31, 2019
MNR Cash Balance Plan	$ 13	$ 3
MTA Defined Benefit Plan	116,330	103,548
Total	$ 116,343	$ 103,551

At December 31, 2020, MTA Metro-North Railroad reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

($ in thousands)

	MNR Cash Balance Plan		MTA Defined Benefit Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -	$ 62,167	$ (5,988)	$ 62,167	$ (5,988)
Changes in assumptions	-	-	216,697	(9,599)	216,697	(9,599)
Net difference between projected and actual earnings on pension plan investments		(4)	-	(51,272)	-	(51,275)
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	29,213		29,213	-
Employer contribution to plan subsequent to the measurement date of net pension liability	-	-	137,523	-	137,523	-
Total	$ -	$ (4)	$ 445,601	$ (66,858)	$ 445,601	$ (66,861)

At December 31, 2019, MTA Metro-North Railroad reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

($ in thousands)

	MNR Cash Balance Plan		MTA Defined Benefit Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -	$ 63,854	$ (7,190)	$ 63,854	$ (7,190)
Changes in assumptions	-	-	2,848	(13,079)	2,848	(13,079)
Net difference between projected and actual earnings on pension plan investments	25		79,779	-	79,803	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	11,359		11,359	-
Employer contribution to plan subsequent to the measurement date of net pension liability	-	-	122,819	-	122,819	-
Total	$ 25	$ -	$ 280,659	$ (20,269)	$ 280,683	$ (20,269)

The annual differences between the projected and actual earnings on investments are amortized over a five-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over closed periods ranging from 7.7 to 8.6 years for the MTA Defined Benefit Plan, beginning in the year in which the deferred amount occurs.

The amounts of $137,523 and $122,819 reported as deferred outflows of resources related to pensions resulting from the Company's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years-ended December 31, 2020 and December 31, 2019, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2020 will be recognized as pension expense (income) as follows:

($ in thousands)

Year ending December 31:	MNR Cash Balance Plan	MTA Defined Benefit Pension Plan	Total
2021	$ 1	$ 26,924	$ 26,925
2022	(0)	28,692	28,692
2023	(0)	47,044	47,044
2024	(4)	15,369	15,365
2025	-	37,076	37,076
Thereafter	-	86,111	86,111
Total	$ (4)	$ 241,216	$ 241,212

8. OTHER POSTEMPLOYMENT BENEFITS

The MTA Metro-North participates in a defined benefit OPEB plan for its employees, the Metropolitan Transportation Authority Retiree Welfare Benefits Plan ("OPEB Plan"). A description of the Plan follows:

(1) Plan Description

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

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

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

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

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

The MTA Metro-North Railroad participates in the New York State Health Insurance Program ("NYSHIP") and provides medical and prescription drug benefits, including Medicare Part B reimbursements, to many of its retirees. NYSHIP offers a Preferred Provider Organization ("PPO") plan and several Health Maintenance Organization ("HMO") plans.

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

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

(a) have retired;

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

(c) have at least 10 years of credited service as a member of the MTA Defined Benefit Plan, the MNR Cash Balance Plan, the 401(k) Plan or the VDC; and

(d) have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members). A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

Surviving Spouse and Other Dependents —

- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of retired managers and certain non-represented retired employees.

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

Contributions — The MTA Metro-North Railroad is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the "pay-as-you-go" ("PAYGO") amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years ended December 31, 2020 and 2019, the MTA Metro-North paid $56,597 and $57,345 of PAYGO to the OPEB Plan, respectively.

During 2012, the MTA funded $250 million into the Trust and an additional $50 million during 2013. There have been no further contributions made to the Trust. During 2020, as a result of the coronavirus pandemic, funds from the Trust were reimbursed to the MTA Metro-North Railroad in order to pay healthcare premiums. The amount that was reimbursed was $21.7 million. 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 2019 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, 2019 and December 31, 2018, the measurement dates, are 2.74% and 4.10%, 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, 2019 and December 31, 2018, the employer made a cash payment for retiree healthcare of $18,466 and $18,346, respectively, as part of the employer's payment for active-employee healthcare benefits. For purposes of GASB Statement

No. 75, this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees' underlying age-adjusted, retiree benefit costs.

Blended and Age-adjusted Premium (in thousands)	**2019 Retirees**		**2018 Retirees**	
Total blended premiums	$	38,132	$	36,416
Employment payment for retiree healthcare		18,466		18,346
Net Payments	**$**	**56,598**	**$**	**54,762**

(2) Net OPEB Liability

At December 31, 2020 and December 31, 2019, the MTA Metro-North reported net OPEB liability of $1,635,681 and $1,553,115, respectively, for its proportionate share of the Plan. The net OPEB liability was measured as of the OPEB's Plan's fiscal year-ends of December 31, 2019 and December 31, 2018, respectively. The total OPEB liability as of December 31, 2020 and December 31, 2019 was determined by actuarial valuation dates of July 1, 2019 and July 1, 2017 and rolled forward to December 31, 2019 and December 31, 2018, respectively. The MTA Metro-North's proportion of the net OPEB liability was based on a projection of the MTA Metro-North's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2020 and December 31, 2019, the MTA Metro-North's proportion was 7.75% and 7.92%, respectively.

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

(3) Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan, which refers to the plan terms as understood by the employer and the plan members at the time of the valuation, including any changes to plan terms that have been made and communicated to employees. The projections include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members at that time. The MTA Metro-North may not be obligated to provide the same types or levels of benefits to retirees in the future.

The total OPEB liability was determined by actuarial valuations performed on July 1, 2019 and July 1, 2017. Update procedures were used to roll forward the total OPEB liability to December 31, 2019 and December

31, 2018, the measurement dates. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

	December 31, 2020	**December 31, 2019**
Valuation date	July 1, 2019	July 1, 2017
Measurement date	December 31, 2019	December 31, 2018
Discount rate	2.74%, net of expenses	4.10%, 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	4.50%	4.50%
Investment rate of return	5.75%	6.50%

Salary Scale - salaries are assumed to increase by years of service.
Rates are shown below:

Managers Hired on or after January 1, 1988

Years of Service	Rate of Increase	Rate of Increase
0	8.00%	6.00%
1	8.00%	5.00%
2	7.00%	4.25%
3	6.50%	4.00%
4+	3.25% - 5.50%	3.50%

Represented Employees hired on of after January 1, 1998

Years of Service	Rate of Increase	Rate of Increase
0	12.50%	3.25%
1	12.50%	10.50%
2	11.50%	10.00%
3	10.00%	9.75%
4	10.00%	9.25%
5	6.00%	14.75%
6+	3.25% - 4.25%	3.25%

Healthcare Cost Trend — The healthcare trend assumption for the July 1, 2019 valuation is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, and healthcare reform provisions including changes due to H.R. 1865 (December 2019), separately for NYSHIP. Long-term trend increases are 3.5% for dental and vision benefits and 4.5% for Medicare Part B reimbursements, but not more than projected medical and pharmacy trends.

The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2017 utilizing the baseline assumptions included in the model, except inflation of 2.5% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, potential excise taxes due to healthcare reform, and other healthcare reform provisions separately for NYSHIP. The NYSHIP trend reflects actual increases in premiums to participating agencies through 2018 Long-term trend increases are 4% for dental and vision benefits and 4.5% for Medicare Part B reimbursements, but not more than projected medical and pharmacy trends excluding any excise tax adjustments.

The valuation reflects the actuaries understanding of the impact in future health costs due to the Affordable Care Act ("ACA") passed into law in March 2010. An excise tax for high cost health coverage or "Cadillac" health plans was included in ACA. The provision levies a 40% tax on the value of health plan costs that exceed certain thresholds for single coverage or family coverage. In December 2019, the President signed into law the "Further Consolidated Appropriations Act, 2020" (the "Act"), which included the permanent repeal of the "Cadillac" tax, effective January 1, 2020. The impact of the elimination of the "Cadillac" tax on the MTA Metro-North's OPEB liability is approximately $49.6 million and has been reflected in the valuation dated July 1, 2019 and in the reporting year-ended December 31, 2020.

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

	NYSHIP	
Trend from Year Ending	**Pre-65 trend**	**Post-65 trend**
2019 - 2020	6.80%	5.90%
2020 - 2021	6.20%	5.70%
2021 - 2022	5.70%	5.40%
2022 - 2023	5.10%	5.10%
2023 - 2024	5.00%	5.00%
2024 - 2025	4.90%	4.90%
2025 - 2026	4.80%	4.80%
2026 - 2027	5.90%	5.00%
2027 - 2028	4.60%	4.60%
2028 - 2029	4.50%	4.50%
2038 - 2039	4.60%	4.60%
2048 - 2049	4.80%	4.80%
2058 - 2059	4.50%	4.50%
2068 - 2069	4.20%	4.20%
2078 - 2079	3.80%	3.80%
2088 - 2089	3.80%	3.80%
2098 - 2099	3.80%	3.80%

For purposes of applying the Entry Age Normal Cost method, the healthcare trend prior to the valuation date are based on the ultimate rates, which are 3.8% for medical and pharmacy.

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

Preretirement — RP-2000 Employee Mortality Table for Males and Females with blue-collar adjustments.

Postretirement Healthy Lives — 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.

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

Expected Rate of Return on Investments — The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2019. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	3.50%	0.04%
US Core Fixed Income	13.00%	1.51%
US Inflation-Indexed Bonds	4.00%	0.71%
Emerging Market Bonds	5.00%	3.36%
Global Equity	42.00%	5.28%
Commodities	3.50%	2.79%
Hedge Funds-Muliti Strategy	29.00%	3.26%
Total	**100.00%**	
Long Term Expected Rate of Return selected by MTA		5.75%

Discount Rate — The discount rate used in this valuation to measure the total OPEB liability was updated to incorporate GASB Statement No. 75 guidance.

The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. Therefore, the discount rate is set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of December 31, 2019 of 2.74% and December 31, 2018 of 4.10%.

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

December 31, 2020	(1.74%)	(2.74%)	(3.74%)
		(in thousands)	
Proportionate share of the net OPEB liability	$ 1,877,045	$ 1,635,681	$ 1,437,075

December 31, 2019	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
		(in thousands)	
Proportionate share of the net OPEB liability	$ 1,776,794	$ 1,553,115	$ 1,368,702

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

December 31, 2020	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(in thousands)	
Proportionate share of the net OPEB liability	$ 1,396,735	$ 1,635,681	$ 1,937,992

December 31, 2019	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(in thousands)	
Proportionate share of the net OPEB liability	$ 1,326,691	$ 1,553,115	$ 1,837,737

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

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

For the years ended December 31, 2020 and December 31, 2019, the MTA Metro-North Railroad recognized OPEB expense of $131,311 and $133,160, respectively, which represents its proportionate share of the Plan's OPEB expense.

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

The MTA Metro-North Railroad reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows :

	December 31, 2020		December 31, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,456	$ (1,097)	$ 787	$ (1,330)
Changes in assumptions	63,114	(101,751)	52,702	(123,362)
Changes in proportion	27,493	(33,162)	32,584	-
Net difference between projected and actual earnings on OPEB plan investments	-	(1,349)	1,471	-
Employer contributions to the plan subsequent to the measurement of net OPEB liability	38,580	-	57,345	-
Total	**$ 146,643**	**$ (137,359)**	**$ 144,889**	**$ (124,692)**

The amounts of $146,643 and $144,889 were reported as deferred outflows of resources related to OPEB for the years ended December 31, 2020 and December 31, 2019, respectively. These amounts include both MTA Metro-North Railroad's contributions subsequent to the measurement date and an implicit rate subsidy adjustment that will be recognized as a reduction of the net OPEB liability in the years ended December 31, 2021 and December 31, 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2020 will be recognized in OPEB expense as follows:

Year ending December 31:	
2021	$ (3,970)
2022	(3,970)
2023	(3,561)
2024	(4,227)
2025	(9,405)
Thereafter	(4,161)
	$ (29,295)

9. LEASES

On April 8, 1994, MTA entered into an Amended and Restated Agreement of Lease with American Premier Underwriters, Inc. for the Harlem/Hudson Line properties including Grand Central Terminal. This agreement initially extends the lease term, previously expiring in 2031, an additional 110 years and, pursuant to several other provisions, an additional 133 years. In addition, the agreement grants MTA an option to purchase the leased property after the twenty-fifth anniversary of the restructured lease.

Through 2006, MTA leased the properties associated with Harlem/Hudson Lines from American Premier Underwriters, Inc., formerly the Penn Central Corporation. MTA subleases these properties to the MTA Metro-North Railroad.

The restructured lease is comprised of both operating (for the lease of land) and capital (for the lease of buildings and track structures) elements. Deferred expenses of $5,146 have been recorded relating to the lease and amortized over the life of the lease. These deferred expenses are related to assumption of environmental liabilities and an incentive payment. In 2006, American Premier Underwriters, Inc. sold their rights to the leased property to Midtown Trackage Ventures, LLC.

On February 28, 2020, MTA closed on the purchase of Grand Central Terminal, and the Harlem and Hudson railroad lines for approximately $33 million. The purchase puts an end to a 280-year lease that gave the MTA a one-time window of opportunity to buy the assets. The capital lease obligations of $13,435 were retired as a result of this purchase.

On August 29, 2013, MTA Metro-North Railroad entered into a Fourth Lease Modification, Extension and Expansion Space Agreement with SLG Graybar Mesne Lease, LLC for space at 420 Lexington Ave, New York, NY 10170 also known as the Graybar Building (“Graybar”). This agreement extends the lease term originally expiring in 2016, for an additional term of approximately 20 years. In addition, the agreement grants the Company expanded square footage.

Total operating rent expense approximated $21,240 and $21,112 in 2020 and 2019, which includes office space leased from MTA of $51 in 2019. There was no office space leased from MTA in 2020.

At December 31, 2020, the future minimum lease payments under all noncancelable leases, including office space leased from Graybar are as follows:

($ in thousands)

Operating	Office Space
2021	$ 19,025
2022	18,568
2023	18,153
2024	17,958
2025	18,940
2026-2030	84,243
2031-2035	63,600
Thereafter	-
	$ 240,487

Liabilities relating to equipment under capital leases have been assumed by MTA.

A summary of activity for the capital lease obligation for the years ended December 31, 2020 and 2019 is presented below:

($ in thousands)

	2020	2019
Balance—beginning of year	$ 13,435	$ 13,593
Activity during the year:		
Principal payments on lease	(13,435)	(158)
Balance—end of year		13,435
Less current portion	-	
Long-term liability	$	$ 13,435

10. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

A summary of activity in estimated liability arising from claims related to injuries to persons, including employees, and damage to third-party property, for the years ended December 31, 2020 and 2019, is presented below:

($ in thousands)

	2020	2019
Balance—beginning of year	$ 70,455	$ 75,493
Activity during the year:		
Current year claims and changes in estimates	3,513	23,500
Claims paid—settlements only	(9,371)	(28,538)
Balance—end of year	64,597	70,455
Less current portion	(14,454)	(15,250)
Long-term liability	$ 50,143	$ 55,205

11. ESTIMATED LIABILITY FOR POLLUTION REMEDIATION OBLIGATIONS

MTA Metro-North Railroad has implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The statement establishes standards for determining when expected pollution remediation outlays should be accrued as a liability or, if appropriate, capitalized. An operating expense and corresponding liability, measured at its current value using the expected cash flow method, have been recognized for certain pollution remediation obligations that are no longer able to be capitalized as a component of a capital project.

Pollution remediation obligations, which are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations, occur when any one of the following obligating events takes place:

- An imminent threat to public health due to pollution exists
- MTA Metro-North Railroad is in violation of a pollution prevention-related permit or license
- MTA Metro-North Railroad is named by a regulator as a responsible or potentially responsible party to participate in remediation
- MTA Metro-North Railroad is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities, or
- MTA Metro-North Railroad voluntarily commences or legally obligates itself to commence remediation efforts

MTA Metro-North Railroad does not anticipate any changes in the near future that would have a material impact on the recorded obligations due to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. In addition, MTA Metro-North Railroad does not expect any recoveries of cost that would have a material effect on the recorded obligations.

In accordance with GASB Statement No. 49, pollution remediation expense provisions totaling $13.7 million and $3.1 million were recorded on the Statement of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2020 and 2019, respectively. The expense provision was measured at its current value utilizing the prescribed expected cash flow method.

As of December 31, pollution remediation liabilities of $0.71 million (short-term) and $7.6 million (long-term) for 2020 and $0.71 million (short-term) and $20.1 million (long-term) for 2019 were recorded. These consist primarily of future remediation activities associated with lead and asbestos abatement.

12. RELATED PARTY TRANSACTIONS

The MTA Metro-North Railroad and other affiliated MTA agencies receive support from MTA in the form of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, some of which are charged back. The MTA Metro-North Railroad's subsidies from MTA for use in operations are recorded as credits to operations when received. Funds for the MTA Metro-North Railroad's capital project expenditures are also provided by MTA. The MTA Metro-North Railroad recognizes funds contributed by MTA for the MTA Metro-North Railroad's capital project expenditures as nonoperating revenue.

The MTA Metro-North Railroad also sells joint prevalued fare cards on consignment on behalf of an affiliated agency. These amounts are reflected in the accompanying statements of net position. The following table shows the dollar volume of such related party transactions at December 31, 2019 and 2018:

($ in thousands)

	2020	2019
Payments to MTA and affiliated agencies	$120,962	$195,657
Payments from MTA and affiliated agencies	117,340	164,268

The resulting receivables and payables from the above transactions are recorded in the due from/to MTA and affiliated agencies account included in the accompanying statements of net position.

Due from/to MTA and affiliated agencies consists of the following at December 31, 2020 and 2019:

($ in thousands)

	2020		2019	
	Receivable	(Payable)	Receivable	(Payable)
MTA	$ 100,730	$ (130,673)	$ 81,714	$ (129,464)
Affiliated agencies	299	(11,269)	303	(10,369)
Total MTA and affiliated agencies	$ 101,029	$ (141,942)	$ 82,017	$ (139,833)

In addition, MTA Metro-North Railroad had investments in the MTA Investment Pool of $89,886 and $7,731 at December 31, 2020 and 2019, respectively.

On July 29, 1998, the MTA, the MTA New York City Transit and Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels") entered into a lease and related agreements whereby each agency, as sub lessees, will rent an office building at Two Broadway in lower Manhattan, for an initial lease term through June 30, 2048, renewable for two additional 15-year terms. Through separate triple-net sublease agreements, the lease was appointed 21% to MTA, on behalf of the MTA Long Island Railroad and the MTA Metro-North Railroad, 68.7% to the MTA New York City Transit, and 10.3% to the MTA Bridges and Tunnels. Total annual rental payments over the initial lease term are $1.6 billion. Base building and tenant improvements at Two Broadway were financed through the issuance by MTA of Two Broadway Certificates of Participation. The MTA Long Island Railroad and the MTA Metro-North Railroad are obligated to pay 21% of the ground lease payments and payments relating to the Two Broadway Certificates of Participation. Pursuant to an agreement by and among the MTA, the MTA Long Island Railroad, the MTA Metro-North Railroad, the MTA New York City Transit and the MTA Bridges and Tunnels; the MTA New York City Transit and the MTA Bridges and Tunnels have agreed to reimburse the MTA Long Island Rail Road and the MTA Metro-North Railroad for the space occupied by the MTA New York City Transit and the MTA Bridges and Tunnels. Presently, the MTA, the MTA New York City Transit and the MTA Bridges and Tunnels occupy substantially all of the space at Two Broadway and rent is paid directly to the landlord.

13. OTHER LONG-TERM LIABILITIES

MTA Metro-North Railroad has recorded $1,111 in 2020 and $1,527 in 2019 for the deferred rent related to the Graybar lease (see Note 9). A summary of activity in other long-term liabilities for the years ended December 31, 2020 and 2019, is presented below:

($ in thousands)

	2020	2019
Balance—beginning of year	$ 23,387	$ 22,005
Activity during the year:		
Deferred rent on lease	1,111	1,537
Payments	(145)	(145)
Other	(10)	(10)
Balance—end of year	$ 24,343	$ 23,387

14. COMMITMENTS AND CONTINGENCIES

From time to time, the MTA Metro-North Railroad becomes aware of the existence of pollutants and/or hazardous waste at MTA Metro-North Railroad facilities. When estimates can be made of the cost to remediate pollutants and/or hazardous waste at MTA Metro-North Railroad facilities, amounts are recorded in the financial statements.

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

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

15. ASSET IMPAIRMENT AND RELATED EXPENSES

The MTA allocated $367.7 million in the 2019 amendment to the 2010-2014 Capital Program for MTA Metro-North Railroad Superstorm Sandy capital restoration/repair projects to restore the railroad to pre-storm conditions, including shoreline restoration and tree-cutting, and power, communications and signal infrastructure improvements along over 30 miles of the Hudson Line. These improvements include raising the elevation of critical equipment as feasible. MTA Metro-North Railroad also identified a need for resiliency projects to better protect the system against future weather events. Metro-North received FTA funding to progress some of the Superstorm Sandy Resiliency projects and continues to work closely with the MTA to advance resiliency projects. A total of $95.8 million has been allocated in the 2010-2014 Capital Program for these projects, which include efforts to design and build elevated steel equipment platforms along the 30 miles of the Hudson Line, as well as perimeter protection, waterproofing, hardening of substations and train yard buildings, and installation of video and electronic monitoring of Metro-North facilities and infrastructure. Metro-North has also updated design guidelines to incorporate resiliency as feasible for future core program investments to better prepare for future climatic events.

In the 2015-2019 Capital Program, MTA Metro-North Railroad has updated design guidelines to incorporate resiliency as feasible for core program investments to better prepare for future climatic events. As of December 31, 2019, $457.5 million has been allocated for Super Storm Sandy Restoration and Resiliency work; $335.1 million for power, $113.3 million for communication and signal improvements and $9.1 million for right of way and rolling stock restoration.

On February 3, 2015, a MTA Metro-North Railroad Harlem Line train struck an automobile in a highway-rail grade crossing between the Valhalla and Hawthorne stations. The driver of the automobile and five passengers on the train were killed and a number of passengers and the train engineer were injured. As a result of this incident, two M-7 cars were destroyed. An impairment loss of $2.9 million was recorded in 2015. The National Transportation Safety Board (NTSB) has completed an investigation into the contributing causes of the accident and determined the actions of the driver to be the probable cause of the incident. Nonetheless, there is insufficient information to permit reasonable estimation of the total losses that may be associated with defense of claims against the Company arising from the February 3, 2015 grade crossing incident. As described in Footnote 2 above, Metro-North has insurance for liability claims under the MTA all-agency excess liability policy issued by First Mutual Transportation Assurance Company (FMTAC), which insurance would provide coverage to the Company were losses to be incurred by the Company in resolving claims from the February 3, 2015 grade crossing in an amount exceeding the Company’s $11 million self-insured retention, in addition to which there is excess insurance provided by third-party insurers.

16. SUBSEQUENT EVENTS

On March 11, 2021, the American Rescue Plan Act of 2021 (“ARP”) was signed into law by President Biden. ARP is a $1.9 trillion economic stimulus bill 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. The MTA expects to receive approximately $6.5 billion in aid from the ARP. An analysis will be performed to determine allocation to MTA Metro-North.

DRAFT

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REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

DRAFT

COMPANY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE METRO-NORTH COMMUTER RAILROAD COMPANY CASH BALANCE PLAN AT DECEMBER 31:
(In thousands, except %)

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:						
Service cost	$ -	$ -	$ -	$ -	$ -	$ -
Interest	18	20	21	24	29	32
Effect of liability gains and losses	-	(11)	12	(15)	(10)	-
Effect of assumption changes or inputs	4	-	-	-	18	-
Benefit payments and withdrawals	(53)	(58)	(71)	(77)	(113)	(88)
Net change in total pension liability	(31)	(49)	(38)	(68)	(76)	(56)
TOTAL PENSION LIABILITY—Beginning	479	528	566	634	710	766
TOTAL PENSION LIABILITY—Ending(a)	448	479	528	566	634	710
FIDUCIARY NET POSITION:						
Employer contributions	$ -	$ 5	$ -	$ 23	$ 18	$ -
Net investment income	40	0	20	16	6	41
Benefit payments and withdrawals	(53)	(58)	(71)	(77)	(113)	(88)
Administrative expenses	(3)	-	-	-	3	(3)
Net change in plan fiduciary net position	(16)	(52)	(51)	(38)	(86)	(50)
PLAN FIDUCIARY NET POSITION—Beginning	471	523	574	612	698	748
PLAN FIDUCIARY NET POSITION—Ending(b)	455	471	523	574	612	698
EMPLOYER'S NET PENSION LIABILITY—Ending(a)-(b)	$ (6)	$ 8	$ 5	$ (8)	$ 22	$ 12
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	101.45 %	98.28 %	99.01 %	101.39 %	96.56 %	98.36 %
COVERED-EMPLOYEE PAYROLL	$ 277	$ 275	$ 268	$ 648	$ 995	$ 2,080
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	(2.35)%	3.00 %	1.95 %	(1.22)%	2.20 %	0.56 %

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

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IN THE MTA DEFINED BENEFIT PENSION PLAN AT DECEMBER 31:
(In thousands, except %)

at December 31:	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	35.10 %	35.24 %	36.10 %	36.33 %	35.43 %	35.29 %
Proportionate share of the net pension liability	$ 605,988	$ 494,107	$ 370,698	$ 460,804	$ 457,065	$ 365,081
Actual covered-employee payroll	$ 697,241	$ 627,407	$ 589,000	$ 598,291	$ 562,928	$ 471,918
Proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	86.91 %	78.75 %	62.94 %	77.02 %	81.19 %	77.36 %
Plan fiduciary net position as a percentage of the total pension liability	73.48 %	73.33 %	79.87 %	71.82 %	70.44 %	74.77 %

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

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S CONTRIBUTIONS TO ALL PENSION PLANS FOR THE YEARS ENDED DECEMBER 31:
(whole dollars)

	2020	2019	2018	2017	2016	2015	2014
MNR Cash Balance Plan							
Actuarially determined contribution	$ -	$ 8,582	$ 5,444	$ -	$ 22,721	$ -	$ 4,977
Actual employer contribution	-	8,582	5,444	-	22,721	14,124	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (14,124)	$ 4,977
Covered payroll	$ 276,569	$ 277,633	$ 268,488	$ 471,469	$ 846,490	$ 1,474,237	$ 2,274,338
Contributions as a % of covered payroll	- %	3.09 %	2.03 %	- %	2.68 %	0.96 %	- %
MTA Defined Benefit Pension Plan							
Actuarially determined contribution	$ 136,422,022	$ 122,819,205	$ 116,000,000	$ 114,406,753	$ 105,507,923	$ 96,982,553	$ 95,820,560
Actual employer contribution	137,690,000	122,819,205	116,005,446	120,514,677	99,082,552	70,500,320	122,862,733
Contribution deficiency (excess)	$ (1,267,978)	$ -	$ (5,446)	$ (6,107,924)	$ 6,425,371	$ 26,482,233	$ (27,042,173)
Covered payroll	$ 697,240,692	$ 723,599,220	$ 698,638,597	$ 616,231,443	$ 596,128,647	$ 648,851,699	$ 525,557,448
Contributions as a % of covered payroll	19.75 %	16.97 %	16.60 %	19.56 %	16.62 %	10.87 %	23.38 %

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

Except for the investment return and benefit escalator assumptions, all other assumptions used are consistent with the assumptions used in the January 1, 2019 Actuarial Valuation Report dated February 28, 2020. The following actuarial methods and assumptions were used in the January 1, 2019 funding valuation for the Metro-North Commuter Railroad Company Cash Balance Plan:

	MNR Cash Balance Plan
Valuation Dates	January 1, 2019
Measurement Date	December 31, 2018
Actuarial cost method	Unit Credit
Amortization method	One year amortization of the unfunded liability, if any.
Asset Valuation Method	Actuarial value equals market value
Inflation	2.25%
Actuarial assumptions:	
Discount rate	3.50%
Investment rate of return	3.50%, net of investment expenses
Mortality	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA
Salary increases	N/A
Cost-of-Living Adjustments	N/A

Significant methods and assumptions used in calculating the actuarially determined contributions of an employer's proportionate share in a Cost Sharing, Multiple-Employer pension plan, the MTA Defined Benefit Plan, should be presented as notes to the schedule. Factors that significantly affect trends in the amounts reported are changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions. Following is a summary of such factors:

Changes of Benefit Terms

There were no changes of benefit terms noted for the January 1, 2019 funding valuation.

Changes of Assumptions

There were no changes of assumptions noted for the January 1, 2019 funding valuation.

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METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY IN THE MTA OPEB PLAN
(In thousands, except %)

at December 31	2019	2018	2017
Proportion of the net OPEB liability	7.75 %	7.92 %	7.63 %
Proportionate share of the net OPEB liability	$ 1,635,681	$ 1,553,115	$ 1,571,315
Actual covered-employee payroll	$ 562,643	$ 698,639	$ 539,257
Proportionate share of the net OPEB liability as a percentage of the Authority's covered-employee payroll	290.71 %	222.31 %	291.39 %
Plan fiduciary net position as a percentage of the total OPEB liability	1.93 %	1.86 %	1.79 %

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

METRO-NORTH COMMUTER RAILROAD COMPANY
(Component Unit of the MTA)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE MTA METRO-NORTH COMMUTER RAILROAD COMPANY'S CONTRIBUTIONS TO THE MTA OPEB PLAN AND NOTES TO SCHEDULE OF CONTRIBUTIONS TO THE MTA OPEB PLAN FOR THE YEARS ENDED DECEMBER 31:
(In thousands, except %)

	2020	2019	2018	2017
Actuarially Determined Contribution	N/A	N/A	N/A	N/A
Actual Employer Contribution [1]	$ 38,580	$ 57,345	$ 54,762	$ 49,684
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A
Covered Payroll	562,643	723,599	698,639	539,257
Actual Contribution as a Percentage of Covered Payroll	6.86%	7.92%	7.84%	9.21%

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $19,322, $19,213, $18,346 and $16,674 for the years ended December 31, 2020, 2019, 2018 and 2017, respectively.

Notes to Schedule of the MTA Metro-North Commuter Railroad Companies Contribution to the OPEB Plan:

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2019
Measurement date	December 31, 2019
Discount rate	4.10%, net of expenses
Inflation	2.25%
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.50%
Investment rate of return	5.75%

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

Changes of assumptions: In the July 1, 2019 actuarial valuation, there was a change in assumptions. This valuation reflects updated healthcare-related assumptions, including changes due to H.R.1865 Further Consolidated Appropriations Act, 2020, which repealed the Cadillac tax on health plans.

In addition, this valuation reflects updates to demographic and other economic assumptions adopted in the December 31, 2017 Experience Study for the MTA DB Plan. These changes decreased the Net OPEB Liability as of December 31, 2019 primarily due to a reduction in the inflation assumption, which decreased the healthcare trend assumption. These were partially offset by increases in the rates of retirement in the MTA DB Plan.

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

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MTA Bus Company

(Component Unit of the Metropolitan Transportation Authority)

Financial Statements as of and for the Years Ended December 31, 2020 and 2019, Required Supplementary Information, and Independent Auditors' Report

MTA BUS COMPANY
(Component Unit of the Metropolitan Transportation Authority)

TABLE OF CONTENTS

OVERVIEW OF THE FINANCIAL STATEMENTS

***Introduction* —** The following is a narrative overview and analysis of the financial activities of MTA Bus Company ("MTA Bus" or the "Company") — Component Unit of the Metropolitan Transportation Authority for the years ended December 31, 2020 and 2019. It is intended to serve as an introduction to MTA Bus's financial statements, which have the following Components: (1) Management's Discussion and Analysis ("MD&A"), (2) Financial Statements, (3) Notes to Financial Statements, and (4) Required Supplementary Information.

Management's Discussion and Analysis — The MD&A provides an assessment of how MTA Bus's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected MTA Bus's overall financial position. It may contain opinions, assumptions or conclusions by MTA Bus's management that should not be considered a replacement for and must be read in conjunction with the financial statements described below.

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

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

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

***Notes to Financial Statements* —** The Notes to Financial Statements provide information that is essential to understanding the basic financial statements, such as MTA Bus's accounting methods and policies, details of cash and investments, capital assets, employee benefits, lease transactions and future commitments and contingencies of MTA Bus. Any other events or developing situations that could materially affect MTA Bus's financial position, results of operations and cash flows.

Required Supplementary Information (Unaudited): The Required Supplementary Information provides information concerning MTA Bus's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

FINANCIAL REPORTING ENTITY

MTA Bus is a public benefit corporation established pursuant to the New York State Public Authorities Law, to operate local and express bus service within The City of New York ("The City"). MTA Bus is a Component Unit of the Metropolitan Transportation Authority, which is a Component Unit of the State of New York and whose mission is to continue, develop and improve public transportation and to develop and implement a unified public transportation policy in the New York Metropolitan area.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the changes in MTA Bus's financial position for the years ended December 31, 2020 and 2019. The changes from year to year are due to, among other things, the continuing purchase of new buses. It should be noted that for purposes of MD&A, summaries of the financial statements and tables presented conform to MTA Bus's financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America.

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

				Increase (Decrease)	
	2020	2019	2018	2020-2019	2019-2018
		(In thousands)			
Gross Capital Assets	$ 1,014,246	$ 971,604	$ 897,746	$ 42,642	$ 73,858
Accumulated Depreciation	(650,032)	(602,731)	(558,140)	(47,301)	(44,591)
Net Capital Assets	364,214	368,873	339,606	(4,659)	29,267
Other Assets	214,212	111,047	187,258	103,165	(76,211)
Total Assets	578,426	479,920	526,864	98,506	(46,944)
Deferred outflows of resources	360,303	182,588	132,421	177,715	50,167
Total Assets and Deferred Outflows of Resources	$ 938,729	$ 662,508	$ 659,285	$ 276,221	$ 3,223

Significant Changes in Assets Includes:

December 31, 2020 versus 2019

MTA Bus's Gross Capital Assets amounted to $1,014.2 million and $971.6 million as of December 31, 2020 and 2019, respectively. Of the December 31, 2020 total, buses accounted for 67.1%, facilities and yards, data processing equipment and other were 5.6%, service vehicles were 0.3%, assets under construction consisting of buses and facility upgrades were 4.0%, and capital non bus were 23.0%.

Net Capital Assets decreased from December 31, 2019 by $4.7 million or 1.3%. The net increase is due to additions to fixed assets of $42.6 million less depreciation of $47.3 million. The additions included $15.8 million for buses placed in service, $2.0 million for furniture, fixture and equipment, and $24.8 million to assets under construction for the Baisley Park, Spring Creek, JFK, Far Rockaway, College Point and LaGuardia depot renovations and upgrades.

Other Assets increased by $103.2 million or 92.9% compared with the prior year. This is due to an increase in due from affiliates of $112.8 million and an increase in prepaid expenses of $0.7 million. The increases were offset by a decrease in cash of $0.6 million, decrease in subsidy receivable from New York City of $5.3 million, decrease in other receivables of $3.9 million, and a decrease in materials and supplies of $0.5 million.

MTA Bus is reporting deferred outflows of resources related to pension liabilities of $196.8 million at December 31, 2020. See Note 6 to the financial statements for more information regarding MTA Bus's pensions.

MTA Bus is reporting deferred outflows of resources related to OPEB liabilities of $163.5 million at December 31, 2020. See Note 7 to the financial statements for more information regarding MTA Bus's other postemployment benefits.

December 31, 2019 versus 2018

MTA Bus's Gross Capital Assets amounted to $971.6 million and $897.7 million as of December 31, 2019 and 2018, respectively. Of the December 31, 2019 total, buses accounted for 68.4%, facilities and yards, data processing equipment and other were 5.0%, service vehicles were 0.3%, assets under construction consisting of buses and facility upgrades were 3.1%, and capital non bus were 23.2%.

Net Capital Assets increased from December 31, 2018 by $29.3 million or 8.6%. The net increase is due to additions to fixed assets of $73.9 million less depreciation of $44.6 million. The additions and transfers included $66.5 million to assets under construction for the Baisley Park, Spring Creek, JFK, Far Rockaway, College Point and LaGuardia depot renovations and upgrades, and $7.3 million for data processing equipment.

Other Assets decreased by $76.2 million or 40.7% compared with the prior year. This is due to a decrease in subsidy receivable from New York City of $105.1 million, offset by an increase in cash of $0.9 million, an increase in other receivables of $26.1 million, and an increase in prepaid expenses and materials and supplies of $1.9 million.

MTA Bus is reporting deferred outflows of resources related to pension liabilities of $130.9 million at December 31, 2019. See Note 6 to the financial statements for more information regarding MTA Bus's pensions.

MTA Bus is reporting deferred outflows of resources related to OPEB liabilities of $51.7 million at December 31, 2019. See Note 7 to the financial statements for more information regarding MTA Bus's other postemployment benefits.

Total Liabilities, Distinguishing Between Noncurrent Liabilities and Current Liabilities and Deferred Inflows of Resources

				Increase (Decrease)	
	2020	**2019**	**2018**	**2020-2019**	**2019-2018**
		(In thousands)			
Current Liability	$ 247,850	$ 208,033	$ 297,811	$ 39,817	$ (89,778)
Noncurrent Liability	1,469,274	1,295,022	1,187,219	174,252	107,803
Total Liabilities	1,717,124	1,503,055	1,485,030	214,069	18,025
Deferred Inflows of Resources	185,781	128,909	81,895	56,872	47,014
Total liabilities and deferred inflows of resources	$ 1,902,905	$ 1,631,964	$ 1,566,925	$ 270,941	$ 65,039

Significant Changes in Liabilities Includes:

December 31, 2020 versus 2019

At the end of 2020, MTA Bus's liabilities consisted primarily of postemployment benefits, 47.4%, amounts due to New York City Transit Authority ("NYCTA") and the MTA for intercompany transactions, 5.0%, injuries to persons (workers compensation and public liability), 23.5%, and Net pension liability, 17.2%.

Total Liabilities increased from December 31, 2019 to December 31, 2020 by $214.1 million or 14.2%. Current Liabilities increased $39.8 million or 19.1%, while Noncurrent Liabilities increased by $174.3 million or 13.5%.

The increase in Current Liabilities was due primarily to an increase in accounts payable of $2.2 million, an increase in accrued expenses of $3.7 million, and an increase in due to MTA and affiliated agencies of $33.9 million.

The increase in Noncurrent Liabilities was due to an increase in postemployment benefits other than pensions of $179.6 million, an increase in deferred payroll taxes of $7.8 million, and an increase in pollution remediation of $0.3 million. These increases were offset by a decrease in liabilities from injuries to persons of $6.5 million, and a decrease in Net pension liability of $6.9 million.

MTA Bus is reporting deferred inflows of resources related to pension liabilities of $107.5 million at December 31, 2020. See Note 6 to the financial statements for more information regarding MTA Bus's pensions.

MTA Bus is reporting deferred inflows of resources related to OPEB liabilities of $78.3 million at December 31, 2020. See Note 7 to the financial statements for more information regarding MTA Bus's postemployment benefits.

December 31, 2019 versus 2018

At the end of 2019, MTA Bus's liabilities consisted primarily of postemployment benefits, 42.2%, amounts due to New York City Transit Authority ("NYCTA") and the MTA for intercompany transactions, 3.5%, injuries to persons (workers compensation and public liability), 27.2%, and Net pension liability, 20.1%.

Total Liabilities increased from December 31, 2018 to December 31, 2019 by $18.0 million or 1.2%. Current Liabilities decreased $89.8 million or 30.1%, while Noncurrent Liabilities increased by $107.8 million or 9.1%.

The decrease in Current Liabilities was due primarily to a decrease in accounts payable of $5.2 million, an increase in accrued expenses of $12.7 million, and a decrease in due to MTA and affiliated agencies of $97.3 million, as a result of timely subsidy receipts.

The increase in Noncurrent Liabilities was due to an increase in liabilities from injuries to persons of $33.9 million, an increase in Net pension liability of $135.2 million, and an increase in pollution remediation of $0.7 million. These increases were offset by a decrease in postemployment benefits other than pensions of $62.0 million.

MTA Bus is reporting deferred inflows of resources related to pension liabilities of $46.6 million at December 31, 2019. See Note 6 to the financial statements for more information regarding MTA Bus's pensions.

MTA Bus is reporting deferred inflows of resources related to OPEB liabilities of $82.3 million at December 31, 2019. See Note 7 to the financial statements for more information regarding MTA Bus's postemployment benefits.

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

	2020	2019	2018	Increase (Decrease) 2020-2019	Increase (Decrease) 2019-2018
		(In thousands)			
Capital Assets, net of accumulated depreciation	$ 364,214	$ 368,873	$ 339,606	$ (4,659)	$ 29,267
Less: Intercompany capital loans	-	-	-	-	-
Net Investment in Capital Assets	364,214	368,873	339,606	(4,659)	29,267
Unrestricted (deficit)	(1,328,390)	(1,338,329)	(1,247,246)	9,939	(91,083)
Total Net Position	$ (964,176)	$ (969,456)	$ (907,640)	$ 5,280	$ (61,816)

Net position represents the residual interest in MTA Bus's assets after liabilities are deducted and consist of two Component Units: net investment in capital assets, and unrestricted. Net investment in capital assets, include capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. All other net positions are unrestricted.

***Significant Changes in Net Position includes*:**

December 31, 2020 versus 2019

Total net position was ($964.2) million at the end of 2020, a net increase of $5.3 million from the end of 2019. The net increase was comprised of capital contributions of $31.3 million, net non-operating income of $709.3 million, offset by operating losses ($735.3) million.

December 31, 2019 versus 2018

Total net position was ($969.5) million at the end of 2019, a net decrease of $61.8 million from the end of 2018. The net decrease was comprised of capital contributions of $58.3 million, net non-operating income of $588.3 million, offset by operating losses ($708.4) million.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Year Ended December 31,		
	2020	2019	2018
		(In thousands)	
Operating revenues	$ 102,530	$ 242,058	$ 239,593
Operating expenses	(837,788)	(950,450)	(861,359)
Operating loss	(735,258)	(708,392)	(621,766)
Nonoperating revenues (expenses)			
Operating subsidies from NYC	349,348	563,460	516,981
Other nonoperating revenue (expenses)	359,938	24,863	34,539
Total nonoperating revenues (expenses)	709,286	588,323	551,520
Loss before capital contributions	(25,972)	(120,069)	(70,246)
Capital contributed	31,252	58,253	26,691
Changes in net position	5,280	(61,816)	(43,555)
Net position, Beginning of year	(969,456)	(907,640)	(1,039,389)
RESTATEMENT OF BEGINNING NET POSITION (Note 2)	-	-	175,304
Net position, End of year	$ (964,176)	$ (969,456)	$ (907,640)

Revenues from Fares/Ridership:

December 31, 2020 versus 2019

Bus revenues from fares totaled $95.4 million in 2020 versus $224.8 million in 2019, a decrease of $129.4 million, resulting from reduced ridership following the outbreak of the Coronavirus pandemic in March 2020.

Total passenger ridership was 45.8 million in 2020 versus 120.4 million in 2019, a decrease of 74.6 million, or 62.0%. This decrease may be attributed to increased unemployment resulting from the Coronavirus, governmental stay home orders, and employees working remotely, to aid in preventing the spread of the Coronavirus.

December 31, 2019 versus 2018

Bus revenues from fares totaled $224.8 million in 2019 versus $220.9 million in 2018, an increase of $3.9 million, resulting from higher fares which went into effect in April 2019.

Total passenger ridership was 120.4 million in 2019 versus 121.4 million in 2018, a decrease of 1.0 million, or 0.8%. This decrease may be attributed in part to increasing transportation alternatives, such as those provided by ride-sharing companies.

Operating Expenses, by Major Function

	2020	2019	2018	Increase (Decrease) 2020-2019	2019-2018
		(In thousands)			
Salaries and wages	$ 389,210	$ 381,643	$ 370,821	$ 7,567	$ 10,822
Retirement and other employee benefits	191,368	257,189	170,280	(65,821)	86,909
Post employment benefits other than pensions	75,698	46,741	64,487	28,957	(17,746)
Fuel	14,035	24,920	27,042	(10,885)	(2,122)
Electric power	1,601	1,843	1,968	(242)	(125)
Insurance	4,602	4,614	5,557	(12)	(943)
Public liability claims	15,639	78,784	61,798	(63,145)	16,986
Materials and supplies	40,724	45,264	44,017	(4,540)	1,247
Professional services	24,417	28,296	28,490	(3,879)	(194)
Pollution remediation services	715	1,664	217	(949)	1,447
Maintenance and other operating expenses	29,750	31,338	29,637	(1,588)	1,701
Depreciation	47,472	44,703	53,021	2,769	(8,318)
Other business expenses	2,557	3,451	4,024	(894)	(573)
Total operating expenses	$ 837,788	$ 950,450	$ 861,359	$ (112,662)	$ 89,091

December 31, 2020 versus 2019

Total operating expenses decreased by $112.7 million or 11.9% versus the prior year, as follows:

- Salaries and wages exceeded 2019 by $7.6 million or 2.0%, due to increased salaries resulting from contract settlements/retroactive wage accruals.

- Retirement and other employee benefits decreased by $65.8 million. Changes in benefits for MTA Bus represented members of ATU Local 1179 and 1181, and TSO Local 106 resulted in increased 2019 expenses. The benefit modifications were similar to those previously received by TWU Local 100 represented members.

- Postemployment benefits other than pensions increased by $29.0 million in accordance with the provisions of GASB 75.

- Fuel costs decreased by $10.9 million or 43.7%, due to lower fuel costs and reduction of bus service due to the Coronavirus pandemic.

- Insurance expense is comprised of excess liability, property and other insurance coverage paid under the MTA All-Agency insurance programs.

- Public liability and no fault claims decreased by $63.1 million. This resulted from favorable claim cost emergence for the 2015, 2016 and 2017 accident years. In addition, there was a reduction in exposures during 2020.

- MTA Bus relies extensively on professional services provided by other MTA agencies, particularly NYC Transit, the Business Service Center, and MTA Headquarters. Professional service contracts decreased by $3.9 million.

- Other expenses consist of Automated Fare Collection ("AFC") revenue collection fees paid to New York City Transit Authority ($0.7 million) or .0175 cents per AFC ridership transaction, office supplies and other miscellaneous charges.

December 31, 2019 versus 2018

Total operating expenses increased by $89.1 million or 10.3% versus the prior year, as follows:

- Salaries and wages exceeded 2018 by $10.8 million or 2.9%, due to increased salaries resulting from contract settlements/retroactive wage accruals.

- Retirement and other employee benefits increased by $86.9 million. This was the result of changes in benefits for MTA Bus represented members of ATU Local 1179 and 1181, and TSO Local 106. The benefit modifications are similar to those previously received by TWU Local 100 represented members.

- Postemployment benefits other than pensions decreased by $17.7 million in accordance with the provisions of GASB 75.

- Fuel costs decreased by $2.1 million or 7.8%, due to lower fuel costs.

- Insurance expense is comprised of excess liability, property and other insurance coverage paid under the MTA All-Agency insurance programs.

- Public liability and no fault claims increased by $17.0 million. This resulted from a surge in reported claim costs since the prior actuarial study. Additionally, there had been a continued increase to auto liability claim frequency over the past year.

- MTA Bus relies extensively on professional services provided by other MTA agencies, particularly NYC Transit, the Business Service Center, and MTA Headquarters. Professional service contracts decreased by $0.2 million.

- Other expenses consist of Automated Fare Collection (“AFC”) revenue collection fees paid to New York City Transit Authority ($1.9 million) or .0175 cents per AFC ridership transaction, office supplies and other miscellaneous charges.

Nonoperating Revenues and Expenses

As defined by the letter of agreement between The City of New York (“The City”) and MTA, The City is to provide operating assistance subsidies to MTA Bus. These subsidies amounted to $349.3 million and $563.5 million in 2020 and 2019, respectively. Projected subsidy amounts for calendar year 2021 are expected to be between $350.0 and $400.0 million depending on operating losses, timing of retroactive contract settlements, and additional Coronavirus relief aid from the Federal government.

In 2020, pursuant to MTA Board approval, MTA Bus received $12.3 million in discretionary Mortgage Recording Tax - 2 (“MRT-2”) monies as a subsidy from the MTA. The funds were used to pay commercial paper debt totaling $2.2 million.

