Metropolitan Transportation Authority

(A Component Unit of the State of New York)

Independent Auditors' Review Report

Consolidated Interim Financial Statements as of and for the Six-Month Period Ended June 30, 2016

METROPOLITAN TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

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INDEPENDENT AUDITORS' REVIEW REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Report on the Consolidated Interim Financial Information

We have reviewed the accompanying consolidated interim statement of net position of the Metropolitan Transportation Authority (the "MTA"), a component unit of the State of New York, as of June 30, 2016, and the related consolidated interim statements of revenues, expenses and changes in net position and consolidated cash flows for the six-month periods ended June 30, 2016 and 2015 (the "consolidated interim financial information").

Management's Responsibility for the Consolidated Interim Financial Information

MTA management is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of the consolidated interim financial information in accordance with accounting principles generally accepted in the United States of America.

Auditors' Responsibility

Our responsibility is to conduct our reviews in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

Conclusion

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

Emphasis of a Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 19, the Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for the Single Employer Pension Plans on page 121, the Schedule of the MTA's Proportionate Share of Net Pension Liabilities of

Cost-Sharing Multiple-Employer Pension Plans on page 122, the Schedule of the MTA's Contributions for All Pension Plans on pages 123-124, and the Schedule of Funding Progress for the MTA Postemployment Benefit Plan on page 128 be presented to supplement the consolidated interim financial information. Such information, although not a part of the consolidated interim financial information, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the consolidated interim financial information in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, applicable to reviews of interim financial information, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated interim financial information, and other knowledge we obtained during our reviews of the consolidated interim financial information. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our reviews were conducted for the purpose of expressing limited assurance, as described under the Conclusion section above, on the MTA's consolidated interim financial information. The Schedule of Consolidated Reconciliation Between Financial Plan and Financial Statements, Schedule of Consolidated Subsidy Accrual Reconciliation Between Financial Plan and Financial Statements, and Schedule of Financial Plan to Financial Statements Reconciliation are presented for the purposes of additional analysis and are not a required part of the consolidated interim financial information.

The Schedule of Consolidated Reconciliation Between Financial Plan and Financial Statements, Schedule of Consolidated Subsidy Accrual Reconciliation Between Financial Plan and Financial Statements, and Schedule of Financial Plan to Financial Statements Reconciliation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated interim financial information. Such information has been subjected to the analytical procedures and inquiries applied in the reviews of the basic consolidated interim financial information and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated interim financial information or to the consolidated interim financial information themselves, and other additional procedures and we are not aware of any material modifications that should be made thereto in order for such information to be in conformity with accounting principles generally accepted in the United States of America when considered in relation to the basic consolidated interim financial information taken as a whole.

Report on Consolidated Statement of Net Position as of December 31, 2015

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statement of net position of the MTA as of December 31, 2015, and the related consolidated statement of revenues, expenses and changes in net position and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 28, 2016, which contains explanatory paragraphs that: (1) the MTA requires significant subsidies from other governmental entities, and (2) the MTA adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68*. In our opinion, the accompanying consolidated statement of net position of the MTA as of December 31, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Deloitte & Touche LLP

September 26, 2016

1. OVERVIEW OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

This report consists of five parts: Management's Discussion and Analysis ("MD&A"), Consolidated Interim Financial Statements, Notes to the Consolidated Interim Financial Statements, Required Supplementary Information, 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 June 30, 2016 and December 31, 2015 and for the six-month periods ended June 30, 2016 and 2015. For financial reporting purposes, the subsidiaries and affiliates of the MTA are blended component units. This management discussion and analysis is intended to serve as an introduction to the MTA Group's consolidated interim financial statements. It provides an assessment of how the MTA Group's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the MTA Group's overall financial position. It may contain opinions, assumptions, or conclusions by the MTA Group's management that must be read in conjunction with, and should not be considered a replacement for, the consolidated interim financial statements.

The Consolidated Interim Financial Statements

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

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

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

Notes to the Consolidated Interim Financial Statements

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

Required Supplementary Information

The required supplementary information provides information about the changes in the net pension liability, employer contributions, actuarial assumptions used to calculate the net pension liability, historical trends, and other required supplementary information related to the MTA Group's cost-sharing multiple-employer and single-employer defined benefit pension plans as required by provisions for pensions under GASB Statement No. 68.

The Schedule of Funding Progress provides information concerning the MTA Group's progress in funding its obligation to provide pension benefits and postemployment benefits to its employees.

Supplementary Information

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

2. 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.

MTA Related Groups

The following entities, listed by their legal names, are subsidiaries (component units) of the MTA:

- 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 Capital Construction Company ("MTA Capital Construction") 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.

The following entities, listed by their legal names, are affiliates (component units) of the MTA:

- 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.

3. CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The following sections discuss the significant changes in the MTA Group's financial position as of June 30, 2016 and December 31, 2015 and for the six-month periods ended June 30, 2016 and 2015. An analysis of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, the information contained within the summaries of the consolidated interim financial statements and the various exhibits presented were derived from the MTA Group's consolidated interim financial statements.

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

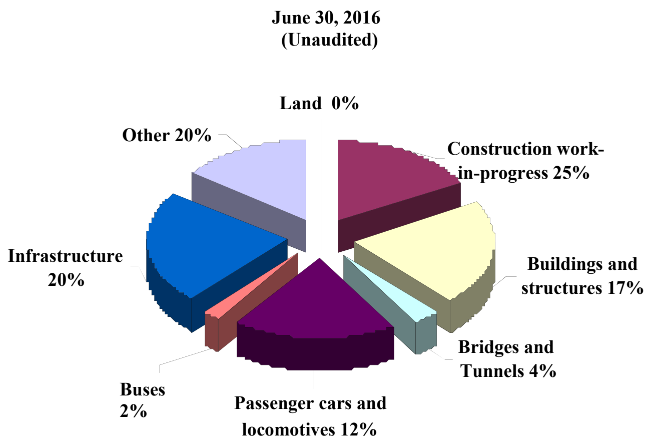
Capital assets include, but are not limited to: bridges, structures, tunnels, construction of buildings and the acquisition of buses, equipment, passenger cars, and locomotives.

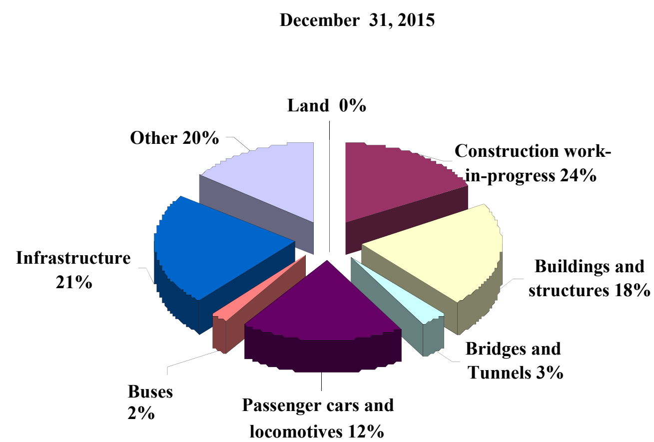
Other assets include, but are not limited to: cash, restricted and unrestricted investments, State and regional mass transit taxes receivables, and receivables from New York State.

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

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015	Increase
Capital assets — net (see Note 6)	$ 62,723	$ 61,388	$ 1,335
Other assets	11,294	9,153	2,141
Deferred outflows of resources	2,607	2,140	467
Total assets and deferred outflows of resources	$ 76,624	$ 72,681	$ 3,943

Capital Assets, Net





Significant Changes in Assets and Deferred Outflows of Resources Include:

June 30, 2016 versus December 31, 2015

- Net capital assets increased at June 30, 2016 by $1,335 or 2.2%. This increase is attributable to net increases in other capital assets of $954, construction work-in-progress of $824, infrastructure for $312, buses for $198, buildings and structures for $180, passenger cars and locomotives for $76, and land for $2. Those increases were offset by a net increase in accumulated depreciation of $1,211. 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 continued at three facilities, namely Robert F. Kennedy Bridge, the Bronx-Whitestone Bridge, and the Verrazano-Narrows Bridge;
    - Subway customer information and station accessibility improvements; and
    - Ventilation system upgraded and installed 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. Various signal and communication projects incurred by the MTA New York City Transit. Rehabilitation of 70 stations, provision of full Americans with Disability Act (ADA) accessibility at stations, replacement of escalators at various stations.