Capital contributions of $31.3 million in 2020 and $58.3 million in 2019 represent capital program funding from several sources including bonds, Federal, State and City funding.

Budget Highlights

Financial:

Total revenue from fares in 2020 was $95.4 million. Passenger revenue was down $129.4 million over 2019 levels as a result of reduced ridership following the outbreak of the Coronavirus pandemic.

Operations:

The focus on improving service, introducing new buses and performing scheduled maintenance on the bus fleet, as well as aggressive shop programs to improve the existing fleet yielded continued notable improvements in the reliability of the bus fleet. In addition, a significant level of facility work continued during 2020 to upgrade conditions and comply with environmental regulations. Additional work needs to be done to improve facility conditions in 2021 and beyond.

OVERALL FINANCIAL POSITION, RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Overall Financial Position and Results of Operations

MTA Bus is responsible for both the local and express bus operations of the seven previously private bus companies, consolidating their operations, maintaining current buses, purchasing new buses to replace the aging fleet currently in service, and adjusting schedules and route paths to better match travel demand. MTA Bus operates 47 local bus routes in the Bronx, Brooklyn, and Queens, and 35 express bus routes between Manhattan and the Bronx, Brooklyn, or Queens. It has a fleet of 1,288 buses, which makes MTA Bus the 10th largest bus fleet in the United States and Canada, serving nearly 400,000 riders daily.

Between 2005 and 2020, MTA Bus purchased 504 new high capacity, high customer amenity express buses, 389 new environmentally friendly hybrid electric local buses, 213 new CNG buses, 45 new standard buses, and 128 new low-floor articulated buses.

Economic Conditions

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

Preliminary MTA system-wide utilization through the fourth quarter of 2020 decreased substantially relative to 2019, with ridership down by 1,604 million trips (62.7%). The effective shut-down 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 the region moved through the State-mandated re-opening phases. During 2020, compared with 2019, MTA New York City Transit subway ridership declined by 1,058.2 million trips (62.3%), MTA New York City Transit bus declined by 348.1 million trips (62.5%), MTA Long Island Rail Road ridership declined by 60.8 million trips (66.8%), MTA Metro-North Railroad declined by 59.4 million trips (68.6%), MTA Bus declined by 74.5 million trips (61.9%), and MTA Staten Island Railway declined by 2.9 million trips (66.8%). From March 20, 2020 through the end of August, entry onto most buses was only permitted through the rear door only and fares were not collected, and in these instances, ridership was not counted. Vehicle traffic at MTA Bridges and Tunnels facilities in 2020 decreased by 76.2 million crossings (23.1%) compared with 2019 levels. The 2019 New York State Budget approved congestion pricing in Manhattan south of 60th Street, which will likely impact ridership and vehicle crossings once implemented. While originally scheduled to go into effect in 2021, the MTA only received approval on March 30, 2021, after significant delays, by the Federal Highway Administration to proceed with the Environmental Assessment which will allow for the final design and construction of the tolling infrastructure to proceed.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was lower in 2020 than in 2019 by 615.3 thousand jobs (13.1%). On a quarter-to-quarter basis, New York City employment gained 60.9 thousand jobs (1.5%), the second consecutive quarterly increase after the increase of 209.9 thousand jobs (5.5%) during the third quarter, which preceded the steep decline of 888.8 thousand jobs (19.0%) during the second quarter of 2020.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 4.3% in the fourth quarter of 2020, according to the most recent advance estimate released by the Bureau of Economic Analysis; in the third quarter, the revised RGDP increased 33.4 percent. The increase in fourth quarter GDP reflected increases in exports, residential and nonresidential fixed investment, personal consumption expenditures, and private inventory investment. These increases were partially offset by decreases in state and local government spending, as well as in federal government spending due to fewer fees paid to administer Paycheck Protection Program loans. Imports, which are a subtraction in the calculation of GDP, increased. The increase in personal consumer expenditures reflected increases in services, led by health care. The increase in exports primarily reflected an increase in goods led by industrial supplies and materials. The increase in residential fixed investment primarily reflected an increase in single family units. The increase in nonresidential fixed investment primarily reflected an increase in equipment, led by transportation equipment. The increase in private inventory investment primarily reflected an increase in manufacturing of both durable and non-durable goods.

The New York City metropolitan area's price inflation, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was higher than the national average in the fourth quarter of 2020, with the metropolitan area index increasing 1.58% while the national index increased 1.24%, when compared with the fourth quarter of 2019. Regional prices for energy products declined 6.79%, while the national price of energy products declined 8.54%. In the metropolitan area, the CPI-U exclusive of energy products increased by 2.05%, while nationally, inflation exclusive of energy products increased 1.95%. The spot price for New York Harbor conventional gasoline decreased even further, by 27.4%, from an average price of $1.72 per gallon to an average price of $1.25 per gallon between the fourth quarters of 2019 and 2020.

The Federal Open Market Committee ("FOMC") has left unchanged its target for the Federal Funds rate in the 0.00% to 0.25% range since its last rate reduction on March 15, 2020. The Federal Reserve remains committed to using its full range of fiscal tools to support the U.S. economy during the challenging time brought on by the COVID-19 pandemic by continuing to promote its maximum employment and price stability goals. Economic activity and employment have continued to recover but remain well below levels from the first couple of months of 2020, with weaker demand and earlier declines in oil prices having held down consumer price inflation. Overall financial conditions remained accommodative at the end of 2020, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses. The path of the economy depends significantly on the course of the virus as the ongoing public health crisis has continued to weigh on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term. The FOMC seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. With inflation running persistently below this longer run goal, the Committee aims to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over the medium time period and longer-term inflation expectations remain well anchored at 2 percent. The FOMC expects to maintain an accommodative stance of monetary policy until these outcomes are achieved, and expects to maintain this target range until labor market conditions have reached levels consistent with the FOMC's assessments of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time. In addition, over coming months the Federal Reserve will continue to increase its holdings of Treasury securities and agency mortgage-backed securities until substantial progress has been made toward meeting the FOMC's maximum employment and price stability goals. These asset purchases help foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses.

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 expects to receive another $4.0 billion from CRRSAA, although funding has yet to flow to the MTA. Most recently, on March 11, 2021, the American Rescue Plan (ARP) Act of 2021 was signed in law, and MTA expects to receive $6.5 billion in aid from the ARP.

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 Tax ("MRT") and Urban Tax, two important sources of MTA revenue. Real estate transaction activity during 2020 was severely affected by social distancing and the economic disruption caused by the COVID-19 pandemic. Mortgage Recording Tax collections in 2020 were higher than 2019 by $1.0 million (0.2%). Unfavorable change was experienced during the second and third quarters of the year, but average monthly receipts in the fourth quarter were $8.3 million higher than the monthly average for the second and third quarters, and receipts in the fourth quarter of 2020 were $6.3 million (5.3%) higher than receipts from the fourth quarter of 2019. Average monthly receipts in the fourth quarter of 2020 were $25.0 million (39.4%) 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 in 2020—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 $291.4 million (43.6%) lower than 2019 receipts. Receipts in the fourth quarter of 2020 were $15.5 million (23.9%) higher than receipts from the third quarter of 2020, although fourth quarter receipts were $72.5 million (47.4%) lower than receipts in the fourth quarter of 2019, continuing the year-over-year decline experienced throughout 2020. Average monthly receipts in the fourth quarter of 2020 were $42.2 million (57.3%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

Results of Operations — Bus revenues from fares totaled $95.4 million in 2020 versus $224.8 million in 2019. Total ridership was 45.8 million in 2020 versus 120.4 million in 2019, a decrease in passenger ridership of 74.6 million, or 62%. The decrease in revenue is attributable to reduced ridership following the outbreak of the Coronavirus pandemic in March 2020. Calendar year 2020 ended with a $100.6 million cash surplus, while 2019 ended with a surplus of $10.7 million. This was attributable to the timing of New York City subsidy payments which cover shortfalls in working capital, and receipt of funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act during 2020. The MTA expects that, over time, Federal and State economic stimulus measures and the rebuilding of downtown infrastructure will further improve the New York City economy.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program — As last approved by the CPRB, the Bus Company's portion of the MTA's 2000-2004, 2005-2009, 2010-2014, 2015-2019 and 2020-2024 Capital Programs totaled $501.6 million, $152.0 million, $297.0 million, $376.0 million, and $870.7 million respectively.

On December 19, 2012, the MTA Board approved an amendment to the 2010-2014 Capital Program to add projects for the repair and restoration of MTA agency assets damaged as a result of Superstorm Sandy, which struck the region on October 29, 2012. The revised program provided for an additional $25.0 million to the Bus Company in Sandy recovery-related capital expenditures. On January 23, 2013, the amended program as submitted was deemed approved by the CPRB. On July 22, 2013, the MTA Board approved a further amendment to the 2010-2014 Capital Program to include specific revisions to planned projects and to include new resilience/mitigation initiatives in response to Superstorm Sandy. The further revised program provides for an additional $46.0 million to the Bus Company in resilience/mitigation-related capital expenditures. On August 27, 2013, the amended program as submitted was deemed approved by the CPRB. On July 28, 2014, the MTA Board approved an amendment to select elements of the MTA Sandy recovery-related capital expenditures and NYCT portions of the 2010-2014 Capital Program. The amendment transfers $46.0 million in resiliency/mitigation capital budget from the Bus Company to LIRR. On September 3, 2014, the amended program as submitted was deemed approved by the CPRB. On April 20, 2016, the MTA Board approved a fully funded 2015-2019 Capital Program. This submission was approved by the CPRB on May 23, 2016. On May 24, 2017, the MTA Board approved amendments to the 2010-2014 and the 2015-2019 capital programs primarily to reflect budgetary and funding adjustments to the Sandy program in the 2010-2014 Capital Program, and increasing support for priority projects in the 2015-2019 Capital Program. In the amendment to the 2010-2014 program, the $25.0 million originally budgeted for Bus Company's Sandy recovery project was adjusted to $15.0 million. The amended capital programs, as submitted, were deemed approved by the CPRB on July 31, 2017. On September 25, 2019, the MTA Board approved full amendments to the 2010-2014 and 2015-2019 capital programs reflecting updated project timing and cost estimates, new needs, and changing priorities. The amended 2010-2014 Capital Program adjusted the Bus Company's Sandy repair project to $11.0 million to reflect final project cost. The total values of Bus Company's core programs have not changed in both amendments.

As of December 31, 2020, $500.0 million has been committed under the 2000-2004 Program, of which $495.0 million has been expended. During 2020, 45 new buses were placed in service.

Among the projects included in the 2005-2009 MTA Bus Company Capital Program are initiatives to bring bus maintenance facilities up to a state of good repair and to replace heavy duty, non-revenue vehicles. As of December 31, 2020, $144.0 million has been committed under the 2005-2009 Program, of which $135.0 million has been expended.

The MTA Board approved 2010-2014 MTA Bus Company Capital Program, as last amended in 2019, includes projects to replace the aging bus fleet, replace outdated depot equipment, improve depot facilities, and repair Superstorm Sandy damaged MTA Bus facilities. As of December 31, 2020, $285.0 million has been committed under the 2010-2014 Program, of which $250.0 million has been expended.

The MTA Board approved 2015-2019 MTA Bus Company Capital Program, as last amended in 2019, includes projects to replace the aging bus fleet, replace outdated depot equipment, and improve depot facilities. As of December 31, 2020, $286.0 million has been committed under the 2015-2019 Program, of which $68.0 million has been expended.

CAPITAL FINANCING

The MTA 2000-2004 Capital Program includes $501.6 million in capital projects for MTA Bus, a substantial portion of which is designed for bus fleet replacement. The MTA 2005-2009 Capital Program includes $152.0 million in capital projects for MTA Bus, which includes improvements to bus maintenance and storage facilities. The MTA 2010-2014 Capital Program, as last approved by the MTA Board on September 25, 2019, includes $297.0 million in capital projects for MTA Bus, which includes bus fleet replacement and depot improvements, plus an additional $11.0 million for Superstorm Sandy repairs. The MTA 2015-2019 Capital Program includes $376.0 million for MTA Bus, which includes bus fleet replacement and depot improvements. The 2020-2024 Capital Program includes $870.7 million for MTA Bus, which includes bus fleet replacement as well as depot and equipment investments.

The MTA Bus capital projects included in the MTA 2000-2004 Capital Program, the MTA 2005-2009 Capital Program, the MTA 2010-2014 Capital Program, the MTA 2015-2019 Capital Program, and the MTA 2020-2024 Capital Program are funded from a combination of Federal grants, city funds, MTA Bond proceeds, and other sources. The combined funding sources for the 2000-2004 MTA Bus Company Capital Program include

$49.0 million in City funds, $327.6 million in MTA Bond proceeds, and $125.0 million from other sources. The combined funding sources for the 2005-2009 MTA Bus Company Capital Program include $107.7 million in Federal funds, $41.4 million in City funds, and $2.9 million from other sources. The combined funding sources for the 2010-2014 MTA Bus Company Capital Program, as last amended by the MTA Board in September 2019, include $203.6 million in Federal funds, $50.9 million in City funds and $42.5 million in MTA Bond proceeds. The MTA Bus Company will also receive $11.0 million in federal reimbursement proceeds for Superstorm Sandy repair. The combined funding sources for the 2015-2019 MTA Bus Company Capital Program, as last approved by the MTA Board, includes $133.0 million in Federal funds, $32.0 million in City funds, and $211.0 million in MTA Bond proceeds. The 2020-2024 MTA Bus Company Capital Program will be funded by a combination of Federal, City and local capital resources.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

In alignment with the overall Metropolitan Transportation Authority's mission, MTA Bus endeavors to preserve and enhance the quality of life and economic health of the region it serves through the cost-efficient provision of safe, on-time, reliable and clean transportation services. It remains within the top 10 Bus companies in North America based on ridership and fleet size. It provides local and express bus service throughout the New York City boroughs of Queens, Brooklyn, Bronx and Manhattan.

MTA Bus participated in the bus network redesign that took a holistic look at bus service patterns by borough to better match service with current and future demands. The increased Bus lane enforcement and traffic light prioritizations initiatives continue to produce improvements in bus speed and on-time service. As related technologies are developed or updated, management actively seeks funding to acquire such technology to assist in meeting the operational and customer service benchmarks outlined in MTA policies. Various other initiatives aimed at improvements in scheduling, fleet safety, reliability and appearance are continuing. A pilot of the new OMNY fare payment system was rolled out at select subway stations, which upon full implementation, will include similar versions adaptable to fare collection on Buses. These mentioned items are but part of the more extensive and ongoing goals aimed at improving service and providing a positive customer experience.

Metropolitan Transportation Authority Transformation (MTA) initiative – There are ongoing projects led by consultants and internal specialists aimed at transforming how the agencies within the MTA conduct business. As per the Governor and State Legislator, the mandate is to gain efficiencies and savings while providing top quality service to our customers. MTA Bus is included in this all agency objective.

The 2020 Federal grant applications are in development. During 2019, MTA Bus progressed on the awarded capital projects that included facility improvements, a joint Bus Command Center and Radio System project with NYCT, and the replacement of 257 express and 53 articulated buses.

There were no additions to the existing three MTA Bus Select Bus Service (SBS) routes, the (Q52/53) that traverses the busy Woodhaven/Cross Bay Boulevard, Queens corridor and the (Q70) which provides service linking the main terminals of LaGuardia Airport with regional intermodal transit hubs in Jackson Heights and Woodside. The Q70 service is particularly effective as it provides much needed relief for commuters to and from LaGuardia Airport that is amid a major renovation that has limited access of private vehicles to terminals. Express Bus service from the outer boroughs into Manhattan continues to provide an effective peak hour alternative for commuters and during 2019, accounted for approximately 48% of total service.

MTA Bus follows the MTA Agency fare increase schedule and rates as approved by the MTA Board, with the last increase taking effect April 21, 2019. Some element of the congestion pricing plan aimed at generating revenue for the Transit system was passed but we await further updates considering the current pandemic environment. In September of 2019, NY City increased it scheduled monthly subsidy to reflect current cashflow needs and reduce required breakeven settlements

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. Although certain restrictions have been subsequently lifted, it is expected that limitations will remain in place for some time.

- ***Ridership and Traffic Update.*** Day-by-day ridership on MTA facilities continues to be below 2019 levels. However, on April 8, 2021, subway ridership surpassed 2 million for the first time since the start of the pandemic. The daily ridership reported as of April 22, 2021, when compared to the pre-pandemic equivalent day in 2019, is down 63 percent on the subways, 45 percent for combined MTA New York City Transit and MTA Bus, 76 percent on MTA Metro-North Railroad, and 72 percent on the MTA Long Island Rail Road. Traffic crossings at MTA Bridges and Tunnels facilities are down by an estimated 7.5% compared to 2019 with an estimated traffic volume of 871,573.

- ***Federal Aid (CARES Act)***. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 million in additional formula grant allocations to MTA for a CARES Act grant total of approximately $4 billion. As of August 19, 2020, a total of $4.010 billion had been released to MTA for operating assistance that occurred from January 20, 2020 through July 31, 2020. The MTA has exhausted all CARES Act funding received in the first congressional relief package.

- ***Federal Aid (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 expects to receive another $4.0 billion from CRRSAA. This federal relief is expected to offset operating deficits in 2021, although the funding has yet to flow to the MTA.

- ***Federal Aid (ARP***). On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 ("ARP"). 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. The MTA expects to receive approximately $6.5 billion in aid from the ARP.

- ***FEMA Reimbursement***. The MTA's November Plan included reimbursement from the Federal Emergency Management Agency ("FEMA") for the estimated $293 million in direct COVID-19 related expenses incurred from the start of the pandemic through September 15, 2020, the cut-off date established by FEMA. FEMA typically reimburses 75% of local claim amounts, with the remaining portion covered by the State; however, with the State experiencing fiscal stress, MTA expects to receive $220 million in 2021, assuming the remaining 25% will not be received.

- ***MTA Liquidity Resources.*** As of March 1, 2021, MTA has liquidity resources in the approximate amount of $6.775 billion, consisting of a current running cash balance of $885 million, internal available flexible funds totaling $1.313 billion, PMT working capital BANs totaling $2.903 billion and commercial bank lines of credit totaling $1.674 billion (total commercial bank lines of credit are $2.150 billion, of which $476 million have been drawn by MTA).

- ***Repayment of Revolving Bank Line of Credit***. To provide liquidity, MTA drew on its lines of credit in 2020; the lines of credit are expected to be repaid in 2022.

- ***Proceeds of MLF Deficit Financing.*** On June 4, 2020, New York State designated the MTA as an eligible issuer under the Federal Reserve's Municipal Liquidity Facility ("MLF") $500 billion lending program. The Federal Reserve Board established the program facility in late April 2020, under the CARES Act, to enable states and municipalities to borrow from a $500 billion fund to help manage cash flow stresses caused by the coronavirus pandemic. The program allows states and smaller counties to receive three-year loans of up to 20% of their pre-COVID general revenue. The MTA's total capacity under the MLF program was estimated at $3.35 billion. MTA utilized this lending facility in August 2020 to refinance approximately $450 million of maturing Transportation Revenue Bond Anticipation Notes. The terms of the MLF financing are attractive compared with MTA's alternatives in the municipal credit markets. As a result, the MTA borrowed the maximum $2.9 billion as a low interest bridge loan, before the lending window closed at the end of December 31, 2020. The proceeds are currently available to replace lost revenues or increased costs due to the COVID pandemic. The MTA expects to issue long-term bonds in 2023 to repay the MLF loan.

- ***Projected COVID-19 Pandemic Budgetary Impacts.*** The December Plan, which the MTA Board approved in December 2020, projected cash balances of $29 million in 2021, with deficits of $3.280 billion in 2022, $2.346 billion in 2023 and $2.225 billion in 2024. The December Plan, as with prior financial plans since the onset of the pandemic, reflects the impact and the ensuing effect that the pandemic has had on the MTA region, with focus on the MTA's financial survival as it strives to provide essential regional service. A key conclusion of the forecasts available to MTA management is that the COVID-19 pandemic can be expected to have an extended impact over the entire plan period. The December Plan included, over the December Plan period, $2.9 billion of proceeds from MLF deficit financing, $4.5 billion in federal aid from CRRSAA and proposed expense savings beginning in 2022 from service reductions. MTA is also proposing a permanent wage freeze for all employees, both represented and non-represented, through 2022. This action would save estimated totals of $309 million in 2022, $315 million in 2023 and $322 million 2024. Although the December Plan assumed CRRSAA aid to MTA would be $4.5 billion, MTA is now expecting to receive $500 million less, for a total of $4 billion.

Labor Update

The status of MTA Bus's collective bargaining agreements is as follows:

- TWU Local 100
  - An MOU between MTA Bus Company and the TWU was approved by the MTA Board on January 23, 2020.

- ATU Local 1179
  - An Impasse Award was issued covering the contract period from May 2012 through October 2019. We have not yet begun negotiations for a successor agreement but anticipate doing so in the coming months.

- ATU Local 1181
  - An MOU covering the contract period from July 2012 through October 2019 was ratified by the MTA Board on July 25, 2018. We have not yet begun negotiations for a successor agreement but anticipate doing so in the coming months.

- TWU Local 106, TSO (Transit Supervisors Organization)
  - An MOU between MTA Bus Company and TWU, Local 106 expired in 2013. The Parties proceeded to an Interest Arbitration issued on December 28, 2018 and have begun negotiations for a successor agreement.

- United Transit Leadership Organization (UTLO)
  - The UTLO and MTA Bus Company entered into a preliminary MOU in November 2018, covering the period from November 2017 through June 2019. The Parties agreed to continue discussions regarding finalizing an initial collective bargaining agreement and have not yet begun negotiating a successor agreement.

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MTA BUS COMPANY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	$ 473,245	$ 1,061,748
Receivables:		
Due from affiliates - operating (Note 12)	187,427,553	74,673,615
Subsidy due from New York City	4,889,548	10,209,411
Other Subsidy	858,800	4,425,463
Other	227,946	571,468
Total receivables	193,403,847	89,879,957
Materials and supplies inventory	14,447,829	14,933,139
Prepaid expenses and other current assets	5,887,433	5,172,153
Total current assets	214,212,354	111,046,997
CAPITAL ASSETS:		
Construction work in progress— (Note 5)	52,120,063	35,777,152
Capital assets — net of accumulated depreciation (Note 5)	312,093,555	333,096,137
Capital assets — net (Note 5)	364,213,618	368,873,289
Total Assets	578,425,972	479,920,286
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows for pensions (Note 6)	196,798,063	130,889,089
Deferred outflows for OPEB (Note 7)	163,504,624	51,699,292
Total Deferred Outflows of Resources	360,302,687	182,588,381
TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES	$ 938,728,659	$ 662,508,667
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 8,368,752	$ 6,153,908
Accrued expenses:		
Salaries, wages and payroll taxes	25,364,266	22,756,043
Vacation and sick pay benefits	49,111,549	46,656,374
Current portion - Estimated liability from injuries to persons (Note 9)	55,000,000	54,500,000
Current portion - Pollution remediation projects (Note 11)	6,081,286	6,501,004
Other	17,702,540	19,183,792
Total accrued expenses	153,259,641	149,597,213
Due to MTA and other affiliated agencies (Note 12)	86,221,929	52,281,977
Total current liabilities	247,850,322	208,033,098
NONCURRENT LIABILITIES:		
Postemployment benefits other than pensions (Note 7)	813,117,360	633,567,152
Estimated liability arising from injuries to persons (Note 9)	348,170,349	354,620,347
Net pension liability (Note 6)	294,879,731	301,792,717
Deferred payroll taxes	7,807,504	-
Pollution remediation projects (Note 11)	5,299,145	5,042,018
Total noncurrent liabilities	1,469,274,089	1,295,022,234
Total liabilities	1,717,124,411	1,503,055,332
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows for pensions (Note 6)	107,466,714	46,564,714
Deferred inflows for OPEB (Note 7)	78,314,003	82,344,675
Total Deferred Inflows of Resources	185,780,717	128,909,389
NET POSITION:		
Net Investment in Capital Assets	364,213,618	368,873,289
Unrestricted (deficit)	(1,328,390,087)	(1,338,329,343)
Total net position	(964,176,469)	(969,456,054)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 938,728,659	$ 662,508,667

See notes to financial statements.

MTA BUS COMPANY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OPERATING REVENUES:		
Fare revenue	$ 95,403,036	$ 224,811,595
Rents, freight, and other revenue	7,127,356	17,246,582
Total operating revenue	102,530,392	242,058,177
OPERATING EXPENSES:		
Salaries and wages	389,210,244	381,643,407
Retirement and other employee benefits	191,368,325	257,189,340
Postemployment benefits other than pensions	75,698,361	46,740,972
Fuel	14,035,073	24,919,646
Electric power	1,601,477	1,842,725
Insurance	4,602,301	4,614,325
Public liability claims	15,638,692	78,783,709
Materials and supplies	40,723,858	45,263,608
Professional services	24,416,517	28,296,207
Pollution remediation services	715,372	1,664,295
Maintenance and other operating expenses	29,749,662	31,338,437
Depreciation	47,471,781	44,702,556
Other business expenses	2,556,583	3,450,987
Total operating expenses	837,788,246	950,450,214
OPERATING LOSS	(735,257,854)	(708,392,037)
NONOPERATING REVENUES/EXPENSES:		
NYC Operating subsidies	349,347,792	563,460,107
FTA Cares Act subsidy	335,484,180	-
Other Nonoperating revenues/expenses	24,454,040	24,862,824
Total net nonoperating revenues	709,286,012	588,322,931
LOSS BEFORE CAPITAL CONTRIBUTIONS	(25,971,842)	(120,069,106)
CAPITAL CONTRIBUTION	31,251,427	58,253,300
CHANGES IN NET POSITION	5,279,585	(61,815,806)
NET POSITION — Beginning of year	(969,456,054)	(907,640,248)
NET POSITION — End of year	$ (964,176,469)	$ (969,456,054)

See notes to financial statements.

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MTA BUS COMPANY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from passenger, tenants, advertisers, and others	$ 100,114,313	$ 242,132,570
Cash payments for payroll and related employee costs	(600,134,569)	(617,450,384)
Cash payments to suppliers for goods and services	(203,613,438)	(215,195,328)
Net cash used in operating activities	(703,633,694)	(590,513,142)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Subsidies received from NYC — operations	354,667,655	668,565,485
FTA CARES Act subsidy	335,484,180	-
Receipt of mortgage recording tax revenue and NYCTA reimbursement	23,795,322	23,801,250
Net cash provided by noncapital financing activities	713,947,157	692,366,735
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributed	31,251,426	58,253,299
Capital project costs incurred for capital program	(42,812,110)	(73,969,770)
Net cash used in capital and related financing activities	(11,560,684)	(15,716,471)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Decrease) Increase in invested funds at MTA	-	(86,312,566)
Earnings on investments	658,718	1,061,574
Net cash (used in)/provided by investing activities	658,718	(85,250,992)
NET INCREASE/(DECREASE) IN CASH	(588,503)	886,130
CASH — Beginning of year	1,061,748	175,618
CASH — End of year	$ 473,245	$ 1,061,748

See notes to financial statements.

(Continued)

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MTA BUS COMPANY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED DECEMBER 31, 2020 AND 2019

		2020		2019
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS USED IN OPERATING ACTIVITIES:				
Operating loss	$	(735,257,854)	$	(708,392,037)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation		47,471,781		44,702,556
Changes in operating assets and liabilities:				
(Increase) in receivables		(108,843,753)		(26,061,051)
Decrease (Increase) in material and supplies, and prepaid expenses		687,035		(2,863,996)
Increase in payables, accrued expenses & other liabilities		92,309,097		102,101,386
Net Cash Used in Operating Activities	$	(703,633,694)	$	(590,513,142)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
MTA Contributed capital assets	$	23,791,270	$	80,327,271

See notes to financial statements. (Concluded)

1. BASIS OF PRESENTATION

Reporting Entity — The accompanying financial statements present the accounts of MTA Bus Company ("MTA Bus"), which is a public benefit corporation created pursuant to the Public Authorities Law (the "Act") of the State of New York (the "State") to operate public bus service within The City of New York (the "City"). MTA Bus, which is a Component Unit of the Metropolitan Transportation Authority (MTA), was created to take over the operations of seven private bus lines that operated under franchises from The City of New York.

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

MTA Bus has material transactions with affiliated agencies included in the MTA financial reporting group. Such agencies include the MTA, the New York City Transit Authority ("NYCTA"), and the Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA"). All material transactions between MTA Bus and affiliated agencies have been recorded as of December 31, 2020 and 2019.

MTA Bus is part of the financial reporting group of the MTA and is included in the consolidated financial statements of the MTA in accordance with GASB Statement No. 14. The MTA is a Component Unit of the State and is included in the State of New York Comprehensive Annual Financial Report of the State Comptroller as a public benefit corporation.

Operations — Operations are conducted per the letter agreement dated December 8, 2004, between The City and the MTA, which includes provisions for the lease of City bus assets including real property and related facilities, buses and related materials and supplies, and any other assets acquired by The City and made available to MTA Bus for the operations of the former private bus lines.

The City has the option to terminate the letter agreement at any time upon one year's written notice to the MTA. In the event of termination, The City is required to assume the assets and liabilities, including OPEB and pension liabilities, of MTA Bus and must pay or make provisions for the payment of any outstanding debt incurred by the MTA on behalf of MTA Bus. Any liabilities incurred by the franchised bus companies prior to the date of acquisition are liabilities of The City.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

New Accounting Standards

MTA Bus adopted the following GASB Statements for the year ended December 31, 2020:

GASB Statement No.89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No.62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of GASB Statement No. 89 are effective for reporting periods beginning after December 31, 2021. Earlier application is encouraged. Effective January 1, 2020, MTA Bus early implemented the provisions of GASB Statement No. 89. As a result of the implementation of this Statement, all interest incurred during the year end December 31, 2020 is reported as an expense in the Statement of Revenues, Expenses and Changes in Net Position.

GASB Statement No.97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, seeks to improve consistency and comparability related to fiduciary component unit reporting in circumstances where the potential component unit does not have a governing board and the primary government performs such duties. GASB Statement No. 97 also seeks to mitigate reporting costs for certain defined-contributions, OPEB and other employee benefit plans as fiduciary component units and to enhance the relevance, consistency and comparability of Internal Revenue Code (IRC) Section 457 deferred compensation plans. Paragraph 4 “Absence of a Governing Board in Determining Accountability” and paragraph 5 “Applicability of the Financial Burden Criterion in Paragraph 7 of Statement 84” of GASB Statement No. 97 related to Component Unit Criteria are effective immediately. The requirements of GASB Statement No. 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. The adoption of this Statement did not have a material impact to MTA Bus’s financial statements.

Accounting Standards Issued but Not Yet Adopted

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

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

Due from NYCTA for Metrocard Settlements — Fare revenue information for MTA Bus is collected by the NYCTA Metrocards automated fare collection ("AFC") system. NYCTA wires funds to MTA Bus on the first business day of the week for transactions occurring during the prior week. MTA Bus has a receivable from NYCTA, which represents fares collected on behalf of MTA Bus up to the end of the reporting period, but not received by MTA Bus until the next period.

Capital Assets — The City owns or leases the real property, including buildings and improvements, used as bus depots and yards. Accordingly, these assets are not recorded on the books of MTA Bus. However, MTA Bus does record certain other capital assets, which are primarily buses and related equipment (see Note 5). Capital assets have minimum useful life of 3 years and a cost of more than $25,000.

Capital assets are recorded at cost and are depreciated on a straight-line basis over 12 years for buses, with lives generally ranging from 5 to 15 years for other capital assets.

Long lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment loss on assets to be sold, if any, is based on the estimated proceeds to be received, less estimated cost to sell.

Expenditures for maintenance and repairs which do not extend the useful life of assets are charged to operations as incurred.

Contributed Capital — Capital funds contributed by the MTA are recorded as capital contributions on the statement of revenues, expenses and changes in net position. Contributed capital is recognized upon identification of capital costs to be funded by the MTA. Capital contributed for the years ended December 31, 2020 and 2019, amounted to $31.3 million and $58.3 million respectively.

Passenger Revenue — Revenues from the sale of farecards are recognized as income as the farecards are used and are reported as operating income.

Materials and Supplies — Materials and supplies are recorded at weighted average cost, net of a reserve for obsolete/excess inventory.

Operating and Nonoperating Expenses — Operating and nonoperating expenses are recognized in the accounting period in which the liability is incurred. All expenses related to operating MTA Bus are reported as operating expenses. All other expenses are reported as nonoperating expenses.

MTA Investment Pool — The MTA, on behalf of MTA Bus, invests funds which are not immediately required for MTA Bus's operations in securities permitted by the State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes and U.S. Treasury zero-coupon bonds. All investments are held by the MTA's agent in custody accounts in the name of the MTA.

MTA Bus records its position in the Pool based upon a net asset value derived on assets invested in the Pool plus all realized income and losses earned. Unrealized appreciation, which is not significant to MTA Bus, is retained on the MTA's books and not included in MTA Bus's financial statement.

Investments maturing and expected to be liquidated within a year have been classified as current assets in the financial statements of MTA Bus. Investments are recorded on the Statements of Net Position at fair value which is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. All investment income, including changes in the fair value of investments, is reported as investment income.

Receivables — Receivables are recorded as amounts due to MTA Bus, reduced by an allowance for doubtful accounts, if applicable, to report the receivables as net realizable value.

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

The City Operating Subsidy — Pursuant to the letter agreement between The City and the MTA, The City has agreed to pay MTA Bus the difference between the actual costs of operation of the formerly franchised private bus lines and all revenues and other reimbursement subsidies. For calendar years 2020 and 2019, MTA Bus received cash payments of $354.7 million and $668.6 million, respectively, in operating assistance from The City. At year end December 31, 2020 and 2019, MTA Bus recorded a subsidy receivable due from The City of approximately $4.9 million and $10.2 million respectively, pursuant to the agreement between MTA Bus and The City's Office of Management and Budget.

Advances from The City — **Environmental Remediation** — In accordance with the supplemental agreement between The City and the MTA, on behalf of MTA Bus, The City agreed to fund an Environmental Remediation Reserve Fund ($6.3 million). With the assistance of the NYCT (CPM Environmental Engineering) and independent consultants working on behalf of the New York City Department of Design and Construction, six Bus Company depots were designated for environmental soil and groundwater remediation work totaling $6.3 million. The City funded this reserve in June 2007 and the amount was used to fund the initial $6.3 million project, as well as future projects. In July 2011, The City funded the Environmental Remediation Reserve Fund with an additional $11.1 million. During 2020, MTA Bus reduced the Environmental Remediation Reserve Fund by $0.5 million, based on actual cash expenditures, leaving a balance of $6.1 million as of December 31, 2020. The Environmental

Remediation Reserve Fund is held by the MTA on behalf of MTA Bus and is reported as Due from Affiliates – operating. Refer to Note 12 for more information.

Mortgage Recording Tax-2 — In 2007, the MTA Board approved the allocation of Mortgage Recording Tax ("MRT-2") receipts to MTA Bus. These funds are to be administered by the MTA Treasurer and used solely for funding the 2005-2009 Capital Program debt service requirements and repayment of the $113.8 million intercompany capital pool loan. Amounts budgeted from MRT-2 funds for such purposes were $12.3 million for 2020. The $12.3 million received in 2020 was used to repay $2.2 million for debt service on transportation Revenue Bonds.

Pension Plans — Effective for the year-ended December 31, 2015, MTA Bus adopted the standards of GASB Statement No. 68, *Accounting & Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and subsequent effective amendments to these standards, for its pension plans.

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

Postemployment Benefits Other Than Pensions — Effective for the year ended December 31, 2018, MTA Bus adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus* for the OPEB Plan.

GASB has issued Statements No. 74 and 75, which replaced GASB Statements No. 43 and 45. The effective date of GASB Statement No. 74 (which applies to financial reporting on a plan basis) is the year ended December 31, 2017. The effective date of GASB Statement No. 75 (which applies to financial reporting by contributing employers) is the year ended December 31, 2018.

MTA Bus recognizes a proportionate share of the net OPEB liability for the MTA's cost-sharing multiple-employer OPEB Plan, which represents the excess of the total OPEB liability over the fiduciary net position of the OPEB Plan, measured as of the measurement date.

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

NYCT Reimbursement — In accordance with the MTA's 2008 Adopted Budget Staff Summary, the NYCT will reimburse MTA Bus approximately $11.5 million per year for debt service, which reflects the fact that the Federal grants and matching City moneys originally intended for use by the City franchise buses taken over by MTA Bus could not be used by MTA Bus, so they were assigned to NYCT for use in its capital projects.

Risk Management — Prior to January 1, 2006, Liberty Lines Express, Queens Surface, New York Bus Service and Command Bus were covered for the cost of injury liability and property damage under the New York City Department of Transportation insurance pool program. This insurance program covered the administration and payment of claims without the need for self-insurance coverage on the part of the former private lines.

Subsequent to January 1, 2006, the former private bus lines are now self-insured up to certain per occurrence limits for liability claims arising from injuries to persons, excluding employees, under the MTA's various insurance programs. Claims arising between January 1, 2006, and October 31, 2006, are subject to a $7.0 million per occurrence limit; claims arising between October 31, 2006, and October 31, 2009, are subject to an $8.0 million per occurrence limit; and claims arising after October 31, 2009, are subject to a $9.0 million per occurrence limit. Effective November 1, 2012, claims are subject to a $10.0 million per occurrence limit. Effective October 31, 2015, claims are subject to an $11.0 million per occurrence limit. The annual cost associated with injuries to persons, other than employees, and damage to third-party property, is reflected in expenses as public liability claims in the accompanying statements of revenues, expenses and changes in net position.

Liability Insurance — First Mutual Transportation Assurance Company (FMTAC), an insurance captive subsidiary of MTA, operates a liability insurance program ("ELF") that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limit is $8.0 million. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limit is $9.0 million. Effective November 1, 2012 the self-insured retention limits for ELF was increased to $10.0 million. Effective October 31, 2015, the self-insured retention limits for ELF were increased to $11.0 million. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50.0 million. The retrospective portion contains the same insurance agreements, participant retentions, and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Related Entities above their specifically assigned self-insured retention with a limit of $50.0 million per occurrence with a $50.0 million annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2020, the balance of the assets in this program was $182.7 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Related Entities additional coverage limits of $307.5 million for a total limit of $357.5 million ($307.5 million excess of $50.0 million). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50.0 million.

On March 1, 2020, the "nonrevenue fleet" automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for the MTA and its subsidiaries and affiliates with the exception of NYCT, MTA Bus and TBTA. The policy provides $11.0 million per occurrence limit with a $1.0 million per occurrence deductible. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

On March 1, 2020, the "Access-A-Ride" automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for NYCT's Access-A-Ride program, including the contracted operators. This policy provides a $1.0 million per occurrence limit excess of $2.0 million self-insured retention.

Property Insurance – Effective May 1, 2020, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2020, FMTAC directly insures property damage claims of the Related Entities in excess of a $25.0 million per occurrence deductible, subject to an annual $75.0 million aggregate deductible. The total All Risk program annual limit is $500.0 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. In addition to the noted $25.0 million per occurrence deductible, MTA is self-insured above the deductible for $44.464 million within the overall $500.0 million per occurrence property program, as follows: $0.685 million (or 1.37%) of the $50.0 million excess $50.0 million layer, plus $13.4 million (or 26.8%) of $50.0 million excess $150.0 million layer, plus $6.85 million (or 13.7%) of the $50.0 million excess $200.0 million layer, plus $17.35 million (or 34.71%) of the $50.0 million excess $250.0 million layer and $6.18 million (or 12.36%) of the $50.0 million excess $300.0 million layer.

The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $500.0 million per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of $100.0 million of fully collateralized earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 12, 2020 to April 30, 2023. The expanded protection is reinsured by MetroCat Re Ltd. 2020-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets-based property reinsurance. The MetroCat Re Ltd. 2020-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index value.

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

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any "certified" act of terrorism up to a maximum recovery of $215.0 million for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the "certified" acts of terrorism insurance or (3) 100% of any "certified" terrorism loss which exceeds $5.0 million and less than the $200.0 million TRIPRA trigger up to a maximum recovery of $200.0 million for any occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $215.0 million. Recovery under the terrorism policy is subject to a deductible of $25.0 million per occurrence and $75.0 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed $75.0 million future losses in that policy year are subject to a deductible of $7.5 million. The terrorism coverages expire at midnight on May 1, 2021.

Injuries to Employees — MTA Bus's predecessor's workers' compensation program was insured through American International Group (AIG). This policy was continued through January 2, 2006. When New York Bus and Command Bus became members of MTA Bus, their workers' compensation exposures were rolled into the AIG program. At the time of its merger with MTA Bus, coverage for Queens Surface was underwritten by Zurich American Insurance Company, which was also retained through January 2, 2006.

Effective January 3, 2006, and on a prospective basis, the MTA, on behalf of MTA Bus, established a master workers' compensation program with AIG. This insurance coverage provides both claims management and risk financing up to the statutory limits set by the State of New York, including acts of terrorism. When the other private bus lines (Green Bus, Jamaica Buses, and Triboro Coach) were merged into MTA Bus in the first quarter of 2006, they were rolled into the AIG program.

As risk of loss from worker's compensation claims was borne by AIG, MTA Bus did not record a liability reserve in the financial statements at December 31, 2008. Premium payments for worker's compensation coverage amounted to approximately $12.0 million and $13.8 million for the calendar years 2008 and 2007, respectively.

Effective January 2, 2009, MTA Bus, established a self-insured workers' compensation program and has recorded a $162.8 million liability reserve in the financial statements at December 31, 2020. During calendar year 2020, $20.1 million was paid to beneficiaries.

Pollution Remediation Projects — Effective January 1, 2008, pollution remediation costs are being expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (see Note 12). An operating expense provision and corresponding liability measured at current value using the expected cash flow method has been recognized for certain pollution remediation obligations. Pollution remediation obligations occur when any one of the following obligating events takes place: MTA Bus is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; MTA Bus is named by a regulator as a responsible or potentially responsible party to participate in remediation; MTA Bus voluntarily commences or legally obligates itself to commence remediation efforts; or MTA Bus is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

3. CASH

Cash in bank accounts are insured up to $250,000 in the aggregate by the Federal Deposit Insurance Corporation (“FDIC”) for each bank in which funds are deposited.

Cash in bank account balances in 2020 and 2019 that were not insured were maintained in major financial institutions. Management periodically reassess the credit worthiness of such financial institutions.

Cash at December 31, 2020 and 2019, consists of the following (not in thousands):

	2020		2019	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Insured (FDIC) and collateralized deposits	$ 280,232	$ 280,232	$ 310,686	$ 310,686
Commercially insured funds on-hand and in transit	193,013	1,279,835	751,062	1,096,503
Total cash	$ 473,245	$ 1,560,067	$ 1,061,748	$ 1,407,189

The on-hand and in-transit funds consist primarily of passenger revenue funds collected but not yet deposited and petty cash.

4. MTA INVESTMENT POOL

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

MTA Bus’s earnings from short term investments were $658,718 and $1,061,574 for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, MTA Bus had intercompany investment pool balances of $100.6 million and $10.7 million, respectively, reported in the Statements of Net Position, which were attributable to the timing of subsidy payments from The City for working capital expenditures and receipt of funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act during 2020.

5. CAPITAL ASSETS

Capital assets as of December 31, 2020 and 2019, consist of the following (in whole dollars):

	December 2019	Additions	Cost Adjustments	Transfers / disposals	December 2020
Depreciable Assets					
Buses	$ 664,700,485	$ 15,808,061	$ 15,487	$ -	$ 680,524,033
Service Vehicles	3,107,736	-	-	(47,992)	3,059,744
Furniture, fixtures and equipment	26,016,960	2,047,430	-	-	28,064,390
Facilities & Yards	16,802,272	-	(2)	-	16,802,270
Capital Non Bus	225,199,689	7,983,209	615,021	(122,287)	233,675,632
	935,827,142	25,838,700	630,506	(170,279)	962,126,069
Non-Depreciable Assets					
Assets under construction	35,777,152	43,252,009	(903,443)	(26,005,654)	52,120,063
Total	$ 971,604,294	$ 69,090,709	$ (272,937)	$ (26,175,933)	$ 1,014,246,132

	December 2019	Additions	Cost Adjustments	Transfers / disposals	December 2020
Accumulated Depreciation					
Buses	$ (531,739,763)	$ (25,147,794)	$ (5)	$ -	$ (556,887,561)
Service Vehicles	(2,312,206)	(230,141)	-	47,135	(2,495,212)
Furniture, fixtures and equipment	(12,054,906)	(6,243,659)	-	-	(18,298,565)
Facilities & Yards	(13,686,084)	(452,949)	-	-	(14,139,033)
Capital Non Bus	(42,938,046)	(15,393,324)	(3)	119,230	(58,212,143)
Total	(602,731,005)	(47,467,867)	(8)	166,365	(650,032,514)
Net Capital Assets	**368,873,289**	**21,622,842**	**(272,945)**	**(26,009,569)**	**364,213,618**
TOTAL CAPITAL ASSESTS	$ 368,873,289	$ 21,622,842	$ (272,945)	$ (26,009,569)	$ 364,213,618

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Capital assets as of December 31, 2019 and 2018, consist of the following (in whole dollars):

	December 2018	Additions	Cost Adjustments	Transfers / disposals	December 2019
Depreciable Assets					
Buses	$ 631,208,378	$ 33,475,894	$ 16,213	$ -	$ 664,700,485
Service Vehicles	3,219,367	-	-	(111,631)	3,107,736
Furniture, fixtures and equipment	18,704,710	7,312,250	-	-	26,016,960
Facilities & Yards	16,802,272	-	-	-	16,802,272
Capital Non Bus	177,103,377	46,851,377	1,244,936	-	225,199,689
	847,038,104	87,639,521	1,261,149	(111,631)	935,827,142
Non-Depreciable Assets					
Assets under construction	50,708,052	74,946,969	(2,238,349)	(87,639,521)	35,777,152
Total	$ 897,746,156	$ 162,586,490	$ (977,200)	$ (87,751,152)	$ 971,604,294
	December 2018	**Additions**	**Cost Adjustments**	**Transfers / disposals**	**December 2019**
Accumulated Depreciation					
Buses	$ (506,224,606)	$ (25,515,157)	$ -	$ -	$ (531,739,763)
Service Vehicles	(2,145,646)	(278,190)	-	111,631	(2,312,206)
Furniture, fixtures and equipment	(7,325,383)	(4,729,523)	-	-	(12,054,906)
Facilities & Yards	(13,170,297)	(515,787)	-	-	(13,686,084)
Capital Non Bus	(29,274,149)	(13,663,897)	-	-	(42,938,046)
Total	(558,140,081)	(44,702,555)	-	111,631	(602,731,005)
Net Capital Assets	**339,606,075**	**117,883,935**	**(977,200)**	**(87,639,521)**	**368,873,289**
TOTAL CAPITAL ASSESTS	$ 339,606,075	$ 117,883,935	$ (977,200)	$ (87,639,521)	$ 368,873,289

Effective January 1, 2020, in accordance with GASB Statement No. 89, the MTA no longer capitalizes interest costs related to the construction of capital assets. Interest capitalized in conjunction with the construction of capital assets for December 31, 2019 was $66,126.

6. EMPLOYEE BENEFITS:

Pensions — MTA Bus participates in a defined benefit pension plan for their employees, the Metropolitan Transportation Authority Defined Benefit Plan (the “MTA Defined Benefit Plan”).

A brief description of the pension plan follows:

Plan Description

MTA Defined Benefit Plan —

The MTA Defined Benefit Pension Plan (the “MTA Plan” or the “Plan”) is a cost sharing, multiple-employer pension plan. The Plan covers certain MTA Long Island Rail Road non-represented employees hired after December 31, 1987, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 23, 1983, MTA Police, MTA Long Island Rail Road represented employees hired after December 31, 1987, certain MTA Metro-North Railroad represented employees, MTA Staten Island Railway represented and non-represented employees and certain employees of MTA Bus. MTA Long Island Rail Road, MTA Metro-North Railroad, MTA, MTA Staten Island Railway and MTA Bus contribute to the MTA Plan, which offers distinct retirement, disability retirement, and death benefit programs for their covered employees and beneficiaries.