- Other assets increased by $2,141 or 23.4%. The major items contributing to this change include:

  - An increase in investments of $766, or 12.1%, derived from:
    - An increase in restricted investments of $1,118, due primarily to higher debt service funds and an increase in unspent proceeds from the issuances of Transportation Revenue Bonds and Bond Anticipation Notes in the first half of 2016.
    - An increase in capital lease related investments of $6 as per the capital lease debt service schedule.
    - A decrease in unrestricted investments of $358, due to the use of funds for capital projects.

  - An increase in current and non-current net receivables of $1,482, or 91.8%, derived mainly from:
    - An increase in due from State and regional mass transit taxes of $1,340 due to the approval of the New York State 2016-2017 budget in March 2016.
    - An increase in other State and local assistance of $177.
    - An increase in Station maintenance of $81.
    - An increase in Federal and State grants for capital projects of $40.
    - A decrease in other various receivables of $156 mainly due to the receipt of reinsurance recoveries related to Tropical Storm Sandy.

  - A decrease in other current and non-current assets of $107, or 8.8%, derived from:
    - A decrease in cash of $137 from net cash flow activities.
    - A decrease in various other assets of $2.
    - An increase in materials and supplies of $17 due largely to MTA New York City Transit for maintenance material requirements for vehicles and facilities.
    - An increase in prepaid expenses and other current assets of $15 primarily due to prepayment of insurance premiums.

Deferred outflows of resources increased by $467, or 21.8% primarily due to a $113 increase in the fair value of derivative instruments. In addition, deferred outflows for unamortized losses on refundings increased by $308 and deferred outflows related to pension increased by $46.

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

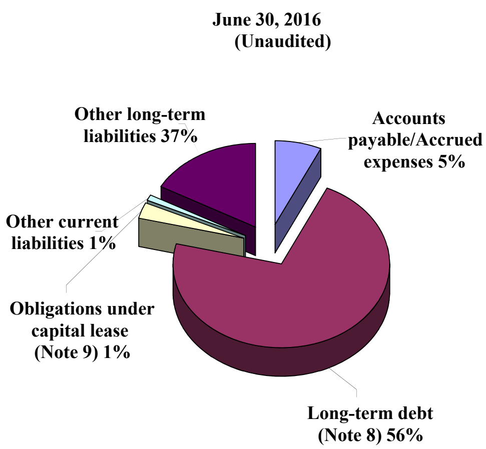
Current liabilities include: accounts payable, accrued expenses, current portions of long-term debt, capital lease obligations, pollution remediation liabilities, unredeemed fares and tolls, and other current liabilities.

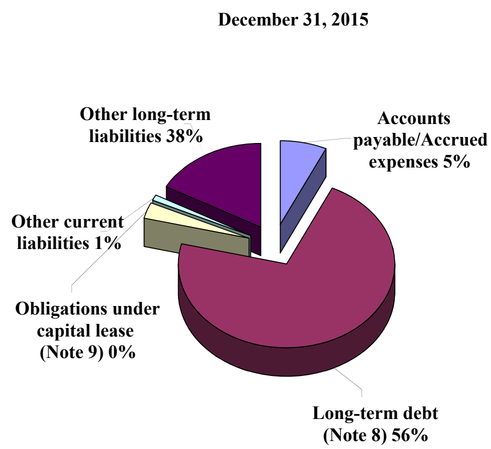
Non-current liabilities include: long-term debt, capital lease obligations, claims for injuries to persons, post-employment benefits and other non-current liabilities.

Deferred inflows of resources reflect unamortized gains on refunding and pension related deferred inflows.

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015	Increase/ (Decrease)
Current liabilities	$ 6,035	$ 6,465	$ (430)
Non-current liabilities	63,513	59,891	3,622
Deferred inflows of resources	489	492	(3)
Total liabilities and deferred inflows of resources	$ 70,037	$ 66,848	$ 3,189

Total Liabilities





Significant Changes in Liabilities Include:

June 30, 2016 versus December 31, 2015

Current liabilities decreased by $430, or 6.7%. The major items contributing to this change include:

- A decrease in accrued expenses of $16, or 0.6%, due to:
  - A net decrease in accrued salaries, wages, vacation payroll taxes of $27 due to timing of payments.
  - An increase in other various accrued expenses of $11.
- A decrease in other various current liabilities of $414, or 11.4%, primarily due to:
  - A decrease in the current portion of long-term debt of $567, or 21.9%, primarily from debt service payments made during the first half of 2016.
  - A decrease in derivative fuel hedge liability of $33, or 76.7%.
  - An increase in unearned revenue of $102, or 18.1%, largely due to increases in MTA New York City Transit for school and elderly fare subsidies, unused fare cards and advertising revenue.
  - An increase in accounts payable of $76, or 19.3%, due to timing.

- An increase in other current liabilities of $8, or 22.9%.

Noncurrent liabilities increased by $3,622, or 6.0%. The major items contributing to this increase include:

- An increase in the non-current portion of long-term debt of $2,479, or 7.2%, of which $2,111 is attributable to MTAHQ and $368 to MTA Bridges and Tunnels. The increases are primarily due to the issuances of Transportation Revenue Bonds Series 2016A, Transportation Revenue Bonds Bond Anticipation Notes Series 2016A, Dedicated Tax Fund Bonds Series 2016A and Series 2016B, DTF Bond Anticipation Notes Series 2016A, and MTA Bridges and Tunnels General Revenue Bonds Series 2016A (See Note 8). The increase was offset by retirements and debt payments as of June 30, 2016.

- An increase in postemployment benefits other than pension liability ("OPEB") of $801, or 5.9%, resulting from actuarial calculations as required by GASB Statement No. 45 (See Note 5).

- An increase in estimated liability arising from injuries to persons (Note 11) of $199, or 8.2%, due to a revised calculation of the workers' compensation reserve for MTA New York City Transit.

- A net increase in derivative liabilities of $113, or 21.2%, primarily due to changes in fair market value.

- A net increase in other various non-current liabilities of $30, or 2.6%, primarily resulting from retainage payable due to contractors for capital projects.

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

(In millions)	June 2016 (Unaudited)	December 2015	Increase/ (Decrease)
Net investment in capital assets	$ 24,387	$ 23,788	$ 599
Restricted for debt service	857	487	370
Restricted for claims	158	142	16
Restricted for other purposes	1,008	1,051	(43)
Unrestricted	(19,823)	(19,635)	(188)
Total Net Position	$ 6,587	$ 5,833	$ 754

Significant Changes in Net Position Include:

June 30, 2016 versus December 31, 2015

At June 30, 2016, total net position increased by $754, or 12.9%, when compared with December 31, 2015. This change is a result of net non-operating revenues of $3,597 and appropriations, grants and other receipts externally restricted for capital projects of $967 offset by operating losses of $3,810.

The net investment in capital assets increased by $599, or 2.5%. Funds restricted for debt service, claims and other purposes increased by $343, or 20.4% in the aggregate, while unrestricted net position decreased by $188, or 1.0%.

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

(In millions)	Six-Month Period Ended June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)	Increase/ (Decrease)
Operating revenues			
Passenger and tolls	$ 3,877	$ 3,728	$ 149
Other	301	314	(13)
Total operating revenues	4,178	4,042	136
Non-operating revenues			
Grants, appropriations and taxes	3,885	3,753	132
Other	362	337	25
Total non-operating revenues	4,247	4,090	157
Total revenues	8,425	8,132	293
Operating expenses			
Salaries and wages	2,772	2,676	96
Retirement and other employee benefits	1,496	987	509
Postemployment benefits other than pensions	1,073	1,330	(257)
Depreciation	1,221	1,142	79
Other expenses	1,425	1,428	(3)
Operating expenses	7,987	7,563	424
Net expenses related to asset impairment	1	3	(2)
Total operating expenses	7,988	7,566	422
Non-operating expenses			
Interest on long-term debt	732	697	35
Change in fair value of derivative financial instruments (Note 8)	-	(1)	1
Other net non-operating expenses	(82)	(46)	(36)
Total non-operating expenses	650	650	-
Total expenses	8,638	8,216	422
Appropriations, grants and other receipts externally restricted for capital projects	967	933	34
Change in net position	754	849	(95)
Net position, beginning of period	5,833	13,282	(7,449)
Net position, end of period	$ 6,587	$ 14,131	$ (7,544)

Revenues and Expenses, by Major Source:

Period ended June 30, 2016 versus 2015

- Total operating revenues increased by $136, or 3.4%.