The MTA Defined Benefit Plan is administered by the Board of Managers of Pensions which is comprised of the Chairman of the MTA, MTA Chief Financial Officer, MTA Director of Labor Relations and the agency head of each participating Employer. The MTA Plan may be amended by action of the MTA Board.

A stand-alone financial report may be obtained by writing to the MTA Comptroller, 2 Broadway, 16th Floor, New York, New York, 10004. Pension plan financials can also be found at www.mta.info.

Benefits Provided

MTA Defined Benefit Plan

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

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

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

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

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

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

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

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

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

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

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

Contributions and Funding Policy

MTA Defined Benefit Plan

MTA Bus's contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the Plan are recognized in the period in which the contributions are due. The following summarizes the types of employee contributions made to the Plan.

Covered MTA Bus represented employees and certain non-represented employees are required to contribute a fixed dollar amount, which varies, by depot. Currently, non-represented employees at certain Depots, contribute $21.50 per week. Non-represented employees at Eastchester hired prior to 2007 contribute $25 per week. Represented employees at Baisley Park, College Point, Eastchester, Far Rockaway, JFK, LaGuardia and Yonkers Depots contribute $29.06 per week; Spring Creek represented employees contribute $32.00 per week. Certain limited number of represented employees promoted prior to the resolution of a bargaining impasse continue to participate in the plan that was in effect before their promotion. Certain MTA Bus non-represented employees who are formerly employed by the private bus companies (Jamaica, Green, Triboro and Command) at Baisley Park, Far Rockaway, JFK, LaGuardia and Spring Creek Depots who are in the pension program covering only such employees make no contributions to the program.

Contributions for year ended December 31, 2020 and 2019 were $61.1 million and $59.8 million respectively. These costs represent the required actual contributions for the year stated.

Contributions as a percent of covered payroll are 16.0% and 16.3%, for the year ended December 31, 2020 and 2019, respectively.

Net Pension Liability

MTA Bus's net pension liability reported at December 31, 2020 was measured as of December 31, 2019. The total pension liability for the Plan was determined as of the actuarial valuation date of January 1, 2019 and rolled forward to the measurement date of December 31, 2019. MTA Bus's net pension liability reported at December 31, 2019 was measured as of December 31, 2018 and the total pension liability for the Plan was determined as of the actuarial valuation date of January 1, 2018 and rolled forward to the measurement date of December 31, 2018. The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by NYCERS. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the Plan; and investments are reported at fair value.

MTA Bus's net pension liability decreased $6.9 million from the prior year.

Actuarial Assumptions

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

	MTA Defined Benefit Plan	
Valuation Date:	**January 1, 2019**	**January 1, 2018**
Investment Rate of Return	6.50% per annum, net of investment expenses.	7.00% per annum, net of investment expenses.
Salary Increases	Varies by years of employment, and employee group; 2.75% General Wage Increases for TWU Local 100 MTA Bus hourly employees.	Varies by years of employment, and employee group; 3.0% General Wage Increases for TWU Local 100 MTA Bus hourly employees.
Inflation	2.25%; 3.25% for Railroad Retirement Wage Base.	2.50%; 3.50% for Railroad Retirement Wage Base.
Cost-of Living Adjustments	60% of inflation assumption or 1.35%, if applicable.	55% of inflation assumption or 1.375%, if applicable.

Mortality: Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee. They reflect mortality improvements both before and after the measurement date.

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

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

Post-retirement Disabled Lives: Assumption utilized in the January 1, 2019 and 2018 valuations was the RP-2014 Disabled Annuitant mortality table for males and females.

Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments was 6.50% for the MTA Defined Benefit Plan. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

The target allocation and best estimates of arithmetic real rates of return (RROR) for each major asset class included in each of the pension funds are as follows:

	MTA Defined Benefit Plan	
Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
US Core Fixed Income	9.00%	1.51%
US Long Bonds	1.00%	2.41%
US Bank / Leveraged Loans	7.00%	2.74%
US Inflation-Indexed Bonds	2.00%	0.71%
US High Yield Bonds	4.00%	3.13%
Emerging Markets Bonds	2.00%	3.36%
US Large Caps	12.00%	4.33%
US Small Caps	6.00%	5.65%
Foreign Developed Equity	12.00%	5.95%
Emerging Markets Equity	5.00%	8.05%
Global REITs	1.00%	5.50%
Private Real Estate Property	4.00%	3.80%
Private Equity	9.00%	9.50%
Commodities	1.00%	2.79%
Hedge Funds - MultiStrategy	16.00%	3.26%
Hedge Funds - Event-Driven	6.00%	3.41%
Hedge Funds - Equity Hedge	3.00%	3.82%
	100.00%	
Assumed Inflation - Mean		2.25%
Assumed Inflation - Standard Deviation		1.65%
Portfolio Nominal Mean Return		6.73%
Portfolio Standard Deviation		10.94%
Long Term Expected Rate of Return selected by MTA		**6.50%**

Discount Rate

As of December 31, 2020 and 2019, the discount rate used to measure the total pension liability of the MTA Defined Benefit Plan was 6.50% and 7.00%, respectively.

The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in accordance with the Employer funding policy as projected by the Plan’s actuary. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

MTA Bus's Proportion of Net Pension Liability — MTA Defined Benefit Plan

The following table presents MTA Bus's proportionate share of the net pension liability of the MTA Defined Benefit Plan at December 31, 2020, and 2019, and the proportion percentage of the net pension liability of the MTA Defined Benefit Plan allocated to MTA Bus:

	2020	2019
	(in millions, except for %)	
MTA Bus's proportionate share of the net pension liability	$ 294.88	$ 301.79
MTA Bus's proportion of the net pension liability	17.08%	17.11%

MTA Bus's proportion of the respective Plan's net pension liability was based on actual required contributions of the participating employer for the fiscal year.

The following table presents MTA Bus's proportionate share of the net pension liability calculated using the discount rate of 6.50% for the MTA Defined Benefit Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

MTA Bus's proportionate share of the net pension liability	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
		(in millions)	
2020	$ 479.92	$ 294.88	$ 143.34
2019	491.17	301.79	146.70

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

For the years ended December 31, 2020 and 2019, MTA Bus recognized pension expense of $49.2 million and $111.5 million respectively, related to the pension plan. The 2019 expense was higher due to Arbitration Awards and MOU's between MTA Bus and ATU Local 1179/1181 and TSO Local 106 that provide enhanced benefits to covered employees.

At December 31, 2020 and 2019, MTA Bus reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 30,251	$ (2,914)	$ 31,003	$ (3,491)
Changes in assumptions	105,447	(4,671)	1,382	(6,350)
Net difference between projected and actual earnings on pension plan investments	-	(24,949)	38,735	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	(74,933)	-	(36,724)
Employer contribution to plan subsequent to the measurement date of net pension liability	61,100		59,769	-
Total	$ 196,798	$ (107,467)	$ 130,889	$ (46,565)

The annual differences between the projected and actual earnings on investments are amortized over a five-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over the weighted average remaining service life of all members, beginning the year in which the deferred amount occurs.

$61.1 million and $59.8 million reported as deferred outflows of resources related to pensions resulting from MTA Bus's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-ended December 31, 2021 and 2020, respectively.

Deferred Compensation Program

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

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

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

- Tier 1 – The MTA Target-Year Lifecycle Funds, which are comprised of a mix of several funds, most of which are available as separate investments in the Deferred Compensation Program. The particular mix of investments for each Fund is determined by the "target" date, which is the date the money is intended to be needed for retirement income.

- Tier 2 - The MTA Index Funds offer a tier of index funds, which invest in the securities of companies that are included in a selected index, such as the Standard & Poor's 500 (large cap) Index or Russell Mid Cap Index.

- Tier 3 – The MTA Actively Managed Portfolios, which are comprised of actively managed portfolios that are directed by one or a team of professional managers who buy and sell a variety of holdings in an effort to outperform a selected index. These institutional strategies provide participants with a diversified array of distinct asset classes, with a single fund option in each class to simplify the decision-making process.

- Tier 4 – Self-Directed Mutual Fund Option is designed for the more experienced investors. Offers access to an expanded universe of mutual funds from hundreds of well-known mutual fund families. Participants may invest only a portion of their account balances in this Tier.

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

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

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

Matching Contributions — Certain members who were employed by Queens Surface Corporation on February 26, 2005, and who became employees of MTA Bus on February 27, 2005, receive a matching contribution equal to 50% of member's before-tax contributions provided that the maximum matching contribution shall not exceed 3% of the member's base pay. MTA Bus also makes a basic contribution equal to 2% of the member's compensation. The contributions for the years ended December 31, 2020 and 2019 were $0 and $1,221 respectively (in whole dollars). These members shall vest in the amount in the member's account attributable to the matching contributions and basic contributions as follows:

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

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

Forfeitures — Nonvested contributions are forfeited upon termination of employment. For the year ended December 31, 2020 and 2019, no forfeiture money was used to offset the employer contributions or for plan expenses.

The Trustee for the MTA Deferred Compensation Program is Prudential Bank & Trust FSB. Recordkeeper and/or Administrative Services are provided by Prudential Retirement Insurance & Annuity Company ("PRIAC"). Investment management services are provided by Prudential Retirement Insurance & Annuity Company and Galliard Capital Management: separate accounts are managed by Denver Investment Advisors Conestoga Capital Advisors and TCW-Metropolitan West Asset Management. Financial Advisor Mercer reviews the investment policies as stipulated by the Investment Committee, the Plans' portfolios and the Investment Managers' performance.

7. OTHER POSTEMPLOYMENT BENEFITS

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

(1) Plan Description

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

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

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

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

Benefits Provided — The benefits provided by the OPEB Plan include medical, pharmacy, dental, vision, life insurance and a Medicare supplemental plan. The different types of benefits provided vary by agency, employee type (represented employees versus non-represented) and the relevant collective bargaining agreements. Certain benefits are provided upon retirement as defined in the applicable pension plan. Certain agencies provide benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of MTA Bus are members of the MTA Defined Benefit Plan.

The MTA Bus Company participates in the New York State Health Insurance Program ("NYSHIP") and provides medical and prescription drug benefits, including Medicare Part B reimbursements, to many of its retirees. NYSHIP offers a Preferred Provider Organization ("PPO") plan and several Health Maintenance Organization ("HMO") plans. MTA Bus retirees do not participate in NYSHIP. These benefits are provided either through a self-insured health plan, a fully insured health plan or an HMO.

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

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

(a) have retired;

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

(c) have at least 10 years of credited service as a member of the MTA Defined Benefit Plan; and

(d) have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members). A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

Surviving Spouse and Other Dependents —

- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of retired managers and certain non-represented retired employees

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

Contributions — MTA Bus is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the "pay-as-you-go" ("PAYGO") amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the year-ended December 31, 2020 and 2019, MTA Bus paid $25.6 million and $29.3 million, respectively, of PAYGO to the OPEB Plan.

During 2012 the MTA funded $250 million into the Trust, and an additional $50 million during 2013. There have been no further contributions made to the Trust. 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 2019 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, 2019 and December 31, 2018, the measurement dates, are 2.74% and 4.10%, respectively.

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue on the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore are partially subsidized by the active employees. As shown in the following table, for the year ended December 31, 2019 and 2018, the employer made a cash payment for retiree healthcare of $791 and $975, 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	**2019 Retirees**	**2018 Retirees**
Total blended premiums	$ 24,855	$ 27,364
Employment payment for retiree healthcare	791	975
Net Payments	**$ 25,646**	**$ 28,339**

(2) Net OPEB Liability

At December 31, 2020 and 2019, MTA Bus reported a net OPEB liability of $813.1 million and $633.6 million, respectively, for its proportionate share of the Plan's net OPEB liability. The net OPEB liability was measured as of the OPEB Plan's fiscal year-end of December 31, 2019 and 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019 and July 1, 2017, and rolled forward to December 31, 2019 and 2018, respectively. MTA Bus's proportion of the net OPEB liability was based on a projection of MTA Bus's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2020 and 2019, MTA Bus's proportion was 3.85% and 3.24%, respectively.

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

(3) Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan, which refers to the plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees. The projections include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members at that time. MTA Bus may not be obligated to provide the same types or levels of benefits to retirees in the future.

The total OPEB liability was determined by an actuarial valuation performed on July 1, 2019 and July 1, 2017. Update procedures were used to roll forward the total OPEB liability to December 31, 2019, 2018 and 2017, 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, 2017	July 1, 2017
Measurement date	December 31, 2019	December 31, 2018	December 31, 2017
Discount rate	2.74%, net of expenses	4.10%, net of expenses	3.44%, net of expenses
Inflation	2.50%	2.50%	2.50%
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.50%	4.50%	4.50%
Salary Increases	3.50%	3.50%	3.50%
Investment rate of return	5.75%	6.50%	6.50%

Healthcare Cost Trend — The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2017 utilizing the baseline assumptions included in the model, except inflation of 2.5% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, potential excise taxes due to healthcare reform, and other healthcare reform provisions, separately for NYSHIP and self-insured benefits administered by MTA New York City Transit. The NYSHIP trend reflects actual increases in premiums to participating agencies through 2018. Long-term trend increases are 4% for dental and vision benefits and 4.5% for Medicare Part B reimbursements of an annual trend of 4.5%, but not more than projected medical trends excluding any excise tax adjustments. The self-insured trend is applied directly for represented employees of MTA Bus.

The valuation reflects the actuaries understanding of the impact in future health costs due to the Affordable Care Act ("ACA") passed into law in March 2010. An excise tax for high cost health coverage or "Cadillac" health plans was included in ACA. The provision levies a 40% tax on the value of health plan costs that exceed certain thresholds for single coverage or family coverage. In December 2019, the President signed into law the "Further Consolidated Appropriations Act, 2020" (the "Act"), which included the permanent repeal of the "Cadillac" tax, effective January 1, 2020. The impact of the elimination of the "Cadillac" tax on MTA Bus's OPEB liability is approximately $43.1 million and is reflected in the valuation dated July 1, 2019 and in the reporting year-ended December 31, 2020.

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

Trend from	NYSHIP		MTA Bus	
Year Ending	< 65	>=65	< 65	>=65
2018	8.5	8.2	6.8	9.1
2019	6.2	5.5	6.2	5.3
2020	5.8	5.3	5.8	5.2
2021	5.5	5.2	5.5	5.2
2022	7.2	5.1	11.1	5.1
2023	6.1	5.1	6.0	5.1
2024	6.1	5.0	5.9	5.0
2025	5.9	5.0	5.8	5.0
2026	5.9	5.0	5.8	5.0
2027	5.8	4.9	5.7	4.9
2037	5.6	5.0	5.5	5.0
2047	5.4	5.9	5.3	4.9
2057	5.1	5.4	5.1	5.2
2067	4.8	5.0	4.8	4.8
2077	4.2	4.3	4.1	4.5
2087	4.1	4.2	4.1	4.4
2097	4.1	4.2	4.1	4.4

For purposes of applying the EntryAge Normal cost method, the healthcare trend prior to the valuation date are based on the ultimate rates, which are 4.1% for medical and pharmacy costs prior to age 65, 4.2% for NYSHIP costs at age 65 and later, and 4.3% for self-insured medical and pharmacy costs at age 65 and later.

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

Preretirement — RP-2000 Employee Mortality Table for Males and Females with blue-collar adjustments.

Postretirement Healthy Lives — 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.

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

Expected Rate of Return on Investments — The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Rate of Return
US Cash	3.5%	0.04%
US Core Fixed Income	13.0%	1.51%
US Inflation-Indexed Bonds	4.0%	0.71%
Emerging Markets Bonds	5.0%	3.36%
Global Equity	42.0%	5.28%
Commodities	3.5%	2.79%
Hedge Funds - MultiStrategy	29.0%	3.26%
Total	**100%**	
Long Term Expected Rate of Return selected by MTA		5.75%

Discount Rate — The discount rate used in this valuation to measure the total OPEB liability was updated to incorporate GASB Statement No. 75 guidance.

The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. Therefore, the discount rate is set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of December 31, 2019 and 2018 of 2.74% and 4.10%, respectively.

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

Proportionate share of the net OPEB liability	1% Decrease (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
		(in millions)	
2020	$ 933.10	$ 813.12	$ 714.39
2019	724.81	633.57	558.34

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

Proportionate share of the net OPEB liability	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(in millions)	
2020	$ 694.33	$ 813.12	$ 963.40
2019	541.20	633.57	749.67

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

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

For the year ended December 31, 2020 and 2019, MTA Bus recognized OPEB expense of $75.7 million and $46.7 million respectively, which represents its proportionate share of the Plan's OPEB expense.

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

At December 31, 2020 and 2019, MTA Bus reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,678	$ (545)	$ 321	$ (543)
Changes in assumptions	31,375	(50,582)	21,521	(50,375)
Net difference between projected and actual earnings on OPEB plan investments	-	(670)	601	-
Changes in proportion and differences between contributions and proportionate share of contributions	110,347	(26,517)	-	(31,427)
Employer contribution to plan subsequent to the measurement date of net OPEB liability	25,646		29,256	-
Total	$ 176,046	$ (78,314)	$ 51,699	$ (82,345)

For the year ended December 31, 2020, $176.0 million was reported as deferred outflows of resources related to OPEB. This amount includes both MTA Bus's contributions subsequent to the measurement date and an implicit rate subsidy adjustment that will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2020 will be recognized in OPEB expense as follows (not in thousands):

Year ending December 31:	
2021	$ 8,448,707
2022	8,448,707
2023	8,651,838
2024	8,320,787
2025	5,746,932
Thereafter	32,468,491
	$ 72,085,462

8. DUE TO NYCTA

NYCTA bills MTA Bus for the administration and payment of health and welfare claims, for materials and supplies issued from NYCTA storerooms, and for NYCTA employees that have been permanently assigned to MTA Bus. In addition, MTA Bus is charged for the cost of labor and overhead for operating support (mainly NYCTA Department of Buses) and for employees assigned to MTA Bus to perform facilities related maintenance, construction and repair work.

9. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

MTA Bus establishes its liability for injuries to persons, excluding employees, on the basis of independent actuarial estimates of future liability. A summary of activity in estimated liability arising from injuries to persons and damage to third-party property, for the years ended December 31, 2020 and 2019, is as follows:

	2020	2019
Balance — beginning of year	$ 259,417	$ 225,597
Activity during the year:		
Current year claims and changes in estimates	15,639	78,784
Claims paid	(34,713)	(44,964)
Balance — end of year	240,343	259,417
Less — current liability	(35,500)	(36,000)
Noncurrent liability	$ 204,843	$ 223,417

Not included in the 2020 and 2019 amounts are $19.5 and $18.5 million of current liability and $143.3 and $131.2 million of noncurrent liability related to employees.

10. CONTINGENCIES

Neither the MTA nor its Component Unit, MTA Bus, assumed any liability for claims, suits, and any other pending litigation matters arising from or in connection with the operation of the former seven privately franchised bus companies prior to their merger dates into MTA Bus. Beginning January 3, 2006, and on each of the three merger dates occurring thereafter (Green Bus on January 9, 2006, Jamaica Bus on January 30, 2006, and Triboro Coach on February 2006), MTA Bus assumed responsibility for all liability claims arising from operating the former City bus routes. Legal counsel to MTA Bus believes that there is no litigation or claims that could have a material effect on the financial position of MTA Bus.

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

11. ENVIRONMENTAL POLLUTION REMEDIATION

MTA Bus implemented GASB Statement No. 49 in 2008. In accordance with GASB Statement No. 49, a pollution remediation expense provision totaling $715,372 and a corresponding liability were recorded on the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position. As of December 31, 2020, and 2019, the pollution remediation liability totaled $11.4 million and $11.5 million respectively, primarily consisting of future remediation activities associated with asbestos removal, lead abatement, ground water contamination, soil contamination, and arsenic contamination at MTA Bus. MTA Bus does not anticipate any changes in the near future that would have a material impact on the recorded obligations due to changes resulting from price increase or reduction, technology, or changes in applicable laws or regulations. In addition, MTA Bus does not expect any recoveries of cost that would have a material effect on the recorded obligations.

During 2005, environmental consultants, on behalf of the New York City Department of Design performed on site investigation at the former Green, Jamaica and Triboro Coach Bus lines prior to their merger into MTA Bus. As a result of the site investigations, these depots were found to require extensive soil and groundwater remediation. The Transit Authority's Capital Programs Management Environmental Engineering Division estimated that the cost to remediate the contaminated sites would total approximately $4.3 million. During 2006, the New York State Department of Environmental Conservation issued stipulation and consent decrees requiring MTA Bus to commence soil and ground water remediation at the College Point and Eastchester depots. The estimated cost for cleanup efforts at these sites was approximately $2.0 million. Pursuant to the letter agreement between The City and the MTA, remediation costs will be reimbursable by The City and, as such, a reserve for environmental remediation was not recorded in MTA Bus's financial statements. As stated in Note 2, The City funded the $6.3 million in estimated costs for potential environmental remediation. During 2011, The City requested an update on proposed remediation projects and subsequently funded an additional $11.1 million. At December 31, 2020, the Environmental Remediation Reserve fund had a balance of $6.1 million remaining for future Environmental projects.

	2020	2019
Balance beginning of year	$ 11,543	$ 11,641
Activity during the year:		
Current year changes in estimates	295	861
Payments	(458)	(959)
Balance end of year	11,380	11,543
Less - current liability	(6,081)	(6,501)
Non current liability	$ 5,299	$ 5,042

12. RELATED PARTY TRANSACTIONS

MTA Bus receives support from MTA in the form of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, some of which are charged back. Funds for MTA Bus's capital project expenditures are also provided by MTA. MTA Bus recognizes funds contributed by MTA for MTA Bus's capital project expenditures as contributed capital.

Due from/to MTA and affiliated agencies consists of the following at December 31, 2020 and 2019:

	2020		2019	
	Receivable	(Payable)	Receivable	(Payable)
MTA	$174,771	$ 53,370	$ 62,789	$ 21,663
Affiliated agencies	12,656	32,852	11,576	30,619
Total MTA and affiliated agencies	$187,428	$ 86,222	$ 74,365	$ 52,282

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REQUIRED SUPPLEMENTARY INFORMATION

MTA BUS COMPANY
(Component Unit of Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA BUS'S PROPORTIONATE SHARE OF NET PENSION LIABILITY IN THE MTA DEFINED BENEFIT PLAN
FOR THE YEAR ENDED DECEMBER 31:

	MTA Defined Benefit Plan					
	2019	2018	2017	2016	2015	2014
	(in millions, except %)					
MTA Bus's proportion of the net pension liability	17.08%	17.11%	16.45%	20.10%	15.94%	16.51%
MTA Bus's proportionate share of the net pension liability	$ 294.88	$ 301.79	$ 166.59	$ 269.74	$ 205.69	$ 170.80
MTA Bus's actual covered-employee payroll	$ 367.06	$ 367.80	$ 323.41	$ 325.65	$ 289.49	$ 312.78
MTA Bus's proportionate share of the net pension liability as a percentage of its covered-employee payroll	80.34%	82.05%	51.51%	82.83%	71.05%	54.61%
Plan fiduciary net position as a percentage of the total pension liability	73.48%	73.33%	79.87%	71.82%	70.44%	74.77%

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

MTA BUS COMPANY
(Component Unit of Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA BUS'S CONTRIBUTIONS FOR ALL PENSION PLANS FOR THE YEARS ENDED DECEMBER 31:

	2020	2019	2018	2017	2016	2015	2014
MTA Defined Benefit Plan							
Actuarially Determined Contribution	$ 60,549,060	$ 59,767,691	$ 56,730,919	$ 52,132,718	$ 44,927,266	$ 43,851,553	$ 45,717,151
Actual Employer Contribution	61,100,000	59,768,598	57,263,638	50,478,821	44,299,995	45,928,494	46,605,811
Contribution Deficiency (Excess)	(550,940)	(907)	(532,719)	1,653,897	627,271	(2,076,941)	(888,660)
Covered Payroll	380,786,471	367,056,233	367,801,828	323,411,424	325,651,222	289,491,290	312,783,778
Contributions as a % of Covered Payroll	16.05%	16.28%	15.57%	15.61%	13.60%	15.87%	14.90%

Notes to Schedule of MTA Bus's Contributions to Pension Plan:

Significant methods and assumptions used in calculating the actuarially determined contributions of an employer's proportionate share in a Cost Sharing, Multiple-Employer pension plan, the MTA Defined Benefit Plan, should be presented as notes to the schedule. Factors that significantly affect trends in the amounts reported are changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions. Following is a summary of such factors: covered employees.

Changes of Benefit Terms

The January 1, 2018 funding valuation reflects Arbitration and Impasse Awards and an MOU between MTA Bus and ATU Local 1179/1181 and TSO Local 106 TWU Local 100 that provide enhanced benefits to covered employees. The January 1, 2016 funding valuation reflects an Arbitration Award between MTA Bus and TWU Local 100 that provides enhanced benefits to covered employees.

There were no changes of benefit terms in the January 1, 2017 and 2015 funding valuation.

Changes of Assumptions

There were no changes of benefit assumptions in the January 1, 2016 and January 1, 2015 funding valuation.

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

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MTA BUS COMPANY
(Component Unit of Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA BUS'S PROPORTIONATE SHARE OF NET OPEB LIABILITY IN THE MTA OPEB PLAN AT:

Plan Measurement Date (December 31):	2019	2018	2017
		(in millions, except %)	
MTA Bus's proportion of the net OPEB liability	3.85%	3.24%	3.39%
MTA Bus's proportionate share of the net OPEB liability	$ 813.12	$ 633.57	$ 695.53
MTA Bus's covered payroll	$ 367.06	$ 367.80	$ 275.14
MTA Bus's proportionate share of the net OPEB liability as a percentage of its covered payroll	221.52%	172.26%	252.79%
Plan fiduciary net position as a percentage of the total OPEB liability	1.93%	1.76%	1.79%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available. In accordance with GASB No. 75, information was not readily available for periods prior to 2017.

MTA BUS COMPANY
(Component Unit of Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF MTA BUS'S CONTRIBUTIONS TO THE MTA OPEB PLAN
FOR THE YEARS ENDED DECEMBER 31:

	2020	2019	2018	2017
			(in millions, except %)	
Actuarially Determined Contribution	N/A	N/A	N/A	N/A
Actual Employer Contribution (1)	$ 25.66	$ 29.26	$ 23.21	$ 22.10
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A
Covered Payroll	$ 380.79	$ 367.06	$ 367.80	$ 275.14
Actual Contribution as a Percentage of Covered Payroll	6.74%	7.97%	6.31%	8.03%

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $791, $975, $770 and $909 for the years ended December 31, 2020, 2019, 2018 and 2017, respectively.

Notes to Schedule of MTA Bus's Contribution to the OPEB Plan:

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2019
Measurement date	December 31, 2019
Discount rate	2.74%, net of expenses
Inflation	2.50%
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Normal cost increase factor	4.50%
Salary Increases	3.50%
Investment rate of return	5.75%

Changes of benefit terms: In the July 1, 2017 actuarial valuation, there were no changes to the benefit terms.

Changes of assumptions: In the July 1, 2017 actuarial valuation, there was a change in assumptions. The discount rate used to measure liabilities was updated to incorporate GASB 75 guidance and changed to reflect the current municipal bond rate.

Changes in Actuarial Assumptions since Prior Valuation: The retirement rates for other non-represented members were revised to reflect changes in retirement eligibility conditions, as they are now eligible for MABSTOA style pension benefits. The impact of this change is considered a plan change.

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available. In accordance with GASB No. 75, information was not readily available for periods prior to 2017.

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Staten Island Rapid Transit Operating Authority

(Component Unit of the Metropolitan Transportation Authority)

Financial Statements as of and for the Years Ended December 31, 2020 and 2019, Required Supplementary Information, and Independent Auditors' Report

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction to the Annual Report — The following is a narrative overview and analysis of the financial activities of Staten Island Rapid Transit Operating Authority ("SIRTOA" or "Authority") for the years ended December 31, 2020 and 2019. This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements and Notes to the Financial Statements and Required Supplementary Information.

Management's Discussion and Analysis — The following is a narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2020 and 2019. This management discussion and analysis ("MD&A") is intended to serve as an introduction to the Authority's financial statements. It provides an assessment of how Authority's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected Authority's overall financial position. It may contain opinions, assumptions or conclusions by Authority's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements described below.

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

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

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

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

Required Supplementary Information — The Required Supplementary Information provides information concerning the Authority's net pension liability and net other postemployment benefits (OPEB) liability, employer contribution to its pension plan and OPEB, related rations, and actuarial assumptions used to calculate the net OPEB liability.

FINANCIAL REPORTING ENTITY

SIRTOA is a public benefit corporation and is a component unit of the Metropolitan Transportation Authority ("MTA") and was organized pursuant to the New York State ("State") Public Authorities Law. The Authority operates and maintains the commuter rail service in Staten Island pursuant to an interim arrangement pending renewal of its Lease and Operating Agreement ("Operating Agreement") with The City of New York ("The City"). The Operating Agreement provides that the Authority establish fares required to make operations self-sustaining (as defined in the operating agreement), and pay its operating expenses and The City pays the Authority's capital costs and operating deficits. The City has the option to terminate the Operating Agreement at any time.

The Authority requires, and will likely continue to require, substantial subsidies from various governmental sources in order to maintain its operations in the future. The Authority estimates that current fare levels and anticipated operating subsidy levels will provide sufficient revenue to meet operating expenses. Subsidies required for future years are presently being determined. If the funds made available to the Authority are not sufficient to meet its needs, the Authority must raise fares, curtail its service and operations, or defer certain other expenditures (not including maintenance) in order to continue operating within the limits of the funds.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in the Authority's financial position for the years ended December 31, 2020 and 2019. Additionally, an examination of major economic factors and industry trends that have contributed to these changes are provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are in conformity with the Authority's financial statements, which are presented in accordance with generally accepted accounting principles in the United States of America.

Total assets, distinguishing between capital and other assets, and deferred outflows of resources:

		December 31,		Increase/(Decrease)	
	2020	2019	2018	2020–2019	2019–2018
Capital assets — net	$ 575,069,147	$ 431,089,860	$ 335,949,919	$ 143,979,287	$ 95,139,941
Other assets	45,911,380	57,255,758	49,596,269	(11,344,378)	7,659,489
Deferred outflows of resources	42,774,793	35,804,684	18,467,146	6,970,109	17,337,538
Total assets and deferred outflows of resources	$ 663,755,320	$ 524,150,302	$ 404,013,334	$ 139,605,018	$ 120,136,968

Significant changes in assets and deferred outflows of resources include:

December 31, 2020 versus 2019 — Net capital assets increased from December 31, 2019 to December 31, 2020 by $143,979,287 or 33.4%. This is due primarily to additions to capital assets. The net additions to capital assets of $154,810,360 or 24.2% results from the increase in construction in progress, structures, stations, equipment and other, partly offset by an increase in accumulated depreciation of $10,831,073 or 5.2% due to depreciation of assets. More detailed information about the Authority's capital assets is presented in Note 5 to the financial statements.

Overall, other assets decreased by $11,344,378 or 19.8% compared with the prior year. This decrease is primarily attributable to the decrease in the NYC operating recovery subsidy receivable of $10,795,500, estimated for the operating deficit for calendar year 2020, and the decrease in receivable from NYC Department of Education of $799,629 related to lower student ridership in 2020 due to the COVID-19 pandemic. The decrease was partially offset by an increase in MTA capital program funds receivable of

$486,777 mainly due to an increase in billings of capital projects in the 4th quarter of 2020 compared to 2019.

Deferred outflows of resources increased by $6,970,109 or 19.5% compared with prior year. The net increase was due to an increase of $8,950,520 related to pension based upon the most recent actuarial valuation report in accordance with GASB Statements No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, partially offset by a decrease of $1,980,411 related OPEB based upon the most recent actuarial valuation report in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Refer to Notes 6 and 7 to the financial statements for more information regarding SIRTOA's pension and postemployment benefits other than pension, respectively.

December 31, 2019 versus 2018 — Net capital assets increased from December 31, 2018 to December 31, 2019 by $95,139,941 or 28.3%. This is due primarily to additions to capital assets. The net additions to capital assets of $106,769,795 or 20.1% results from the increase in construction in progress, structures, stations, signals and vehicles, partly offset by an increase in accumulated depreciation of $11,629,854 or 5.9% due to depreciation of assets. More detailed information about the Authority's capital assets is presented in Note 5 to the financial statements.

Overall, other assets increased by $7,659,489 or 15.4% compared with the prior year. This increase is primarily attributable to the increase in the NYC operating recovery subsidy receivable of $6,244,200, estimated for the operating deficit for calendar year 2019. The increase in receivable from New York City Transit Authority of $1,958,641 related to timing of December 2019 payment of subsidies, and an increase in materials and supplies of $348,512 related to various maintenance initiatives, partially offset by a decrease in receivable from NYC Department of Education of $885,058 due to timing of payment at year-end.

Deferred outflows of resources increased by $17,337,538 or 93.9% compared with prior year. The net increase was due to an increase of $11,042,351 related OPEB based upon the most recent actuarial valuation report in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and an increase of $6,295,187 related to pension based upon the most recent actuarial valuation report in accordance with GASB Statements No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Refer to Notes 6 and 7 to the financial statements for more information regarding SIRTOA's pension and postemployment benefits other than pension, respectively.

Total liabilities, distinguishing between long-term liabilities and current liabilities, and deferred inflows of resources:

		December 31,		Increase/(Decrease)	
	2020	2019	2018	2020–2019	2019–2018
Current liabilities	$ 35,314,381	$ 51,461,451	$ 54,062,373	$ (16,147,070)	$ (2,600,922)
Long-term liabilities	124,891,758	128,145,364	106,899,022	(3,253,606)	21,246,342
Total liabilities	160,206,139	179,606,815	160,961,395	(19,400,676)	18,645,420
Deferred inflows of resources	23,150,832	7,623,857	3,962,877	15,526,975	3,660,980
Total liabilities and deferred inflows of resources	$ 183,356,971	$ 187,230,672	$ 164,924,272	$ (3,873,701)	$ 22,306,400

Significant changes in liabilities and deferred inflows of resources include:

December 31, 2020 versus 2019 — Liabilities decreased from December 31, 2019 to December 31, 2020 by $19,400,676 or 10.8%. Current liabilities decreased by $16,147,070, due primarily to a decrease of $20,287,081 in Due to MTA for changes in the MTA investment pool. The decrease is partially offset by the increase of $2,230,476 in accrued retroactive salaries and wages primarily related to the United Transportation Union ("UTU") retroactive payments, the increase of $955,356 in accrued payroll taxes due to higher accruals of employer social security taxes in 2020, as payments are due in 2021 under the payroll tax deferral relief offered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The decrease in long-term liabilities of $3,253,606 was mainly due to the decrease in net OPEB liability of $11,200,751, partially offset by the increase in net pension liability of $6,433,461 and the increase in estimated liability arising from injuries to persons of $898,018, based upon the most current actuarial valuations.

Deferred inflows of resources increased by $15,526,975 or 203.7% compared with prior year. The increase was primarily due to an increase of $12,786,181 related to OPEB based upon the most current actuarial valuation report in accordance with GASB Statement No. 75, and the increase of $2,740,794 related to pension based upon the most current actuarial valuation report in accordance with GASB Statements No. 68 and GASB No. 71. Refer to Notes 6 and 7 to the financial statements for more information regarding the Authority's pension and postemployment benefits other than pension, respectively.

December 31, 2019 versus 2018 — Liabilities increased from December 31, 2018 to December 31, 2019 by $18,645,420 or 11.6%. Current liabilities decreased by $2,600,922, due primarily to a decrease of $5,710,277 in Due to MTA for changes in the MTA investment pool. The decrease is partially offset by the increase of $1,395,292 in accrued retroactive salaries and wages primarily related to the United Transportation Union ("UTU"), the increase of $1,280,447 in Due to New York City Transit Authority related to timing of payment of various intercompany charges, and the increase of $609,142 in accrued sick and vacation pay due to higher pay rates and headcount. The increase in long-term liabilities of $21,246,342 was mainly due to the increase in net OPEB liability of $10,476,473, the increase in net pension liability of $9,275,197 and the increase in estimated liability arising from injuries to persons of $1,839,163, based upon the most current actuarial valuations.

Deferred inflows of resources increased by $3,660,980 or 92.4% compared with prior year. The increase was primarily due to an increase of $6,349,607 related to OPEB based upon the most current actuarial valuation report in accordance with GASB Statement No. 75. The increase was partially offset by a decrease of $2,688,627 related to pension based upon the most current actuarial valuation report in accordance with GASB Statements No. 68 and GASB No. 71. Refer to Notes 6 and 7 to the financial statements for more information regarding the Authority's pension and postemployment benefits other than pension, respectively.

Total net position, distinguishing among investment in capital assets, restricted amounts, and unrestricted amounts:

	December 31,			Increase/(Decrease)	
	2020	2019	2018	2020–2019	2019–2018
Investment in capital assets	$ 575,069,147	$ 431,089,860	$ 335,949,919	$ 143,979,287	$ 95,139,941
Unrestricted	(94,670,798)	(94,170,230)	(96,860,857)	(500,568)	2,690,627
Total net position	$ 480,398,349	$ 336,919,630	$ 239,089,062	$ 143,478,719	$ 97,830,568

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of two sections: investment in capital assets and unrestricted. Investment in capital assets include capital assets, net of accumulated depreciation, reduced by outstanding debt, net of applicable debt service reserves. The Authority has no restricted net position. All other assets, deferred outflows of resources, liabilities, and deferred inflows of resources are unrestricted.

December 31, 2020 versus 2019 — Total net position was $480,398,349 at the end of 2020, a net increase of $143,478,719 or 42.6% from the end of 2019. The net increase was due to an operating loss of $68,000,897, offset by nonoperating income of $56,732,432, and MTA capital contributions of $154,747,184.

December 31, 2019 versus 2018 — Total net position was $336,919,630 at the end of 2019, a net increase of $97,830,568 or 40.9% from the end of 2018. The net increase was due to an operating loss of $65,853,737, offset by nonoperating income of $58,245,401, and MTA capital contributions of $105,438,904.

Condensed statements of revenues, expenses, and changes in net position

	Year Ended December 31,			Increase/(Decrease)	
	2020	**2019**	**2018**	**2020–2019**	**2019–2018**
Operating revenues	$ 3,478,101	$ 9,366,481	$ 9,474,797	$ (5,888,380)	$ (108,316)
Operating expenses	(71,478,998)	(75,220,218)	(74,438,619)	3,741,220	(781,599)
Operating loss	(68,000,897)	(65,853,737)	(64,963,822)	(2,147,160)	(889,915)
Nonoperating revenues (expenses):					
Grants, appropriations, and taxes	4,869,504	5,899,094	5,392,320	(1,029,590)	506,774
Subsidies	28,760,500	53,460,200	43,073,000	(24,699,700)	10,387,200
Federal Transit Administration CARES Act reimbursement	23,294,537	-	-	23,294,537	-
Other nonoperating revenue/expenses - net	(192,109)	(1,113,893)	(1,257,345)	921,784	143,452
Total net nonoperating revenues	56,732,432	58,245,401	47,207,975	(1,512,969)	11,037,426
Loss before capital contributions	(11,268,465)	(7,608,336)	(17,755,847)	(3,660,129)	10,147,511
Capital contributions	154,747,184	105,438,904	55,953,159	49,308,280	49,485,745
Change in net position	143,478,719	97,830,568	38,197,312	45,648,151	59,633,256
Net position — beginning of year	336,919,630	239,089,062	223,671,472	97,830,568	15,417,590
Restatement of beginning net position — adoption of GASB No. 75	-	-	(22,479,722)	-	22,479,722
Net position — end of year	$ 480,398,349	$ 336,919,630	$ 239,389,062	$ 143,478,719	$ 97,530,568

Revenues, by major source:

	Year Ended December 31,			Increase/(Decrease)	
	2020	2019	2018	2020–2019	2019–2018
Fare revenue	$ 2,343,411	$ 6,661,698	$ 6,860,619	$ (4,318,287)	$ (198,921)
Student and elderly reimbursement	628,107	1,829,059	1,790,508	(1,200,952)	38,551
Other	506,583	875,724	823,670	(369,141)	52,054
Total operating revenue	$ 3,478,101	$ 9,366,481	$ 9,474,797	$ (5,888,380)	$ (108,316)

December 31, 2020 versus 2019 — Revenues from fares and student and elderly reimbursements were $2,971,518 in 2020, a decrease of 65.0% from the prior year. Ridership in 2020 was 1.426 million, a decrease of 66.8% from 2019. The decrease in revenue was due to lower passenger ridership as a result of the COVID-19 pandemic travel restrictions and service reductions. Other revenues in 2020 consist mainly of advertising revenue and rental income. The decrease in other revenues of $369,141 or 42.2% from prior year was mainly related to reduction of advertising revenues.

December 31, 2019 versus 2018 — Revenues from fares and student and elderly reimbursements were $8,490,757 in 2019, a decrease of 1.9% from the prior year. Ridership in 2019 was 4.300 million, a decrease of 4.9% from 2018. The decrease in revenue was due mostly to lower ridership trends. Other revenues in 2019 consist mainly of advertising revenue and rental income. The increase in other revenues of $52,054 or 6.3% from prior year was mainly related to advertising revenues.

Operating Expenses:

	Year Ended December 31,			Increase/(Decrease)	
(In thousands)	2020	2019	2018	2020–2019	2019–2018
Salaries and wages	$ 28,406	$ 28,221	$ 27,916	$ 185	$ 305
Health and welfare	5,002	5,908	5,448	(906)	460
Pensions	8,279	7,535	5,503	744	2,032
Other post employment benefits	5,239	8,325	5,869	(3,086)	2,456
Other fringe benefits	1,962	2,699	3,271	(737)	(572)
Traction and propulsion power	3,601	3,947	4,668	(346)	(721)
Materials and supplies	2,637	2,495	3,072	142	(577)
Insurance	966	1,022	1,057	(56)	(35)
Public liability claims	887	1,486	1,204	(599)	282
Maintenance and other operating contracts	858	931	826	(73)	105
Professional service contracts	1,535	893	962	642	(69)
Environmental remediation	831	(108)	1,973	939	(2,081)
Depreciation	10,831	11,630	12,265	(799)	(635)
Other business expenses	445	236	405	209	(169)
Total operating expenses	$ 71,479	$ 75,220	$ 74,439	$ (3,741)	$ 781

December 31, 2020 versus 2019 — Operating expenses decreased by $3,741,220 or 5.0%. The decrease of $906,505 in health and welfare was mainly due to lower prices/rates as a result of implementing market checks and pricing controls to prevent the overpricing of medications. Pension expenses increased by $734,716 and other postemployment benefits decreased by $3,086,374, based on the most current actuarial valuations. Other fringe benefits decreased by $736,771 due primarily to lower Workers' Compensations' reserve requirements upon the latest actuarial valuation. Public liability claims decreased by $599,660, based on the most current actuarial valuation update, reflecting lower claims activity due to reduced risk of much lower ridership in 2020. Professional service contract increased by $641,672 due to station cleaning and disinfection related to COVID-19 pandemic response measures. Environmental remediation expenses increased by $939,111 due to higher than estimated pollution remediation work associated with the St. George Interlocking, New Dorp and Prince's Bay Station capital projects. Depreciation expense decreased by $798,782 mainly due to the impact of no depreciation expense activity in 2020 for major capital projects that were fully depreciated during 2019.

December 31, 2019 versus 2018 — Operating expenses increased by $781,599 or 1.0%. The increase of $304,965 in salaries and wages was mainly due to an increase in the retroactive wage accrual for the UTU settlement. Health and welfare increased by $459,706 mostly due to an increase in rates and premiums. Pension expenses and other postemployment benefits increased by $2,032,178 and $2,456,068, respectively, based on the most current actuarial valuations. Other fringe benefits decreased by $571,637 due primarily to lower Workers' Compensation reserve requirements upon the latest actuarial valuation. Traction and propulsion power decreased by $720,924 due to lower prices and consumption. Materials and supplies expense decreased by $576,294 due primarily to timing of implementing new project initiatives. Environmental remediation expenses decreased by $2,081,831 due to lower than estimated pollution remediation work associated with the St. George Interlocking capital project. Depreciation expense decreased by $643,857 mainly due to major capital project related to repair of bridges and culvert reaching full depreciated in 2019.

Nonoperating Revenues and Expenses:

Nonoperating revenues include various forms of State, The City, MTA subsidies and operating assistance. These subsidies are subject to annual appropriations by governmental units and periodic approval of the tax subsidies. The City and MTA subsidies are provided primarily to fund the operating deficit of SIRTOA.

NYC operating recovery subsidy decreased compared to prior year as the actual 2019 operating deficit, invoiced in 2020, was less than the estimate reported in the year-ended December 31, 2019.

In 2020, nonoperating revenues also included operating assistance from the Federal government in response to the economic fallout of the COVID-19 pandemic known as the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). More detailed information about the CARES Act is presented in Note 11 to the financial statements.

Operating assistance subsidies from New York State and The City decreased compared to 2019 due to the COVID-19 pandemic resulting in lower levels of tax supported subsidies.

Capital contributions from the MTA of $154,747,184 in 2020 and $105,438,904 in 2019 represent capital program funding from several sources including bonds, Federal, State and City funding.

Changes in Net Position

The change in net position represents the net total of capital contributions, operating losses and nonoperating income. Net position increased by $143,478,719 in 2020 and increased by $97,830,568 in 2019. The change in net position for both years was due to capital contributions from the MTA and nonoperating income less operating losses.

Budget Highlights — Operating revenue in 2020 of $3.478 million (excluding CARES Act Recovery receipts of $23.295 million), was below budget by $5.659 million, or 62%. Farebox revenue of $2.343 million, underran the budget by $4.326 million, or 65%, reflecting a drastic reduction in ridership due to the impact of the COVID-19 pandemic, including the New York State On PAUSE executive order on travel restrictions. Other operating revenue of $1.135 million, was below budget by $1.333 million, or 54%, due mainly to school fare reimbursement underruns and a shortfall in advertising revenue.

Operating expenses of $71.479 million were below budget by $9.931 million, or 12%. Labor expenses (including GASB 68 & GASB 75 adjustments to pension and OPEB, respectively) of $48.891 million were lower by a net $8.732 million, or 15%. Labor expense favorability was primarily a result of underruns in health & welfare and OPEB expenses of $7.359 million, or 42%, due mostly to the impact of implementing market checks and pricing controls, put in place to prevent overpricing of medications that resulted in lower prices/rates (credits), and vacancies. Reimbursable overhead credits were favorable by $1.846 million, or over 100.0%, due to effective OH rate credits vs budget and reimbursable work requirements. Overtime expenses were below budget by $0.270 million, or 11%, due to reduced service, maintenance activities and tightened management controls. Penson expenses (including GASB 68 adjustments) of $8.279 million, were over budget by $0.641 million or 8%, and provided a partial offset to general favorability of labor expense categories.

Non-labor expenses were under budget by a net $0.861 million, or 7%. Maintenance contract expenses underran by $1.519 million, or 64% due to constraints upon contract work in progress due to COVID-19 restrictions. Electric power underran the budget by $0.548 million, or 14%, due to lower consumption, and Other Business Expense was favorable by $0.285 million, or 39%, due to reduced purchasing. Claims expense of $0.887 million, overran the budget by $0.797 million based on revised actuarial expense booking. Materials and supplies and professional service contracts each were higher than budget by $0.491 million, or 23%, and $0.476 million, or 45%, respectively due to COVID-19 response measures, providing partial offset to net non-labor expense favorability.

OVERALL FINANCIAL POSITION, RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Economic Conditions — Metropolitan New York is the most transit-intensive region in the United States, and a financially sound and reliable transportation system is critical to the region's economic well-being. Staten Island Rapid Transit Operating Authority (SIRTOA) consists of the commuter rail service in Staten Island.

Preliminary SIRTOA system-wide utilization in 2020 of 1.426 million trips decreased by a net 2.875 million trips, or 67% relative to 2019, reflecting the drastic reduction in all system-wide ridership in 2020 due to the impact of the COVID-19 pandemic including the New York State On PAUSE executive order on travel restrictions.

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was lower in 2020 than in 2019 by 615.3 thousand jobs (13.1%). On a quarter-to-quarter basis, New York City employment gained 60.9 thousand jobs (1.5%), the second consecutive quarterly increase after the increase of 209.9 thousand jobs (5.5%) during the third quarter, which preceded the steep decline of 888.8 thousand jobs (19.0%) during the second quarter of 2020.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 4.3% in the fourth quarter of 2020, according to the most recent advance estimate released by the Bureau of Economic Analysis; in the third quarter, the revised RGDP increased 33.4 percent. The increase in fourth quarter GDP reflected increases in exports, residential and nonresidential fixed investment, personal consumption expenditures, and private inventory investment. These increases were partially offset by decreases in state and local government spending, as well as in federal government spending due to fewer fees paid to administer Paycheck Protection Program loans. Imports, which are a subtraction in the calculation of GDP, increased. The increase in personal consumer expenditures reflected increases in services, led by health care. The increase in exports primarily reflected an increase in goods led by industrial supplies and materials. The increase in residential fixed investment primarily reflected an increase in single family units. The increase in nonresidential fixed investment primarily reflected an increase in equipment, led by transportation equipment. The increase in private inventory investment primarily reflected an increase in manufacturing of both durable and non-durable goods.

The New York City metropolitan area's price inflation, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was higher than the national average in the fourth quarter of 2020, with the metropolitan area index increasing 1.58% while the national index increased 1.24%, when compared with the fourth quarter of 2019. Regional prices for energy products declined 6.79%, while the national price of energy products declined 8.54%. In the metropolitan area, the CPI-U exclusive of energy products increased by 2.05%, while nationally, inflation exclusive of energy products increased 1.95%. The spot price for New York Harbor conventional gasoline decreased even further, by 27.4%, from an average price of $1.72 per gallon to an average price of $1.25 per gallon between the fourth quarters of 2019 and 2020.

The Federal Open Market Committee ("FOMC") has left unchanged its target for the Federal Funds rate in the 0.00% to 0.25% range since its last rate reduction on March 15, 2020. The Federal Reserve remains committed to using its full range of fiscal tools to support the U.S. economy during the challenging time brought on by the COVID-19 pandemic by continuing to promote its maximum employment and price stability goals. Economic activity and employment have continued to recover but remain well below levels from the first couple of months of 2020, with weaker demand and earlier declines in oil prices having held down consumer price inflation. Overall financial conditions remained accommodative at the end of 2020, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses. The path of the economy depends significantly on the course of the virus as the ongoing public health crisis has continued to weigh on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term. The FOMC seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. With inflation running persistently below this longer run goal, the Committee aims to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over the medium time period and longer-term inflation expectations remain well anchored at 2 percent. The FOMC expects to maintain an accommodative stance of monetary policy until these outcomes are achieved, and expects to maintain this target range until labor market conditions have reached levels consistent with the FOMC's assessments of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time. In addition, over coming months the Federal Reserve will continue to increase its holdings of Treasury securities and agency mortgage-backed securities until substantial progress has been made toward meeting the FOMC's maximum employment and price stability goals. These asset purchases help foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses.

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 expects to receive another $4.0 billion from CRRSAA, although funding has yet to flow to the MTA. Most recently, on March 11, 2021, the American Rescue Plan (ARP) Act of 2021 was signed in law, and MTA expects to receive $6.5 billion in aid from the ARP.

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 Tax ("MRT") and Urban Tax, two important sources of MTA revenue. Real estate transaction activity during 2020 was severely affected by social distancing and the economic disruption caused by the COVID-19 pandemic. Mortgage Recording Tax collections in 2020 were higher than 2019 by $1.0 million (0.2%). Unfavorable change was experienced during the second and third quarters of the year, but average monthly receipts in the fourth quarter were $8.3 million higher than the monthly average for the second and third quarters, and receipts in the fourth quarter of 2020 were $6.3 million (5.3%) higher than receipts from the fourth quarter of 2019. Average monthly receipts in the fourth quarter of 2020 were $25.0 million (39.4%) 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 in 2020—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 $291.4 million (43.6%) lower than 2019 receipts. Receipts in the fourth quarter of 2020 were $15.5 million (23.9%) higher than receipts from the third quarter of 2020, although fourth quarter receipts were $72.5 million (47.4%) lower than receipts in the fourth quarter of 2019, continuing the year-over-year decline experienced throughout 2020. Average monthly receipts in the fourth quarter of 2020 were $42.2 million (57.3%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

Results of Operations and Overall Financial Position — Total revenue from fares and student and elderly reimbursements was $2,971,518 in 2020, a decrease of 65% from 2019. Total ridership was 1.426 million, a decrease of 66.8% from 2019. Total non-reimbursable expenses, including depreciation, pension costs, other post-employment benefits and environmental remediation, were $71,478,998 in 2020, a decrease of 5%.

Going forward, the stability of the Authority's financial position is subject to certain risks, requiring the efficient management of costs, including the establishment of new cost reduction programs, in order to counteract any adverse impacts to revenue streams or cost increases.

SIGNIFICANT CAPITAL ASSET ACTIVITY

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

The Transit Authority's portion of the current MTA Capital Program for 2020–2024, which includes SIRTOA, totals $35.4 billion. As of December 31, 2020, $1.2 billion has been encumbered under the five-year plan, of which approximately $0.2 billion has been expended. Funding for the Capital Program comes from new money bonds, federal grants, bonds supported by the payroll mobility tax applied within the MTA regional district, The City capital funding and other sources.

MTA SIRTOA 2020 commitments include design and construction of new Americans with Disabilities Act (ADA) compliant elevators at New Dorp Station ($28.1 million) and other Station Component work at the same station ($1.6 million). In addition, Track and Switch Rehabilitation project ($14.3 million) for full replacement of 7,187 ft. track that includes new continuous welded rail, cross ties, third rail, ballast and geotextile fabric awarded in 2020.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Going forward, the Authority's February 2020 Financial Plan includes certain risks such as:

- Biennial fare increases approximating inflation
- Achieving efficiencies/consolidations
- 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 and dramatic declines in MTA public transportation system ridership and fare revenues. Although certain restrictions have been subsequently lifted, it is expected that limitations will remain in place for some time.

  - *Ridership Update* – Day-by-day ridership on MTA New York City Transit facilities continues to be below 2019 levels. However, on April 8, 2021, subway ridership surpassed 2 million for the first time since the start of the pandemic. The daily ridership reported as of April 22, 2021, when compared to the pre-pandemic equivalent day in 2019, is down 63 percent on the subways and 45 percent for combined MTA New York City Transit and MTA Bus.

  - *Federal Aid (CARES Act)* – On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 million in additional formula grant allocations to MTA for a CARES Act grant total of approximately $4 billion. As of August 19, 2020, a total of $4.010 billion had been released to MTA for operating assistance that occurred from January 20, 2020 through July 31, 2020. The MTA has exhausted all CARES Act funding received in the first congressional relief package.

  - *Federal Aid (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 expects to receive another $4 billion from CRRSAA. This federal relief is expected to offset operating deficits in 2021, although the funding has yet to flow to the MTA.

  - *Federal Aid (ARP)* – On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (ARP). 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. The MTA expects to receive approximately $6.5 billion in aid from the ARP.

  - *FEMA Reimbursement* – The MTA's November Plan included reimbursement from the Federal Emergency Management Agency (FEMA) for the estimated $293 million in direct COVID-19 related expenses incurred from the start of the pandemic through

September 15, 2020, the cut-off date established by FEMA. FEMA typically reimburses 75% of local claim amounts, with the remaining portion covered by the State; however, with the State experiencing fiscal stress, MTA expects to receive $220 million in 2021, assuming the remaining 25% will not be received.

- *MTA Liquidity Resources* – As of March 1, 2021, MTA has liquidity resources in the approximate amount of $6.775 billion, consisting of a current running cash balance of $885 million, internal available flexible funds totaling $1.313 billion, PMT working capital BANs totaling $2.903 billion and commercial bank lines of credit totaling $1.674 billion (total commercial bank lines of credit are $2.150 billion, of which $476 million have been drawn by MTA).

- *Repayment of Revolving Bank Line of Credit* – To provide liquidity, MTA drew on its line of credit in 2020; the line of credit are expected to be repaid in 2022.

- *Proceeds of MLF Deficit Financing* – On June 4, 2020, New York State designated the MTA as an eligible issuer under the Federal Reserve's Municipal Liquidity Facility (MLF) $500 billion lending program. The Federal Reserve Board established the program facility in late April 2020, under the CARES Act, to enable states and municipalities to borrow from a $500 billion fund to help manage cash flow stresses caused by the coronavirus pandemic. The program allows states and smaller counties to receive three-year loans of up to 20% of their pre-COVID general revenue. The MTA's total capacity under the MLF program was estimated at $3.35 billion. MTA utilized this lending facility in August 2020 to refinance approximately $450 million of maturing Transportation Revenue Bond Anticipation Notes. The terms of the MLF financing are attractive compared with MTA's alternatives in the municipal credit markets. As a result, the MTA borrowed the maximum $2.9 billion as a low interest bridge loan, before the lending window closed at the end of December 31, 2020. The proceeds are currently available to replace lost revenues or increased costs due to the COVID pandemic. The MTA expects to issue long-term bonds in 2023 to repay the MLF loan.

- *Projected COVID-19 Pandemic Budgetary Impacts* – The December Plan, which the MTA Board approved in December 2020, projected cash balances of $29 million in 2021, with deficits of $3.280 billion in 2022, $2.346 billion in 2023 and $2.225 billion in 2024. The December Plan, as with prior financial plans since the onset of the pandemic, reflects the impact and the ensuing effect that the pandemic has had on the MTA region, with focus on the MTA's financial survival as it strives to provide essential regional service. A key conclusion of the forecasts available to MTA management is that the COVID-19 pandemic can be expected to have an extended impact over the entire plan period. The December Plan included, over the December Plan period, $2.9 billion of proceeds from MLF deficit financing, $4.5 billion in federal aid from CRRSAA and proposed expense savings beginning in 2022 from service reductions. MTA is also proposing a permanent wage freeze for all employees, both represented and non-represented, through 2022. This action would save estimated totals of $309 million in 2022, $315 million in 2023 and $322 million 2024. Although the December Plan assumed CRRSAA aid to MTA would be $4.5 billion, MTA is now expecting to receive $500 million less, for a total of $4 billion.

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DRAFT

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2020	2019
CURRENT ASSETS:		
Cash (Note 3)	$ 154,170	$ 152,677
Receivables:		
New York City Department of Education	72,151	871,780
NYC operating recovery	39,446,100	50,205,600
Due from New York City Transit Authority (Note 10)	1,669,975	1,958,641
Due from MTA (Note 10)	53,775	28,178
MTA capital program funds receivable (Note 10)	1,046,145	559,368
Other	727,748	1,015,166
Less allowance for doubtful accounts	-	(3,308)
Net receivables	43,015,894	54,635,425
Materials and supplies — at average cost — net	1,860,668	1,927,281
Prepaid expense and other current assets	880,648	540,375
Total current assets	45,911,380	57,255,758
NONCURRENT ASSETS:		
Capital assets (Note 5):		
Construction work-in progress	327,239,127	173,689,056
Other capital assets, net of accumulated depreciation	247,830,020	257,400,804
Total capital assets, net of accumulated depreciation	575,069,147	431,089,860
Total assets	620,980,527	488,345,618
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pension (Note 6)	28,157,125	19,206,605
Related to OPEB (Note 7)	14,617,668	16,598,079
Total deferred outflows of resources	42,774,793	35,804,684
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 663,755,320	$ 524,150,302

See notes to financial statements.

(Continued)

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	2020	2019
CURRENT LIABILITIES:		
Accounts payable	$ 1,003,414	$ 921,878
Accrued retroactive salaries and wages	5,345,184	3,114,708
Accrued sick and vacation pay	5,104,265	4,687,693
Accrued payroll taxes and related liabilities	1,722,191	766,835
Due to New York City Transit Authority (Note 10)	1,940,946	1,539,872
Due to MTA (Note 4 and 10)	18,721,706	39,008,787
Estimated liability arising from injuries to persons (Note 8)	1,130,878	1,095,293
Pollution remediation projects (Note 9)	345,797	326,385
Total current liabilities	35,314,381	51,461,451
NONCURRENT LIABILITIES:		
Net pension liability (Note 6)	35,737,765	29,304,304
Net OPEB liability (Note 7)	68,704,965	79,905,716
Estimated liability arising from injuries to persons (Note 8)	18,367,021	17,469,003
Pollution remediation projects (Note 9)	1,543,990	1,466,341
Other	538,017	-
Total noncurrent liabilities	124,891,758	128,145,364
Total liabilities	160,206,139	179,606,815
DEFERRED INFLOWS OF RESOURCES:		
Related to pension (Note 6)	3,942,899	1,202,105
Related to OPEB (Note 7)	19,207,933	6,421,752
Total deferred inflows of resources	23,150,832	7,623,857
NET POSITION:		
Investment in capital assets	575,069,147	431,089,860
Unrestricted	(94,670,798)	(94,170,230)
Total net position	480,398,349	336,919,630
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 663,755,320	$ 524,150,302

See notes to financial statements.

(Concluded)

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OPERATING REVENUE:		
Fare revenue	$ 2,343,411	$ 6,661,698
Student fare reimbursement	594,435	1,795,387
Elderly fare reimbursement	33,672	33,672
Other	506,583	875,724
Total operating revenues	3,478,101	9,366,481
OPERATING EXPENSES:		
Salaries and wages	28,405,900	28,220,525
Health and welfare	5,001,523	5,908,028
Pensions	8,278,607	7,534,891
Other post employment benefits	5,239,010	8,325,384
Other fringe benefits	1,962,461	2,699,232
Traction and propulsion power	3,600,837	3,946,733
Materials and supplies	2,637,372	2,495,470
Insurance	966,425	1,021,899
Public liability claims (Note 2)	886,597	1,486,257
Maintenance and other operating expenses	858,422	930,956
Professional service contracts	1,535,080	893,408
Environmental remediation	830,560	(108,551)
Depreciation	10,831,073	11,629,855
Other business expenses	445,131	236,131
Total operating expenses	71,478,998	75,220,218
OPERATING LOSS	(68,000,897)	(65,853,737)
NONOPERATING REVENUE — Operating assistance subsidies:		
New York State tax supported subsidy	3,841,310	4,693,186
New York State — 18B Assistance	456,975	602,954
New York City — 18B Assistance	571,219	602,954
NYC operating recovery subsidy (Note 2)	28,760,500	53,460,200
Federal Transit Administration CARES Act reimbursement (Note 11)	23,294,537	-
Total nonoperating revenues	56,924,541	59,359,294
Other nonoperating (expenses) income — net	(192,109)	(1,113,893)
Total nonoperating income	56,732,432	58,245,401
LOSS BEFORE CAPITAL CONTRIBUTIONS	(11,268,465)	(7,608,336)
CAPITAL CONTRIBUTIONS:		
MTA contributions for capital projects	154,747,184	105,438,904
INCREASE IN NET POSITION	143,478,719	97,830,568
NET POSITION — Beginning of year	336,919,630	239,089,062
NET POSITION — End of year	$ 480,398,349	$ 336,919,630

See notes to financial statements.

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts	$ 4,219,872	$ 9,343,592
Rent and other receipts	506,583	875,724
Payroll and related fringe benefits	(40,123,164)	(44,446,185)
Other operating expenses	(10,278,287)	(10,434,791)
Net cash used in operating activities	(45,674,996)	(44,661,660)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Subsidies received	67,396,236	52,842,032
Net cash provided by noncapital financing activities	67,396,236	52,842,032
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital project costs incurred for capital program	(5,837,861)	(4,697,230)
Interest paid	(200,358)	(1,121,757)
Payments on MTA Transportation bonds issued to fund capital assets	(287,061)	(688,312)
Reimbursement of capital project costs from MTA	4,800,111	4,159,113
Net cash used in capital and related financing activities	(1,525,169)	(2,348,186)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in MTA investment pool	(20,195,259)	(5,776,005)
Interest and dividends on investment	681	4,306
Net cash used in investing activities	(20,194,578)	(5,771,699)
NET INCREASE IN CASH	1,493	60,487
CASH — Beginning of year	152,677	92,190
CASH — End of year	$ 154,170	$ 152,677

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES —
MTA contributed capital assets to SIRTOA of $154,747,184 and $105,438,904 in 2020 and 2019, respectively.

See notes to financial statements.

(Continued)

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss before non-operating revenues and contributions	$ (68,000,897)	$ (65,853,737)
Adjustments to reconcile operating loss to net cash used in operating activities — depreciation	10,831,073	11,629,855
Changes in operating assets and liabilities:		
Decrease in receivable from New York City Department of Education	799,629	885,058
(Increase) decrease in receivable from MTA	(25,597)	10,861
Decrease (increase) in due from New York City Transit Authority	576,472	(1,685,579)
Decrease in other receivables	284,110	37,649
Decrease (increase) in materials and supplies inventory	66,613	(348,512)
Increase in other assets	(340,273)	(115,494)
Increase in deferred outflows of resources related to pension	(8,950,520)	(6,295,187)
Decrease (increase) in deferred outflows of resources related to OPEB	1,980,411	(11,042,351)
Increase (decrease) in accounts payable	81,536	(219,706)
Increase in accrued retroactive salaries and wages	2,230,476	1,395,292
Increase in accrued sick & vacation	416,572	609,142
Increase in payroll taxes and related liabilities	955,356	85,895
Increase in net pension liability	6,433,461	9,275,197
(Decrease) increase in due to MTA	(42,896)	99,100
Increase in due to New York City Transit Authority	401,074	1,280,447
(Decrease) increase in net OPEB liability	(11,200,751)	10,476,473
Increase in estimated liabilities arising from personal injuries	933,603	1,883,570
Increase (decrease) in liability for environmental pollution remediation	830,560	(430,613)
Increase (decrease) in deferred inflows of resources related to pension	2,740,794	(2,688,627)
Increase in deferred inflows of resources related to OPEB	12,786,181	6,349,607
Increase in other long term liability	538,017	-
NET CASH USED IN OPERATING ACTIVITIES	$ (45,674,996)	$ (44,661,660)

See notes to financial statements. (Concluded)

1. BASIS OF PRESENTATION

Reporting Entity — The Staten Island Rapid Transit Operating Authority ("SIRTOA" or "Authority") is a public benefit corporation and a component unit of the Metropolitan Transportation Authority ("MTA") organized pursuant to the New York State ("State") Public Authorities Law. SIRTOA is part of the financial reporting group of the MTA and is included in the MTA consolidated financial statements. The MTA is a component unit of the State and is included in the State of New York's Comprehensive Annual Financial Report as a public benefit corporation.

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

SIRTOA operates and maintains the commuter rail service in Staten Island pursuant to an arrangement pending renewal of its Lease and Operating Agreement (Operating Agreement) with New York City ("The City"). The Operating Agreement provides that SIRTOA establishes fares required to make operations self-sustaining (as defined in the Operating Agreement), and pays its operating expenses and The City pays SIRTOA's capital costs and operating deficits. The City has the option to terminate the Operating Agreement at any time.

SIRTOA requires and will continue to require substantial subsidies from various governmental sources in order to maintain its operations in the future. SIRTOA estimates that current fare levels and anticipated operating subsidy levels will provide sufficient revenue to meet operating expenses. Subsidies required for future years are presently being determined. If the funds made available to SIRTOA are not sufficient to meet its needs, SIRTOA must raise fares, curtail its services and operations or defer certain other expenditures (but not maintenance) in order to continue operating within the limits of the funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — 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.

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

New Accounting Standards — SIRTOA adopted the following GASB Statements for the year ended December 31, 2020:

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of GASB Statement No. 89 are effective for reporting periods beginning after December 31, 2021. Earlier application is encouraged. Effective January 1, 2020, SIRTOA early implemented the provisions of GASB Statement No. 89. As a result of the implementation of this Statement, all interest incurred during the period ended December 31, 2020 is reported as an expense in the Statement of Revenues, Expenses and Changes in Net Position.

GASB Statement No.97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, seeks to improve consistency and comparability related to fiduciary component unit reporting in circumstances where the potential component unit does not have a governing board and the primary government performs such duties. GASB Statement No. 97 also seeks to mitigate reporting costs for certain defined-contributions, OPEB and other employee benefit plans as fiduciary component units and to enhance the relevance, consistency and comparability of Internal Revenue Code (IRC) Section 457 deferred compensation plans. Paragraph 4 “Absence of a Governing Board in Determining Accountability” and paragraph 5 “Applicability of the Financial Burden Criterion in Paragraph 7 of Statement 84” of GASB Statement No. 97 related to Component Unit Criteria are effective immediately. The requirements of GASB Statement No. 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. The adoption of this Statement did not have a material impact to SIRTOA’s financial statements.

Accounting Standards Issued but Not Yet Adopted - GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of SIRTOA upon implementation. Management has not yet evaluated the effect of implementation of these standards.

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

Capital Assets — SIRTOA is part of the MTA five-year Capital Program (“Capital Program”). The costs of capital assets acquired and transferred to SIRTOA without payment obligation under the MTA Capital Program is reflected in the accompanying financial statements under the captions “Capital Assets” and “Investment in Capital Assets.”

The cost of SIRTOA's City funded in-house track rehabilitation is reflected in the accompanying financial statements under the captions "Capital Assets" and "Investment in Capital Assets."

Capital assets are carried at cost and are depreciated on a straight-line basis over their estimated useful lives of 25 years for shops and yards, stations and signals. Track is depreciated over 30 years while structures and equipment and others are depreciated over 10 years. Vehicles are depreciated over 5 and 10 years, depending on their nature.

Net Position — SIRTOA follows the "business type" activity requirements of GASB Statement No. 34, which requires that resources be classified for accounting and reporting purposes into the following two net position categories:

- *Investment in Capital Assets* — Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- *Unrestricted* — Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by actions of management or the Board of Directors or may be otherwise limited by contractual agreements with outside parties.

Subsidies — SIRTOA receives operating assistance subsidies under various New York State (the "State") and City programs and from the proceeds of certain taxes instituted by the State for the benefit of the New York City Transit Authority and SIRTOA. These subsidies are subject to annual appropriations by the governmental units and periodic approval of the tax subsidies.

SIRTOA's policy is to record one year's operating assistance subsidy in each fiscal year. Such subsidy is recorded as revenue as the funds are made available. The New York City Transit Authority administers all tax-supported subsidies for SIRTOA on a formula amount determined by passenger ridership and vehicle revenue miles. The tax-based subsidies are recognized as revenue based on the amount of tax collections reported by the State, which are allocable to SIRTOA pursuant to this formula. In 2020 and 2019, the MTA provided SIRTOA with budgeted amounts of operating assistance subsidies as required. The MTA did not make the funds available to SIRTOA before they were required to finance its operations.

Pursuant to a letter agreement between The City and MTA, The City has agreed to pay SIRTOA's annual operating deficit, the difference between the actual operating costs and all revenues, including reimbursements, as an annual subsidy to SIRTOA. At December 31, 2020, SIRTOA recorded a NYC operating recovery receivable and subsidy revenue of $39,446,100 and $28,760,500, respectively for the calendar year 2020. In 2020, SIRTOA received $39,520,000 from The City for calendar year 2019 operating deficit. At December 31, 2019, SIRTOA recorded a NYC operating recovery receivable and subsidy revenue of $50,205,600 and $53,460,200, respectively for the calendar year 2019. In 2019, SIRTOA received $47,216,000 from The City for calendar year 2018 operating deficit.

In 2020, SIRTOA received $23,294,537 of operating assistance from the Federal government in response to the economic fallout of the COVID-19 pandemic known as the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). More detailed information about the CARES Act is presented in Note 11 to the financial statements.

In addition to operating and tax supported subsidies, SIRTOA receives expense reimbursement subsidies from The City and the MTA for the costs associated with various capital programs.

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

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

Pollution Remediation Projects — Pollution remediation costs are being expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (see Note 9). An operating expense provision and corresponding liability measured at current value using the expected cash flow method has been recognized for certain pollution remediation obligations, which previously may not have been required to be recognized, have been recognized earlier than in the past or are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations occur when any one of the following obligating events takes place: SIRTOA is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; SIRTOA is named by a regulator as a responsible or potentially responsible party to participate in remediation; SIRTOA voluntarily commences or legally obligates itself to commence remediation efforts; or SIRTOA is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

Public Liability Claims — SIRTOA establishes its liability to employees and to the general public on the basis of independent actuarial estimates of future liability.

Materials and Supplies — Materials and supplies consist of new maintenance parts and supplies, and are recorded at weighted average cost, net of a reserve for obsolescence at December 31, 2020 and 2019 of $596,346 and $514,595, respectively.

Revenue Recognition — Revenues from the sales of farecards are recognized as income as the farecards are used and are reported as operating income.

Operating Expenses — Operating expenses are recognized in the accounting period in which the liability is incurred. All expenses related to operating SIRTOA (e.g., salaries, insurance, depreciation, etc.) are reported as operating expenses.

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

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

Postemployment Benefits Other Than Pensions — Effective for the year ended December 31, 2018, SIRTOA adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus* for the OPEB Plan.

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

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

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

3. CASH

Bank balances are insured up to $250,000 in the aggregate by the Federal Deposit Insurance Corporation ("FDIC") for each bank in which funds are deposited. The difference between the carrying amount and the bank balance for the years ended December 31, 2020 and 2019, is due to deposits in transit offset by any outstanding checks.

At December 31, 2020 and 2019, cash consisted of:

	2020		2019	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits ("FDIC")	$ 154,170	$ 149,788	$ 152,677	$ 158,620
Uninsured deposits	-	-	-	-
	$ 154,170	$ 149,788	$ 152,677	$ 158,620

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

4. MTA INVESTMENT POOL

The MTA, on behalf of SIRTOA, invests funds which are not immediately required for SIRTOA's operations, in securities permitted by the State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury, U.S. Treasury notes, and U.S. Treasury zero coupon bonds. All investments are held by the MTA's agent, in custody accounts, in the name of the MTA. SIRTOA records its position in the Pool based upon a net asset value derived on assets invested in the Pool plus all realized income and losses earned. SIRTOA's earnings from short-term investments were $8,249 and $7,864 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, SIRTOA had a negative investment pool balance of $18,189,817 and $38,385,075, respectively, as funds were used for working capital purposes to offset the timing of the NYC operating recovery subsidy. The $18,189,817 and $38,385,075 were included in the Due to MTA on the Statements of Net Position.

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5. CAPITAL ASSETS

Capital assets at December 31 consisted of the following:

	December 2019	Additions / Reclassifications	Deletions / Reclassifications	December 2020
Capital assets not being depreciated:				
Construction work-in-progress	$ 173,689,056	$ 154,810,360	$ (1,260,289)	$ 327,239,127
Total capital assets not being depreciated	173,689,056	154,810,360	(1,260,289)	327,239,127
Capital assets being depreciated:				
Track	35,254,473	-	-	35,254,473
Structures	78,952,227	434,348	-	79,386,575
Cars	28,772,654	-	-	28,772,654
Shops and yard	23,531,629	-	-	23,531,629
Stations	271,316,434	329,821	-	271,646,255
Signals	9,625,535	-	-	9,625,535
Vehicles	3,514,448	-	-	3,514,448
Equipment and other	14,312,172	496,120	-	14,808,292
Total capital asset being depreciated	465,279,572	1,260,289	-	466,539,861
Less accumulated depreciation:				
Track	(18,895,443)	(1,175,833)	-	(20,071,276)
Structures	(44,868,785)	(1,524,669)	-	(46,393,454)
Cars	(24,175,059)	(316,883)	-	(24,491,942)
Shops and yard	(19,925,205)	(469,225)	-	(20,394,430)
Stations	(78,456,456)	(6,723,449)	-	(85,179,905)
Signals	(6,625,370)	(176,408)	-	(6,801,778)
Vehicles	(2,324,966)	(342,885)	-	(2,667,851)
Equipment and other	(12,607,484)	(101,721)	-	(12,709,205)
Total accumulated depreciation	(207,878,768)	(10,831,073)	-	(218,709,841)
Total capital assets being depreciated — net	257,400,804	(9,570,784)	-	247,830,020
Capital assets — net	$ 431,089,860	$ 145,239,576	$ (1,260,289)	$ 575,069,147

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	December 2018	Additions / Reclassifications	Deletions / Reclassifications	December 2019
Capital assets not being depreciated:				
Construction work-in-progress	$ 79,504,845	$ 106,769,795	$ (12,585,584)	$ 173,689,056
Total capital assets not being depreciated	79,504,845	106,769,795	(12,585,584)	173,689,056
Capital assets being depreciated:				
Track	35,254,473	-	-	35,254,473
Structures	71,715,489	7,236,738	-	78,952,227
Cars	28,772,654	-	-	28,772,654
Shops and yard	23,531,629	-	-	23,531,629
Stations	266,583,527	4,732,907	-	271,316,434
Signals	9,623,688	1,847	-	9,625,535
Vehicles	2,900,356	614,092	-	3,514,448
Equipment and other	14,312,172	-	-	14,312,172
Total capital asset being depreciated	452,693,988	12,585,584	-	465,279,572
Less accumulated depreciation:				
Track	(17,719,611)	(1,175,832)	-	(18,895,443)
Structures	(42,770,201)	(2,098,584)	-	(44,868,785)
Cars	(23,789,535)	(385,524)	-	(24,175,059)
Shops and yard	(19,455,980)	(469,225)	-	(19,925,205)
Stations	(71,615,334)	(6,841,122)	-	(78,456,456)
Signals	(6,447,960)	(177,410)	-	(6,625,370)
Vehicles	(1,921,791)	(403,175)	-	(2,324,966)
Equipment and other	(12,528,502)	(78,982)	-	(12,607,484)
Total accumulated depreciation	(196,248,914)	(11,629,854)	-	(207,878,768)
Total capital assets being depreciated — net	256,445,074	955,730	-	257,400,804
Capital assets — net	$ 335,949,919	$ 107,725,525	$ (12,585,584)	$ 431,089,860

6. EMPLOYEE BENEFITS

Pension Plan — SIRTOA participates in a defined benefit pension plan for their employees, the Metropolitan Transportation Authority Defined Benefit Plan (the “MTA Defined Benefit Plan”). A brief description of the pension plan follows:

Plan Description — The MTA Defined Benefit Pension Plan (the “MTA Plan” or the “Plan”) is a cost sharing, multiple-employer pension plan. The Plan covers certain MTA Long Island Rail Road nonrepresented employees hired after December 31, 1987, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 23, 1983, MTA Police, MTA Long Island Rail Road represented employees hired after December 31, 1987, certain MTA Metro-North Railroad represented employees, MTA Staten Island Railway represented and nonrepresented employees and certain employees of the MTA Bus Company (“MTA Bus”). MTA Long Island Rail Road, MTA Metro-North Railroad, MTA, MTA Staten Island Railway and MTA Bus contribute to the MTA Plan, which offers distinct retirement, disability retirement, and death benefit programs for their covered employees and beneficiaries.

The MTA Defined Benefit Plan is administered by the Board of Managers of Pensions which is comprised of the Chairman of the MTA, MTA Chief Financial Officer, MTA Director of Labor Relations and the agency head of each participating Employer. The MTA Plan may be amended by action of the MTA Board.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the MTA Comptroller, 2 Broadway, 16th Floor, New York, New York, 10004 or at www.mta.info.

Benefits Provided:

Pension Benefits — Retirement benefits are paid from the Plan to covered MTA Staten Island Railway employees as service retirement allowances or early retirement allowances. A participant is eligible for a service retirement allowance upon termination if the participant satisfied both age and service requirement. A participant is eligible for an early retirement allowance upon termination if the participant has attained age fifty-five and completed at least ten years of credited service. Terminated participants with five or more years of credited service who are eligible for a deferred vested benefit are not eligible to receive a service retirement allowance or early retirement allowance. Upon retirement, the member's vested retirement benefit from the Plan will be calculated on the Final Average Salary ("FAS"), defined as the highest average compensation over any three consecutive years.

Death Benefits — In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after ten years of credited service for covered MTA Staten Island Railway employees. The disability retirement allowance for represented covered MTA Staten Island Railway employees is calculated based on the participant's credited service and FAS but not less than ⅓ of FAS. Death benefits are paid to the participant's beneficiary in the event of the death of a covered MTA Staten Island Railway employee after completion of one year of credited service. Moreover, an accidental death benefit is payable for the death of a participant who is a covered MTA Staten Island Railway employee and dies as the result of an on-the-job accidental injury.

Death benefits are paid to the participant's beneficiary in the event of the death of a covered MTA Staten Island Railway employee after completion of one year of credited service. The death benefit payable is calculated based on a multiple of a participant's salary based on years of credited service up to three years and is reduced beginning at age sixty-one. There is also a post-retirement death benefit which, in the 1st year of retirement, is equal to 50% of the pre-retirement death benefit amount, whichever is greater, 25% the 2nd year and 10% of the death benefit payable at age 60 for the 3rd and later years.

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

Contributions and Funding Policy — SIRTOA's contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the Plan are recognized in the period in which the contributions are due. The following summarizes the types of employee contributions made to the Plan. MTA Staten Island Railway employees contribute 3% of salary except for represented employees hired on or after June 1, 2010 who contribute 4%. For the MTA Staten Island Railway employees, contributions are not required after the completion of ten years of credited service.

The actual employer contributions for the year ended December 31, 2020 and 2019 were $8,054,872 and $7,243,508, respectively.

Net Pension Liability — SIRTOA's net pension liability reported at December 31, 2020 was measured as of December 31, 2019. The total pension liability for the Plan was determined as of the actuarial valuation date of January 1, 2019, and rolled forward to the measurement date of December 31, 2019. SIRTOA's net pension liability reported at December 31, 2019 was measured as of December 31, 2018. The total pension liability for the Plan was determined as of the actuarial valuation date of January 1, 2018, and rolled forward to the measurement date of December 31, 2018. The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by the Plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the Plan; and investments are reported at fair value.

Actuarial Assumptions — The total pension liabilities in actuarial valuation dates were determined using the following actuarial assumptions:

Valuation Date:	January 1. 2019	January 1. 2018
Investment Rate of Return	6.50% per annum, net of investment expenses	7.00% per annum, net of investment expenses
Salary Increases	Varies by years of employment, and employee group	Varies by years of employment, and employee group
Inflation	2.25%	2.5%
Cost -of Living Adjustments	60% of inflation assumption or 1.350%, if applicable.	55% of inflation assumption or 1.375%, if applicable.

Mortality — The actuarial assumptions used in the January 1, 2019 and January 1, 2018 valuations for the MTA plans are based on experience of all MTA members reflecting mortality improvements on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee.

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

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

Post-retirement Disabled Lives: RP-2014 Disabled Annuitant mortality table for males and females.

Expected Rate of Return on Investments — The long-term expected rate of return on pension plan investments was 6.50% for the Plan. The rate was determined using a building-block method in which best-estimate ranges of expected future real rates of return ("RROR") (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation of each of the funds and the expected real rate of returns ("RROR") for each of the asset classes are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
US Core Fixed Income	9.00%	1.51%
US Long Bonds	1.00%	2.41%
US Bank / Leveraged Laons	7.00%	2.74%
US Inflation-Indexed Bonds	2.00%	0.71%
US High Yield Bonds	4.00%	3.13%
Emerging Markets Bonds	2.00%	3.36%
US Large Caps	12.00%	4.33%
US Small Caps	6.00%	5.65%
Foreign Developed Equity	12.00%	5.95%
Emerging Markets Equity	5.00%	8.05%
Global REITs	1.00%	5.50%
Private Real Estate Property	4.00%	3.80%
Private Equity	9.00%	9.50%
Commodities	1.00%	2.79%
Hedge Funds — MultiStrategy	16.00%	3.26%
Hedge Funds — Event-Driven	6.00%	3.41%
Hedge Funds — Equity Hedge	3.00%	3.82%
	100.00%	

Assumed Inflation — Mean	2.25%
Assumed Inflation — Standard Deviation	1.65%
Portfolio Arithmetic Mean Return as per Actuary	6.73%
Portfolio Standard Deviation	10.94%
Long Term Expected Rate of Return selected by MTA	6.50%

Discount Rate — As of December 31, 2019 and December 31, 2018, the discount rate used to measure the total pension liability of the MTA Plan was 6.50% and 7.00%, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable and that the employer contributions will be made at the rate determined by the Plan's actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

SIRTOA's Proportion of Net Pension Liability — The following table presents SIRTOA's proportionate share of the net pension liability of the MTA Plan at the measurement date of December 31, 2019 and 2018 and the proportion percentage of the net pension liability of the Plan allocated to SIRTOA:

	December 31, 2019	December 31, 2018
SIRTOA's proportion of the net pension liability	2.07%	2.09%
SIRTOA's proportionate share of the net pension liability	$ 35,737,765	$ 29,304,304

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SIRTOA's proportion of the respective Plan's net pension liability was based on actual required contributions of the participating employer for the fiscal year-end.

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

December 31, 2019			December 31, 2018		
1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
$ 52,817,108	$ 35,737,765	$ 21,355,903	$ 44,861,785	$ 29,304,304	$ 18,565,092

Pension Expense, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pension — For the years ended December 31, 2020 and 2019, SIRTOA recognized pension expense of $8,278,607 and $7,534,891, respectively, related to the Plan.

For the years ended December 31, 2020 and 2019, SIRTOA reported deferred outflows of resources and deferred inflows of resources for the Plan as follows:

	December 31, 2020		December 31, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,666,271	$ 353,118	$ 3,787,046	$ 426,436
Net difference between projected and actual earnings on pension plan investments	-	3,023,705	4,731,476	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,656,410	-	3,275,674	-
Changes in actuarial assumptions	12,779,572	566,076	168,901	775,669
Employer contribution to plan subsequent to the measurement date of net pension liability	8,054,872	-	7,243,508	-
Total	$ 28,157,125	$ 3,942,899	$ 19,206,605	$ 1,202,105

The annual differences between the projected and actual earnings on investments are amortized over a 5-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over an 8.6-year close period beginning the year in which the deferred amount occurs. There were no new annual differences due to changes in actuarial assumptions.

For the years ended December 31, 2020 and 2019, $8,054,872 and $7,243,508, respectively, were reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement dates. The amount of $8,054,872 will be recognized as a reduction of the net pension liability in the year-ended December 31, 2021. Other amounts reported as deferred outflows of resources related to pension at December 31, 2020 will be recognized as pension expense as follows:

Year ending December 31:	
2021	$ 2,088,008
2022	2,150,480
2023	3,091,717
2024	1,049,464
2025	2,339,408
Thereafter	5,440,277
Total	$ 16,159,354

Section 401(k) Plan — SIRTOA's employees may participate in the MTA's deferred compensation plan established in accordance with Internal Revenue Code Section 401(k). The plan was established in 1988 and is currently available to all employees. All amounts of compensation deferred under the plan, and all income attributable to such compensation, are solely the property of the participants. Accordingly, no amounts are reflected in the accompanying financial statements for the 401(k) Plan. SIRTOA is not required to, and did not, make any contributions to the Plan in 2020 or 2019.

7. OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

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

Benefits Provided — The benefits provided by the OPEB Plan include medical, pharmacy, dental, vision, life insurance and a Medicare supplemental plan. The different types of benefits provided vary by employee type (represented employees versus non-represented) and the relevant collective bargaining agreements. Certain benefits are provided upon retirement as defined in the applicable pension plan. The Authority provides benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of SIRTOA are members of the MTA Defined Benefit Plan.

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

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

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

(a) have retired;

(b) be receiving a pension;

(c) have at least 10 years of credited service as a member of the MTA Defined Benefit Plan; and

(d) have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members). A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

Surviving Spouse and Other Dependents —

- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of retired managers and certain non-represented retired employees.
- Represented retired employees must follow the guidelines of their collective bargaining agreements regarding continued health coverage for a surviving spouse or domestic partner and surviving dependents. The surviving spouse coverage continues until spouse is eligible for Medicare for represented employees of MTA Staten Island Railway, retiring on or after:
    - March 2015 for Transportation Communication Union ("TCU"); and
    - December 16, 2015 for United Transportation Union ("UTU") and American Train Dispatchers Association ("ATDA").

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

Contributions — SIRTOA is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the "pay-as-you-go" ("PAYGO") amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the year-ended December 31, 2020 and 2019, SIRTOA paid $1,719,892 and $2,492,326 of PAYGO to the OPEB Plan, respectively. In addition, the OPEB Plan paid

$650,084 in OPEB benefits in 2020. The PAYGO amounts included an implicit rate subsidy adjustment of $146,00 and $250,000 for the years ended December 31, 2020 and 2019, respectively. The implicit rate subsidy adjustment of $146,000 includes an additional adjustment of $115,000, related to 2019, resulting in a net amount of $31,000 for the year-ended December 31, 2020.

During 2012, the MTA funded $250 million into the Trust and an additional $50 million during 2013. There have been no further contributions made to the Trust. The 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 2017 exceeded the current market value of the assets, a depletion date is assumed to occur immediately. Therefore, the discount rate is set equal to the municipal bond index. The MTA elected the Bond Buyer 20-Bond General Obligation Index. As a result, the discount rates as of December 31, 2019 and December 31, 2018, the measurement dates, are 2.74%% and 4.10%, respectively.

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue on the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore are partially subsidized by the active employees. As shown in the following table, for the year ended December 31, 2019 and 2018, the employer made a cash payment for retiree healthcare of $250,000 and $283,000, respectively, as part of the employer's payment for active-employee healthcare benefits. For purposes of GASB Statement No. 75, this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees' underlying age-adjusted, retiree benefit costs.

Blended and Age-adjusted Premium	**2019 Retirees**	**2018 Retirees**
Total blended premiums	$ 2,242,326	$ 2,537,325
Employment payment for retiree healthcare	250,000	283,000
Net Payments	$ 2,492,326	$ 2,820,325

Net OPEB Liability — SIRTOA's proportionate share of the Plan's net OPEB liability reported at December 31, 2020 and 2019 was measured as of the OPEB Plan's fiscal year-end of December 31, 2019 and 2018, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019 and 2017, and rolled forward to December 31, 2019 and 2018, respectively. SIRTOA's proportion of the net OPEB liability was based on a projection of SIRTOA's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. The following table presents the SIRTOA's proportionate share of the net OPEB liability and corresponding proportion percentage at the measurement date:

	December 31, 2019	December 31, 2018
SIRTOA's proportion of the net OPEB liability	0.325 %	0.408 %
SIRTOA's proportionate share of the net OPEB liability	$ 68,704,965	$ 79,905,716

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.

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

Projections of benefits for financial reporting purposes are based on the substantive plan, which refers to the plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees. The projections include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members at that time. SIRTOA may not be obligated to provide the same types or levels of benefits to retirees in the future.

The total OPEB liability was determined by actuarial valuations performed on July 1, 2019 and 2017. Update procedures were used to roll forward the total OPEB liability to December 31, 2019 and 2018, the measurement dates. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

Valuation date	July 1, 2019	July 1, 2017
Measurement date	December 31, 2019	December 31, 2018
Discount rate	2.74%	4.10%
Inflation	2.25%	2.50%
Actuarial cost method	Entry Age Normal	Entry Age Normal
Investment rate of return	5.75%	6.50%

Salary Scale — Salary increases vary by years of service. Rates are shown below for the measurement date December 31, 2019:

Years of Service	Rate of Increase
0 - 1	8.00 %
2	7.00
3	6.50
4	5.50
5	5.00
6	4.90
7	4.80
8	4.70
9	4.60
10	4.50
11	4.25
12	4.00
13	3.75
14	3.50
15+	3.25

Healthcare Cost Trend — The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, healthcare reform provisions including changes due to H.R. 1865 (December 2019), separately for NYSHIP and self-insured benefits administered by SIRTOA. Long-term trend increases are 3.5% for dental and vision benefits and 4.5% for Medicare Part B reimbursements, but no more than projected medical and pharmacy trends. The self-insured trend is applied directly for represented employees.

This valuation reflects updated healthcare-related assumptions, including changes due to H.R. 1865 Further Consolidated Appropriation Act, 2020, which repealed the Cadillac tax on health plans. This change decrease SIRTOA's OPEB liability by $4,015,000 as of the valuation date July 1, 2019 and reporting year-ended December 31, 2020, using a discount rate of 4.10%.

Healthcare Cost Trend Rates — The following lists illustrative rates for the NYSHIP and self-insured trend assumptions for the measurement date December 31, 2019:

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Trend from Year Ending	NYSHIP Trend Pre-65 Trend	NYSHIP Trend Post-65 Trend	Self-Insured Trend Pre-65 Trend	Self-Insured Trend Post-65 Trend
2019 to 2020	6.80 %	5.90 %	6.50 %	5.10 %
2020 to 2021	6.20 %	5.70 %	6.10 %	5.10 %
2021 to 2022	5.70 %	5.40 %	5.60 %	5.10 %
2022 to 2023	5.10 %	5.10 %	5.10 %	5.10 %
2023 to 2024	5.00 %	5.00 %	5.00 %	5.00 %
2022 to 2025	4.90 %	4.90 %	4.90 %	4.90 %
2025 to 2026	4.80 %	4.80 %	4.80 %	4.80 %
2026 to 2027	4.70 %	4.70 %	4.70 %	4.70 %
2027 to 2028	4.60 %	4.60 %	4.60 %	4.60 %
2028 to 2029	4.50 %	4.50 %	4.50 %	4.50 %
2038 to 2039	4.60 %	4.60 %	4.60 %	4.60 %
2048 to 2049	4.80 %	4.80 %	4.80 %	4.80 %
2058 to 2059	4.50 %	4.50 %	4.50 %	4.50 %
2068 to 2069	4.20 %	4.20 %	4.20 %	4.20 %
2078 to 2079	3.80 %	3.80 %	3.80 %	3.80 %
2088 to 2089	3.80 %	3.80 %	3.80 %	3.80 %
2098 to 2099	3.80 %	3.80 %	3.80 %	3.80 %

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date are based on the ultimate rates, which are 3.8% for medical and pharmacy costs.

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

Preretirement — RP-2000 Employee Mortality Table for Males and Females with blue-collar adjustments.

Postretirement Healthy Lives — 95% of the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.

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

Expected Rate of Return on Investments — The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Cash	3.50%	0.04%
US Core Fixed Income	13.00%	1.51%
US Inflation-Indexed Bonds	4.00%	0.71%
Emerging Market Bonds	5.00%	3.36%
Global Equity	42.00%	5.28%
Commodities	3.50%	2.79%
Hedge Funds — MultiStrategy	29.00%	3.26%
	100.00%	
Assumed Inflation — Mean		2.25%
Assumed Inflation — Standard Deviation		1.65%
Portfolio Arithmetic Mean Return as per Actuary		5.92%
Portfolio Standard Deviation		9.27%
Long Term Expected Rate of Return selected by MTA		5.75%

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, 2019 and 2018 of 2.74% and 4.10%, respectively.

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

	December 31, 2019			December 31, 2018		
	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Proportionate share of the net OPEB liability	$ 78,843,209	$ 68,704,965	$ 60,362,753	$ 91,421,053	$ 79,905,716	$ 70,423,568

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

	December 31, 2019			December 31, 2018		
	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
Proportionate share of the the net OPEB liability	$ 58,668,325	$ 68,704,965	$ 81,403,197	$ 68,261,988	$ 79,905,716	$ 94,556,759

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

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB — For the year ended December 31, 2020 and 2019, SIRTOA recognized OPEB expense of $5,239,010 and $8,325,384, respectively, which represents its proportionate share of the Plan's OPEB expense.