    - Fare and toll revenue increased by $149 primarily due to higher subway ridership and an increase in vehicle crossings for the period ended June 30, 2016, when compared to the period ended June 30, 2015.

    - Other operating revenues decreased by $13 due to lower advertising revenues collected on behalf of all agencies.

- Total non-operating revenue increased by $157, or 4.6%.

    - Total grants, appropriations, and taxes were higher by $132 for the period ended June 30, 2016.

        - Tax supported subsidies from New York State increased by $186, due to the approval of the New York State budget in March 2016. This resulted in increases in Operating Assistance of $105, MTA Aid Trust Account of $76, and Payroll Mobility Tax of $8. Offsetting these increases was a total $3 decrease in Mass Transportation Trust Fund and the Service Contract Bond.

        - Tax supported subsidies from New York City and from MTA service areas decreased by $54 due to a decrease in Urban Tax of $75, offset by an increase in Mortgage Recording Tax of $21.

    - Other non-operating revenues increased by $25. There was an increase in subsidies from New York City of $23 for MTA Bus and MTA Staten Island Railway and from the Connecticut Department of Transportation for the MTA Metro-North Railroad of $1 and an increase in Station Maintenance and Use assessments of $1.

- Labor costs increased by $348, or 7.0%. The major changes within this category are:

    - Retirement and employee benefits increased by $509 primarily from higher workers' compensation reserve and GASB Statement No. 68 contributions and amortization of deferred outflows of resources for MTA New York City Transit.

    - Salaries, wages and overtime increased by $96 due largely to increases in MTA New York City Transit.

    - Postemployment benefits other than pensions decreased by $257, based on changes in the actuarial estimates.

- Non-labor operating costs increased by $74, or 2.9%. The variance was due to:

    - Increase in depreciation of $79 due to placing additional facilities, track work and new buses and subway cars into service.

    - Increase in maintenance and other contracts by $49 and paratransit service contracts by $3.

- Increase in professional service contracts by $31 due largely to additional IT consultants and higher technical services requirement.

- Increase in material and supplies by $20, mainly due to ongoing maintenance and repairs for transit and commuter systems.

- Increase in claims arising from injuries to persons of $4 based on most recent actuarial valuations.

- Decrease in electric power by $63 and fuel by $33 due to lower prices in the first half of 2016.

- Decrease in insurance by $2 due to lower liability premiums.

- Net decrease in other business expenses of $12.

- Decrease in asset impairment expenses of $2 when compared to the same period in 2015.

- Appropriations, grants and other receipts externally restricted for capital projects increased by $34, or 3.6%, mainly due to timing in the availability of Federal and State grants for capital projects.

4. 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. In order 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 second quarter of 2016 increased relative to 2015, with ridership up by 9.6 million trips (0.7%). Subway ridership accounted for almost eighty percent of this improvement, and increases also took place at other MTA Agencies; the only decline from last year was experienced by Bus operations at MTA New York City Transit. The modest improvement mostly reflects year-over-year gains during the first quarter, which totaled 17.3 million trips (2.7%) and were the result of winter weather conditions that adversely affected 2015 ridership to a greater degree than 2016 ridership was affected. The second quarter, however, saw lower ridership compared with 2015; both MTA New York City Transit Subway and Bus operations had lower ridership, as did MTA Staten Island Railway and MTA Metro-North Railroad; MTA Metro-North Railroad ridership levels were impacted by the mid-May fire underneath the Park Avenue Viaduct in upper Manhattan and the resulting damage that disrupted service. Vehicle traffic at MTA Bridges and Tunnels facilities increased by 7.7 million crossings (5.4%) through the second quarter, reflecting both growth in the regional economy and the continuation of low gasoline prices.