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

At December 31, 2020 and 2019, SIROTA reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	December 31, 2020		December 31, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 733,226	$ 46,062	$ 40,515	$ 68,473
Changes in assumptions	2,651,054	4,273,959	2,714,231	6,353,279
Net difference between projected and actual earnings on OPEB plan investments	-	56,643	75,755	-
Changes in proportion and differences between contributions and proportionate share of contributions	9,513,496	14,831,269	11,275,252	-
Employer contributions to the plan subsequent to the measurement of net OPEB liability	1,719,892	-	2,492,326	-
Total	$ 14,617,668	$ 19,207,933	$ 16,598,079	$ 6,421,752

For the year ended December 31, 2020 and 2019, $1,719,892 and $2,492,326, respectively, were reported as deferred outflows of resources related to OPEB resulting from both SIRTOA's contributions subsequent to the measurement date and an implicit rate subsidy adjustment. The amount of $1,719,892 will be recognized as a reduction of the net OPEB liability in the year-ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2020 will be recognized in OPEB expense as follows:

Year ending December 31:	
2021	$ (511,575)
2022	(511,575)
2023	(494,411)
2024	(522,384)
2025	(739,864)
Thereafter	(3,530,348)
Total	$ (6,310,157)

8. RISK MANAGEMENT

SIRTOA is exposed to various risks of loss related to torts; theft of, damage to and destruction of its assets; injuries to persons, including employees; and natural disasters.

There are a number of claims and suits against SIRTOA for injuries to persons. The amounts claimed are significantly higher than the amount which management estimates will ultimately be paid. Although simple claims for minor amounts are frequently settled shortly after they arise, the settlement of more complex and large claims may take years after the claim is asserted.

It is not possible to determine with any certainty the amount for which each claim will ultimately be settled because there are many subjective factors in such determinations and all of the issues may not be known for months or even years after the incident at issue.

SIRTOA is self-insured up to certain per occurrence limits for liability claims arising from injuries to persons, excluding employees. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limit was $2.3 million per occurrence. Claims arising on or after November 1, 2009, but before November 1, 2012 were subject to a $2.6 million limit. Effective November 1, 2012, the retention limit was increased to $3.0 million. Effective October 31, 2015, the retention limit was increased to $3.2 million. Lower limits applied for claims arising prior to November 1, 2006. SIRTOA is self-insured for work-related injuries to employees. The annual cost associated with injuries to persons, other than employees, and damage to third-party property, is reflected in expenses as public liability claims in the accompanying consolidated statements of revenues, expenses and change in net position.

SIRTOA establishes its liabilities to employees and to the general public on the basis of independent actuarial estimates of future liability.

A summary of activity in the estimated liability arising from injuries to persons, including employees, and damage to third-party property, for the year ended December 31, 2020 and 2019, is as follows:

	2020	2019
Balance — beginning of year	$ 18,564,296	$ 16,680,726
Activity during the year:		
Current year claims and changes in estimates	2,085,890	2,936,891
Claims paid	(1,152,287)	(1,053,321)
Balance — end of year	19,497,899	18,564,296
Less current portion	(1,130,878)	(1,095,293)
Long-term liability	$ 18,367,021	$ 17,469,003

First Mutual Transportation Assurance Company (FMTAC), an insurance captive subsidiary of MTA, operates a liability insurance program (ELF) that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limit is $2.3 million for SIRTOA. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limit is $2.6 million for SIRTOA. Effective November 1, 2012, the self-insured retention limits for ELF was increased to $3 million for SIRTOA. Effective October 31, 2015 the self-insured retention limits for ELF was increased to $3.2 million for SIRTOA. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50 million. The retrospective portion contains the same insurance agreements, participant retentions, and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Group entities above their specifically assigned self-insured retention with a limit of $50 million per occurrence with a $50 million annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2020, the balance of the assets in this program was $182.7 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $307.5 million for a total limit of $357.5 million ($307.5 million excess of $50 million). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50 million.

On March 1, 2020, the “nonrevenue fleet” automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for the MTA Group, including SIRTOA. The policy provides $11 million per occurrence limit with a $1 million per occurrence deductible for SIRTOA. FMTAC renewed its deductible buy back policy, where it assumes the liability of the agencies for their deductible.

Property Insurance — Effective May 1, 2020, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2020, FMTAC directly insures property damage claims of the Related Entities in excess of a $25 million per occurrence deductible, subject to an annual $75 million aggregate deductible. The total All Risk program annual limit is $500 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related

Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. In addition to the noted $25 million per occurrence deductible, MTA is self-insured above the deductible for $44.464 million within the overall $500 million per occurrence property program, as follows: $0.685 million (or 1.37%) of the $50 million excess $50 million layer, plus $13.4 million (or 26.8%) of $50 million excess $150 million layer, plus $6.85 million (or 13.7%) of the $50 million excess $200 million layer, plus $17.35 million (or 34.71%) of the $50 million excess $250 million layer and $6.18 million (or 12.36%) of the $50 million excess $300 million layer.

The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

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

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

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

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $215 million. Recovery under the terrorism policy is subject to a deductible of $25 million per occurrence and $75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed $75 million future losses in that policy year are subject to a deductible of $7.5 million. The terrorism coverages expire at midnight on May 1, 2021.

At December 31, 2020, SIRTOA had no outstanding claims requiring FMTAC coverage. At December 31, 2020, FMTAC had $986.4 million of assets to insure current and future claims.

9. CONTINGENCIES

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

Operating Lease — SIRTOA is currently obligated under an operating lease agreement for its main office. The lease expires on January 13, 2023. Future minimum base rent under the lease is $238,222 commencing January 14, 2021, with rent increasing at a rate of 2.5% per annum over the life of the lease.

Years Ending December 31	Operating
2021	$ 238,222
2022	244,178
2023	250,282
Total minimum lease payments	$ 732,682

Total rent expense for the years ended December 31, 2020 and 2019, were $282,164 and $304,629, respectively.

Pollution Remediation — In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, in 2020, SIRTOA recognized $830,560 in pollution remediation expenses. In 2019, SIRTOA recognized a $108,550 decrease in the remediation liability as encumbrances for new remediation work were less than amounts expended on existing projects. The expense provision was measured at its current value utilizing the prescribed expected cash flow method (see Note 2). Pollution remediation obligations are estimates subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. SIRTOA does not expect any recoveries of cost that would have a material effect on the recorded obligations.

A summary of the activity in pollution remediation liability at December 31, 2020 and 2019, were as follows:

	2020	2019
Balance at beginning of year	$ 1,792,726	$ 2,223,339
Activity during the year:		
Change in estimates	830,560	(108,550)
Payments	(733,499)	(322,063)
Balance at end of year	1,889,787	1,792,726
Less current portion	(345,797)	(326,385)
Long-term liability	$ 1,543,990	$ 1,466,341

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

10. RELATED PARTY TRANSACTIONS

SIRTOA receives support services from the MTA in the areas of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, most of which are charged back to SIRTOA through intercompany billings. The MTA also provides funding for SIRTOA's capital investments via MTA debt issuance and federal capital grant pass-throughs. SIRTOA recognizes funds contributed for the purchase of capital assets as contributed capital in the consolidated statements of revenues, expenses, and changes in net position. The MTA also provides short-term loans, as required, to supplement SIRTOA's working capital needs.

SIRTOA has intercompany transactions with New York City Transit Authority related to farecard settlements, service agreements, shared operating contracts and other operating receivables and payables. State and City tax — supported subsidies received by SIRTOA from New York City Transit Authority to support operations are recorded as nonoperating revenues.

The resulting receivables and payables from the above transactions are recorded in Due to/from MTA, MTA capital program funds receivable, and Due to New York City Transit Authority, included in the accompanying consolidated statements of net position.

Related party transactions consist of the following at December 31, 2020 and 2019:

	2020		2019	
	Receivable	(Payable)	Receivable	(Payable)
MTA	$ 1,141,204	$(18,762,990)	$ 644,638	$ (39,065,879)
New York City Transit Authority	1,669,975	(1,940,946)	1,958,641	(1,539,872)
Total MTA and New York City Transit Authority	$ 2,811,179	$(20,703,936)	$ 2,603,279	$ (40,605,751)

11. NOVEL CORONAVIRUS (COVID-19)

On March 12, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in the face of the global spread of the virus. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China and has since spread globally, including to the United States and to New York State. On March 7, 2020, Governor Cuomo declared a Disaster Emergency in the State of New York. On March 13, 2020, President Trump declared a national state of emergency as a result of the COVID-19 pandemic. By order of Governor Cuomo ("New York State on PAUSE"), effective March 22, 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The PAUSE order was lifted on May 15, 2020 for five New York regions that met the requirements to start opening. However, a new order was signed by Governor Cuomo on May 15, 2020 extending the PAUSE to June 13, 2020 for New York City, Long Island and the Hudson Valley. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a sharp decline in the utilization of MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, including SIRTOA.

The Coronavirus Aid, Relief and Economic Security Act, also known as 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 Interim Financial Statements as of and for the Nine-Month Period Ended September 30, 2020 Metropolitan Transportation Authority 98 funding provisions is providing approximately $4 billion to MTA. Funding will be provided at a 100 percent Federal share, with no local match required, and is available to support operating, capital and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders. On May 8, 2020, the FTA approved MTA's initial grant application of $3.9 billion. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 million in additional formula grant allocations to MTA for a CARES Act grant total of $4.009 billion. As of December 31, 2020, a total of $23.3 million has been released to SIRTOA for operating assistance that occurred from January 20, 2020 through July 31, 2020. The MTA, including SIRTOA, has received all CARES Act funding as provided in the first congressional relief package.

12. SUBSEQUENT EVENTS

On March 11, 2021, the American Rescue Plan Act of 2021 ("ARP") was signed into law by President Biden. ARP is a $1.9 trillion economic stimulus bill 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. The MTA expects to receive approximately $6.5 billion in aid from the ARP.

On March 30, 2021, the Federal Highway Administration determined that an Environmental Assessment is the appropriate next step for MTA to implement the Central Business District Tolling Program. This will allow for the final design and construction of the tolling infrastructure to proceed.

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REQUIRED SUPPLEMENTARY INFORMATION

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF SIRTOA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IN THE MTA DEFINED BENEFIT PENSION PLAN AT DECEMBER 31:

(In thousands)

	2019	2018	2017	2016	2015	2014
SIRTOA's proportion of the net pension liability	2.07%	2.09%	2.12%	2.19%	2.15%	2.16%
SIRTOA's proportionate share of the net pension liability	$35,738	$29,304	$20,029	$22,778	$27,605	$22,346
SIRTOA's actual covered-employee payroll	$24,730	$24,343	$23,461	$28,235	$19,779	$18,770
SIRTOA's proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	144.51%	120.38%	85.37%	80.67%	139.57%	119.05%
Plan fiduciary net position as a percentage of the total pension liability	73.48%	73.33%	79.87%	71.82%	70.44%	74.77%

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

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF SIRTOA'S CONTRIBUTIONS TO THE MTA DEFINED BENEFIT PENSION PLAN FOR THE YEARS ENDED DECEMBER 31:

(In thousands)

	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$8,055	$ 7,244	$ 6,930	$6,719	$6,360	$ 5,885	$5,865
Actual Employer Contribution	8,055	7,244	7,876	6,132	5,885	6,165	8,580
Contribution Deficiency (Excess)	-	-	(946)	587	475	(280)	(2,715)
Covered Payroll	25,210	24,730	24,343	23,461	28,235	19,779	18,770
Contribution as a % of Covered Payroll	31.95%	29.29%	32.36%	26.14%	20.84%	31.17%	45.71%

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

Notes to Schedule of SIRTOA's Contributions to Pension Plan:

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

Changes of Benefit Terms
There were no changes of benefit terms in the January 1, 2019 funding valuation.

Changes of Assumptions
There were no changes of benefit assumptions in the January 1, 2019 funding valuation.

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF SIRTOA'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY IN THE MTA OPEB PLAN AT:

(In thousands)

Plan Measurement Date (December 31):	2019	2018	2017
SIRTOA's proportion of the net OPEB liability	0.33%	0.41%	0.34%
SIRTOA's proportionate share of the net OPEB liability	$ 68,705	$ 79,906	$ 69,429
SIRTOA's covered payroll	$ 24,730	$ 24,343	$ 20,061
SIRTOA's proportionate share of the net OPEB liability as a percentage of its covered payroll	277.82%	328.25%	346.09%
Plan fiduciary net position as a percentage of the total OPEB liability	1.93%	1.76%	1.79%

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

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF SIRTOA'S CONTRIBUTIONS TO THE OPEB PLAN AND NOTES TO SCHEDULE OF SIRTOA'S CONTRIBUTION TO THE OPEB PLAN FOR THE YEARS ENDED DECEMBER 31:

(In thousands)

	2020	2019	2018
Actuarially Determined Contribution	n/a	n/a	n/a
Actual Employer Contribution [(1)]	$ 1,720	$ 2,492	$ 2,820
Contribution Deficiency (Excess)	n/a	n/a	n/a
Covered Payroll	25,210	24,730	24,343
Actual Contribution as a Percentage of Covered Payroll	6.82%	10.08%	11.58%

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $31.0 and $250.0 for the years ended December 31, 2020 and 2019, respectively.

Notes to Schedule of SIRTOA's Contribution to the OPEB Plan:

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2019	July 1, 2017
Measurement date	December 31, 2019	December 31, 2018
Discount rate	2.74%	4.10%
Inflation	2.25%	2.50%
Actuarial cost method	Entry Age Normal	Entry Age Normal
Investment rate of return	5.75%	6.50%

Changes of benefit terms: In the July 1, 2019 and 2017 actuarial valuations, there were no changes to the benefit terms.

Changes of assumptions: In the July 1, 2017 actuarial valuation, there was a change in assumptions. The discount rate used to measure liabilities was updated to incorporate GASB 75 guidance and changed to reflect the current municipal bond rate. In the July 1, 2019 actuarial valuation, there were changes in healthcare related assumptions, demographic and economic assumptions.

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

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First Mutual Transportation Assurance Company

(Component Unit of the Metropolitan Transportation Authority)

Financial Statements as of and for the Years Ended December 31, 2020 and 2019, and Independent Auditors' Report

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

TABLE OF CONTENTS

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction—The following is a narrative overview and analysis of the financial activities of the First Mutual Transportation Assurance Company (the "Company" or "FMTAC") for the years ended December 31, 2020 and 2019. This discussion and analysis is intended to serve as an introduction to the Company's financial statements which have the following components: (1) Management's Discussion and Analysis ("MD&A"), (2) Financial Statements and (3) Notes to the Financial Statements.

Management's Discussion and Analysis—This MD&A provides an assessment of how the Company's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Company's overall financial position. It may contain opinions, assumptions or conclusions by the Company's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements.

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

The Statements of Revenues, Expenses and Changes in Net Position show how the Company's net position changed during each year and accounts for all of the revenues and expenses, measures the success of the Company's operations from an accounting perspective over the past year, and can be used to determine how the Company has funded its costs.

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

The Notes to the Financial Statements—The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the financial statements.

FINANCIAL REPORTING ENTITY

On December 5, 1997, the Metropolitan Transportation Authority ("MTA") began its operation of its newly incorporated captive insurance company, FMTAC. FMTAC was created by the MTA to engage in the business of acting as a pure captive insurance company under Section 7005, Article 70 of the Insurance Law and Section 1266 Subdivision 5 of the Public Authorities Law of the State of New York. FMTAC's mission is to continue, develop, and improve the insurance and risk management needs as required by the MTA. The MTA is a component unit of the State of New York.

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CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in the Company's financial position for the years ended December 31, 2020 and 2019. Additionally, examinations of major economic factors that have contributed to these changes are provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are extracted from the Company's financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America.

(In thousands)	2020	2019	2018	2020–2019	2019–2018
ASSETS					
CURRENT ASSETS	$ 287,716	$318,792	$ 434,726	$ (31,076)	$(115,934)
NONCURRENT ASSETS	698,669	652,135	543,601	46,534	108,534
TOTAL ASSETS	$ 986,385	$970,927	$ 978,327	$ 15,458	$ (7,400)

Significant Changes in Assets

December 31, 2020 versus December 31, 2019

Total assets have increased by $15,458 or 1.6 percent, from December 31, 2019 to December 31, 2020. The fluctuation in the total assets of FMTAC was the net result of an increase investments offset by a decrease in premium receivable due from affiliates. Investments increased primarily due to a combination of realized gains reinvested and unrealized gains. The decrease in premiums receivable was due to the receipt of Owner Controlled Insurance Programs ("OCIP") premiums from affiliates.

December 31, 2019 versus December 31, 2018

Total assets have decreased by $7,400 or 0.8 percent, from December 31, 2018 to December 31, 2019. The fluctuation in the total assets of FMTAC was the net result of an increase investments offset by a decrease in premium receivable due from affiliates. Investments increased primarily due to collateral funding of OCIP trust accounts and unrealized gains. The decrease in premiums receivable was due to the receipt of OCIP premiums from affiliates.

(In thousands)	As of December 31, 2020	2019	2018	Increase/(Decrease) 2020–2019	2019–2018
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES	$ 208,537	$ 270,314	$ 321,252	$ (61,777)	$ (50,938)
NONCURRENT LIABILITIES	490,701	481,908	450,929	8,793	30,979
RESTRICTED NET POSITION	287,147	218,705	206,146	68,442	12,559
TOTAL LIABILITIES AND NET POSITION	$ 986,385	$ 970,927	$ 978,327	$ 15,458	$ (7,400)

Significant Changes in Liabilities

December 31, 2020 versus December 31, 2019

Total liabilities from December 31, 2019 to December 31, 2020 have decreased by $52,984 or 7.0 percent. The decrease in liabilities is primarily due to a decrease in unearned premium mainly due to the earning of OCIP premium and partially offset by an increase in ceded premium payable due to the renewal of the MetroCat program.

December 31, 2019 versus December 31, 2018

Total liabilities from December 31, 2018 to December 31, 2019 have decreased by $19,959 or 2.6 percent. The decrease in liabilities is primarily due to a decrease in unearned premium offset by an increase to the actuarial determined loss and loss adjustment expense liability. Loss and loss adjustment expense liability increased primarily due to additional reserves related to the paratransit, OCIP and excess loss programs and partially offset by a decrease in the LIRR stations program.

Significant Changes in Net Position

December 31, 2020 versus December 31, 2019

In 2020, the restricted net position decrease of $68,442 is comprised of operating revenues of $127,024 and non-operating income of $53,729 less operating expenses of 112,311.

December 31, 2019 versus December 31, 2018

In 2019, the restricted net position increase of $12,559 is comprised of operating revenues of $128,623 and non-operating income of $47,106, less operating expenses of $163,170.

Condensed Statements of Revenues, Expenses and Changes in Net Position

(In thousands)	2020	2019	2018	Increase/(Decrease) 2020–2019	Increase/(Decrease) 2019–2018
OPERATING REVENUES	$ 127,024	$128,623	$154,268	$ (1,599)	$(25,645)
OPERATING EXPENSES	112,311	163,170	142,243	(50,859)	20,927
OPERATING INCOME/(LOSS)	14,713	(34,547)	12,025	49,260	(46,572)
NON-OPERATING INCOME / (LOSS)	53,729	47,106	12,576	6,623	34,530
CHANGE IN NET POSITION	68,442	12,559	24,601	55,883	(12,042)
RESTRICTED NET POSITION— Beginning of year	218,705	206,146	181,545	12,559	24,601
RESTRICTED NET POSITION— End of year	$ 287,147	$218,705	$206,146	$ 68,442	$ 12,559

Operating Revenues—The decrease of $1,599 or 1.2 percent, over the 2019 operating revenues is primarily due to a decrease in earned premium from the stations and force programs offset by an increase in earned premium from the OCIP casualty program. Earned premium for OCIP casualty programs are based on completion of the project construction.

The decrease of $25,645 or 16.6 percent, over the 2018 operating revenues is primarily due to a decreased in earned premium from the OCIP casualty programs compared to prior years. Earned premium for OCIP casualty programs are based on completion of the project construction.

Operating Expenses—Operating expenses between 2019 and 2020 decreased by 31.2 percent, or $50,859. The decrease was primarily due to a decrease in loss and loss adjustment expenses primarily with the Paratransit (reduced ridership due to COVID-19) and OCIP programs (some construction projects delayed by COVID-19) and partially offset by an increase in ELF loss and loss adjustment expenses.

Operating expenses between 2018 and 2019 increased by 14.7 percent, or $20,927. The increase was primarily due to an increase in loss and loss adjustment expenses primarily with the OCIP program.

Non-operating Income—Non-operating income between 2019 and 2020 increased by 14.1 percent, or $6,623. This is a result of an increase in income primarily from realized gains and interest on investments held by FMTAC.

Non-operating income between 2018 and 2019 increased by 274.6 percent, or $34,530. This is a result of an increase in income primarily from net unrealized gains on investments held by FMTAC.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Results of Operations—Operating as a pure captive insurance company domiciled in the State of New York requires that all business plans and changes to said plans be reviewed and approved by the New York Insurance Department. As of December 31, 2020, all programs administered by FMTAC have been reviewed and approved.

As of December 31, 2020 and 2019, FMTAC received its annual loss reserve certification. The actuary determined that reserves recorded by FMTAC were adequate and no adjustments were deemed necessary.

U.S. Insurance Market—Despite pandemic related losses and economic shutdown in the US, the US Industry posted a combined ratio of 99.3% in 2020.A.M. Best estimates. The US industry had net catastrophe losses of $66 billion in 2020, a significant increase from 2019. Best expects net income to rebound to nearly $49 billion for 2020 down from $62 billion in 2019. Despite unrealized losses and lower investment income, Policyholders' surplus rose $22 billion to $898 billion.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

MTA Long Island Rail Road—New Hyde Park Collision. On October 8, 2016 while the MTA Long Island Rail Road was conducting track work east of the New Hyde Park Station on track placed out of service, a piece of track equipment derailed fouling live track and was struck by a train carrying passengers, causing the passenger train to derail. The majority of the personal injury claims appear to be soft-tissue, with a few fractures and Post Traumatic Stress Disorder claims. The most seriously injured claimant allegedly sustained two fractured legs, requiring five surgeries to date. The current outstanding reserves are $2.8 million; which is in excess of the Force $11 million policy limits and $6.8 million paid by the ELF program.

MTA Long Island Rail Road—Atlantic Terminal Bumper Block Strike. An incident occurred on January 4, 2017 when an MTA Long Island Rail Road Far Rockaway Line train struck a bumper block in the Atlantic Terminal-Brooklyn Station. At this time, there does not appear to be any catastrophic injuries stemming from this incident with worst injuries seen so far are bone fractures and various trauma to the head/neck. If plaintiffs are successful in their claims against MTA Long Island Rail Road, damages could impact FMTAC and excess layers of insurance. The current outstanding reserves are $8.9 million; which is in excess of the Stations $11 million policy limits and $2.9 million paid by the ELF program.

NYCTA Bicycle Case- On April 10, 2016, the Plaintiff rode his bicycle, through a cordoned off construction site beneath the elevated BMT line on Broadway in Bushwick, Brooklyn. The MTA New York City Transit Authority was replacing rotted cross ties and lowering them into a designated "drop zone." Plaintiff was hit by a discarded tie that was being dropped to the ground per MTA New York City Transit Authority protocols. Plaintiff sustained severe and permanent injuries including paraplegia. A Kings County jury found the MTA New York City Transit Authority 100% liable and returned a $110 million verdict. The Authority has a reasonable chance of persuading the trial court to order a new trial. FMTAC writes an all agency excess liability policy for $50 million per occurrence in- excess of the MTA New York Transit Authority's $11 million self-insured retention. If the case is not settled, litigation is likely to continue for at least 3 years. The FMTAC excess liability policy covering October 31, 2015-October 31, 2016 would be responsible for any settlement up to $40.2 million excess of the Agency retention of $11 million.

Terrorism Risk Insurance Act—Effective November 26, 2002, the Terrorism Risk Insurance Act ("TRIA") was signed in to law. Effective December 22, 2006, TRIA was extended through December 31, 2007. On December 31, 2007, the U.S. Treasury Department issued Interim Guidance Concerning the Terrorism Risk Insurance Program Reauthorization Act of 2007 ("TRIPRA") which has been extended through December 31, 2014. On January 12, 2015, TRIA was extended through December 31, 2020. In December 2019, TRIA was extended through to December 31, 2027. For additional information, please refer to the property section under Note 5.

Background Relating to the Global Coronavirus Pandemic - The coronavirus ("COVID-19") outbreak continues to have an adverse and severe impact on the MTA's financial condition and operating results. On March 12, 2020, the World Health Organization declared the COVD-19 outbreak to be a pandemic in the face of the global spread of the virus. The COVID-19 pandemic has dramatically altered the behavior of businesses and people in a manner that continues to have negative effects on global and local economies. On March 7, 2020 Governor Cuomo declared a Disaster Emergency in the State of New York and on March 13, 2020 President Donald Trump declared a national state of emergency as a result of the COVID-19 pandemic. The State's NY Forward guidelines promulgated in May, 2020 established metrics to implement a staged reopening of the State and progress has been made, particularly with increased availability of vaccines COVID-19 impacts to the Company are as follows:

- Dramatic declines in MTA public transportation system ridership has had a negative impact on the Company's revenue as some premiums are based on ridership, traffic on platforms and percentage of completion of construction projects. The steep fall in ridership volume, as well as the temporary suspension of certain construction projects reflects impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic.
- Three major pieces of federal emergency legislation have provided and will provide a projected cumulative total of $14.5 billion of incremental aid to MTA. Up to this point, there has been no interruption in the MTA paying premiums to the Company.
- Actuarial projections of loss and loss expenses reflect the decline in ridership and traffic for the Company for the most recent policy period.
- The ultimate extent of the COVID-19 outbreak on the Company's financial position cannot be reasonably estimated at this time.

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FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY

(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019
(In thousands)

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 3)	$ 83,915	$104,175
Investments (Note 4)	135,315	132,490
Funds held by reinsurer (Note 5)	7,614	7,513
Premiums receivable due from affiliates (Note 7)	53,577	70,833
Interest income receivable (Note 4)	3,739	3,779
Reinsurance receivable	1,660	-
Intercompany receivable	1,893	-
Other assets	3	2
Total current assets	287,716	318,792
NONCURRENT ASSETS:		
Investments (Note 4)	688,639	638,935
Premiums receivable due from affiliates (Note 7)	6,143	-
Reinsurance recoverable	3,276	12,601
Owner Controlled Insurance Programs asset	611	599
Total noncurrent assets	698,669	652,135
TOTAL ASSETS	$986,385	$970,927
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Unearned premiums	$133,935	$202,295
Ceded premium payable	5,801	1,508
Reinsurance recoverable - current portion	1,660	-
Loss and loss adjustment expense liability (Note 6)	53,888	53,545
Losses payable	7,212	7,256
Due to affiliates	4,488	4,130
Accrued expenses	1,553	1,580
Total current liabilities	208,537	270,314
NONCURRENT LIABILITIES:		
Loss and loss adjustment expense liability (Note 6)	480,057	469,307
Reinsurance recoverable reserves (Note 6)	3,276	12,601
Ceded premium payable	7,368	-
Total noncurrent liabilities	490,701	481,908
Total liabilities	699,238	752,222
RESTRICTED NET POSITION	287,147	218,705
TOTAL LIABILITIES AND NET POSITION	$986,385	$970,927

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FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands)

	2020	**2019**
OPERATING REVENUES:		
Gross premiums written	$ 124,459	$ 115,852
Premiums ceded	(65,799)	(43,075)
Change in unearned premiums	68,364	55,846
Total operating revenues	127,024	128,623
OPERATING EXPENSES:		
Loss and loss adjustment	103,017	146,434
Underwriting	2,607	7,704
General and administrative	6,687	9,032
Total operating expenses	112,311	163,170
OPERATING INCOME/(LOSS)	14,713	(34,547)
NON-OPERATING INCOME:		
Net investment income	53,729	47,106
Total non-operating income	53,729	47,106
CHANGE IN NET POSITION	68,442	12,559
RESTRICTED NET POSITION—Beginning of year	218,705	206,146
RESTRICTED NET POSITION—End of year	$ 287,147	$ 218,705

See notes to financial statements.

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FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Premiums and other receipts	$ 81,438	$ 144,349
Other operating expenses	(102,938)	(111,862)
Net cash (used)/provided by operating activities	(21,500)	32,487
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(569,267)	(563,500)
Sales and maturities of investments	548,629	501,864
Earnings on investments	21,878	20,855
Net cash provided/(used) by investing activities	1,240	(40,781)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(20,260)	(8,294)
CASH AND CASH EQUIVALENTS—Beginning of year	104,175	112,469
CASH AND CASH EQUIVALENTS—End of year	$ 83,915	$ 104,175
RECONCILIATION OF OPERATING (LOSS)/INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income/(loss)	$ 14,713	$ (34,547)
Adjustments to reconcile to net cash used in operating activities:		
Net decrease in accounts payable, accrued expenses and other liabilities	(52,984)	(19,959)
Net decrease in receivables	16,771	86,993
Net cash (used)/provided by operating activities	$ (21,500)	$ 32,487

See notes to financial statements.

1. BASIS OF PRESENTATION

Reporting Entity—First Mutual Transportation Assurance Company (the "Company"), a component unit of the Metropolitan Transportation Authority ("MTA"), was incorporated under the laws of the State of New York (the "State") as a pure captive insurance company on December 5, 1997, and commenced operations on that date. The Company was established to maximize the flexibility and effectiveness of the MTA's insurance program and is governed by a Board of Directors consisting of members of the MTA. The Company's financial position and results of operations are included in the MTA's Comprehensive Annual Financial Report. The MTA is a component unit of the State of New York and is included in the State of New York's Comprehensive Annual Financial Report of the Comptroller as a public benefit corporation.

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

The New York captive insurance statute requires a $250 minimum unimpaired paid-in-capital and surplus be maintained by a pure captive insurance company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Cash and Cash Equivalents—includes highly liquid investments with a maturity of three months or less when purchased. Cash equivalents are stated at amortized cost, which approximates fair value.

Investments—Investments are recorded on the statement of net position at fair value, which is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. All investment income, including changes in the fair value of investments, is reported as revenue (as either net investment income or unrealized gain (loss) on investments) on the statement of revenues, expenses and changes in net position.

Net Position—Net position is restricted for activities related to the payment of insurance claims.

Operating Revenues

Premiums—Earned premiums are determined over the term of their related policies, which approximates one year, or for certain Owner Controlled Insurance Programs ("OCIP"), as a percent of completed construction costs. Accordingly, an unearned premium liability is established for the portion of premiums written applicable to the unexpired period of policies in force or uncompleted construction projects. The Company does not directly pay premium taxes in accordance with its relationship with New York State.

Operating Expenses

Loss and Loss Adjustment Expenses—Loss and loss adjustment expenses are established for amounts estimated to settle incurred losses on individual cases and estimates for losses incurred but not reported.

Loss and loss adjustment expenses are based on loss estimates for individual claims and actuarial estimates and, therefore, the ultimate liabilities may vary from such estimates. Any adjustments to these estimates, which could be significant, will be reflected in income in the period in which the estimates are changed or payments are made.

Non-Operating Revenues and Expenses—Investment income and unrealized gain (loss) on investments account for FMTAC's non-operating revenues and expenses.

Income Taxes—The Company is not subject to income taxes arising on profits since it is a component unit of the MTA. The MTA and its subsidiaries are exempt from income taxes.

3. CASH AND CASH EQUIVALENTS

At December 31, 2020 and 2019, cash and cash equivalents consisted of (in thousands):

	2020		2019	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured deposits	$ 250	$ 250	$ 250	$ 250
Loss escrows	7,009	7,009	6,829	6,829
Uninsured deposits	76,656	76,656	97,096	97,096
	$ 83,915	$ 83,915	$ 104,175	$ 104,175

The Company is required to set aside funds in escrow accounts that are used to settle claims on behalf of the Company. The account balances of the loss escrow are $7,009 and $6,829 as of December 31, 2020 and 2019, respectively.

All other funds are invested by the Company as described in Note 4.

4. INVESTMENTS

The fair value and cost basis of investments consist of the following at December 31, 2020 and 2019 (in thousands):

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Funds for claim payments	$ 463,241	$ 436,106	$ 407,346	$ 393,437
Security trust funds	360,713	343,363	364,079	356,145
	$ 823,954	$ 779,469	$ 771,425	$ 749,582

All investments are registered and held by the Company or its agent in the Company's name.

The Company makes funds available to claims processors to allow for adequate funding for submitted claims. The funds, in the above table, are invested primarily in fixed income investments such as U.S. Government Bonds. All investments outlined above are restricted per the Statement of Net Position and are to be used to pay claims or pay administration expenses of the Company or as collateral for letter of credit obligations.

All funds of the Company not held as cash and cash equivalents are invested by the Company in accordance with the Company's investment guidelines. Investments may be further limited by individual security trust agreements. The Company's investment policies comply with the New York State Comptroller's guidelines for such policies. Those policies permit investments in fixed income securities that are investment grade or higher and the policy also allows for the investment in equities.

All investments are recorded on the Statements of Net Position at fair value and all investment income, including changes in the fair value of investments, is reported as revenue/(expense) on the Statements of Revenues, Expenses and Changes in Net Position. Fair values have been determined using quoted market values at December 31, 2020 and 2019.

The yield to maturity rate was 0.76% for the year ended December 31, 2020, and 2.02% for the year ended December 31, 2019. For the year ended December 31, 2020, the change in net unrealized gain/loss on investments was an increase of $22,641. For the year ended December 31, 2019, the change in net unrealized gain/loss on investments was an increase of $22,441.

Interest Rate Risk and Investments at Fair Value

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

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the Company's investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Listed below are the recurring fair value measurements as of December 31, 2020 and 2019. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors for those securities.

(In thousands)	2020		2020			
		Duration	Fair Value Measurements			
Investment Type	Fair Value	(years)	Total	Level 1	Level 2	Level 3
Treasury [1]	$ 275,227	3.33	$ 275,227	$ -	$ 275,227	$ -
Agency [2]	138,632	4.99	138,632	-	138,632	-
Asset backed securities	41,146	2.36	41,146	-	41,146	-
Commercial mortgage backed securities	150,710	4.24	150,710	-	150,710	-
Foreign bonds	27,382	7.06	27,382	27,382	-	-
Corporate bonds	194,596	6.12	194,596	194,596	-	-
Total	827,693		827,693	$ 221,978	$ 605,715	$ -
Less accrued interest	(3,739)		(3,739)			
Total investments	$ 823,954		$ 823,954			

Including but not limited to:
(1) U.S. Treasury Notes
(2) Fannie Mae, Freddie Mac, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation

(In thousands)	2019		2019			
		Duration	Fair Value Measurements			
Investment Type	Fair Value	(years)	Total	Level 1	Level 2	Level 3
Treasury [1]	$ 335,057	4.18	$ 335,057	$ -	$ 335,057	$ -
Agency [2]	124,880	5.98	124,880	-	124,880	-
Asset backed securities	45,907	1.95	45,907	-	45,907	-
Commercial mortgage backed securities	110,704	3.85	110,704	-	110,704	-
Foreign bonds	19,166	6.25	19,166	19,166	-	-
Corporate bonds	139,490	4.56	139,490	139,490	-	-
Total	775,204		775,204	$ 158,656	$ 616,548	$ -
Less accrued interest	(3,779)		(3,779)			
Total investments	$ 771,425		$ 771,425			

Including but not limited to:
(1) U.S. Treasury Notes
(2) Fannie Mae, Freddie Mac, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation

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Credit Risk—At December 31, 2020, the following credit quality rating has been assigned by a nationally recognized rating organization (in thousands):

Quality Rating	Fair Value	Percentage of Fixed Income Portfolio
AAA	$ 311,364	37.6
AA	42,024	5.1
A	118,383	14.3
BBB	67,870	8.2
B	601	0.1
Not rated	12,225	1.5
Credit risk debt securities	552,467	66.8
U.S. Government bonds	275,226	33.2
Total fixed income securities	827,693	100 %
Less accrued interest	(3,739)	
Total investments	$ 823,954	

Credit Risk—At December 31, 2019, the following credit quality rating has been assigned by a nationally recognized rating organization (in thousands):

Quality Rating	Fair Value	Percentage of Fixed Income Portfolio
AAA	$ 257,682	33.2
AA	33,246	4.3
A	88,234	11.4
BBB	41,392	5.3
Not rated	19,593	2.5
Credit risk debt securities	440,147	56.7
U.S. Government bonds	335,057	43.2
Total fixed income securities	775,204	100 %
Less accrued interest	(3,779)	
Total investments	$ 771,425	

5. INSURANCE PROGRAMS

Property Program—Effective May 1, 2020, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, FMTAC directly insures property damage claims of the other MTA Group entities in excess of a $25,000 per occurrence deductible, subject to an annual $75,000 aggregate as well as certain exceptions summarized below. The total program is $500,000 per occurrence covering property of the related entities collectively. FMTAC is reinsured in the domestic, Asian, London, European, and Bermuda marketplaces for this coverage. Losses occurring after the annual aggregate is exceeded are subject to a deductible of $7,500 per occurrence. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

FMTAC's property insurance program has been expanded to include a further layer of $100,000 of fully collateralized earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 12, 2020 to April 30, 2023. The expanded protection is reinsured by MetroCat Re Ltd. 2020-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2020-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index.

Terrorism Program—Effective May 1, 2020, FMTAC extended its prior period terrorism program. Commencing May 1, FMTAC directly insures certified terrorism claims of the other MTA Group entities in excess of a $25,000 per occurrence self-insured retention, subject to an annual $75,000 aggregate as well as certain exceptions summarized below. The total program is $1,075,000 per occurrence covering property of the related entities collectively. FMTAC is reinsured in the domestic, London, and European marketplaces for this coverage. Losses occurring after the retention aggregate is exceeded are subject to a deductible of $7,500 per occurrence. The direct and reinsurance policies are effective from May 1, 2016 to May 1, 2021.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of "certified" losses in 2020, as covered by the Terrorism Risk Insurance Act ("TRIA") of 2019 (originally introduced in 2002). Under the 2019 extension, terrorism acts sponsored by both foreign and domestic organizations are covered. The remaining 20% of MTA Group losses arising from an act of terrorism would be covered under the additional terrorism policy described below. Additionally, no federal compensation will be paid unless the aggregate industry insured losses exceed $200,000 ("trigger") for 2020. In December 2019, the United States government's reinsurance of TRIA was extended until December 31, 2027.

To supplement the reinsurance to FMTAC through the 2019 Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") program, FMTAC obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any "certified" act of terrorism in 2020—up to a maximum recovery of $215,000 for any one occurrence and in the annual aggregate, (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the 20% "certified" acts of terrorism insurance in 2020 or (3) 100% of any "certified" terrorism loss which exceeds $5,000 and less than the $200,000 TRIPRA trigger—up to a maximum recovery of $200,000 for any occurrence and in the annual aggregate.

Excess Loss Fund ("ELF")—On October 31, 2003, the Company assumed the existing ELF program on both a retrospective and prospective basis. The retrospective portion contains the same insurance agreements, participant retentions and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. The coverage limit will remain $50,000 per occurrence or the proceeds of the program whichever is less. On a prospective basis, effective October 31, 2003, the Company issued insurance policies indemnifying the MTA, its subsidiaries and affiliates above their specifically assigned Self-Insured Retention with a limit of $50,000 per occurrence with $50,000 annual aggregate. The balance of the ELF, $77,000 was transferred to and invested by the Company in order to secure any claims assumed from the ELF, as well as to capitalize the prospective programs and insure current and future claims. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. Effective October 31, 2020, FMTAC also provides an All-Agency Excess Liability Policy to the MTA and its subsidiaries and affiliates with the limits: i) $65,000 (65%) of $100,000 excess $95,000 and ii) $92,493 (86.04%) of $107,500 excess $195,000 and iii) $100,000 (100%) of $55,000 excess $302,500. The limits are fully reinsured in the domestic, London, European and Bermuda marketplaces. The limits also exclude claims arising from acts of terrorism.

Stations and Force Liability—Effective December 15, 2020, the Company renewed its direct insurance for the first $11,000 per occurrence losses for Long Island Rail Road Company and Metro-North Commuter Railroad Company with no aggregate stop loss protection.

All Agency Protective Liability—The Company issued a policy to cover MTA's All Agency Protective Liability Program ("AAPL"), which is designed to protect the MTA and its agencies against the potential liability arising from independent contractors working on capital and noncapital projects. Effective June 1, 2020, the Company extended the prior year policy which had a net retention to the Company of $2,000. The Company also extended the prior year policy which provided coverage for $9,000 excess of $2,000 per occurrence with an $18,000 annual aggregate.

Paratransit—On March 1, 2020, the MTA renewed its one-year auto liability policy with Travelers (Discover Re). Effective March 1, 2020, the Company renewed, with the MTA, a self-insured retention reimbursement policy for the auto liability on the New York City Transit ("NYCT") Paratransit operations. The Company is responsible for the first $2,000 per occurrence of every claim covered by the MTA/Travelers policy.

Non-Revenue—Effective March 1, 2020, the Company renewed, with the MTA, a deductible reimbursement policy for the auto liability of MTA's non-revenue fleet. The Company is responsible for the first $1,000 per occurrence of every claim, excluding Allocated Loss Adjusted Expenses ("ALAE"). Under a separate reinsurance agreement with Travelers, effective March 1, 2020, the Company assumed 100% of the Allocated Loss Adjusted Expenses.

Owner-Controlled Insurance Programs (OCIP)—The MTA purchases Owner Controlled Insurance Programs under which coverage is provided on a group basis for certain agency projects. The Company provides the collateral required by the OCIP insurers to cover deductible amounts. The Company records in the OCIP liability account the amount of principal paid by the MTA to the program. The interest earned is not recognized in the statements of revenues, expenses, and changes in net position. Rather, the amounts are recorded as Incentive Award Payable as the Company may have to make payments to contractors with favorable loss experience.

OCIP liability consists of the following at December 31, 2020 and 2019 (in thousands):

	2020	2019
NYCT structures lines	$ 532	$ 532
LIRR/MNCR 2000–2004 Capital Improvement Program	(2,462)	(2,461)
NYCT 2000–2004 line structures/shops, yards and depots Capital Improvements Program	(1,825)	(1,690)
NYCT 2000–2004 stations and escalators/elevators Capital Improvements Program	(691)	(647)
LIRR/MNR 2005–2009 Capital Improvement Program	(20)	(21)
CCC Second Ave. Subway	3,855	3,688
OCIP liability	$ (611)	$ (599)

The activity of all funds held by the OCIP reinsurer consists of the following for 2020 and 2019 (in thousands):

	2020	2019
Funds held by OCIP insurers—beginning of year	$ 7,513	$ 14,399
Interest income	113	174
Reimbursement to the Company for Safety and Loss Control		(6,554)
Claims payments	(12)	(506)
Funds held by OCIP reinsurer	$ 7,614	$ 7,513

OCIPs Covering 2000–2004 Capital Program—The Company entered into three agreements with AIG covering portions of the 2000–2004 MTA Capital Program effective October 1, 2000: (1) Long Island Rail Road ("LIRR")/Metro-North Commuter Railroad Company ("MNCR") 2000–2004 capital improvement program; (2) NYCT 2000–2004 lines structures/shops, yards and depots capital improvement program; and (3) NYCT 2000–2004 stations and escalators/elevators capital improvement program. The combined collateral requirements are $86,094, which consist of $10,385 for the LIRR/MNCR OCIP, $52,709 for the NYCT 2000–2004 lines structures/shops, yards and depots capital improvement program and $23,000 for the NYCT 2000–2004 stations and escalators/elevators capital improvement program. The collateral posted by the Company to secure its reimbursement of the insurer's payments is invested by the insurer with interest returning to the Company at a guaranteed annual rate of return. The Company earned $23 and $28 during the years ended December 31, 2020 and 2019, respectively. The interest earned will be used to make the Contractor Safety Incentive program payments to contractors with favorable loss experience. Any monies not used to pay losses or utilized for the Contractor Safety Incentive Program will be returned to the agencies at the end of the OCIPs. In 2020, there were withdrawals from the Company of $0 and claim payments of $178.

OCIP-LIRR/MNCR 2005–2009 Capital Improvement Projects—Effective June 1, 2006, the Company entered into a new OCIP insurance program for LIRR/MNCR for capital projects in the 2005–2009 MTA Capital Program. Like the other programs, the interest income generated from the funds being held will be used to pay Contractor Safety Incentive program payments. The Company has earned $4 and $7 in interest income during the years ended December 31, 2020 and 2019, respectively. There were withdrawals from the company of $0 and $833 during the years ended December 31, 2020 and 2019, respectively.

Second Avenue Subway Project—Effective January 31, 2007, the Company entered into an OCIP program for the $2,500,000 Second Avenue Subway Project. This is a multi-year agreement with AIG covering Workers' Compensation and General Liability for the Third-Party contractors, MTA and all its subsidiaries up to $500,000. This OCIP, like the others, requires the Company to post collateral for all losses related to workers' injuries. In 2020 and 2019, $5,668 and $5,415 has been set aside to cover this exposure, respectively. During 2020 and 2019, the Company earned $86 and $139 in interest with claim payments of $167 and $258 on this OCIP, respectively.

East Side Access Project ("ESA")—Effective April 1, 1999, the Company entered into an OCIP program for the East Side Access Project. It was a multi-year agreement with Liberty Mutual, the insurer, to insure third party contractors and the MTA and all its subsidiaries up to $300,000 for Workers' Compensation and General Liability. The insurer required the Company to hold the collateral and loss funding for the first $500 per occurrence. On April 1, 2016, this coverage was renewed to April 1, 2021. The Company will now hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $1,900 from General Liability.

East Side Access Project – Excess General Liability—Effective August 1, 2018, the company entered into program to insure $10,000 per occurrence and aggregate of General Liability coverage in excess of $2,000 for claims related to the East Side Access Project. The coverage expires on April 1, 2021

NYCT 2005–2009 Capital Improvements Projects—Effective August 1, 2006, the Company entered into a multi-year agreement with Liberty Mutual and the MTA whereby the Company will hold the collateral and loss funding for the first $500 per occurrence resulting from Workers' Compensation and General Liability losses during the NYCT's 2005–2009 Capital Improvement Projects.

MTA 2012–2014 Combined Capital Construction Program—Effective October 1, 2012, the Company entered into a multi-year agreement with ACE American Insurance Company and the MTA whereby the Company will hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $1,500 from General Liability losses during the MTA 2012–2014 Combined Capital Construction Program.

MTA 2015–2019 Combined Capital Construction Program—Effective June 30, 2017, the Company entered into a multi-year agreement with Starr Indemnity & Liability Company and the MTA whereby the Company will hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $1,500 from General Liability losses during the MTA 2015–2019 Combined Capital Construction Program.

MTA LIRR 3rd Track Program—Effective January 1, 2018, the Company entered into a multi-year agreement with Starr Indemnity & Liability Company and the MTA whereby the Company will hold the collateral and loss funding for the first $750 per occurrence resulting from Workers' Compensation and the first $1,500 from General Liability losses until January 1, 2024.

Builder's Risk—Effective October 1, 2001, the Company renegotiated the terms and conditions of the reinsurance coverage it purchased from Zurich for the Builder's Risk Insurance Program ("BR") provided to cover the following 2000–2004 capital program OCIPs:

1. Long Island Rail Road/Metro-North Commuter Railroad Capital Improvement Program;
2. NYCT's Lines Structures/Shops, Yards & Depots Capital Improvement Program, and
3. NYCT's Stations & Elevators Capital Improvement Program

The Company's policy and reinsurance agreements provide the capital projects listed above with limits of $50,000 in the aggregate. In consideration of $950 in net retained premium, the Company issues a deductible reimbursement policy with limits of $75 excess of $25 contractor deductible.

Similar to the above BR program, effective July 31, 2006, the Company entered into a new BR program for the following 2005–2009 capital program OCIPs:

1. Long Island Rail Road/Metro-North Commuter Railroad Capital Improvement Program and
2. NYCT's 2005–2009 Capital Improvement Program

The Company's policy and reinsurance agreements from Zurich provide the capital projects listed above with limits of $50,000 in the aggregate. In consideration of $7,500 in net retained premium, the Company issues a deductible reimbursement policy with limits of $475 excess of $25 contractor deductible.