Seasonally adjusted non-agricultural employment in New York City for the second quarter was higher in 2016 than in 2015 by 90.5 thousand jobs (2.2%). On a quarter-to-quarter basis, New York City employment has increased in each of the last twenty-two quarters – the last decline occurred in the third quarter of 2010 – and is higher than at any time since 1950, when non-agricultural employment levels for New York City were first recorded by the Bureau of Labor Statistics.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), expanded at an annualized rate of 1.2% in the second quarter of 2016, according to the most recent advance estimate released by the Bureau of Economic Analysis. The increase in RGDP reflected positive contributions from personal consumption expenditures and exports that were partly offset by negative contributions from price inventory investment, both residential and nonresidential fixed investment, and state and local government spending; imports, which are a subtraction to Gross Domestic Product ("GDP"), decreased. The acceleration in RGDP growth, over the first quarter's 0.8% growth rate reflected an acceleration in personal consumption expenditures, an upturn in exports, and smaller decreases in nonresidential fixed investment and in federal government spending. These were partly offset by a larger decrease in private inventory investment, and downturns in residential fixed investment and in state and local government spending.

The New York City metropolitan area's price inflation, as represented by the Consumer Price Index for All Urban Consumers ("CPI-U"), was lower than the national average in the second quarter of 2016, with the metropolitan area index increasing 0.9% while the national index increased 1.1%, when compared with the second quarter of 2015. A 9.8% fall in the regional price of energy products, along with a 9.5% national decline, significantly inhibited overall inflation. In the metropolitan area, the CPI-U exclusive of energy products increased by 1.7%; nationally, inflation exclusive of energy prices increased 2.0%. Consistent with the fall in overall energy prices, the spot price for New York Harbor conventional gasoline fell by 21.2% from an average price of $1.912 (whole dollars) to an average of $1.507 (whole dollars) per gallon between the second quarters of 2015 and 2016.

Citing evidence that economic activity had been expanding at a moderate rate, the Federal Open Market Committee ("FOMC") in December 2015 announced it would raise its target for the Federal Funds rate to the range of 0.25% to 0.50%, its first increase in the Federal Funds rate since the target was lowered to a range of 0% to 0.25% in late 2008 when the financial and housing crises first deepened. Since that increase, the FOMC has maintained the target range for the Federal Funds rate at 0.25% to 0.50%, maintaining an accommodative monetary policy stance, and thereby supporting further improvement in labor market conditions and a return to 2% inflation.

As noted in the FOMC's June 15, 2016 policy release, growth in economic activity has picked up, while the pace of improvement in the labor market appears to have slowed; while the unemployment rate has declined, job gains have diminished. Growth in household spending has strengthened, and since the beginning of the year, the housing sector has continued to improve. The drag from net exports appears to have lessened, but business fixed investment has remained soft. Reflecting earlier declines in energy prices, and in prices of non-energy imports, inflation has continued to run below the FOMC's 2% longer-run objective. Market-based measures of inflation compensation declined, though most survey-based measures of longer-term inflation expectations have hardly changed over the past few months. Consistent with its statutory mandate, the FOMC seeks to foster maximum employment and price stability. The FOMC expects that with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace and labor market indicators will strengthen. Inflation is expected to remain low in near term, in part because of earlier declines in energy prices, but to rise to 2% over the medium term as the transitory effects of past declines in energy and import prices dissipate and the labor markets strengthens further. Against this backdrop, the FOMC has left the target range unchanged for the Federal Funds rate.

The influence of the Federal Reserve 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 can thereby impact receipts from the Mortgage Recording Tax ("MRT") and Urban Tax, two important sources of MTA revenue. After the steady fall in MRT revenues in the wake of the financial and real estate crisis, MTA's monthly receipts remained virtually flat for three years beginning in the first quarter of 2009. A discernible upward trend in MRT receipts began during the first quarter of 2012 which continued through the third quarter of 2015. After slipping in the past two quarters, receipts for the second quarter have slightly recovered. Mortgage Recording Tax collections for the second quarter of 2016 were higher than the second quarter of 2015 by $22.2 (11.0%); receipts in the second quarter of 2016 were $1.7 (1.5%) higher than first quarter receipts. Despite the gradual overall recovery of MRT receipts that has been occurring since 2012, average monthly receipts during the second quarter remain $26.2 (41.2%) worse than the monthly average for 2006, just prior to the steep decline in Mortgage Recording Tax revenues. MTA's Urban Tax receipts – which are based on commercial real estate transaction 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 – demonstrated a pronounced rise and continued strength since the economic recovery. Compared with one year earlier, average monthly Urban Tax receipts during the second quarter of 2016 were lower by $74.05 (14.0%). Quarterly receipts of Urban Taxes in the second quarter of 2016 totaled $200.4, and the monthly average was $2.4 (3.2%) greater than the monthly average in 2007, just prior to the steep decline in Urban Tax revenues.