In 2005, the Company received approval to expand its Builder's Risk Insurance Program to directly insure the MTA and its agencies for property claims while various capital improvement projects are under construction. The policy will cover selected capital improvement projects and was bound June 1, 2005, with limits of $300,000 per occurrence subject to the $100,000 self-insured retention. In consideration of a ceded premium of $12,750, the Company purchased reinsurance for the East Side Access Project from Zurich limiting its exposure to the $100,000 per occurrence self-insured retention. In 2007, this limit was bought down to $50,000 for an additional premium of $5,053. In 2014, this coverage was extended to May 31, 2021, for an additional ceded premium of $18,106. The Company also purchased reinsurance for the Second Avenue Subway Project. In consideration of ceded premium of $13,362, reinsurance covering losses up to $500,000 excess of $50,000 was purchased from Zurich. The reinsurance purchased by the Company will include an aggregate stop loss provision, whereby the Company will limit its total liability to $125,000 in the aggregate.

Similar to the above BR programs, effective November 1, 2012, the Company entered into a new BR program for various MTA 2012–2014 combined capital program OCIPs. The Company issues a BR policy, to the MTA, with limits of $50,000 per occurrence with a $25 contractor deductible. The Company also purchased reinsurance from ACE with limits of $50,000 per occurrence with at $250 deductible.

Effective June 30, 2017, the Company wrote a builders risk deductible reimbursement policy with the MTA for the 2015-2019 Combined Capital Construction Program with limits of $250 per occurrence, $1,000 per occurrence for peril of Flood with a $25 contractor deductible per claim. The policy will expire on June 30, 2023.

On January 1, 2018, the Company wrote a builders risk deductible reimbursement policy with the MTA for the LIRR 3rd Track project with limits of $250 per occurrence with a $25 contractor deductible per claim. The policy will expire on January 1, 2024.

6. LOSS AND LOSS ADJUSTMENT EXPENSES AND REINSURANCE

The following schedule presents changes in the loss and loss adjustment expense liabilities during 2020 and 2019 (in thousands):

	2020	2019
Loss and loss adjustment expenses liability—beginning of year	$ 535,453	$ 493,852
Loss reinsurance recoverable on unpaid losses and loss expenses	(12,601)	(12,174)
Net balance—beginning of year	522,852	481,678
Loss and loss adjustment expenses	103,017	146,434
Payments attributable to insured events of the current year	(90,264)	(105,260)
Net balance—end of year	535,605	522,852
Plus reinsurance recoverable on unpaid losses and loss expenses	3,276	12,601
Loss and loss adjustment expenses liability—end of year	538,881	535,453
Less current portion	55,548	53,545
Long-term liability	$ 483,333	$ 481,908

7. RELATED PARTY TRANSACTIONS

The Company provides insurance coverage for the MTA and its component units. The premium revenue from related parties during the period and receivable for the years ended December 31, 2020 and 2019, was as follows (in thousands):

	2020		2019	
	Receivable	Earned	Receivable	Earned
LIRR	$ 2,077	$ 9,153	$ 10,446	$ 16,859
MNCR	(251)	3,266	3,860	7,454
MTA	57,894	114,605	56,527	104,310
	$ 59,720	$ 127,024	$ 70,833	$ 128,623

Included in General and Administrative expenses for the years ended December 31, 2020 and 2019, respectively, are amounts the MTA charged of $6,094 and $8,289, respectively, to FMTAC for risk management services provided to the Company of which $4,488 and $4,130 remain as a liability at December 31, 2020 and 2019, respectively.

8. NYCTA BICYCLE CASE

On April 10, 2016, the Plaintiff rode his bicycle, through a cordoned off construction site beneath the elevated BMT line on Broadway in Bushwick, Brooklyn. The MTA New York City Transit Authority was replacing rotted cross ties and lowering them into a designated “drop zone.” Plaintiff was hit by a discarded tie that was being dropped to the ground per MTA New York City Transit Authority protocols. Plaintiff sustained severe and permanent injuries including paraplegia. A Kings County jury found the MTA New York City Transit Authority 100% liable and returned a $110 million verdict. The

Authority has a reasonable chance of persuading the trial court to order a new trial. FMTAC writes an all agency excess liability policy for $50 million per occurrence in- excess of the MTA New York Transit Authority's $11 million self-insured retention. If the case is not settled, litigation is likely to continue for at least 3 years. The FMTAC excess liability policy covering October 31, 2015-October 31, 2016 would be responsible for any settlement up to $40.2 million excess of the Agency retention of $11 million.

9. COVID-19 PANDEMIC

The coronavirus outbreak continues to have an adverse and severe impact on the MTA's financial condition and operating results. On March 12, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in the face of the global spread of the virus. The COVID-19 pandemic has dramatically altered the behavior of businesses and people in a manner that continues to have negative effects on global and local economies. On March 7, 2020 Governor Cuomo declared a Disaster Emergency in the State of New York and on March 13, 2020 President Donald Trump declared a national state of emergency as a result of the COVID-19 pandemic. The State's NY Forward guidelines promulgated in May, 2020 established metrics to implement a staged reopening of the State and progress has been made, particularly with increased availability of vaccines. COVID-19 impacts to the Company are as follows:

- Dramatic declines in MTA public transportation system ridership has had a negative impact on the Company's revenue as some premiums are based on ridership, traffic on platforms and percentage of completion of construction projects. The steep fall in ridership volume, as well as the temporary suspension of certain construction projects reflects impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic.
- Three major pieces of federal emergency legislation have provided and will provide a projected cumulative total of $14.5 billion of incremental aid to MTA. Up to this point, there has been no interruption in the MTA paying premiums to the Company.
- Actuarial projections of loss and loss expenses reflect the decline in ridership and traffic for the Company for the most recent policy period.
- The ultimate extent of the COVID-19 outbreak on the Company's financial position cannot be reasonably estimated at this time.

10. SUBSEQUENT EVENTS

FMTAC evaluated subsequent events from January 1, 2021 through May 28, 2021, the date the financial statements were issued. FMTAC concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

* * * * * *

DRAFT

Triborough Bridge and Tunnel Authority

(Component Unit of the Metropolitan Transportation Authority)

Financial Statements as of and for the Years Ended December 31, 2020 and 2019,
Required Supplementary Information, and
Independent Auditors' Report

DRAFT

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

TABLE OF CONTENTS

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction

The following is a narrative overview and analysis of the financial activities of Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels" or "Authority") for the years ended December 31, 2020 and 2019. This discussion and analysis is intended to serve as an introduction to MTA Bridges and Tunnels' financial statements which have the following components: (1) Management's Discussion and Analysis ("MD&A"), (2) Financial Statements (3) Notes to the Financial Statements, and (4) Required Supplemental Information.

Management's Discussion and Analysis

This MD&A provides an assessment of how MTA Bridges and Tunnels' position has improved or deteriorated and identifies the factors that, in management's view, significantly affected MTA Bridges and Tunnels' overall financial position. It may contain opinions, assumptions, or conclusions by MTA Bridges and Tunnels' management that should not be considered a replacement for and must be read in conjunction with the financial statements.

The Financial Statements Include

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

The Statements of Revenues, Expenses and Changes in Net Position show how MTA Bridges and Tunnels' net position changed during each year and accounts for all the current and prior year's revenues and expenses, measure the success of MTA Bridges and Tunnels' operations over the twelve months and can be used to determine how MTA Bridges and Tunnels has funded its costs.

The Statements of Cash Flows provide information about MTA Bridges and Tunnels' cash receipts, cash payments, and net changes in cash resulting from operations, noncapital financing, capital and related financing, and investing activities.

The Notes to the Financial Statements Provide

Information that is essential to understanding the financial statements, such as MTA Bridges and Tunnels' basis of presentation, and significant accounting policies, details of cash and investments, capital assets, employee benefits, long-term debt, lease transactions, future commitments and contingencies, and subsequent events of MTA Bridges and Tunnels.

The notes to the financial statements also describe any other events or developing situations that could materially affect MTA Bridges and Tunnels' financial position.

Required Supplementary Information

The Required Supplementary Information provides information about the changes in the net pension liability and net other postemployment benefits ("OPEB") liability, employer contributions for the OPEB and pension plans, related ratios and actuarial assumptions used to calculate the net pension liability and net OPEB liability.

FINANCIAL REPORTING ENTITY

Triborough Bridge and Tunnel Authority is a public benefit corporation, separate and apart from the State of New York, without any power of taxation. Triborough Bridge and Tunnel Authority is empowered to operate and maintain nine toll bridges and tunnels and the Battery-Parking Garage, all located in New York City. The board members of the Metropolitan Transportation Authority ("MTA") also serve as the Board of Triborough Bridge and Tunnel Authority. Triborough Bridge and Tunnel Authority operates under the name of MTA Bridges and Tunnels and is a component unit of the MTA. The MTA is a component unit of the State of New York.

MTA Bridges and Tunnels' operations and capital costs (debt obligations) for its bridges and tunnels are paid by the revenues it generates from its facilities. MTA Bridges and Tunnels' surplus amounts are used to fund transit and commuter operations and finance capital projects for the transit and commuter systems operated by other affiliates and subsidiaries of the MTA.

CONDENSED FINANCIAL INFORMATION

The following sections will discuss the significant changes in MTA Bridges and Tunnels' financial position for the years ended December 2020 and 2019. Additionally, an examination of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are in conformity with MTA Bridges and Tunnels' financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America.

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(In thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	As of December 31, 2020	2019	2018	Increase/(Decrease) 2020 - 2019	2019 - 2018
Capital Assets - Net	$ 7,250,134	$ 6,660,639	$ 6,366,386	$ 589,495	$ 294,253
Other Assets	1,847,806	1,444,762	1,194,244	403,044	250,518
Deferred Outflows of Resources	565,003	527,388	487,485	37,615	39,903
Total Assets and Deferred Outflows of Resources	$ 9,662,943	$ 8,632,789	$ 8,048,115	$ 1,030,154	$ 584,674

Significant Changes in Assets and Deferred Outflows of Resources:

December 31, 2020 versus 2019:

Total assets and deferred outflows of resources increased by $1,030,154 for the year ended December 31, 2020.

Capital assets, net increased $589,495 for the year ended December 31, 2020. This increase was primarily due to additions to under construction work of $168,859, property road and equipment of $181,942, roadway of $173,153, primary structures of $165,618, open road tolling systems and equipment of $41,030, other of $24,764, buildings of $13,704 and toll equipment of $50. These increases in assets were offset by accumulated depreciation of $179,625. See Capital Asset footnote for further details.

Other assets increased by $403,044 for the year ended December 31, 2020. The increase was primarily due to higher cash of $357,922, mainly due to the internet tax revenue receipts of $253,779 and the mansion tax revenue receipts of $102,905. There were also higher unrestricted invested funds at MTA of $57,977, higher restricted short-term investments of $13,881 and higher accounts receivable of $76,061, mainly from Tolls-By-Mail and E-ZPass violation receivables. These increases were offset by lower unrestricted investments of $11,312 and higher allowance for doubtful accounts of $85,079, mainly attributable to higher toll receivables and toll violations in addition to the percentage used in determining the allowance for doubtful accounts.

There was an increase in deferred outflows of resources of $37,615. This was due to an increase in the deferred outflows related to pension of $10,013 resulting from changes in the proportionate share of the net pension liability of New York City Employees Retirement System. There was also an increase in deferred outflows related to other post-employment benefits of $10,544 mainly due to higher expense and actual experience of $8,274 and an increase in the change in fair market value of derivative instruments of $37,874. These increases were offset by a decrease in the unamortized loss on debt refunding of $20,816.

December 31, 2019 versus 2018:

Total assets and deferred outflows of resources increased by $584,674 for the year ended December 31, 2019.

Capital assets, net increased $294,253 for the year ended December 31, 2019. This increase was primarily due to additions to under construction work of $132,518, property road and equipment of $120,581, roadway of $90,142, primary structures of $72,145, open road tolling systems and equipment of $31,952, and other of $13,826. These increases in assets were offset by decreases in toll equipment and other due to retirement of assets of $206 and $286, respectively, and accumulated depreciation of $166,419. See Capital Asset footnote for further details.

Other assets increased by $250,518 for the year ended December 31, 2019. The increase was primarily due to higher cash of $139,053, mainly due to the internet tax revenue of $85,201 and the mansion tax revenue received in the Central Business Tolling lockbox account of $53,852. There were also higher restricted short-term investments of $124,258 and higher accounts receivable of $56,510, mainly from Tolls-By-Mail and E-ZPass violation receivables and an additional $15,781 of receivables relating to the mansion tax. These increases were offset by higher allowance for doubtful accounts of $69,798.

There was an increase in deferred outflows of resources of $39,903. This was due to an increase in the deferred outflows related to pension of $22,809 resulting from changes in the proportionate share of the net pension liability of New York City Employees Retirement System. There was also an increase in the change in fair market value of derivative instruments of $33,706 and an increase in deferred outflows of resources related to other post-employment benefits of $4,204. The increase was offset by a decrease in the unamortized loss on debt refunding of $20,816.

(In thousands)

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	As of December 31, 2020	2019	2018	Increase/(Decrease) 2020 - 2019	2019 - 2018
Current Liabilities	$ 1,318,083	$ 1,301,315	$ 1,325,463	$ 16,768	$ (24,148)
Noncurrent Liabilities	10,668,094	10,338,112	10,272,175	329,982	65,937
Deferred Inflow of Resources	120,080	109,410	51,681	10,670	57,729
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	$ 12,106,257	$ 11,748,837	$ 11,649,319	$ 357,420	$ 99,518

Significant Changes in Liabilities and Deferred Inflows of Resources:

December 31, 2020 versus 2019:

Total liabilities and deferred inflows of resources increased by $357,420 for the year ended December 31, 2020.

Current liabilities increased by $16,768 for the year ended December 31, 2020. There was an increase in accounts payable and accrued other expenses of $31,410 mainly due to higher contractor's retainage of $15,430 and accrued expenses payable of $7,573. There was also an increase in accrued salaries of $5,944. These increases were partially offset by decreases in unearned tolls revenue of $18,260, which were attributable to decreases in traffic as a result of the COVID-19 pandemic and less replenishment to customer E-ZPass accounts.

Non-current liabilities increased by $329,982 for the year ended December 31, 2020. There was an increase in long-term debt of $249,598, net derivative instrument liabilities of $37,842 and other long-term liabilities of $2,617. See derivative instrument footnotes and debt footnotes for further details. There was also an increase in net pension liability of $29,258 and in post-employment benefits other than pensions of $11,804. These increases were slightly offset by a decrease in estimated liability arising from injuries to persons of $2,034.

There was a net increase in deferred inflows of resources relating to pensions and OPEB of $10,670. This was due to an increase related to OPEB of $30,708 offset by a decrease in the proportionate share of projected and actual earnings on pension plan investments of $20,038.

December 31, 2019 versus 2018:

Total liabilities and deferred inflows of resources increased by $99,518 for the year ended December 31, 2019.

Current liabilities decreased by $24,148 for the year ended December 31, 2019. There was a decrease in accrued salaries of $21,910 due to retro payments and decreases in net payables to MTA of $9,459. These decreases were offset by increases in accounts payable of $7,992 and unearned tolls revenue of $1,073 mainly from unredeemed tolls.

Non-current liabilities increased by $65,937 for the year ended December 31, 2019. There was an increase in net derivative instrument liabilities of $33,699 and long-term debt of $27,066. See derivative instrument footnotes and debt footnotes for further details. There were also increases in net pension liability of $22,578 and estimated liability arising from injuries to persons for $3,964. These increases were offset by a decrease in the liability for other post-employment benefits other than pensions of $22,193.

There was a net increase in deferred inflows of resources relating to pensions and OPEB of $57,729 mainly due to an increase in the change in net OPEB liability of $63,563. This increase was offset by a decrease in proportionate share of projected and actual earnings on pension plan investments of $5,834.

(In thousands)

	As of December 31,			Increase/(Decrease)	
NET POSITION	**2020**	**2019**	**2018**	**2020 - 2019**	**2019 - 2018**
Net investment in capital assets	$ 2,295,343	$ 2,097,087	$ 2,026,021	$ 198,256	$ 71,066
Restricted	747,646	890,638	902,346	(142,992)	(11,708)
Unrestricted	(5,486,303)	(6,103,773)	(6,529,571)	617,470	425,798
Total net position	$ (2,443,314)	$ (3,116,048)	$ (3,601,204)	$ 672,734	$ 485,156

The negative net position has resulted from assets transferred to MTA and NYCTA on prior years' debt financing incurred on their behalf.

Significant Changes in Net Position:

December 31, 2020 versus 2019:

In 2020 the total net position increased by $672,734. This was due to operating income of $1,024,399 plus non-operating revenue of $117,746, less net transfers out of $469,411 (principally operating surplus). There was a change in the prior year restricted and unrestricted investments due to compliance with GASB 54 guidance. The change resulted in $278,296 being reclassed for restricted investments to unrestricted investments. The overall net position for 2019 remains unchanged.

December 31, 2019 versus 2018:

In 2019 the total net position increased by $485,156. This was due to operating income of $1,393,564 less non-operating expenses of $141,634, less net transfers out of $766,774 (principally operating surplus).

Condensed Statements of Revenues, Expenses and Changes in Net Position

(In thousands)	Years Ended December 31, 2020	2019	2018	Increase/(Decrease) 2020 - 2019	2019 - 2018
OPERATING REVENUES	$ 1,660,735	$ 2,094,850	$ 1,999,584	$ (434,115)	$ 95,266
OPERATING EXPENSES	(636,336)	(701,286)	(665,622)	64,950	(35,664)
OPERATING INCOME	1,024,399	1,393,564	1,333,962	(369,165)	59,602
TOTAL NET NONOPERATING REVENUE (EXPENSES):	117,746	(141,634)	(280,481)	259,380	138,847
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,142,145	1,251,930	1,053,481	(109,785)	198,449
TRANSFERS IN - MTA	3,344	12,301	102,396	(8,957)	(90,095)
TRANSFERS OUT	(472,755)	(779,075)	(701,956)	306,320	(77,119)
CHANGES IN NET POSITION	672,734	485,156	453,921	187,578	31,235
NET POSITION - BEGINNING OF YEAR	(3,116,048)	(3,601,204)	(4,042,302)	485,156	441,098
RESTATEMENT OF BEGINNING NET POSITION - GASB 75	-	-	(12,823)	-	12,823
NET POSITION - END OF YEAR	$ (2,443,314)	$ (3,116,048)	$ (3,601,204)	$ 672,734	$ 485,156

Operating Revenues

For the year ended December 31, 2020, the operating revenues decreased by $434,115 as compared to December 31, 2019. Traffic in 2020 was dramatically impacted by COVID-19 as MTA Bridges and Tunnels crossings decreased from a record 329.4 million in 2019 to 253.2 million crossings in 2020, a decrease of 23.1%. See “Overall Financial Position and Results of Operations and Important Economic Conditions” below.

For the year ended December 31, 2019, the operating revenues increased by $95,266 as compared to December 31, 2018. Traffic in 2019 set a record with 329.4 million crossings, surpassing the previous high of 322.3 million crossings from the previous year. See “Overall Financial Position and Results of Operations and Important Economic Conditions” below.

Revenue by Major Source

MTA Bridges and Tunnels tolls accounted for 98.7% and 98.9% of operating revenues in 2020 and 2019, respectively. The remaining revenue primarily represented income from parking fees (net of operating expenses) collected at the Battery Parking Garage and fees collected from E-ZPass customers.

Toll revenues (net of bad debt expense relating to toll collections) were $1,639,753 and $2,071,410 for the years ended December 31, 2020 and December 31, 2019, respectively.

Operating Expenses

Operating expenses, including depreciation, decreased for the year ended December 31, 2020, as compared to the prior year by $64,950. The decrease was primarily due to lower maintenance and other operating contracts of $18,029, lower salaries and wages of $16,749, lower credit card fees of $10,193, lower retirement and other employee benefits of $9,136, lower insurance expense of $9,003, lower professional services of $6,510, and lower post employment benefits other than pensions of $6,361. These decreases were offset by higher depreciation expense of $13,154.

Operating expenses, including depreciation, increased for the year ended December 31, 2019, as compared to the prior year by $35,664. The increase was primarily due to higher retirement and other employee benefits of $11,480, higher depreciation expense of $18,224, higher other business expenses of $5,618, mainly from toll collection processing fees and credit card fees, and insurance expense of $4,345. These increases were offset by lower post-employment benefits other than pensions of $3,078.

Non-operating Revenues (Expenses)

Net non-operating revenue increased by $259,380 for the year ended December 31, 2020. This increase was mainly due to an internet and mansion tax for the Central Business District tolling of $280,939, partially offset by lower interest expense of $16,515, which was a result of discontinuation of capitalized interest upon the adoption of GASB Statement No. 89.

Net non-operating expenses decreased by $138,847 for the year ended December 31, 2019. This decrease was mainly due to an internet and mansion revenue for the Central Business District tolling of $159,048, partially offset by higher interest expense of $24,685.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Economic Conditions/Results of Operations

Two key economic factors that have statistically significant relationships to changes in traffic volumes are regional non-farm employment and inflation (CPI-U). Based on data from the U.S. Bureau of Labor Statistics, regional employment grew on average by 1.5% in 2019 and preliminary reports show average employment contraction of -10.5% in 2020. Inflation was 1.7% for both 2019 and 2020.

Traffic in 2020 was dramatically impacted by COVID-19 as MTA Bridges and Tunnels crossings decreased from a record 329.4 million in 2019 to 253.2 million crossings in 2020, a decrease of 23.1%. At the beginning of the pandemic there was an immediate decline of traffic, with MTA Bridges and Tunnels crossings seeing April 2020 traffic 65% below 2019 levels. Traffic began to rebound in May 2020 and this recovery lasted through October 2020. An increase in COVID cases, coupled with winter weather, helped depress traffic in November 2020 and December 2020; however, traffic levels remained above the revised forecasts in the July 2020 Financial Plan. Toll revenue for the year totaled $1.640 billion, which was $431.7 million, or 20.8% lower than 2019.

Traffic in 2019 reached 329.4 million crossings, which was 2.2% above the total volume in 2018. The increase was primarily due to improvements in the regional economy, relatively favorable winter weather, stable gas prices, and the substantial completion of Sandy restoration work at the Queens Midtown Tunnel and the Hugh L. Carey Tunnel in the fourth quarter of 2018. Toll revenue for the year totaled $2.071 billion, which was $95.7 million, or 4.6% greater than 2018. The additional revenue was due to the higher traffic volume and a toll increase implemented on March 31, 2019.

The E-ZPass electronic toll collection system continued to facilitate management of high traffic volumes. E-ZPass market share decreased slightly in all categories except Commercial Vehicles, which saw a slight increase, on a year-to-year basis from 2019 to 2020. The overall decreases can be attributable to generally lower traffic volumes throughout the pandemic. Traffic began to recover in May 2020 but began to decrease again in the fall of 2020 due to COVID related restrictions being put back in place.

	2020	2019	2018
Total	94.9%	95.1%	94.4%
Average Weekday	95.3%	95.7%	95.1%
Passenger Vehicles	95.2%	95.6%	95.0%
Commercial Vehicles	96.9%	96.6%	95.8%
Average Weekend	93.6%	93.8%	92.8%

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program

MTA Bridge and Tunnels' facilities are all in a state of good repair. MTA Bridge and Tunnels' portion of the MTA's Capital Program for 2020-2024 totals $2,824,076 (*this excludes $503,000 for Central Business District Tolling Program ("CBDTP") discussed below*) for normal replacement and system improvement projects. The commitments made during the fourth quarter 2020 were $24,869 bringing the total commitment under the five-year plan to $53,683.

MTA Bridge and Tunnels' portion of the MTA's Capital Program for 2015-2019 totals $2,936,306 for normal replacement and system improvement projects. The commitments made during the fourth quarter 2020 were $7,955 bringing the total commitment under the five-year plan to $2,513,511. All planned major projects in the 2015-2019 program have been committed. The differential between the total program value and the committed value reflects a combination of good bid savings and project contingency, which are held in reserve.

MTA Bridge and Tunnels' portion of the Capital Program for 2010-2014 totals $2,021,982 for normal replacement and system improvement projects. The commitments made during the fourth quarter 2020 were $25 bringing the total commitment under the five-year plan is $1,964,867.

MTA Bridge and Tunnels' portion of the Capital Program for 2005-2009 totals $1,126,736 for normal replacement and system improvement projects. There were no commitments made during the fourth quarter 2020. The total commitment under the five-year plan is $1,117,975.

Approximately 74% of the projected expenditures in the 2020-2024 Capital Program will be incurred at three facilities: The Robert F. Kennedy Bridge, the Throgs Neck Bridge and the Verrazzano-Narrows Bridge. Other major projects in the 2020-2024 Capital Program include the Dyckman Street Abutment replacement and substation upgrade at the Henry Hudson Bridge, lighting and power redundancy and resiliency improvements at the Bronx-Whitestone Bridge, tower elevator replacement at the Marine Parkway Bridge, rehabilitation of the Queens Midtown and Hugh L. Carey tunnels' ventilation and service buildings, and the rehabilitation/replacement of the agency-wide facility monitoring and safety systems.

Approximately 59% of the projected expenditures in the 2015-2019 Capital Program will be incurred at three facilities: The Robert F. Kennedy Bridge, the Throgs Neck Bridge and the Verrazzano-Narrows Bridge. Other major projects in the 2015-2019 Capital Program include the skewback retrofit and the reconstruction of the upper and lower level toll plaza decks and southbound approach roadway (Phase B) at the Henry Hudson Bridge, the rehabilitation of the Queens Midtown Tunnel controls and communication systems, rehabilitation of the Hugh L. Carey Tunnel ventilation systems, and scour protection, repair and replacement of the pier fender systems at the Cross Bay Bridge.

Approximately 63% of the expenditures in the 2010-2014 Capital Program have been incurred at three facilities: the Robert F. Kennedy Bridge, the Bronx-Whitestone Bridge, and the Verrazzano-Narrows Bridge. Other major projects in the 2010-2014 Plan included the rehabilitation of tunnel walls, roadway drainage, fire lines and ceiling repairs (Phase II) and replacement of electrical switchgear and power distribution equipment at the Brooklyn-Battery Tunnel, upper and lower level toll plazas deck rehabilitation at the Henry Hudson Bridge and a facility-wide electrical upgrade, vent building switchgear and motor control center replacement at the Queens Midtown Tunnel. All original plan projects from the 2010-2014 program have been completed.

Approximately 62% of the expenditures in the 2005-2009 Capital Program have been incurred at four facilities: the Verrazzano-Narrows Bridge, the Robert F. Kennedy Bridge, the Bronx-Whitestone Bridge, and the Throgs Neck Bridge.

MTA Bridge and Tunnels' portion of the MTA's Capital Program for Sandy Restoration and Resiliency totals $764,980 of which $595,959 is for facility restoration and $169,021 is for facility mitigation projects. There were no commitments made during the fourth quarter 2020. The total commitment under these plans is $703,255 to date.

Approximately 92% of the expenditures have been incurred at the Hugh L. Carey and Queens Midtown Tunnels.

On April 11, 2019, legislation was signed into law enabling the Triborough Bridge and Tunnel Authority (TBTA) to implement the nation's first ever CBDTP as part of the Fiscal Year 2020 New York State Budget. The planning, design, construction, operations and maintenance of the CBDTP will primarily be the responsibility of TBTA though it will also require the involvement of various other regional agencies and stakeholders. The CBDTP will reduce congestion and enhance mobility in Manhattan's Central Business District (south of and inclusive of 60th street).

MTA Bridge and Tunnels' Central Business District Tolling Program (CBDTP) totals $503,000, which represents the total capital budget established to support the entire CBDTP. Key components include program and construction management; design, construction, and integration of the toll technology system and infrastructure; development of Customer Service Centre Software and build-out: the Environmental Assessment; and outreach and education. A contract with TransCore was executed on October 31,2019, one month ahead of schedule. TransCore will design, build, operate, and maintain the tolling system. Against the CBDTP program there were $22,156 in commitments made during the fourth quarter 2020. The total commitment under this plan is $336,239 to date.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

On March 12, 2020, the World Health Organization declared the current novel coronavirus ("COVID-19") outbreak to be a pandemic in the face of the global spread of the virus. By order of Governor Cuomo ("New York State on PAUSE"), effective March 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures.

The initial impact of social distancing and Governor Cuomo's PAUSE Executive Order resulted in a severe decline in MTA Bridge and Tunnel crossing traffic and toll revenues. The steep fall in vehicle volume reflects the initial impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic. MTA Bridge and Tunnel reports that system traffic level declined an estimated 65% from April 3, 2020 to May 2, 2020 versus the same period in 2020. Additionally, traffic levels for the period from May 3, 2020 to May 17, 2020 were down 53% year over year, indicating a modest improvement. Traffic rebounded from May through October but remained below 2019 levels. An increase in COVID cases, coupled with winter weather, depressed traffic in November and December.

MTA Bridges and Tunnels Infrastructure Losses from Sandy

Based on preliminary assessments by MTA Bridges and Tunnels staff and independent engineers, the estimated capital cost of repairs, mostly for damage to the tunnels, was $778 million. The estimated cost of repairs was revised by ($182 million) from $778 million to $596 million as of the end of 2020. All resiliency work committed prior to 2019 has been completed and contracts are in place to operate and maintain protection features, such as the flood prevention doors at the tunnels. There is one additional Sandy Resiliency Project that was initiated in 2019 that will be completed in 2022. In addition, there are a few small projects (total value approximately $14 million) to address additional identified resiliency needs planned for construction in the future.

On April 16, 2014, FEMA entered into an agreement with MTA, under the Public Assistance Alternative Procedures Pilot Program, to provide approximately $329 million in FEMA funding for repairs and $74.5 million in FEMA funding for hazard mitigation of the damaged elements of the Hugh L. Carey Tunnel and the Queens Midtown Tunnel. To date, MTA Bridges and Tunnels has applied for an additional $35.7 million from FEMA for restoration and hazard mitigation funding at other facilities, totaling $439.3 million in FEMA funding for all facilities. Accounting for reimbursement from FEMA and insurance proceeds, the net out-of-pocket cost to the MTA for the entire Superstorm Sandy Program will be less than $300M.

As of December 31, 2020, costs associated with the storm included repair and clean-up expenses of $0.131 million which are included in “asset impairment and related expenses” on the Statements of Revenues, Expenses and Changes in Net Position.

Capital Work Accelerations during summer of 2020

Many capital projects were accelerated in 2020 where possible to complete traffic impacting work while traffic volumes were lower than normal, per New York State Executive Order 202.6, under which construction of roads, bridges, and transit facilities is deemed an essential construction activity for continuation during the current COVID-19 restrictions. This resulted in several projects being completed well ahead of schedule in 2020.

Verrazzano-Narrows Bridge Rebate Programs

The projected annualized cost of the 2020-2021 (covering the period April 2020 through March 2021) Verrazzano-Narrows Bridge Rebate Programs is expected to total $21 million. The rebates for Staten Island Residents are estimated to be $15.3 million and the rebates for the Verrazzano-Narrows Bridge Commercial Rebate Program are estimated to be $5.7 million. These programs were funded by the State and MTA, with the State’s contribution provided by appropriations to the MTA. The State’s contribution was $15.3 million ($12.5 million Resident Program and $2.8 million Commercial Program) and the MTA contribution was $7 million ($3.5 million Resident Program and $3.5 million Commercial Program).

The cost of the 2019-2020 (covering the period April 2019 through March 2020) Verrazzano-Narrows Bridge Rebate Programs totaled $26.3 million. The rebates for Staten Island Residents were $19.8 million and the rebates for the Verrazzano-Narrows Bridge Commercial Rebate Program were $6.5 million. These

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programs were funded by the State and MTA, with the State's contribution provided by appropriations to MTA. The State's initial contribution was $13.8 million ($10.3 million Resident Program and $3.5 million Commercial Program) and the MTA contribution was $7 million ($3.5 million Resident Program and $3.5 million Commercial Program). Following the 2019 toll increase, an additional $6 million was provided by the State to MTA to keep the $1.38 rebate for Staten Island Residents with three or more trips per month and the $1.76 rebate for Staten Island Residents with less than three trips per month.

If, as a result of unexpected toll transaction activity, MTA Bridges and Tunnels estimates that such MTA and State funds allocated to the MTA for the 2020-2021 Verrazzano-Narrows Bridge Rebate Programs, net of offsets, will be insufficient to fund the 2020-2021 Verrazzano-Narrows Bridge Commercial Rebate Program for the full Program year, MTA Bridges and Tunnels may reduce the rebate amount under such Program to a percentage that is forecast to be payable in full for the remainder of the Program year with the available funds. However, in the event that such MTA and State funds allocated to MTA for the 2020-2021 Verrazzano-Narrows Bridge Rebate Programs are fully depleted at any time during the 2020-2021 Verrazzano-Narrows Bridge Rebate Programs annual period, the 2020-2021 Verrazzano-Narrows Bridge Rebate Programs will cease and Staten Island residents will be charged the applicable resident discount toll and trucks and other commercial vehicles will be charged the applicable New York Customer Service Center E-ZPass toll for the Verrazzano-Narrows Bridge.

The Verrazzano-Narrows Bridge Rebate Programs will continue into future years provided that (a) MTA's annual period contribution does not exceed $7 million, (b) the MTA Board approves a budget that includes MTA's contribution to such program, and (c) the State provides to MTA funds sufficient for at least half the expenses of each continuing annual period.

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TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2020 AND 2019
($ in thousands)

	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash - unrestricted (Note 3)	$ 507,271	$ 6,081
Cash - restricted (Note 3)	-	143,268
Unrestricted investments (Note 4)	105,293	116,605
Restricted investments (Note 4)	335,821	321,940
Invested funds at MTA—unrestricted (Note 5)	369,405	301,668
Invested funds at MTA—restricted (Note 5)	411,825	425,430
Accrued interest receivable	271	1,715
Accounts receivable	365,423	289,362
Less allowance for doubtful accounts	(268,166)	(183,087)
Due from MTA (Note 19)	2,370	4,185
Prepaid expenses	7,066	6,334
Total current assets	1,836,579	1,433,502
NON-CURRENT ASSETS:		
Restricted investments (Notes 4 and 5)	-	1
Capital assets (Note 6):		
Land and construction work-in-progress	726,072	557,213
Other capital assets (net of accumulated depreciation)	6,524,062	6,103,426
Due from MTA (Note 19)	7,740	7,740
Derivative instrument assets (Note 14)	3,487	3,519
Total non-current assets	7,261,361	6,671,899
TOTAL ASSETS	9,097,940	8,105,401
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pensions (Note 7)	74,322	64,309
Related to other post-employment benefits (Note 8)	75,494	64,950
Accumulated decreases in fair value of derivative instruments (Note 14)	215,376	177,502
Loss on debt refunding	199,811	220,627
Total deferred outflows of resources	565,003	527,388
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 9,662,943	$ 8,632,789

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TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2020 AND 2019
($ in thousands)

	2020	2019
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 195,340	$ 163,930
Accrued expenses:		
Interest	46,403	45,625
Payable to MTA (Note 19)	395,690	370,231
Payable to NYCTA—operating expense (Note 19)	44	58
Accrued salaries	20,665	14,721
Accrued vacation and sick pay benefits	20,807	20,458
Total accrued expenses	483,609	451,093
Current portion—long-term debt (Notes 11 to 13)	312,265	314,990
Current portion—estimated liability from injuries to persons (Note 16)	7,325	7,938
Due to NYCTA—operating surplus (Note 1 and 19)	31,093	42,329
Due to MTA—operating surplus (Note 1 and 19)	51,213	65,537
Unearned tolls revenue (includes $42,602 and $57,176 in 2020 and 2019, respectively, due to other toll agencies)	237,238	255,498
Total current liabilities	1,318,083	1,301,315
NON-CURRENT LIABILITIES:		
Estimated liability arising from injuries to persons (Note 16)	48,583	50,617
Post employment benefits other than pensions (Note 8)	813,359	801,555
Long-term debt (Notes 11 to 13)	9,270,404	9,020,806
Net pension liability (Note 7)	255,543	226,285
Other long-term liabilities	2,617	-
Derivative instrument liabilities (Note 14)	201,846	160,754
Due to MTA—change in fair value of derivative (Note 14 and 19)	17,017	20,267
Obligations under capital leases (Note 15)	58,725	57,828
Total non-current liabilities	10,668,094	10,338,112
TOTAL LIABILITIES	11,986,177	11,639,427
DEFERRED INFLOWS OF RESOURCES:		
Related to pensions (Note 7)	24,953	44,991
Related to other post-employment benefits (Note 8)	95,127	64,419
TOTAL DEFERRED INFLOWS OF RESOURCES	120,080	109,410
NET POSITION:		
Net investment in capital assets	2,295,343	2,097,087
Restricted	747,646	890,638
Unrestricted	(5,486,303)	(6,103,773)
Total net position	(2,443,314)	(3,116,048)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 9,662,943	$ 8,632,789

See notes to financial statements. (Concluded)

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TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
($ in thousands)

	2020	2019
OPERATING REVENUES:		
Bridges and tunnels	$ 1,639,753	$ 2,071,410
Building rentals and fees	19,908	20,997
Other income	1,074	2,443
Total operating revenues	1,660,735	2,094,850
OPERATING EXPENSES:		
Salaries and wages	117,466	134,215
Retirement and other employee benefits	76,963	86,099
Post employment benefits other than pensions	60,117	66,478
Electric power	3,888	3,933
Fuel	1,725	1,709
Insurance	7,097	16,100
Maintenance and other operating contracts	132,359	150,388
Professional service contracts	16,977	23,487
Materials and supplies	2,182	2,679
Depreciation	180,064	166,910
Credit card fees	27,446	37,639
Other	10,028	11,252
Total operating expenses	636,312	700,889
Asset impairment and related expenses—(Note 10)	24	397
OPERATING INCOME	1,024,399	1,393,564
NON-OPERATING REVENUES (EXPENSES):		
Build America Bonds subsidy	8,599	8,360
Interest expense (Note 2)	(329,560)	(313,045)
Interest expense—capital lease obligation	(5,268)	(5,193)
Change in fair value of derivative financial instruments (Note 14)	(3,250)	(3,134)
Change in fair value of derivative—due to MTA	3,250	3,134
CBD internet tax	260,409	85,201
CBD mansion tax	179,578	73,847
Investment income	763	3,689
Other non-operating revenue	3,225	5,507
Total net non-operating revenue (expenses)	117,746	(141,634)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,142,145	1,251,930
TRANSFERS IN—Metropolitan Transportation Authority	3,344	12,301
TRANSFERS OUT (Note 1):		
New York City Transit Authority	(180,671)	(334,064)
Metropolitan Transportation Authority	(292,084)	(445,011)
CHANGE IN NET POSITION	672,734	485,156
NET POSITION—Beginning of year	(3,116,048)	(3,601,204)
NET POSITION—End of year	$ (2,443,314)	$ (3,116,048)

See notes to financial statements.

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TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
($ in thousands)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tolls collected	1,630,836	2,085,827
Building rentals and fees received	20,556	23,369
Payroll and related fringe benefits	(224,179)	(267,637)
Other operating expenses	(182,803)	(256,258)
Net cash provided by operating activities	1,244,410	1,585,301
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Subsidies paid to affiliated agencies	(498,983)	(791,097)
Net cash used in noncapital financing activities	(498,983)	(791,097)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payment for capital assets	(702,179)	(421,380)
Internet and mansion tax	439,987	159,049
Principal payments on Senior, Subordinate, COPS, and BAN	(310,380)	(317,285)
Bond proceeds	749,774	501,804
Bonds refunded	(125,917)	(100,395)
Interest payments	(382,059)	(352,290)
Net cash used in capital and related financing activities	(330,774)	(530,497)

See notes to financial statements.

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TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

(A Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
($ in thousands)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gross sales of short-term securities	$ 5,167,325	$ 4,167,205
Gross purchases of short-term securities	(5,224,056)	(4,291,859)
Net cash used in investing activities	(56,731)	(124,654)
NET INCREASE IN CASH	357,922	139,053
CASH—Beginning of year	149,349	10,296
CASH—End of year	$ 507,271	$ 149,349
RECONCILIATION OF OPERATING INCOME TO NET CASH OPERATING ACTIVITIES:		
Operating income	$ 1,024,399	$ 1,393,564
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	180,064	166,910
On-behalf payments related to rent (Note 15)	(2,169)	(2,240)
GASB 68 pension expense adjustment	(5,245)	(2,641)
GASB 75 OPEB expense adjustment	31,969	37,165
Net increase in receivables	12,278	12,279
Net increase (decrease) in operating payables	14,010	(1,734)
Net increase (decrease) in prepaid expenses	3,720	(3,707)
Net increase (decrease) in accrued salary costs, vacation & insurance	3,645	(15,368)
Net (decrease) increase in unearned revenue	(18,261)	1,074
NET CASH OPERATING ACTIVITIES	$ 1,244,410	$ 1,585,302
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital asset related liabilities	$ 89,868	$ 73,285
Interest expense includes amortization of net (premium)	$ (70,883)	$ (56,077)
Interest expense which was capitalized	$ -	$ 19,824

See notes to financial statements.

(Concluded)

($ in thousands, except as noted)

1. BASIS OF PRESENTATION

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

MTA Bridges and Tunnels operates seven toll bridges, two toll tunnels, and the Battery Parking Garage.

All Authority toll facilities operate E-ZPass in conjunction with a regional electronic toll collection system. MTA Bridges and Tunnels' annual net earnings before depreciation and other adjustments ("operating transfer") are transferred to the New York City Transit Authority ("TA") and the MTA pursuant to provisions of the Act. In addition, MTA Bridges and Tunnels annually transfers its unrestricted investment income to the MTA. The operating transfer and the investment income transfer can be used to fund operating expenses or capital projects. The TA receives $24,000 plus 50% of MTA Bridges and Tunnels' remaining annual operating transfer, as adjusted, to reflect certain debt service transactions and the MTA receives the balance of the operating transfer, as adjusted, to reflect certain debt service transactions, plus the annual unrestricted investment income. Transfers are made during the year. The remaining amount due at December 31, 2020 and 2019, of $82,306 and $107,866, respectively, is recorded as a liability in MTA Bridges and Tunnels' financial statements.

MTA Bridges and Tunnels certified to the City of New York (the "City") and the MTA that its operating transfer and its unrestricted investment income at December 31, 2020 and 2019, were as follows:

	2020	2019
Operating transfer	$ 472,755	$ 779,075
Investment income (excludes unrealized gain or loss)	763	3,689
	$ 473,518	$ 782,764

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

New Accounting Standards Adopted — The MTA Bridges and Tunnels adopted the following GASB Statements for the year ended December 31, 2020:

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of GASB Statement No. 89 are effective for reporting periods beginning after December 31, 2021. Earlier application is encouraged. Effective January 1, 2020, the TBTA early implemented the provisions of GASB Statement No. 89. As a result of the implementation of this Statement, all interest incurred during the year ended December 31, 2020 is reported as an expense in the Statement of Revenues, Expenses and Changes in Net Position.

GASB Statement No.97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, seeks to improve consistency and comparability related to fiduciary component unit reporting in circumstances where the potential component unit does not have a governing board and the primary government performs such duties. GASB Statement No. 97 also seeks to mitigate reporting costs for certain defined-contributions, OPEB and other employee benefit plans as fiduciary component units and to enhance the relevance, consistency, and comparability of Internal Revenue Code (IRC) Section 457 deferred compensation plans. Paragraph 4 "Absence of a Governing Board in Determining Accountability" and paragraph 5 "Applicability of the Financial Burden Criterion in Paragraph 7 of Statement 84" of GASB Statement No. 97 related to Component Unit Criteria are effective immediately. The requirements of GASB Statement No. 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. The adoption of this Statement did not have a material impact to the MTA Bridges and Tunnels financial statement**s.**

Accounting Standards Issued but Not Yet Adopted — GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of the MTA Bridges and Tunnels upon implementation. Management has not yet evaluated the effect of implementation of these standards.

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

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

Operating Revenues — Passenger Revenue and Tolls – Revenue is recognized through the fully cashless toll collection system, comprising of toll collection activity and the Tolls-By-Mail video billing. As of October 1, 2017, all facilities were part of the open road tolling system.

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

Non-operating Revenues — Build America Bonds subsidy – MTA Bridges and Tunnels is receiving cash subsidy payments from the U.S. Treasury equal to 35% of the interest payable on the Series of Bonds issued as "Build America Bonds" and authorized by the Recovery Act. The Internal Revenue Code of 1986 imposes requirements that MTA Bridges and Tunnels must meet and continue to meet after the issuance in order to receive the cash subsidy payments. The interest on these bonds is fully subject to Federal income taxation.

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

Investments — Effective for 2016, the MTA Bridges and Tunnels adopted GASB Statement No. 72, Fair Value Measurement and Application, which addresses accounting and financial reporting issues related to fair value measurements. Under the Statement, investment assets and liabilities are to be measured at fair value, which is described as the "price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants." Fair Value assumes that the transaction will occur in the MTA's Bridges and Tunnels principal (or most advantageous) market. GASB Statement No. 72 requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The MTA Bridges and Tunnels investment policies comply with the New York State Comptroller's guidelines for such operating and capital policies. Those policies permit investments in, among others, obligations of the U.S. Treasury, its agencies and instrumentalities, and repurchase agreements secured by such obligations.

Investments are recorded on the MTA Bridges and Tunnels statement of net position at fair value, except for repurchase agreements, which are recorded at amortized cost. All investment income, including changes in the fair value of investments, is reported as revenue on the MTA Bridges and Tunnels statement of revenues, expenses and changes in net position. Fair values have been determined using quoted market values at December 31, 2020 and December 31, 2019.

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

MTA Investment Pool — The MTA, on behalf of the MTA Bridges and Tunnels, invests funds which are not immediately required for the MTA Bridges and Tunnels' operations in securities permitted by the New York State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes and U.S. Treasury zero-coupon bonds. All investments are held by the MTA's agent in custody accounts in the name of the MTA. The Company has no financial instruments with significant individual or group concentration of credit risk.

Capital Assets — Properties and equipment are carried at cost and are depreciated on a straight-line basis over estimated useful lives. Expenses for maintenance and repairs are charged to operations as incurred. Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA having a minimum useful life of two years and having a cost of more than $25 thousand. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the present value of net minimum lease payments at the inception of the lease. Accumulated depreciation and amortization are reported as reductions of fixed assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, 25 to 100 years for infrastructure, 10 years for open road tolling systems and equipment, and 25 years for open road tolling infrastructure. Capital lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less.

Pollution Remediation Projects — Pollution remediation costs have been expensed in accordance with the provisions of GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations (See Note 13). An operating expense provision and corresponding liability measured at current value using the expected cash flow method has been recognized for certain pollution remediation obligations, which previously may not have been required to be recognized, have been recognized earlier than in the past or are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations occur when any one of the following obligating events takes place: MTA Bridges and Tunnels is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; MTA Bridges and Tunnels is named by a regulator as a responsible or potentially responsible party to participate in remediation; MTA Bridges and Tunnels voluntarily commences or legally obligates itself to commence remediation efforts; or MTA Bridges and Tunnels is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

Compensated Absences — MTA Bridges and Tunnels has accrued the full value (including fringe benefits) of all vacation and sick leave benefits earned by employees to date if the leave is attributable to past service and it is probable that MTA Bridges and Tunnels will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Net Position — MTA Bridges and Tunnels follows the "business type" activity requirements of GASB 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments which requires that resources be classified for accounting and reporting purposes into the following three net position categories:

- **Net investment in capital assets:**

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- **Restricted:**

Nonexpendable — Net position subject to externally imposed stipulations such that the Authority maintains them permanently. For the years ended December 31, 2020 and 2019, the Authority did not have nonexpendable net position.

Expendable — Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire with the passage of time. For the years ended December 31, 2020 and 2019, the Authority had expendable restricted net position related to (1) Debt Service of $126,676 and $139,801, (2) the Necessary Reconstruction Reserve of $620,970 and $607,569 and (3) Restricted cash related to internet and mansion tax of $0 and $143,268. The changes in 2019 numbers are due to restated amount that are now unrestricted.

- **Unrestricted**:

Net position that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by actions of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Subsidies — Subsidies provided by MTA Bridges and Tunnels represent its operating transfer and investment income computed on an accrual basis.

Pension Plans — The Authority adopted the standards of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for its pension plans.

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

Postemployment Benefits Other Than Pensions — In 2018, MTA Bridges and Tunnels adopted the standards of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus* for the OPEB Plan.

The MTA Bridges and Tunnels recognizes a proportionate share of the net OPEB liability for the MTA's cost-sharing multiple-employer OPEB Plan, which represents the excess of the total OPEB liability over the fiduciary net position of the OPEB Plan, measured as of the measurement date of the plan.

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

3. CASH

The Bank balances are insured up to $250 in the aggregate by the Federal Deposit Insurance Corporation ("FDIC") for each bank in which funds are deposited. Unrestricted cash represents Mansion tax of $160,971 and Internet Tax of $338,981 for a total of $499,952 received from the State of New York for capital programs for the MTA Bridges and Tunnels Central Business District Tolling Program (CBDTP) and MTA.

Cash at December 31, 2020 and 2019 consists of the following:

	2020		2019	
	Carrying Amount	**Bank Balance**	**Carrying Amount**	**Bank Balance**
Insured deposits	$ 250	$ 250	$ 250	$ 250
Collateralized deposits	$ 507,021	$ 506,829	$ 149,099	$ 148,916
	$ 507,271	$ 507,079	$ 149,349	$ 149,166

4. INVESTMENTS

MTA Bridges and Tunnels' investment policies comply with the New York State Comptroller's guidelines for investment policies. MTA's All-Agency Investment Guidelines restrict MTA Bridges and Tunnels' investments to obligations of the U.S. Treasury, its agencies and instrumentalities and repurchase agreements backed by U.S. Treasury securities. All investments were managed by the MTA, as MTA Bridges and Tunnels' agent, in custody accounts kept in the name of MTA Bridges and Tunnels for restricted investments and in the name of the MTA Bridges and Tunnels for unrestricted investments. MTA's All-Agency Investment Guidelines state that securities underlying repurchase agreements must have a market value at least equal to the cost of the investment.

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

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

MTA Bridges and Tunnels had the following recurring fair value measurements as of December 31, 2020 and 2019:

(In thousands)	**December 31, 2020**	**Fair Value Measurements Level 1**	**Fair Value Measurements Level 2**	**December 31, 2019**	**Fair Value Measurements Level 1**	**Fair Value Measurements Level 2**
Investments by fair value level:						
Debt securities:						
U.S. treasury securities	$ 390,711	$ 390,711	$ -	$ 388,188	$ 388,188	$ -
Commercial paper	44,669	-	44,669	24,975	-	24,975
Repurchase agreements	5,734	5,734		25,383	25,383	-
Total debt securities	441,114	396,445	44,669	438,546	413,571	24,975
Total investments by fair value level	441,114	$ 396,445	$ 44,669	438,546	$ 413,571	$ 24,975
Total investments	$ 441,114			$ 438,546		

Investments classified as Level 1 of the fair value hierarchy, totaling $396,445 and $413,571 as of December 31, 2020 and 2019, respectively, are valued using quoted prices in active markets. Fair values include accrued interest to the extent that interest is included in the carrying amounts. Accrued interest on investments other than Treasury bills and coupons is included in other receivables on the statement of net position.

Commercial paper totaling $44,669 and $24,975, as of December 31, 2020 and 2019, respectively, classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by a third-party pricing service. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices and indices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from a third-party pricing service.

Investments available to pay operating and maintenance expenses, debt service and operating surplus transfers, at December 31, 2020 and 2019, are as follows:

Investments (in thousands)	**2020**	**2019**
CURRENT:		
Restricted:		
Bond Proceeds Fund	$ 179,315	$ 152,495
Primarily Necessary Reconstruction Fund	$ 29,830	$ 38,467
Debt Service Fund	126,021	129,757
Cost of Issuance Fund	655	1,221
Total current — restricted	335,821	321,940
Total current — unrestricted	105,293	116,605
Total — current	$ 441,114	$ 438,545
LONG-TERM:		
Restricted:		
Senior Revenue Bonds	$ -	$ 1
Total long-term — restricted	-	1
Total — long-term	$ -	$ 1

The unexpended bond proceeds of the General Purpose Revenue Bonds 1980 Resolution, not including proceeds held for the Transportation Project, were restricted for payment of capital improvements of MTA Bridges and Tunnels' present facilities. The Debt Service Funds are restricted for the payment of debt service as provided by the bond resolutions.

MTA Bridges and Tunnels' accrual of the liability to the federal government for rebate of arbitrage income from tax-exempt borrowings was $0 at December 31, 2020 and 2019.

The fair value of the above investments consists of $105,293 and $116,605 in 2020 and 2019 in unrestricted investments respectively, and $335,821 and $321,940 in 2020 and 2019 in restricted investments, respectively. Investments had weighted average monthly yields ranging from 0.078% to 1.534%, for the year ended December 31, 2020 and 1.453% to 2.400%, for the year ended December 31, 2019. The net unrealized gain on investments was $6 and $228 for the years ended December 31, 2020 and 2019, respectively.

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

(In thousands)	December 31, 2020		December 31, 2019	
	Fair Value	Duration (In years)	Fair Value	Duration (In years)
U.S. Treasuries	$ 390,711	0.10	$ 388,188	0.01
Repurchase agreements	5,734	*	25,383	*
Commercial paper	44,669	*	24,975	*
Total fair value	441,114		438,546	
Modified duration		0.10	-	0.01
Total investments	$ 441,114		$ 438,546	

* Duration is less than a month

Credit Risk — At December 31, 2020 and 2019, the following credit quality rating has been assigned to MTA investments by a nationally recognized rating organization:

(In thousands) Quality Rating from Standard & Poor's	December 31, 2020	Percent of Portfolio	December 31, 2019	Percent of Portfolio
A-1	$ 44,669	10 %	$ 24,975	5 %
Not Rated	5,734	1	25,383	6
U.S. Government	390,711	89	388,188	89
Total	441,114	100 %	438,546	100 %
Total investment	$ 441,114		$ 438,546	

5. MTA INVESTMENT POOL

The MTA, on behalf of MTA Bridges and Tunnels, invests funds which are not immediately required for MTA Bridges and Tunnels' operations in securities permitted by the MTA's All-Agency Investment Guidelines in accordance with the New York State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero-coupon bonds. All investments are held by the MTA's agent in custody accounts in the name of the MTA. The MTA has no financial instruments with significant individual or group concentration of credit risk. MTA Bridges and Tunnels categorizes its fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. MTA Bridges and Tunnels' investment in the MTA Investment Pool is valued based on other observable inputs (Level 2 inputs). The amounts related to investment pool funds for the year ended December 31, 2020 were $369,405 for short-term unrestricted and $411,825 for short-term restricted. The amounts related to investment pool funds for the year ended December 31, 2019 were $301,668 for short-term unrestricted and $425,430 for short-term restricted.

6. CAPITAL ADDITIONS AND DELETIONS

Capital assets at December 31, 2020 consisted of the following additions/reclassification and deletions/reclassifications:

(In thousands)	Balance December 31, 2018	Additions/ Transfers	Deletions/ Transfers	Balance December 31, 2019	Additions/ Transfers	Deletions/ Transfers	Balance December 31, 2020
CAPITAL ASSETS NOT BEING DEPRECIATED:							
Land	$ 52,940	$ -	$ -	$ 52,940	$ -	$ -	$ 52,940
Construction in progress	371,755	460,336	327,818	504,273	768,927	600,068	673,132
Total capital assets not being depreciated	424,695	460,336	327,818	557,213	768,927	600,068	726,072
CAPITAL ASSETS BEING DEPRECIATED:							
Building—2 Broadway	81,972	-	-	81,972	-	-	81,972
Primary structures	3,735,260	72,145	-	3,807,405	165,618	-	3,973,023
Toll equipment	668	62	206	524	50	-	574
Buildings	665,267	5,575	-	670,842	13,704	-	684,546
Roadway	2,069,597	90,142	-	2,159,739	173,153	-	2,332,892
Property - Road & Equipment	437,587	120,581	-	558,168	181,942	-	740,110
ORT Systems & Equipment	383,976	31,952	-	415,928	41,030	-	456,958
Other	230,922	8,189	286	238,825	24,764	-	263,589
Total capital assets being depreciated	7,605,249	328,646	492	7,933,403	600,261	-	8,533,664
LESS ACCUMULATED DEPRECIATION:							
Building—2 Broadway	44,132	1,101	-	45,233	1,101	-	46,334
Primary structures	624,413	37,117	-	661,530	38,335	-	699,865
Toll equipment	8	10	-	18	13	-	31
Buildings	205,035	16,668	-	221,703	16,993	-	238,696
Roadway	529,921	72,646	-	602,567	76,948	-	679,515
Property - Road & Equipment	24,853	12,594	-	37,447	16,401	-	53,848
ORT Systems & Equipment	26,089	19,727	-	45,816	21,541	-	67,357
Other	209,107	6,556	-	215,663	8,293	-	223,956
Total accumulated depreciation	-	166,419	-	1,829,977	179,625	-	2,009,602
TOTAL CAPITAL ASSETS BEING DEPRECIATED—Net of accumulated depreciation	7,605,249	162,227	492	6,103,426	420,636	-	6,524,062
CAPITAL ASSETS—Net	$ 8,029,944	$ 622,563	$ 328,310	$ 6,660,639	$ 1,189,563	$ 600,068	$ 7,250,134

In 2020 and 2019, capital asset additions included $20,725 and $16,667, respectively, of costs incurred by engineers working on capital projects. Upon the adoption of GASB Statement No. 89, there was no capitalized interest in 2020. Capitalized interest totaled $19,824 in 2019.

7. EMPLOYEE BENEFITS

Plan Description

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

NYCERS was established by an act of the Legislature of the State of New York under Chapter 427 of the laws of 1920. NYCERS functions in accordance with the governing statutes contained in the New York

State Retirement and Social Security Law (RSSL), and the New York City Administrative Code, which are the basis by which benefit terms and employer and member contribution requirements are established and amended. The head of the retirement system is the Board of Trustees.

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

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

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

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

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

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

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

Benefits Provided

NYCERS provides three main types of retirement benefits: Service Retirements, Ordinary Disability Retirements (non-job-related disabilities) and Accident Disability Retirements (job-related disabilities) to participants generally based on salary, length of service, and member Tiers. For the year ended December 31, 2020 MTA Bridges and Tunnels had no payments paid out of the NYCERS Plan for Covid-19 accidental death benefit.

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

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

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

During March 2012, the Governor signed Chapter 18 of the Laws of 2012 that placed certain limitations on the Tier 3 and Tier 4 benefits available to participants who joined on and after April 1, 2012. In general, these changes, commonly referred to as Tier 6, increase the age requirement to 63 for most non-uniformed employees to retire and receive a full pension, require member contributions for all years of service for non-uniformed employees, institute progressive member contributions for non-uniformed employees, and lengthen the final average salary period from 3 to 5 years.

NYCERS provides automatic Cost-of-Living Adjustments (COLA), death benefits, accident, disability retirement benefits, and other supplemental pension benefits to certain retirees and beneficiaries. Members become fully vested as to benefits upon the completion of 5 or 10 years of service.

The State Constitution provides that pension rights of public employees are contractual and shall not be diminished or impaired. In 1973, 1976, 1983 and 2012, significant amendments made to the State Retirement and Social Security Law (RSSL) modified certain benefits for employees joining the Plan on or after the effective date of such amendments, creating membership tiers.

Contributions and Funding Policy

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

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

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

MTA Bridges and Tunnels is required to contribute at an actuarially determined rate. MTA Bridges and Tunnels contributions to NYCERS for the years ended December 31, 2020 and December 31, 2019 were $40,790 and $48,538, respectively.

Net Pension Liability — MTA Bridges and Tunnels net pension liability for the NYCERS pension plan reported at December 31, 2020 and December 31, 2019 was measured as of June 30, 2020 and June 30, 2019, respectively. The total pension liability at December 31, 2020 and December 31, 2019 for the

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NYCERS pension plan was determined as of the actuarial valuation dates as of June 30, 2019 and June 30, 2018, respectively, and updated to roll forward the total pension liability to the measurement dates, respectively. The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by NYCERS. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the Plan; and investments are reported at fair value.

Actuarial Assumptions

The total pension liability in each pension plan's actuarial valuation dates were determined using the following actuarial assumptions for the pension plan:

	NYCERS	
Valuation Date:	**June 30, 2019**	**June 30, 2018**
Investment Rate of Return	7.00% per annum, net of investment expenses	7.00% per annum, net of investment expenses
Salary Increases	In general, merit and promotion increases, plus assumed General Wage increases of 3.0% per year.	In general, merit and promotion increases, plus assumed General Wage increases of 3.0% per year.
Inflation	2.50%	2.50%
Cost-of Living Adjustments	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees
Mortality	Mortality tables for service and disability pensioners were developed from an experience study of the plan. The mortality tables for beneficiaries were developed from an experience review.	Mortality tables for service and disability pensioners were developed from an experience study of the plan. The mortality tables for beneficiaries were developed from an experience review.
Pre-retirement	N/A	N/A
Post-retirement—Healthy Lives	N/A	N/A
Post-retirement—Disabled Lives	N/A	N/A

Expected Rate of Return on Investments — The long-term expected rate of return on investments of 7.0% for the NYCERS plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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The target asset allocations of the fund and the expected real rate of return (RROR) for the asset class in NYCERS was as of the measurement dates of June 30, 2020 and is summarized as follows:

	NYCERS 2020	
Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
Public markets:		
U.S. public market equities	27.00 %	7.60 %
Developed public market equities	12.00	7.20
Emerging public market equities	5.00	10.60
Fixed income	30.50	3.10
Private markets (alternative investments)		
Private Equity	8.00	11.20
Private real estate	7.50	7.00
Infrastructure	4.00	6.80
Opportunistic fixed income	6.00	6.50
	100 %	
Assumed inflation - mean		2.50 %
Long term expected rate of return		7.00 %

	NYCERS 2019	
Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
U.S. public market equities	29.00 %	7.00 %
International public market equities	13.00	7.10
Emerging public market equities	7.00	9.40
Private market equities	7.00	10.50
U.S. fixed income	33.00	2.20
Alternatives (real assets, hedge funds)	11.00	5.70
	100 %	
Assumed inflation - mean		2.50 %
Long term expected rate of return		7.00 %

Discount Rate — The discount rate used to measure the total pension liability was 7.0% for the NYCERS plan as of June 30, 2020 and June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for the pension plan and that employer contributions will be made at the rates determined by the pension plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and non-active members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MTA Bridges and Tunnels Proportion of Net Pension Liability — NYCERS

The following table presents the MTA Bridges and Tunnels proportionate share of the net pension liability of NYCERS at the measurement date of June 30, 2020 and 2019, and the proportion percentage of the net pension liability of NYCERS allocated to MTA Bridges and Tunnels:

	June 30, 2020 ($ in millions)	June 30, 2019
Bridges and Tunnels proportion of the net pension liability	1.212 %	1.222 %
Bridges and Tunnels proportionate share of the net pension liability	$ 255.54	$ 226.29

MTA Bridges and Tunnels proportion of the net pension liability was based on the actual contributions made to NYCERS for the year-ended June 30, 2020 and 2019, relative to the contributions of all employers in the plan.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate — The following table presents MTA Bridges and Tunnels proportionate share of the net pension liability calculated using the discount rate of 7.0% for NYCERS, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate used as of each measurement date:

	June 30, 2020			June 30, 2019		
	1% Decrease (6.0%)	Discount Rate (7.0%) (in millions)	1% Increase (8.0%)	1% Decrease (6.0%)	Discount Rate (7.0%) (in millions)	1% Increase (8.0%)
Bridges and Tunnels proportionate share of the net pension liability	$ 382.04	$ 255.54	$ 148.79	$ 349.06	$ 226.29	$ 122.63

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — For the year ended December 31, 2020 and 2019, MTA Bridges and Tunnels recognized pension expense as follows (in thousands):

Pension Plans	December 31, 2020	2019
NYCERS	$ 35,492	$ 45,897

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For the years ended December 31, 2020 and 2019, the MTA Bridges and Tunnels reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

	2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
	(in millions)	
Differences between expected and actual experience	$ 25,740	$ 11,527
Changes in assumptions	108	7,569
Net difference between projected and actual earnings on pension plan investments	12,137	-
Proportionate share of contributions	-	5,857
Employer contribution to plan subsequent to the measurement date of net pension liability	36,337	-
Total	$ 74,322	$ 24,953

	2019	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
	(in millions)	
Differences between expected and actual experience	$ 18,922	$ 15,719
Changes in assumptions	145	9,488
Net difference between projected and actual earnings on pension plan investments	-	14,041
Proportionate share of contributions	-	5,743
Employer contribution to plan subsequent to the measurement date of net pension liability	45,242	-
Total	$ 64,309	$ 44,991

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

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

Pension Plan	Recognition Period (in Years) Difference Between Expected and Actual Experience	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contribution	Changes in Actuarial Assumptions
NYCERS	6.07	6.07	6.07

For the years ended December 31, 2020 and 2019, $36,337 and $45,242, respectively, were reported as deferred outflows of resources related to pensions resulting from MTA Bridges and Tunnels contributions subsequent to the measurement date. The amount of $36,337 will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2020 will be recognized as pension expense as follows:

Year Ending December 31: (In millions)	Increase/(Decrease) in Pension Expense
2021	$ 5,525
2022	(1,599)
2023	(3,056)
2024	(11,579)
2025	(2,197)
Thereafter	(126)
Total	$ (13,032)

Deferred Compensation Plans — As permitted by Internal Revenue Code Section 457, MTA Bridges and Tunnels has established a trust or custodial account to hold plan assets for the exclusive use of the participants and their beneficiaries.

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

8. OTHER POSTEMPLOYMENT BENEFITS

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

(1) Plan Description

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

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

The OPEB Plan Board of Managers, comprised of the MTA Chairman, MTA Chief Financial Officer and MTA Director of Labor Relations, are the administrators of the OPEB Plan. The MTA Board has the right to amend, suspend or terminate the OPEB Plan.

The separate annual financial statements of the OPEB Plan may be obtained by writing to MTA Comptroller, 2 Broadway, 16th Floor, New York, New York, 10004 or at www.mta.info.

Benefits Provided — The benefits provided by the OPEB Plan include medical, pharmacy, dental, vision, life insurance and a Medicare supplemental plan. The different types of benefits provided vary by agency, employee type (represented employees versus non-represented) and the relevant collective bargaining agreements. Certain benefits are provided upon retirement as defined in the applicable pension plan. Certain agencies provide benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of MTA Bridges and Tunnels are members of the NYCERS pension plan.

MTA Bridges and Tunnels participates in the New York State Health Insurance Program (“NYSHIP”) and provides medical and prescription drug benefits, including Medicare Part B reimbursements, to many of its retirees. NYSHIP offers a Preferred Provider Organization (“PPO”) plan and several Health Maintenance Organization (“HMO”) plans.

MTA Bridges and Tunnels is a participating employer in NYSHIP. The NYSHIP financial report can be obtained by writing to NYS Department of Civil Service, Employee Benefits Division, Alfred E. Smith Office Building, 805 Swan Street, Albany, NY 12239.

OPEB Plan Eligibility — To qualify for benefits under the OPEB Plan, a former employee of MTA Bridges and Tunnels must:

(a) have retired;

(b) be receiving a pension (except in the case of the 401(k) Plan);

(c) have at least 10 years of credited service as a member of NYCERS, and

(d) have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members). A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

Surviving Spouse and Other Dependents —

- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of retired managers and certain non-represented retired employees.

The OPEB Plan Board of Managers has the authority to establish and amend the benefits that will be covered under the OPEB Plan, except to the extent that they have been established by collective bargaining agreement.

Contributions — MTA Bridges and Tunnels is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the "pay-as-you-go" ("PAYGO") amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the year-ended December 31, 2020, MTA Bridges and Tunnels paid $29,318 of PAYGO to the OPEB Plan.

During 2012, the MTA funded $250 million into the Trust and an additional $50 million during 2013. There have been no further contributions made to the Trust. During 2020, as a result of the coronavirus pandemic, no funds from the Trust was received by MTA Bridges and Tunnels for reimbursement to pay healthcare premiums. The discount rate estimates investment earnings for assets earmarked to cover retiree health benefits. Under GASB Statement No. 75, the discount rate depends on the nature of underlying assets for funded plans. A depletion date 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, 2019 and December 31, 2018, the measurement dates, are 2.74% and 4.10%, respectively.

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore are partially subsidized by the active employees. As shown in the following table, for the year ended December 31, 2019 and 2018, the employer made a cash payment for retiree healthcare of $3,782 and 3,650 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	**2019**	**2018**
(in thousands)	**Retirees**	**Retirees**
Total blended premiums	25,532	24,642
Employment payment for retiree healthcare	3,782	3,650
Net Payments	**29,314**	**28,292**

(2) Net OPEB Liability

At December 31, 2020 and 2019, MTA Bridges and Tunnels reported a net OPEB liability of $813,359 and $801,555 respectively for its proportionate share of the Plan's net OPEB liability. The net OPEB liabilities were measured as of the OPEB Plan's fiscal year-end of December 31, 2019 and 2018, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2019 and July 1, 2017, and rolled forward to December 31, 2019 and 2018, respectively. The MTA Bridges and Tunnels proportion of the net OPEB liability was based on a projection of the MTA Bridges and Tunnels long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. At December 31, 2020 and 2019, the MTA Bridges and Tunnels proportion was 3.85% and 4.09% respectively.

OPEB Plan Fiduciary Net Position — The fiduciary net position has been determined on the same basis used by the OPEB plan. The OPEB plan uses the accrual basis of accounting under which contributions from the employer are recognized when paid. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported are fair value based on quoted market prices or Net Asset Value. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report or at www.mta.info.

(3) Actuarial Assumptions

Actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as future employment, mortality and health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan, which refers to the plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees. The projections include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members at that time. MTA Bridges and Tunnels may not be obligated to provide the same types or levels of benefits to retirees in the future.

The total OPEB liability was determined by actuarial valuations performed on July 1, 2019 and July 1, 2017. Update procedures were used to roll forward the total OPEB liability to December 31, 2020 and 2019, the measurement dates, respectively. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

	2020	**2019**
Valuation date	July 1, 2019	July 1, 2017
Measurement date	December 31, 2019	December 31, 2018
Discount rate	2.74%, net of expenses	4.10%, 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	4.50%	4.50%
Investment rate of return	5.75%	6.50%

Salary Increases

Salary Scale — salaries are assumed to increase by years of service. Rates are shown below:

Year of Employment	2020 Rate of Increase	2019 Rate of Increase
0	11.00%	11.00%
1	10.00%	10.00%
2	9.00%	9.00%
3	8.00%	8.00%
4	7.00%	7.00%
5	6.00%	6.00%
6	5.00%	5.00%
7	4.00%	4.00%
8	3.80%	3.80%
9	3.60%	3.60%
10+	3.50%	3.50%

Healthcare Cost Trend — The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2019 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors, healthcare reform provision including changes due to H.R. 1865 (December 2019), separately for NYSHIP. Long-term assumptions for dental and vision benefits increase are 3.5% plus Medicare Part B reimbursements 4.5%, but not more than projected medical and pharmacy trends.

The valuation reflects the actuaries understanding of the impact in future health costs due to the Affordable Care Act (“ACA”) passed into law in March 2010. An excise tax for high cost health coverage or “Cadillac” health plans was included in ACA. The provision levies a 40% tax on the value of health plan costs that exceed certain thresholds for single coverage or family coverage. In December 2019, the President signed into law the “Further Consolidated Appropriations Act, 2020” (the “Act”), which included the permanent repeal of the “Cadillac” tax, effective January 1, 2020. The impact of the elimination of the “Cadillac” tax on the Triborough Bridge and Tunnel Authority’s OPEB liability is approximately $12.6 million and was reflected in the valuation dated July 1, 2019 and in the reporting year-ended December 31, 2020.

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Healthcare Cost Trend Rates — The following lists illustrative rates for the NYSHIP trend assumptions for MTA Bridges and Tunnels (all amounts are in percentages).

	NYSHIP 2020		MTA Bridges and Tunnels 2020	
Fiscal Year	**< 65**	**>=65**	**< 65**	**>=65**
2020	6.80%	5.90%	6.20%	4.00%
2021	6.20%	5.70%	5.80%	4.00%
2022	5.70%	5.40%	5.50%	4.60%
2023	5.10%	5.10%	5.10%	5.10%
2024	5.10%	5.10%	5.10%	5.10%
2025	5.00%	5.00%	5.00%	5.00%
2026	5.00%	5.00%	5.00%	4.90%
2027	4.90%	4.90%	4.90%	4.90%
2028	4.80%	4.80%	4.80%	4.80%
2029	4.80%	4.80%	4.80%	4.80%
2039	4.90%	4.90%	4.90%	4.90%
2049	5.00%	5.00%	5.00%	5.00%
2059	4.80%	4.80%	4.80%	4.80%
2069	4.40%	4.40%	4.40%	4.40%
2079	4.00%	4.00%	4.00%	4.00%
2089	4.00%	4.00%	4.00%	4.00%
2099	4.00%	4.00%	4.00%	4.00%

	NYSHIP 2019		MTA Bridges and Tunnels 2019	
Fiscal Year	**< 65**	**>=65**	**< 65**	**>=65**
2018	8.50%	8.20%	7.50%	4.90%
2019	6.20%	5.50%	5.80%	3.10%
2020	5.80%	5.30%	5.60%	3.90%
2021	5.50%	5.20%	5.30%	4.40%
2022	7.20%	5.10%	5.10%	5.10%
2023	6.10%	5.10%	5.10%	5.10%
2024	6.10%	5.00%	5.00%	5.00%
2025	5.90%	5.00%	5.00%	5.00%
2026	5.90%	5.00%	5.00%	5.00%
2027	5.80%	4.90%	5.00%	4.90%
2037	5.60%	5.00%	5.90%	5.00%
2047	5.40%	5.90%	5.60%	4.90%
2057	5.10%	5.40%	5.20%	4.80%
2067	4.80%	5.00%	4.90%	4.60%
2077	4.20%	4.30%	4.20%	4.00%
2087	4.10%	4.20%	4.20%	4.00%
2097	4.10%	4.20%	4.20%	4.70%

For purposes of applying the Entry Age Normal Cost method, the healthcare trend prior to the valuation date are based on the ultimate rate, which is 3.8% for medical and pharmacy costs.

Mortality — Preretirement and postretirement health annuitant rates are projected on a generational basis using Scale AA. As a generational table, it reflects mortality improvements both before and after the measurement date. The postretirement mortality assumption is based on an experience analysis covering the period from January 1, 2011 to December 31, 2015 for the MTA-sponsored pension plans.

Preretirement — RP-2000 Employee Mortality Table for Males and Females with blue-collar adjustments.

Postretirement Healthy Lives — 95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.

Postretirement Disabled Lives — RP-2014 Disabled Annuitant mortality table for males and females.

Expected Rate of Return on Investments — The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class summarized in the following table:

Asset Class	Target Allocation	Real Rate of Return
US Cash	3.50%	0.04%
US CORE Fixed Income	13.00%	1.51%
US Inflation-Indexed Bonds	4.00%	0.71%
Emerging Markets Bonds	5.00%	3.36%
Global Equity	42.00%	5.28%
Commodities	3.50%	2.79%
Hedge Funds - MultiStrategy	29.00%	3.26%
Total	**100%**	
Long Term Expected Rate of Return selected by MTA		5.75%

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, 2019 and 2018 of 2.74% and 4.10%, respectively.

Sensitivity of the MTA Bridges and Tunnels Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate — The following presents the MTA Bridges and Tunnels proportionate share of the net OPEB liability, as well as what the MTA Bridges and Tunnels proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the actual discount rate used for the measurement:

2020	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
		(In millions)	
Proportionate share of the net OPEB liability	$ 933.44	$ 813.40	$ 714.65

2019	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
		(In millions)	
Proportionate share of the net OPEB liability	$ 917.07	$ 801.55	$ 706.44

Sensitivity of the MTA Bridges and Tunnels Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates — The following presents the MTA Bridges and Tunnels proportionate share of the net OPEB liability, as well as what the MTA Bridges and Tunnels proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates used for the measurement:

2020	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(In millions)	
Proportionate share of the net OPEB liability	$ 694.59	$ 813.40	$ 963.75

2019	1% Decrease	Healthcare Cost Current Trend Rate *	1% Increase
		(In millions)	
Proportionate share of the net OPEB liability	$ 684.75	$ 801.55	$ 948.52

*For further details, refer to the Health Care Cost Trend Rates tables in the Actuarial Assumptions section of this Note Disclosure.

(4) OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020 and 2019, MTA Bridges and Tunnels recognized OPEB expense of $60,117 and $66,478 respectively, which represents its proportionate share of the Plan's OPEB expense.

The annual differences between the projected and actual earnings on investments are amortized over a 5 year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience, changes in assumptions and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over an 8.1 year close period, beginning the year in which the deferred amount occurs.

MTA Bridges and Tunnels reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows (In thousands):

	December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,680	$ (545)
Changes in assumptions	31,384	(50,597)
Net difference between projected and actual earnings on OPEB plan investments		(671)
Changes in proportion and differences between contributions and proportionate share of contributions	6,112	(43,314)
Employer contributions to the plan subsequent to the measurement of net OPEB liability	29,318	
Total	**$ 75,494**	**$ (95,127)**

	December 31, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 406	$ (687)
Changes in assumptions	27,227	(63,732)
Net difference between projected and actual earnings on OPEB plan investments	760	-
Changes in proportion and differences between contributions and proportionate share of contribution	7,243	-
Employer contributions to the plan subsequent to the measurement of net OPEB liability	29,314	-
Total	**$ 64,950**	**$ (64,419)**

At December 31, 2020 and 2019, MTA Bridges and Tunnels reported as deferred outflow of resources related to OPEB $75,494 and $64,950 respectively. This amount includes both MTA Bridges and Tunnels contributions subsequent to the measurement date and an implicit rate subsidy adjustment of $29,318 that will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2020 will be recognized in OPEB expense as follows (in thousands):

Year ending December 31:		
2021	$	(7,152)
2022	$	(7,152)
2023		(6,949)
2024		(7,280)
2025		(9,402)
Thereafter		(11,016)
	$	(48,951)

9. POLLUTION REMEDIATION PROJECTS

MTA Bridges and Tunnels implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, in 2008. The Statement establishes standards for determining when expected pollution remediation outlays should be accrued as a liability or, if appropriate, capitalized. An operating expense and corresponding liability, measured at its current value using the expected cash flow method, has been recognized for certain pollution remediation obligations that are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations, which are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations, occur when any one of the following obligating events takes place:

- An imminent threat to public health due to pollution exists
- MTA Bridges and Tunnels is in violation of a pollution prevention-related permit or license
- MTA Bridges and Tunnels is named by a regulator as a responsible or potentially responsible party to participate in remediation
- MTA Bridges and Tunnels is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities
- MTA Bridges and Tunnels voluntarily commences or legally obligates itself to commence remediation efforts

In accordance with GASB Statement No. 49, there was no pollution remediation expense provision in 2020 or 2019.

10. ASSET IMPAIRMENT AND RELATED EXPENSES

On October 29, 2012, Tropical Storm Sandy made landfall just south of Atlantic City, New Jersey, as a post-tropical cyclone. The accompanying storm surge and high winds caused widespread damage to the physical transportation assets operated by MTA and its related groups. MTA expects to recoup most of the costs associated with repair or replacement of assets damaged by the storm over the next several years from a combination of insurance and federal government assistance programs.

As of December 31, 2020 and 2019, costs associated with the storm including repair and clean-up expenses of $0.024 million and $0.4 million, respectively, were included in “asset impairment and related expenses” on the Statements of Revenues, Expenses and Changes in Net Position.

11. LONG-TERM DEBT

MTA Bridges and Tunnels issues long-term bonds to fund its own capital projects, as well as the Transportation Project, through the following two credits:

- General Revenue Bonds, and

- Subordinate Revenue Bonds.

The following represents MTA Bridges and Tunnels’ issuance of long-term debt in 2020:

- On January 23, 2020, MTA Bridges and Tunnels remarketed 2005A of $102,070 the irrevocable direct-pay letter of credit issued by TD Bank, N.A was replaced by irrevocable direct-pay letter of credit with Barclays Bank.

- On May 21, 2020, MTA Bridges and Tunnels issued $525,000 General Revenue Bonds, Series 2020A. The net proceeds were issued to finance projects for MTA Bridges and Tunnels’ own facilities.

- On September 25, 2020, MTA Bridges and Tunnels remarketed 2018D of $98,985 from Variable rate to a Fixed rate Mode

The following represents MTA Bridges and Tunnels’ issuance of long-term debt in 2019:

- On May 23, 2019, MTA Bridges and Tunnels issued $150,000 General Revenue Bonds, Series 2019A. The net proceeds were issued to finance projects for MTA Bridges and Tunnels’ own facilities.

- On September 25, 2019, MTA Bridges and Tunnels issued $102,465 General Revenue Bonds, Series 2019B. The net proceeds were used refunding of Series 2001B of $101,465 Bonds.

- On December 3, 2019, MTA Bridges and Tunnels issued $200,000 General Revenue Bonds, Series 2019C. The net proceeds were issued to finance projects for MTA Bridges and Tunnels’ own facilities.

- On December 3, 2019, MTA Bridges and Tunnels remarketed 2003B-2 of $46,050 from a LIBOR Floating rate to a Term Rate Mode bearing interest at the adjusted SIFMA rate.

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MTA Bridges and Tunnels' non-current portion of long-term debt as of December 31, 2020 and 2019 is comprised of the following:

(In thousands)	2020	2019
Senior Revenue Bonds (Notes 12)	$8,503,101	$8,178,630
Subordinate Revenue Bonds (Note 13)	767,303	842,176
Total long-term debt—net of premiums and discounts	$9,270,404	$9,020,806

MTA Bridges and Tunnels has entered into several Letter of Credit Agreements and Standby Bond Purchase Agreements (together, "Credit and Liquidity Agreements") as listed on the table below.

Resolution	Series	Provider	Exp. Date
TBTA General Revenue	2001C	State Street	June 26, 2023
TBTA General Revenue	2002F	Citibank, N.A.	October 29, 2021
TBTA General Revenue	2003B-1	Bank of America, N.A.	January 21, 2022
TBTA General Revenue	2005A	Barcleys Bank	January 24, 2024
TBTA General Revenue	2005B-2ab	State Street	January 21, 2026
TBTA General Revenue	2005B-3	State Street	June 26, 2023
TBTA General Revenue	2005B-4c	U.S. Bank National Assoc.	May 26, 2022
TBTA General Revenue	TBTA 2018E Taxable	Bank of America, N.A.	December 12, 2022

According to the terms of the Credit and Liquidity Agreements, if the remarketing agent fails to remarket any of the bonds listed above that are tendered by the holders, the bank is required (subject to certain conditions) to purchase such unremarketed portion of the bonds. Bonds owned by the bank and not remarketed after a specified amount of time (generally 90 days) are payable to the bank as a term loan over five years in ten equal semiannual principal payments including interest thereon. As of December 31, 2020, there were no term loans outstanding.

Bond Refundings — From time to time, MTA Bridges and Tunnels issue refunding bonds to achieve debt service savings or other benefits. The proceeds of refunding bonds are generally used to purchase U.S. Treasury obligations that are placed in irrevocable trusts. The principal and interest within the trusts will be used to repay the refunded debt. The trust account assets and the refunded debt are excluded from the statement of net position.

At December 31, 2020 and 2019, the following amounts of MTA Bridges and Tunnels bonds, which have been refunded, remain valid debt instruments and are secured solely by and payable solely from their respective irrevocable trusts.

(In millions)	December 31, 2020	2019
MTA Bridges and Tunnels:		
General Purpose Revenue Bonds	$ 539	$ 628
Special Obligation Subordinate Bonds	74	89
Total	$ 613	$ 717

MTA Bridges and Tunnels had no refunding transactions that resulted in any increased against aggregate debt service payments in 2020. For the year ended December 31, 2019, MTA Bridges and Tunnels refunding transactions increased against aggregate debt service payments by $59 million and provided an economic gain of $5 million. Details of bond refunding savings for 2019 are as follows:

Bonds Refunded in 2019 (In millions)	**Series**	**Date Issued**	**Par Value Refunded**	**Debt Service Savings**	**Net Present Value of Savings**
MTA Bridges and Tunnels General Revenue Bonds	TBTA 2019B	9/25/2019	$ 101	$ (59)	$ 5
Total MTA Bridges and Tunnels General Revenue Bonds			101	(59)	5
Total Bond Refunding Savings			$ 101	$ (59)	$ 5

For the years ended December 31, 2020 and 2019, the accounting loss/gain on bond refunding totaled $0 million and $0 million, respectively. Unamortized losses related to bond refundings were as follows:

(In millions)	**December 31, 2017**	**(Gain)/ Loss on Refunding**	**Current Year Amortization**	**December 31, 2018**	**(Gain)/ Loss on Refunding**	**Current Year Amortization**	**December 31, 2019**	**(Gain)/ Loss on Refunding**	**Current Year Amortization**	**December 31, 2020**
TBTA:										
General Revenue Bonds	$ 233	$ 0.90	$ (25)	$ 209	$ -	$ (17)	$ 192	$	$ (17)	$ 175
Subordinate Revenue Bonds	30	(0.62)	4	33	-	(4)	29		(4)	25
	263	0.28	(21)	242	-	(21)	221		(21)	200
Total	$ 263	$ 82	$ (22)	$ 242	$ -	$ (21)	$ 221	$	$ (21)	$ 200

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12. DEBT — SENIOR REVENUE BONDS

Senior Revenue Bonds at December 31, 2020, consist of the following:

(In thousands)	Original Issuance	December 31, 2019	Issued	Principal Repayments	December 31, 2020
Series 2001B&C, 4.10% - 5.25%	$ 296,400	101,475	$	$ 6,105	$ 95,370
Series 2002F	246,480	154,095	-	9,260	144,835
Series 2003B	250,000	162,490	-	16,265	146,225
Series 2005A	150,000	102,070	-	-	102,070
Series 2005B	800,000	567,900	-	3,000	564,900
Series 2008B	252,230	166,770	-	-	166,770
Series 2009A-1	150,000	65,050	-	2,350	62,700
Series 2009B - BAB	200,000	200,000	-	-	200,000
Series 2010A-1	66,560	8,105	-	8,105	-
Series 2010A-2 - BAB	280,400	280,400	-	-	280,400
Series 2011A	609,430	72,810	-	23,130	49,680
Series 2012A	231,490	167,055	-	5,010	162,045
Series 2012B	1,353,055	989,810	-	110,705	879,105
Series 2013B	257,195	216,830	-	36,280	180,550
Series 2013C	200,000	145,955	-	4,125	141,830
Series 2014A	250,000	191,085	-	4,975	186,110
Series 2015A	225,000	192,950	-	3,190	189,760
Series 2015B	65,000	60,240	-	1,335	58,905
Series 2016A	541,240	505,575	-	7,545	498,030
Series 2017A	300,000	300,000	-	-	300,000
Series 2017B	902,975	902,975	-	-	902,975
Series 2017C	720,990	720,990	-	-	720,990
Series 2018A	351,930	351,930	-	-	351,930
Series 2018B	270,090	270,090	-	-	270,090
Series 2018C	159,280	159,280	-	-	159,280
Series 2018D	125,000	125,000	98,985	125,000	98,985
Series 2018E	148,470	148,470	-	-	148,470
Series 2019A	150,000	150,000	-	-	150,000
Series 2019B	102,465	102,465	-	-	102,465
Series 2019C	200,000	200,000		-	200,000
Series 2020A	-	-	525,000	-	525,000
	$ 9,855,680	7,781,865	623,985	366,380	8,039,470
Add net unamortized bond (discount) and premium		642,755	129,151	67,860	704,046
		$ 8,424,620	$ 753,136	$ 434,240	$ 8,743,516

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Senior Revenue Bonds at December 31, 2019, consist of the following:

(In thousands)	Original Issuance	December 31, 2018	Issued	Principal Repayments	December 31, 2019
Series 2001B&C, 4.10% - 5.25%	$ 296,400	214,555	$	$ 113,080	$ 101,475
Series 2002F	246,480	162,995	-	8,900	154,095
Series 2003B	250,000	168,685	-	6,195	162,490
Series 2005A	150,000	106,495	-	4,425	102,070
Series 2005B	800,000	570,900	-	3,000	567,900
Series 2008B	252,230	166,770	-	-	166,770
Series 2009A-1	150,000	68,395	-	3,345	65,050
Series 2009B - BAB	200,000	200,000	-	-	200,000
Series 2010A-1	66,560	15,825	-	7,720	8,105
Series 2010A-2 - BAB	280,400	280,400	-	-	280,400
Series 2011A	609,430	94,875	-	22,065	72,810
Series 2012A	231,490	171,875	-	4,820	167,055
Series 2012B	1,353,055	1,089,605	-	99,795	989,810
Series 2013B	257,195	257,195	-	40,365	216,830
Series 2013C	200,000	149,925	-	3,970	145,955
Series 2014A	250,000	195,825	-	4,740	191,085
Series 2015A	225,000	195,990	-	3,040	192,950
Series 2015B	65,000	61,510	-	1,270	60,240
Series 2016A	541,240	512,350	-	6,775	505,575
Series 2017A	300,000	300,000	-	-	300,000
Series 2017B	902,975	902,975	-	-	902,975
Series 2017C	720,990	720,990	-	-	720,990
Series 2018A	351,930	351,930	-	-	351,930
Series 2018B	270,090	270,090	-	-	270,090
Series 2018C	159,280	159,280	-	-	159,280
Series 2018D	125,000	125,000	-	-	125,000
Series 2018E	148,470	148,470	-	-	148,470
Series 2019A	-	-	150,000	-	150,000
Series 2019B	-	-	102,465	-	102,465
Series 2019C	-	-	200,000	-	200,000
	$ 9,403,215	7,662,905	452,465	333,505	7,781,865
Add net unamortized bond (discount) and premium		648,204	47,096	52,545	642,755
		$ 8,311,109	$ 499,561	$ 386,050	$ 8,424,620

Debt Service Requirements:

Year Ending December 31 (In thousands)	Principal	Interest	Aggregate Debt Service
2021	$ 240,415	$ 360,481	$ 600,896
2022	247,050	349,480	596,530
2023	269,190	338,341	607,531
2024	303,255	324,625	627,880
2025	316,205	311,113	627,318
2026–2030	1,920,245	1,302,956	3,223,201
2031–20345	1,637,505	900,444	2,537,949
2036–2040	1,170,640	598,131	1,768,771
2041–2045	1,000,275	344,940	1,345,215
2046–2050	695,305	132,208	827,513
2051-2055	239,385	27,057	266,442
	$ 8,039,470	$ 4,989,776	$ 13,029,246

The above interest amounts include both fixed and variable rate calculations. The interest rate assumptions for variable rate bonds are as follows: variable rate bonds at an assumed rate of 4%; swapped bonds at the applicable synthetic fixed rate for the swapped portion and 4% otherwise; floating rate notes at the applicable synthetic fixed rate plus the current fixed spread to maturity for the swapped portion and 4% plus the current fixed spread to maturity for the portion that is not swapped.

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13. DEBT — SUBORDINATE REVENUE BONDS

Subordinate Revenue Bonds at December 31, 2020, consist of the following:

(In thousands)	Original Issuance	December 31, 2019	Addition/ Retirements During 2020	December 31, 2020
Series 2002E	$ 756,095	$ 70,585	$ (34,505)	$ 36,080
Series 2013A	761,599	728,415	(7,770)	720,645
Series 2013D	313,975	137,370	(26,725)	110,645
	$ 1,831,669	936,370	(69,000)	867,370
Add net unamortized bond (discount) and premium		(25,194)	(3,023)	(28,217)
		$ 911,176	$ (72,023)	$ 839,153

Subordinate Revenue Bonds at December 31, 2019, consist of the following:

(In thousands)	Original Issuance	December 31, 2018	Addition/ Retirements During 2019	December 31, 2019
Series 2000ABCD	$ 147,850	$ 18,850	$ (18,850)	$ -
Series 2002E	756,095	115,040	(44,455)	70,585
Series 2008D	491,110	-	-	-
Series 2013A	761,599	736,195	(7,780)	728,415
Series 2013D	313,975	151,540	(14,170)	137,370
	$ 2,470,629	1,021,625	(85,255)	936,370
Add net unamortized bond (discount) and premium		(21,709)	(3,485)	(25,194)
		$ 999,916	$ (88,740)	$ 911,176

Debt Service Requirements:

Year Ending December 31 (In thousands)	Principal	Interest	Aggregate Debt Service
2021	$ 71,850	$ 30,128	$ 101,978
2022	76,325	26,823	103,148
2023	81,115	23,330	104,445
2024	74,060	19,596	93,656
2025	78,070	16,014	94,084
2026–2030	349,160	31,212	380,372
2031–2035	136,790	1,406	138,196
	$ 867,370	$ 148,509	$ 1,015,879

The above interest amounts include both fixed and variable rate calculations. The interest rate assumptions for variable rate bonds are as follows: variable rate bonds at an assumed rate of 4%; swapped bonds at the applicable synthetic fixed rate for the swapped portion and 4% otherwise; floating rate notes at the applicable synthetic fixed rate plus the current fixed spread to maturity for the swapped portion and 4% plus the current fixed spread to maturity for the portion that is not swapped.

14. GASB 53 — DERIVATIVE INSTRUMENTS

MTA Bridges and Tunnels implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* in 2010. The Statement deals with the recognition, measurement, and disclosure of information regarding derivative instruments, and addresses hedge accounting requirements. Hedging derivative instruments are supposed to significantly reduce financial risk by substantially offsetting the associated changes in cash flows or fair values of the underlying bond portfolio.

For the year ended December 31, 2020, the MTA Bridges and Tunnels is reporting loss, derivative instrument liabilities and deferred outflows from derivative instruments in the amounts of $3,250, $201,846 and $215,376, respectively. The loss of $3,250 is related to swaps on MTA bonds which is offset by a gain of $3,250 reflected in other operating income. Also recognized in the same period are derivative instrument assets of $3,487.

For the year ended December 31, 2019, the MTA Bridges and Tunnels is reporting loss, derivative instrument liabilities and deferred outflows from derivative instruments in the amounts of $3,134, $160,754 and $177,502, respectively. The loss of $3,134 is related to swaps on MTA bonds which is offset by a gain of $3,134 reflected in other operating income. Also recognized in the same period are derivative instrument assets of $3,519.

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GASB Statement No. 53- Accounting and Financial Reporting for Derivative Instruments
Summary Information as of December 31, 2020

	Bond Resolution	Series	Type of Derivative	Cash Flow or Fair Value Hedge	Effective Methodology	Trade/ Entered Date	Notional Amount as of 12/31/20 (in millions)	Fair Values as of 12/31/20 (in millions)
Investment Swap	MTA Transportation Revenue Bond	2002G-1	Pay-Fixed Swap	N/a	N/a	4/1/2016	97.215	(7.984)
	MTA Transportation Revenue Bond	2011B	Pay-Fixed Swap	N/a	N/a	4/1/2016	92.455	(18.768)
Hedging Swaps	MTA Bridges & Tunnels Senior Revenue Bonds	2002F (Citi 2005B)	Pay-Fixed Swap	Cash Flow	Synthetic Instrument	6/2/2005	188.300	(41.775)
	MTA Bridges & Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Pay-Fixed Swap	Cash Flow	Synthetic Instrument	1/1/2011	21.780	(3.072)
	MTA Bridges & Tunnels Senior Revenue Bonds	2005B	Pay-Fixed Swap	Cash Flow	Synthetic Instrument	6/2/2005	564.900	(125.325)
	MTA Bridges & Tunnels Subordinate Revenue Bonds	2001C	Pay-Fixed Swap	Cash Flow	Synthetic Instrument	10/26/2016	10.000	(1.435)

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2020, classified by type, and the changes in fair value of such derivative instruments from the year ended December 31, 2019 are as follows:

(In Millions)	Changes In Fair Value		Fair Value at December 31, 2020		Notional Amount
	Classification	Amount	Classification	Amount	
Government Activities					
Cash Flow hedges— Pay-fixed interest rate swaps	Deferred Inflow of resources	$ (37.874)	Debt	$ (171.608)	784.980
Investment Swap— Pay-fixed interest rate swaps	Investment expense	(3.250)	Debt	(26.751)	189.670

The summary above reflects a total number of four (4) swaps and hedging relationships that were reviewed for GASB Statement No. 53 Hedge Accounting treatment. Of that total, four (4) were deemed effective using Synthetic Instrument Method.

For the four (4) hedging relationships, the Synthetic Instrument Method was utilized to determine effectiveness. Under the Synthetic Instrument Method, if the rate determined by dividing the historical Swap and Bond payments (Fixed Swap payments + Floating Bond payments—Floating Swap payments) by the hedge notional amount produces an "Actual Synthetic Rate" that is within 90% to 111% of the corresponding fixed swap rates then the hedging derivative instrument is deemed to be effective.

15. LEASE TRANSACTION

2 Broadway — On July 29, 1998 the MTA, (solely on behalf of MTA Long Island Rail Road and MTA Metro-North Railroad, MTA New York City Transit, and MTA Bridges and Tunnels) entered into a lease and related agreements whereby each agency, as sub lessee, will rent, an office building at Two Broadway in lower Manhattan. The triple-net-lease has an initial stated term of approximately 50 years, with the right to extend the lease for two successive 15-year periods at a rental of at least 95% of fair market rent. Remaining payments under the lease approximate $1.2 billion. Under the subleases, the lease is apportioned as follows: MTA New York City Transit, 68.7%, MTA, 21%; and MTA Bridges and Tunnels, 10.3%. However, the involved agencies have agreed to sub-sublease space from one another as necessary to satisfy actual occupancy needs. The agencies will be responsible for obligations under the lease based on such actual occupancy percentages. Actual occupancy percentages at December 31, 2020, for the MTA New York City Transit, MTA Bridges and Tunnels and MTA (including MTA Bus, MTA Capital Construction Company and MTA Business Service Center) were 57.5%, 7.5% and 16.8%, respectively. MTA Bridges and Tunnels' sublease is for a year-to-year term, automatically extended, except upon the giving of a nonextension notice by MTA.

The lease is comprised of both operating and capital elements, with the portion of the lease attributable to the land recorded as an operating lease, and the portion of the lease attributable to the building recorded as a capital lease. MTA Bridges and Tunnels has recorded capital lease assets using the net present value, and using a borrowing rate of 9.11%, and has reflected a capital lease obligation as of December 31, 2020 and 2019, of $58,725 and $57,828, respectively.

MTA pays the lease payments on behalf of MTA Bridges and Tunnels and subsequently makes monthly chargebacks in the form of rental payments. During 2020, the total of the rental payments charged to MTA Bridges and Tunnels was $2,170 less than the lease payment made by MTA on behalf of MTA Bridges and Tunnels.

Total net obligations under all capital leases as of December 31, 2020 and 2019, are as follows:

(In thousands)	**2020**	**2019**
Beginning of the year	$ 57,828	$ 57,005
Additions	897	823
End of year	$ 58,725	$ 57,828

The adjusted capital lease for the building is being amortized over the remaining life of the lease. The cost of the building and related accumulated amortization at December 31, 2020 and 2019, is as follows (in thousands):

	2020	**2019**
Capital lease - building	$ 81,865	$ 81,865
Less accumulated amortization	(46,333)	(45,233)
Capital lease - building—net	$ 35,532	$ 36,632

Net minimum capital and operating lease payments are as follows:

Years Ending December 31 (In thousands)	Capital Aggregate Lease Payments	Operating Aggregate Lease Payments
2021	$ 4,371	$ 2,405
2022	4,371	2,405
2023	4,371	2,405
2024	5,008	2,405
2025	5,008	2,405
2026-2030	27,692	12,026
2031-2035	34,034	12,026
2036-2040	39,187	12,026
2041-2045	43,330	12,026
2046-2048	22,965	6,012
Minimum future lease payments	190,337	66,141
Amount representing interest	(131,612)	-
Present value of capital lease obligations	$ 58,725	$ 66,141

Total accumulated depreciation under capital leases was approximately $46,333 and $45,233 in 2020 and 2019, respectively.

Rental amount incurred during 2020 and 2019 were $235 and $165, respectively.

16. RISK MANAGEMENT

MTA Bridges and Tunnels is exposed to various risks of loss related to torts; theft of, damage to, and destruction of its assets; injuries to persons, including employees; and natural disasters.

MTA Bridges and Tunnels is self-insured up to $3.2 million per occurrence for liability arising from injuries to persons, excluding employees. MTA Bridges and Tunnels is self-insured for work related injuries to employees and for damage to third party property. MTA Bridges and Tunnels provides reserves to cover the self-insured portion of these claims, including a reserve for claims incurred but not reported. The annual cost arising from injuries to employees and damage to third-party property is included in “Retirement & other employee benefits” and “Insurance” in the accompanying statements of revenues, expenses and changes in net position.

A summary of activity in estimated liability arising from injuries to persons, including employees, and damage to third-party property, as of December 31, 2020 and 2019, is as follows:

(In thousands)	**2020**	**2019**
Balance—beginning of year	$ 58,555	$ 52,628
Activity during the year:		
Current year claims and changes in estimates	3,173	6,999
Claims paid	(5,820)	(1,072)
Balance—end of year	55,908	58,555
Less current portion	(7,325)	(7,938)
Long-term liability	$ 48,583	$ 50,617

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 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road, and MTA Metro-North Railroad; $2.3 million for MTA Long Island Bus and MTA Staten Island Railway; and $1.6 million for MTAHQ and MTA Bridges and Tunnels. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limits are: $9 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $2.6 million for MTA Long Island Bus and MTA Staten Island Railway; and $1.9 million for MTAHQ and MTA Bridges and Tunnels. Effective November 1, 2012 the self-insured retention limits for ELF were increased to the following amounts: $10 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $3 million for MTA Staten Island Railway; and $2.6 million for MTAHQ and MTA Bridges and Tunnels. Effective October 31, 2015 the self-insured retention limits for ELF were increased to the following amounts: $11 million for MTA New York City Transit, MaBSTOA, MTA Bus, MTA Long Island Rail Road and MTA Metro-North Railroad; $3.2 million for MTA Staten Island Railway; MTAHQ and MTA Bridges and Tunnels. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50 million. The retrospective portion contains the same insurance agreements, participant retentions, and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Group entities above their specifically assigned self-insured retention with a limit of $50 million per occurrence with a $50 million annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2020, the balance of the assets in this program was $182.7 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $307.5 million for a total limit of $357.5 million ($307.5 million excess of $50 million). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50 million.

Property Insurance — Effective May 1, 2020, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2020, FMTAC directly insures property damage claims of the Related Entities in excess of a $25 million per occurrence deductible, subject to an annual $75 million aggregate deductible. The total All Risk program annual limit is $500 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. In addition to the noted $25 million per occurrence deductible, MTA is self-insured above the deductible for $44.464 million within the overall $500 million per occurrence property program, as follows: $0.685 million (or 1.37%) of the $50 million excess $50 million layer, plus $13.4 million (or 26.8%) of $50 million excess $150 million layer, plus $6.85 million (or 13.7%) of the $50 million excess $200 million layer, plus $17.35 million (or 34.71%) of the $50 million excess $250 million layer and $6.18 million (or 12.36%) of the $50 million excess $300 million layer.

The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $500 million per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of $100 million of fully collateralized earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 12, 2020 to April 30, 2023. The expanded protection is reinsured by MetroCat Re Ltd. 2020-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2020-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index value.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of "certified" losses, as covered by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") of 2019. The remaining 20% of the Related Entities' losses arising from an act of terrorism would be covered under the additional terrorism policy described below. No federal compensation will be paid unless the aggregate industry insured losses exceed a trigger of $200 million. The United States government's reinsurance is in place through December 31, 2027.

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any "certified" act of terrorism up to a maximum recovery of $215 million for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the "certified" acts of terrorism insurance or (3) 100% of any "certified" terrorism loss which exceeds $5 million and less than the $200 million TRIPRA trigger up to a maximum recovery of $200 million for any occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $215 million. Recovery under the terrorism policy is subject to a deductible of $25 million per occurrence and $75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed $75 million future losses in that policy year are subject to a deductible of $7.5 million. The terrorism coverages expire at midnight on May 1, 2021.

17. COMMITMENTS AND CONTINGENCIES

At December 31, 2020 and 2019, MTA Bridges and Tunnels had unused standby letters of credit, relative to insurance, amounting to $2.712 million and $2.712 million, respectively.

MTA Bridges and Tunnels is involved in various litigations and claims involving personal liability claims and certain other matters. Although the ultimate outcome of these claims and suits cannot be predicted at this time, management does not believe that the ultimate outcome of these matters will have a material effect on the financial position, results of operations and cash flows of MTA Bridges and Tunnels.

Under the terms of federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. While questioned costs may occur, ultimate repayments required of the MTA or the Authority have been infrequent in prior years.

18. SWAP AGREEMENTS

Swap Agreements Relating to Synthetic Fixed Rate Debt — Fair value for the swaps is calculated in accordance with GASB Statement No. 72, utilizing the income approach and Level 2 inputs. It incorporates the mid-market valuation, nonperformance risk of either MTA Bridges and Tunnels or the counterparty, as well as bid/offer. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Swap Agreements Relating to Synthetic Fixed Rate Debt

Board-Adopted Guidelines — The Related Entities adopted guidelines governing the use of swap contracts on March 26, 2002. The guidelines were amended and approved by the Board on March 13, 2013. The guidelines establish limits on the amount of interest rate derivatives instruments that may be outstanding and specific requirements that must be satisfied for a Related Entity to enter into a swap contract, such as suggested swap terms and objectives, retention of a swap advisor, credit ratings of the counterparties, collateralization requirements and reporting requirements.

Objectives of Synthetic Fixed Rate Debt — To achieve cash flow savings through a synthetic fixed rate, MTA Bridges and Tunnels has entered into separate pay-fixed, receive-variable interest rate swaps at a cost anticipated to be less than what MTA Bridges and Tunnels would have paid to issue fixed-rate debt, and in some cases where Federal tax law prohibits an advance refunding to synthetically refund debt on a forward basis.

Terms and Fair Value — The terms, fair values and counterparties of the outstanding swaps of MTA Bridges and Tunnels are reflected in the following tables (as of December 31, 2020).

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MTA BRIDGES AND TUNNELS SENIOR LIEN REVENUE BONDS							
Associated Bond Issue	Notional Amounts as of 12/31/2020 (in millions)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values as of 12/31/2020 (in millions)	Swap Termination Date	Counterparty
Series 2002F[(1)]	$ 188.300	07/07/05	3.076 %	67% of one-month LIBOR[(1)]	$ (41.775)	01/01/32	Citibank, N.A.
Series 2005B-2a,b,c, 2005B-3 and 2005B-4a,b,c,d,e[(1)]	564.900	07/07/05	3.076	67% of one-month LIBOR[(1)]	(125.326)	01/01/32	33% each – JPMorgan Chase Bank, NA, BNP Paribas North America, Inc. and UBS AG
Total	$ 753.200				$ (167.101)		

MTA BRIDGES AND TUNNELS SUBORDINATE REVENUE BONDS							
Associated Bond Issue	Notional Amounts as of 12/31/2020 (in millions)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values as of 12/31/2020 (in millions)	Swap Termination Date	Counterparty
Series 2005A	$ 21.780	09/24/04	3.09	Lesser of Actual Bond or 67% of one-month LIBOR – 45 basis points	$ (3.072)	01/01/30	U.S. Bank N.A., Wells Fargo Bank, N.A.
Series 2001C[(6)]	$ 10.000	04/01/16	3.52	67% of one-month LIBOR[(1)]	$ (1.435)	01/01/30	U.S. Bank N.A., Wells Fargo Bank, N.A.
Total	$ 31.780				$ (4.507)		

(1) On February 19, 2009, MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2005B-1 were refunded. Notional amounts from the Series 2005B-1 swap were reassigned to MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2002F, MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2003B-

1,2,3 and from November 1, 2027 through November 1, 2030, to MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A-2,3.

(2) In accordance with a swaption entered on August 12, 1998, the Counterparty paid to MTA Bridges and Tunnels a premium of $22,740,000.

(3) On September 30, 2014, the TBTA Subordinate Revenue Variable Rate Refunding Bonds, Series 2000AB, together with the TBTA Subordinate Revenue Variable Rate Refunding Bonds Series 2000CD, were redesignated as the Series 2000ABCD Bonds and converted from a Weekly Mode to a Term Mode. The swap now hedges the portion of the Series 2000ABCD bonds that originally related to the Series 2000AB bonds.

(4) On December 18, 2012, MTA Variable Rate Certificates of Participation, Series 2004A associated with the swap in connection with Series 2004A Bonds, were redeemed. Notional amounts from the Series 2004A swap were reassigned to MTA Transportation Revenue Variable Rate Bonds, Series 2011B; and MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A-1.

(5) On November 19, 2013, MTA Variable Rate Certificates of Participation, Series 2004A associated with the swap in connection with Series 2004A Bonds, were redeemed. Notional amounts from the Series 2004A swap were reassigned to MTA Transportation Revenue Variable Rate Bonds, Series 2011B; and MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A-1.

(6) In accordance with a swaption entered on August 12, 1998, TBTA received an upfront option premium of $22.740, which is being amortized over the life of the swap agreement. Between November 22, 2016 and December 5, 2016, the Variable Rate Certificates of Participation, Series 2004A were redeemed. Corresponding notional amounts from the Series 2004A COPs were reassigned to MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C. Pursuant to an Interagency Agreement (following novations from UBS in April 2016), MTA New York City Transit is responsible for 68.7%, MTA is responsible for 21.0%, and TBTA is responsible for 10.3% of the transaction.

LIBOR: London Interbank Offered Rate
SIFMA: Securities Industry and Financial Markets Association Index
TRB: Transportation Revenue Bonds

Counterparty Ratings — The current ratings of the counterparties are as follows as of December 31, 2020:

	Ratings of the Counterparty or its Credit Support Provider		
Counterparty	**S&P**	**Moody's**	**Fitch**
U.S. Bank National Association	AA-	A1	AA-
Wells Fargo Bank, N.A.	A+	Aa2	AA-
BNP Paribas North America, Inc.	A+	Aa3	AA-
Citibank, N.A.	A+	Aa3	A+
JPMorgan Chase Bank, NA	A+	Aa2	AA
UBS AG	A+	Aa3	AA-

Swap Notional Summary — The following table sets forth the notional amount of Synthetic Fixed Rate debt and the outstanding principal amount of the underlying floating rate series as of December 31, 2020 (in thousands):

Series	Outstanding Principal	Notional Amount
TBTA 2005B-4 (a,b,c,d,e)	$ 188,300	$ 188,300
TBTA 2005B-3	188,300	188,300
TBTA 2005B-2 (a,b,c)	188,300	188,300
TBTA 2005A	102,070	21,780
TBTA 2003B (1,2,3)	146,225	43,465
TBTA 2002F	144,835	144,835
TBTA 2001C	95,370	10,000
2002G-1	97,215	97,215
2011B	92,455	92,455
Total	$ 1,243,070	$ 974,650

Except as discussed below under the heading "*Rollover Risk*," the swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the principal amount of the associated bonds.

Risks Associated with the Swap Agreements — From MTA's and MTA Bridges and Tunnels' perspective, the following risks are generally associated with swap agreements:

Credit Risk — The risk that a counterparty becomes insolvent or is otherwise not able to perform its financial obligations. To mitigate the exposure to credit risk, the swap agreements include collateral provisions in the event of downgrades to the swap counterparties' credit ratings. Generally, MTA Bridges and Tunnels' swap agreements contain netting provisions under which transactions executed with a single counterparty are netted to determine collateral amounts. Collateral may be posted with a third-party custodian in the form of cash, U.S. Treasury securities, or certain Federal agency securities. MTA Bridges and Tunnels requires its counterparties to fully collateralize if ratings fall below certain levels (in general, at the Baa1/BBB+ level), with partial posting requirements at higher rating levels (details on collateral posting discussed further under "Collateralization/Contingencies"). As of December 31, 2020, all the valuations were in liability positions to MTA Bridges and Tunnels; accordingly, no collateral was posted by any of the counterparties.

The notional amount totals below include all swaps. The counterparties have the ratings set forth above.

Counterparty	Notional Amount (in thousands)	% of Total Notional Amount
JPMorgan Chase Bank, NA	$ 188,300	19.36 %
UBS AG	188,300	19.36
Citibank, N.A.	188,300	19.36
BNP Paribas North America, Inc.	188,300	19.36
U.S. Bank National Association	110,725	11.28
Wells Fargo Bank, N.A.	110,725	11.28
Total	$ 974,650	100 %

Basis Risk — The risk that the variable rate of interest paid by the counterparty under the swap and the variable interest rate paid by MTA Bridges and Tunnels on the associated bonds may not be the same. If the counterparty's rate under the swap is lower than the bond interest rate, then the counterparty's payment under the swap agreement does not fully reimburse MTA Bridges and Tunnels for its interest payment on the associated bonds. Conversely, if the bond interest rate is lower than the counterparty's rate on the swap, there is a net benefit to MTA Bridges and Tunnels.

Termination Risk — The risk that a swap agreement will be terminated and MTA Bridges and Tunnels will be required to make a swap termination payment to the counterparty and, in the case of a swap agreement which was entered into for the purpose of creating a synthetic fixed rate for an advance refunding transaction may also be required to take action to protect the tax-exempt status of the related refunding bonds.

The ISDA Master Agreement sets forth certain termination events applicable to all swaps entered by the parties to that ISDA Master Agreement. MTA Bridges and Tunnels have entered separate ISDA Master Agreements with each counterparty that govern the terms of each swap with that counterparty, subject to individual terms negotiated in a confirmation. MTA Bridges and Tunnels is subject to termination risk if its credit ratings fall below certain specified thresholds or if MTA Bridges and Tunnels commits a specified event of default or other specified event of termination. If, at the time of termination, a swap was in a liability position to MTA Bridges and Tunnels, a termination payment would be owed by MTA Bridges and Tunnels to the counterparty, subject to applicable netting arrangements.

The ISDA Master Agreements entered with the following counterparties provide that the payments under one transaction will be netted against other transactions entered under the same ISDA Master Agreement:

- JPMorgan Chase Bank, NA with respect to the MTA Transportation Revenue Variable Rate Refunding Bonds, Series 2002D-2 and Series 2012G.

Under the terms of these agreements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Collateralization — Generally, the Credit Support Annex attached to the ISDA Master Agreement requires that if the outstanding ratings of MTA, MTA Bridges and Tunnels, MTA New York City Transit, or the counterparty falls to a certain level, the party whose rating falls is required to post collateral with a third-party custodian to secure its termination payments above certain threshold valuation amounts. Collateral must be cash or U.S. government or certain Federal agency securities.

The following tables set forth the ratings criteria and threshold amounts relating to the posting of collateral set forth for MTA, MTA Bridges and Tunnels, MTA New York City Transit, and the counterparty for each swap agreement. In most cases, the counterparty does not have a Fitch rating on its long-term unsecured debt, so that criteria would not be applicable in determining if the counterparty is required to post collateral.

The following tables set forth the Additional Termination Events for MTA Bridges and Tunnels and its counterparties.

MTA Bridges and Tunnels Senior Lien

Counterparty Name	MTA Bridges and Tunnels	Counterparty
BNP Paribas North America, Inc.; Citibank, N.A.; JPMorgan Chase Bank, NA; UBS AG	Below Baa2 (Moody's) or BBB (S&P)*	Below Baa1 (Moody's) or BBB+ (S&P)*

* Note: Equivalent Fitch rating is replacement for Moody's or S&P.

MTA Bridges and Tunnels Subordinate Lien

Counterparty Name	MTA Bridges and Tunnels	Counterparty
U.S. Bank National Association; Wells Fargo Bank, N.A.	Below Baa2 (Moody's) or BBB (S&P)*	Below Baa2 (Moody's) or BBB (S&P)**

* Note: Equivalent Fitch rating is replacement for Moody's or S&P. If not below Investment Grade, MTA Bridges and Tunnels may cure such Termination Event by posting collateral at a Zero threshold.

** Note: Equivalent Fitch rating is replacement for Moody's or S&P.

MTA Bridges and Tunnels' ISDA Master Agreements provide that the payments under one transaction will be netted against other transactions entered under the same ISDA Master Agreement. Under the terms of these agreements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the amounts so that a single sum will be owed by, or owed to, the non-defaulting party.

Rollover Risk — MTA and MTA Bridges and Tunnels are exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, MTA or

MTA Bridges and Tunnels may not realize the synthetic fixed rate offered by the swaps on the underlying debt issues. The following debt is exposed to rollover risk:

Associated Bond Issue	Bond Maturity Date	Swap Termination Date
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C (swaps with U.S. Bank/Wells Fargo)	January 1, 2032	January 1, 2030
MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2002F (swap with Citibank, N.A.)	November 1, 2032	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2003B (swap with Citibank, N.A.)	January 1, 2033	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A (swaps with U.S. Bank/Wells Fargo and Citibank, N.A.)	November 1, 2035	January 1, 2030 (U.S. Bank/Wells Fargo) January 1, 2032 (Citibank)

Collateralization/Contingencies — Under the majority of the swap agreements, MTA Bridges and Tunnels is required to post collateral in the event its credit rating falls below certain specified levels. The collateral posted is to be in the form of cash, U.S. Treasury securities, or certain Federal agency securities, based on the valuations of the swap agreements in liability positions and net of the effect of applicable netting arrangements. If MTA Bridges and Tunnels does not post collateral, the swaps may be terminated by the counterparties.

As of December 31, 2020, the aggregate mid-market valuation of MTA Bridges and Tunnels' swaps subject to collateral posting agreements was $198,360; as of this date, MTA Bridges and Tunnels was not subject to collateral posting based on its credit ratings (see further details below).

The following tables set forth the ratings criteria and threshold amounts applicable to MTA Bridges and Tunnels and its counterparties.

MTA Bridges and Tunnels Senior Lien

Counterparty	MTA Bridges and Tunnels Collateral Thresholds (based on highest rating)	Counterparty Collateral Thresholds (based on highest rating)
BNP Paribas North America, Inc.;	Baa1/BBB+: $30 million	A3/A-: $10 million
Citibank, N.A.;	Baa2/BBB: $15 million	Baa1/BBB+ & below: Zero
JPMorgan Chase Bank, NA;	Baa3/BBB- & below: Zero	

Note: MTA Bridges and Tunnels thresholds based on Moody's, S&P, and Fitch ratings. Counterparty thresholds based on Moody's and S&P ratings; Fitch rating is replacement for Moody's or S&P.

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MTA Bridges and Tunnels Subordinate Lien

Counterparty	MTA Bridges and Tunnels Collateral Thresholds (based on lowest rating)	Counterparty Collateral Thresholds (based on lowest rating)
U.S. Bank National Association; Wells Fargo Bank, N.A.	Baa3/BBB- & below: Zero *(note: only applicable as cure for Termination Event)*	Aa3/AA-: $15 million A1/A+ to A3/A-: $5 million Baa1/BBB+ & below: Zero

Note: Thresholds based on Moody's and S&P ratings. Fitch rating is replacement for Moody's or S&P.

Swap Payments and Associated Debt — The following tables contain the aggregate amount of estimated variable-rate bond debt service and net swap payments during certain years that such swaps were entered into in order to: protect against the potential of rising interest rates; achieve a lower net cost of borrowing; reduce exposure to changing interest rates on a related bond issue; or, in some cases where Federal tax law prohibits an advance refunding, achieve debt service savings through a synthetic fixed rate. As rates vary, variable-rate bond interest payments and net swap payments will vary. Using the following assumptions, debt service requirements of MTA's and MTA Bridges and Tunnel's outstanding variable-rate debt and net swap payments are estimated to be as follows:

- It is assumed that the variable-rate bonds would bear interest at a rate of 4.0% per annum.
- The net swap payments were calculated using the actual fixed interest rate on the swap agreements.

MTA BRIDGES AND TUNNELS
(In millions)

Year Ending	Variable-Rate Bonds		Net Swap	
December 31	Principal	Interest	Payments	Total
2021	$ 26.6	$ 36.0	$ (6.8)	$ 55.8
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
2026–2030	408.3	116.8	(27.5)	497.7
2031–2035	350.2	10.0	(1.8)	358.4
2036–2040	0.0	1.5	0.0	1.5

19. RELATED PARTY TRANSACTIONS

MTA Bridges and Tunnels and other affiliated MTA agencies receive support from MTA in the form of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, some of which are charged back.

The resulting receivables and payables from the above transactions are recorded in the due from/to MTA and affiliated agencies account included in the accompanying balance sheets.

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Due from/to MTA and affiliated agencies consists of the following at December 31, 2020 and 2019 (in thousands):

	2020		2019	
	Receivable	(Payable)	Receivable	(Payable)
Due from (due to) MTA	$ 10,110	$ (446,903)	$ 11,925	$ (435,768)
Due from (due to) MTA	-	(17,017)	-	(20,267)
Due from (due to) affiliated agencies	-	(31,137)	-	(42,387)
	$ 10,110	$ (495,057)	$ 11,925	$ (498,422)

20. COVID 19 PANDEMIC

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.

The Coronavirus Aid, Relief and Economic Security Act, also known as 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 is providing approximately $4 billion to MTA. Funding will be provided at a 100 percent Federal share, with no local match required, and is available to support operating, capital and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders. On May 8, 2020, the FTA approved MTA's initial grant application of $3.9 billion. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 million in additional formula grant allocations to MTA for a CARES Act grant total of $4.010 billion. As of December 31, 2020, a total of $4.010 billion has been released to MTA for operating assistance that occurred from January 20, 2020 through July 31, 2020.The MTA has received all CARES Act funding as provided in the first congressional relief package.

21. SUBSEQUENT EVENT

Remarketing of series 2005B-2
On January 21, 2021 General Revenue Variable Rate Bond series 2005B-2 was effectuating a mandatory tender for the purchase and remarketing of the principal amount of $187,200 from a Daily Mode to a Weekly Mode bearing interest. The irrevocable direct-pay letter of credit issued by Citibank, N.A., was replaced with an irrevocable direct-pay letter of credit issued by State Street Bank and Trust Company.

Remarketing of series 2005B-4A
On February 01, 2021 General Revenue Variable Rate Bond series 2005B-4A was effectuating a mandatory tender for the purchase and remarketing of the principal amount of $104,700 from a Term Rate Mode bearing interest at a variable interest rate equal to the adjusted LIBOR Rate to the Term Rate Mode bearing at a variable rate based on the Secured Overnight Financing Rate (SOFR) index.

General revenue bond, Series 2021A
On March 31, 2021, Triborough Bridge and Tunnel Authority issued a new general revenue bond, Series 2020A. This bond 2021A of $400,000 will provide proceeds for capital projects in approved TBTA capital programs.

Payroll Mobility Tax Senior Lien Bond 2021A
On April 20,2021, Triborough Bridge and Tunnel Authority issued a new Payroll Mobility Tax Senior Lien Bond, Series 2020A. This bond 2021A of $1,238,210 was issued on behalf of MTA for refunding of 2018B-2 BAN and 2015X.

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REQUIRED SUPPLEMENTARY INFORMATION

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY IN THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM AT JUNE 30,

	NYCERS				
	2020 (in millions)	2019 (in millions)	2018 (in millions)	2017 (in millions)	2016 (in millions)
Authority's proportion of the net pension liability	1.212 %	1.222 %	1.155 %	1.308 %	1.266 %
Authority's proportionate share of the net pension liability	$ 255.54	$ 226.29	$ 203.71	$ 271.61	$ 307.60
Authority's actual covered-employee payroll	$ 121.31	$ 157.46	$ 126.57	$ 130.30	$ 133.89
Authority's proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	210.65 %	143.71 %	160.95 %	208.450 %	229.741 %
Plan fiduciary net position as a percentage of the total pension liability	76.93 %	78.83 %	78.83 %	74.80 %	69.57 %

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

TRIBOROGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEARS ENDED DECEMBER 31,
(In thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 40,790	$ 48,538	$ 38,697	$ 41,272	$ 44,609	$ 41,812	$ 33,023	$ 33,461	$ 36,183	$ 27,671
Contributions in relation to the contractually required contribution	40,790	48,538	38,697	41,272	44,609	41,812	33,023	33,461	36,183	27,671
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 126,895	$ 164,110	$ 133,494	$ 144,992	$ 137,900	$ 150,652	$ 167,988	$ 132,095	$ 128,184	$ 128,730
Contributions as a percentage of covered-employee payroll	32.14 %	29.58 %	28.99 %	28.47 %	32.35 %	27.75 %	19.66 %	25.33 %	28.23 %	21.50 %

Notes to Authority's Contributions to NYCERS:

Significant methods and assumptions used in calculating the actuarially determined contributions of an employer's proportionate share in a Cost Sharing, Multiple-Employer pension plan, the NYCERS Plan, should be presented as notes to the schedule. Factors that significantly affect trends in the amounts reported are changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions. Following is a summary of such factors:

Changes of Benefit Terms

There were no changes of benefit terms in the June 30, 2019 funding valuation.

Changes of Assumptions

There were no changes of benefit assumptions in the June 30, 2019 fund valuation.

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY IN THE MTA OPEB PLAN AT:
(IN MILLIONS)

Plan Measurement Date (December 31):	2019	2018	2017
MTA Bridges and Tunnels proportion of the net OPEB liability	3.85 %	4.09 %	4.06 %
MTA Bridges and Tunnels proportionate share of the net OPEB liability	$ 813.359	$ 801.555	$ 823.748
MTA Bridges and Tunnels covered payroll	$ 164.110	$ 133.494	$ 112.716
MTA Bridges and Tunnels proportionate share of the net OPEB liability as a percentage of its covered payroll	495.62 %	600.44 %	730.82 %
Plan fiduciary net position as a percentage of the total OPEB liability	1.93 %	1.76 %	1.79 %

Note: This schedule is intended to show information for ten years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO THE MTA OPEB PLAN
FOR THE YEARS ENDED DECEMBER 31:

(In thousands)

	2020	2019	2018
Actuarially Determined Contribution	N/A	N/A	N/A
Actual Employer Contribution [1]	$ 29,318	$ 29,314	$ 28,291
Contribution Deficiency (Excess)	N/A	N/A	N/A
Covered Payroll	126,895	164,110	133,494
Actual Contribution as a Percentage of Covered Payroll	23.10 %	17.86%	21.19%

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of $2,495, $3,782, and $3,650 for the years ended December 31, 2020, 2019, and 2018, respectively.

Notes to Schedule of the MTA Bridges and Tunnels Contribution to the OPEB Plan:

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2019	July 1, 2017
Measurement date	December 31, 2019	December 31, 2018
Discount rate	2.74%, net of expenses	4.10%, 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	4.50%	4.50%
Investment rate of return	5.75%	6.50%

Changes of benefit terms: In the July 1, 2019 actuarial valuation, there were no changes to the benefit terms.

Changes of assumptions: In the July 1, 2019 actuarial valuation, there was a change in assumptions. The discount rate used to measure liabilities was updated to incorporate GASB 75 guidance and changed to reflect the current municipal bond rate.

Note: This schedule is intended to show information for ten years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

MTA Information Technology

Audit Committee Report on IT

Rafail Portnoy, Chief Technology Officer

May 2021

MTA IT Service First

Agenda

- 2020 Major IT Achievements
- 2021 Major IT Goals
- Internal Controls
- IT Savings

2020 Major IT Achievements

MTA IT implemented solutions to rapidly respond to our COVID 19 emergency and transition more than 12,000 employees to work from home

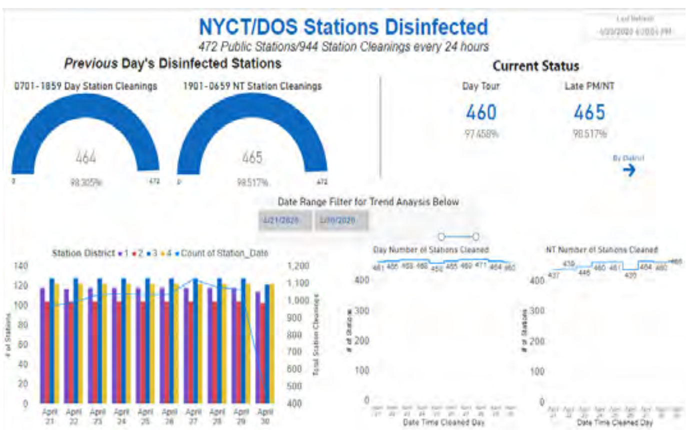
- Supplied hundreds of laptops and cell phones with instructions and technical support
- Reconfigured applications to improve remote access while ensuring appropriate security compliance
- Created the OHS Health Hotline and self-service portal, fielding over 60,000 calls to date
- Provided uninterrupted service delivery and support for essential business functions, even as demand for IT services skyrocketed
- Reconfigured IT's processes, protocols, security policies and remote support services to address the increased need

These solutions have successfully met the increase in remote application usage and support services:

1700%	500%	>100%	43%	160%
Collaboration application usage	File sharing	Collaboration activity	Asset-related IT calls	New IT assets or service requests

IT has deployed technology solutions to support essential operations

- Subway status cleaning app
  - Easy to use mobile app that tracks twice-daily station cleaning activities
  - Features a robust dashboard to monitor progress and status
  - Successfully deployed in *two weeks*



- IT implemented enhancements to keep Payroll, Timekeeping and Administrative functions operational
  - Maintained 24/7 operations to print paychecks and direct deposit stubs without interruption
  - Ensured minimal impact to payroll operations
  - Customized procurement and timekeeping applications to track employee time and purchases related to COVID-19 for reimbursement

2020 Major IT Achievements

Security	• Strengthening and hardening the security of the MTA Transportation Systems: power, signaling, and communications • Addressed the threats from the SolarWinds supply chain attack late 2020
Realtime Information	• Realtime interactive subway map for updated tools and quick information on the impacts of any service change • Rapidly developed and launched the "Essential Connector" enabling essential workers to book free ride-hail trips during the subway cleaning hours (1AM - 5AM)
MTA.info	• Over 250K active users, logging over 1.5M visits/ month • Continually adding new content and COVID-19 advisories

2020 Major IT Achievements

LIRR Train Time App

- The LIRR Train Time app has been made more detailed
- Now shows the number of passengers in each car of every train, refreshed every 15 seconds, along with the observer's relative position within the train

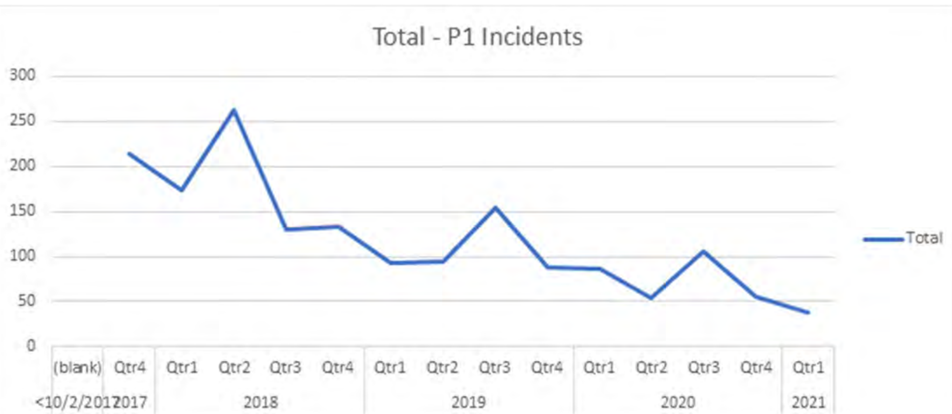
Timekeeping Modernization

- Implemented enhancements to keep Payroll, Timekeeping and Administrative functions operational through the COVID-19 emergency

MNR Hackathon

- Competition to Identify Ways to Reduce Crowding During Pandemic
- Resulted in MNR real time passenger counting app with detailed results in six languages
- Real-time capacity tracking and train location info and closed car notifications; Easier access to eTix

The number of P1 incidents has been trending downward since 2018

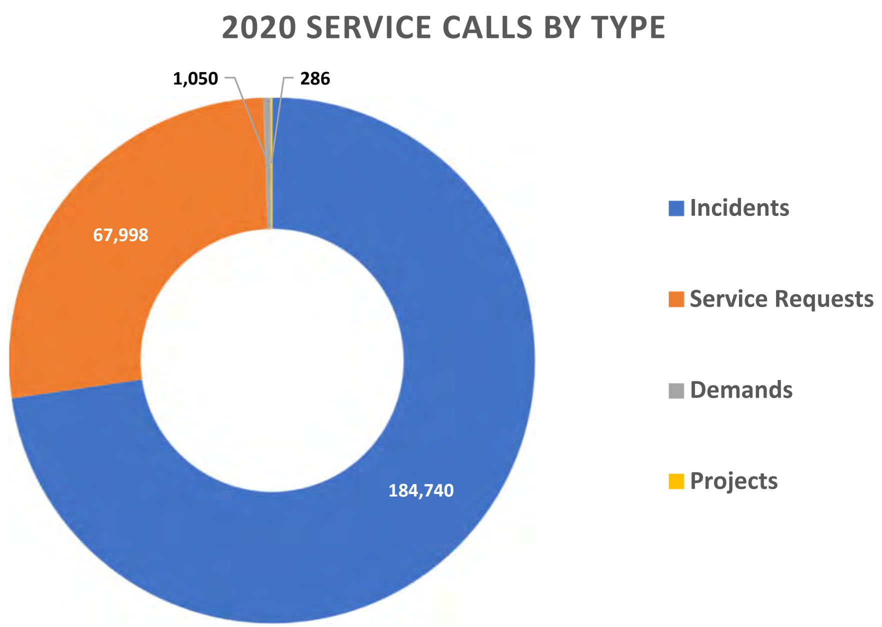


P1 Incident Comparison	2017	2018	2019	2020	2021	Grand Total
Qtr1		173	93	87	38	391
Qtr2		263	94	54		411
Qtr3		130	155	106		391
Qtr4	214	133	88	56		491
Grand Total	214	699	430	303	38	1,684

- P1 incidents from 2018 to 2020 have dropped 57%
  - 38% reduction from 2018 to 2019
  - 30% reduction from 2019 to 2020
- Management attention and staff awareness/effort can be attributed to these improvements
- Starting in the Spring of 2018, there was a shift in emphasis to operational issues:
  - Daily operational meetings with wide and deep participation were implemented
  - P1 management process was developed, with key staff providing 7/24 P1 on-call coverage
  - Improvements to the change management process, ensuring that planned changes were tested and scheduled cautiously, enhanced by improved communications
  - All P1 incidents were reviewed by senior management and root cause assessed
- Other factors lead the changes as well:
  - Definitional changes, particularly in network, reduced the number of P1 incidents
  - Operational changes reduced the number of P1 incidents, most notably RCC initiated P1 incidents
  - Operational changes also increased the number of P1 incidents, particularly related to Kronos clock incidents
- Finally, improvements to the infrastructure, applications, and security have driven positive change

MTA IT Service Desk successfully processed over 250,000 requests in 2020

Agency	Total Requests
NYCTA	110,488
LIRRD	27,823
MNCRR	24,277
MTAHQ	15,067
MTABC	8,288
BRTUN	9,238
MTBSC	5,268
CAPCO	1,509
INGEN	184
Multiple Agencies	59
Other	7,796
MTA IT Initiated	44,077
Total	**254,074**



2021 Major IT Goals

MTA IT Service First

MTA IT is establishing a new vision and set of priorities

MTA IT's goal is to become:

- ***Strategic & Integrated Business Partner***
- ***Service Provider Of Choice***
- ***Run As A Successful Business***

Optimize Organization
Right-Sourcing

Business Mindset
Analytics

Product Focus
Flexible Teams

MTA IT Service First

We aim to achieve a more simplified approach to Information Technology

Themes

Consolidation

Consolidate technology platforms, technical workforce and IT operations functions to mature and improve efficiency of IT and OT environments across MTA

Modernization

Introduce a Product View that incorporates modern application development techniques such as Agile, DevSecOps, Cloud and Analytics. Sunset legacy/aging infrastructure to retain support, continue maintenance, and preserve reliability

Standardization

Standardize practices, technologies and architecture to improve operational ownership, asset consistency and documentation, thus reducing potential for vulnerabilities and incident response

Goals of Going Agile

PREDICTABILITY

Agile tends to focus on adaptability but predictability is most often cited as the reason for agile transformation

EARLY ROI

Many organizations struggle with 18-month delivery cycles. Agile helps your team accelerate time to market value

INNOVATION

As companies grow, sometimes they slow down and loose the ability to innovate. Agile can help you get back your competitive edge.

QUALITY

As organizations scale, product quality often suffers. Agile focuses on quality from requirements through implementation

LOWER COSTS

Cost savings are tough to promise, but agile can help make sure you are only spending money on the features most likely to generate revenue

PRODUCT FIT

Delivering on time is only important if you are delivering the right product. Agile can help you get the feedback you need.

MTA Technology Modernization Overview

Consolidate people and infrastructure, while migrating toward modern technologies and addressing security risk

Embedded IT Consolidation

- Set demarcation of technology responsibilities and capabilities between agencies and HQ
- Mobilize embedded IT workforce from the agencies into MTA IT in a phased approach: Consolidate, Optimize and Right size
- Perform further functional and organizational deep dive to determine the best approach to address resources performing both IT and OT/Non IT activities at the agencies

MTA IT Organization Structure

- Optimize org. structure in terms of spans and layers based on benchmark for role archetype
- Upskill workforce and capabilities to shift focus from routine tasks to value-driven capabilities

MTA IT Governance

- Strengthen governance framework to ensure improved oversight and planning, streamlined decision-making, and standardized architecture

Network Modernization

- Flexible, agile network security segmentation and controls for MTA HQ and agencies
- Standardize network technologies across agencies
- Modernize and optimize legacy infrastructure
- Proactively monitor and manage infrastructure assets
- Intelligent automation and orchestration for MTA network operations

Agency & IT Relationship

- Foster collaboration between IT and the agencies at all levels
- Increase transparency into IT operations through the use of a business-oriented service catalog and SLAs

DC Optimization

Improve DC efficiency by:

- Driving compliance and standards across agencies for IT facilities
- Optimizing compute and storage platforms through maximum virtualization
- Migrating systems off platforms that do not provide a clear path to migrate to public cloud (e.g., HP-UX / Superdome, AS/400, Mainframe, etc.)

Cloud Strategy

- Formally establish cloud migration strategy
- Define cloud financial management and Standard Operating Environment
- Characterize workload for cloud migration

Active Directory (Managing Access Control) - Domain Consolidation

- Maintenance and operationalization of a secure and more reliable active directory environment
- Streamline group policy and controls across the Active Directory environment

Security Controls

- Formalize the OT/IT security governance model (charter, operating model, steering committee, working groups)
- Implement comprehensive OT security to protect critical infrastructure and transportation networks
- Strengthen cloud security to protect data leakage by utilizing policies, controls, procedures, and technologies
- Enhance data protection and access controls for sensitive data

OT Assessment Approach

- Scope and approach for OT assessment defined
- Engage agencies to document and assess OT functions
- Standardize the acquisition, deployment, and support of OT assets across MTA and ensure cybersecurity compliance

Internal Controls

MTA IT follows the Critical Information Security (CIS) Framework for assessing risk and testing management controls

93 out of 97 controls passed: 96%

2021 Initiatives:

- Increase the frequency of testing from annually to quarterly for high-risk controls, for more timely remediation
- Policy and Standards will be an area of focus
- Continue to leverage the new Archer system for Internal Controls life cycle

MTA IT is driving savings by using resources more efficiently across all agencies

- 2015 Budget reduction of 6%
  - 59 Positions ($19.3M)
  - $3.4M Non-Labor
  - $1.9M Operating Capital
- 2016 Budget reduction of 7%
  - 67 Positions ($16.2M)
  - $27.2m Non-Labor
- 2017 Budget reduction
  - $29.1M Non-Labor
- 2018 Budget reduction
  - 61 positions ($2.8M; $7.6M annually)
  - $3M annual IT Initiative Reserve Operating Capital
- 2019 Budget reduction
  - 52 Positions attrition ($7.3M)
  - $5.0M Non-Labor & Operating Capital
- 2020 Budget reduction
  - 118 Positions ($13.2M annually)
  - 49 Positions attrition ($6.9M)
  - $10.1M Non-Labor & Operating Capital
- 2021 Budget reduction
  - 42 Positions ($6.0M annually)
  - $31.2M Non-Labor & Operating Capital

Total Savings 2015-2021: $505M

Q&A

Appendix

Appendix

[Click here for the video and the story]

Corporate Compliance

Remediation Plans

Six Months Past Due Report

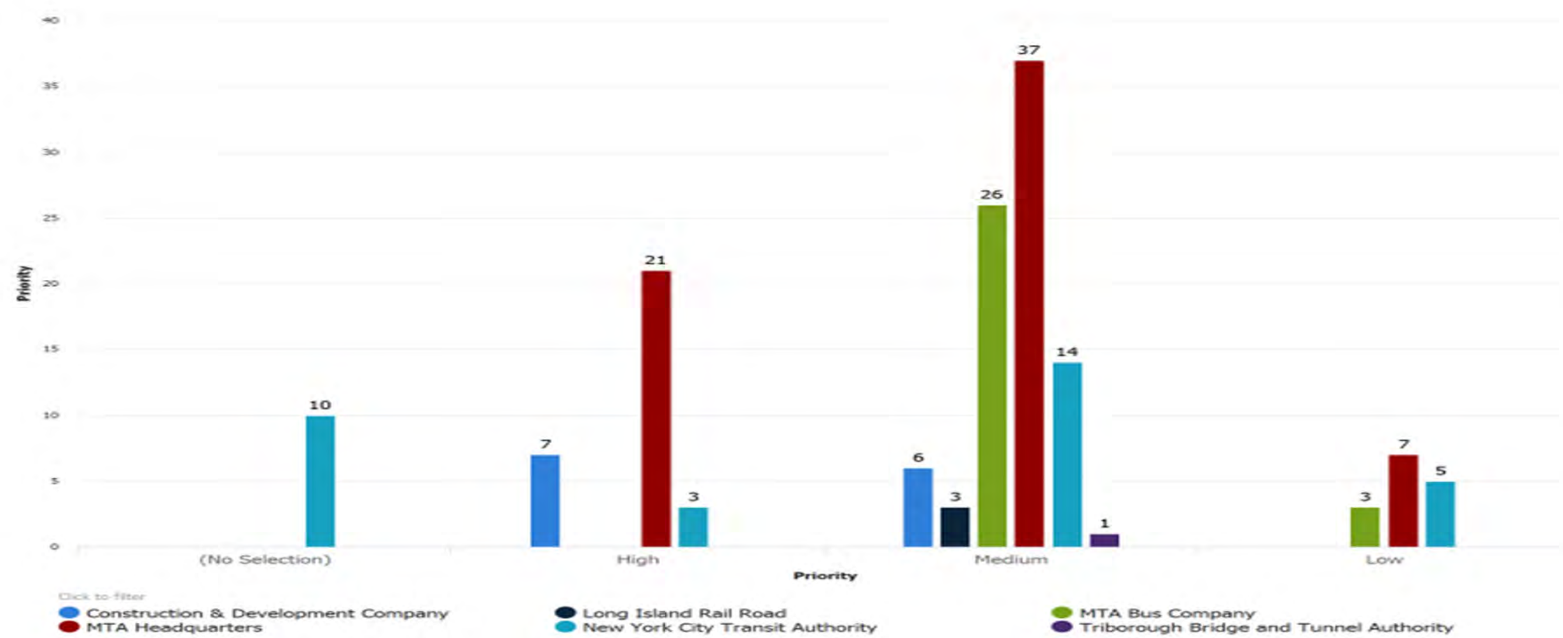
Resolution Trending Report

Report to the Audit Committee
May 2021

Executive Summary

Period Snapshot
Remediation plans related to finding from Audit Services and control testing are being tracked and managed in RSA Archer. The Archer System providing increased transparency and accountability
In 2020 staff reviewed and closed 352 open remediation plans
Year to Date (Jan-May 2021) staff have reviewed and closed 160 open remediation plans

Remediation Plans 180 Days Past Due by Agency and Priority (Audit Services Findings)



Remediation Plans Resolution Closed Trending By Month