Results of Operations

MTA Bridges and Tunnels - Paid traffic for the first half of 2016 totaled 150.0 million vehicles, which was 7.7 million crossings, or 5.4% higher than the first half of 2015. The primary reason for the increase was generally less severe winter weather this year compared to last year, continued modest improvements in the regional economy and gas prices that have remained relatively low. The higher traffic volume, along with the toll increase implemented on March 22, 2015, pushed toll revenue up to $911.2 through June, which was $54.8 greater than last year at this time.

The E-ZPass electronic toll collection system continued to facilitate management of high traffic volumes and experienced year-to-year increases. Total average market share as of June 30, 2016 was 86.1% compared to 85.1% as of 2015. The average weekday market shares were 87.6% and 86.8% for the second quarter June 30, 2016 and 2015, respectively.

MTA New York City Transit - Total revenue from fares were $2,395 for the six months ended June 30, 2016, an increase of $321 or 9.8% compared to the six months ended June 30, 2015.

MTA Long Island Rail Road – Total operating revenues increased by $14.3 or 4.1% for the first six months of 2016 compared to the first six months of 2015.

MTA Metro-North Railroad – During the first six months of 2016, Operating Revenue increased by $9.7 or 2.7% compared to the first six months of 2015. During the same period of time, Operating Expenses decreased by $4.3 or 0.6%. In addition, net position decreased by $64.8 or 1.8% compared to December 31, 2015 due to non-operating revenues of $301.3 offset by operating losses of $366.1. During the first six months of 2015, net position increased by $13.0 or 0.3% compared to December 31, 2014 due to non-operating revenues of $395.1 offset by operating losses of $382.1.

Year-to-date 2016 fare revenue and ridership increased by 3.1% and 1.2%, respectively, compared to the same period in 2015. The increases in revenue occurred on the Hudson, Harlem and New Haven Lines for non-commutation and monthly commutation.

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 as of December 31, 2015 increased by

18% compared to December 31, 2014, from $366.6 to $434.1. However, the total MRT at June 30, 2016 increased by 10.7% compared to June 30, 2015, from $200.5 to $222.0.

Capital Programs

At June 30, 2016, $2,004 had been committed and $192 had been expended for the combined 2015-2019 MTA Capital Programs and the 2015-2019 MTA Bridges and Tunnels Capital Program, and $24,383 had been committed and $15,429 had been expended for the combined 2010-2014 MTA Capital Programs and the 2010-2014 MTA Bridges and Tunnels Capital Program, and $23,905 had been committed and $23,111 had been expended for the combined 2005-2009 MTA Capital Programs and the 2005-2009 MTA Bridges and Tunnels Capital Program and $21,582 had been committed and $21,373 had been expended for the combined 2000-2004 MTA Capital Programs and the 2000-2004 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.

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, of which $15,849 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; $5,156 relates to ongoing repairs of, and replacements to, the commuter system operated by MTA Long Island Rail Road and MTA Metro-North Railroad; $4,956 relates to the expansion of existing rail networks for both the transit and commuter systems to be managed by MTA Capital Construction; $264 relates to Planning and Customer Service; $376 relates to MTA Bus Company initiatives; and $2,856 relates to the ongoing repairs of, and replacements to, MTA Bridges and Tunnels facilities. 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.

The combined funding sources for the revised 2015–2019 MTA Capital Programs and the 2015-2019 MTA Bridges and Tunnels Capital Program, include $5,889 in MTA Bonds, $2,856 in MTA Bridges and Tunnels dedicated funds, $8,336 in funding from the State of New York, $6,875 in Federal Funds, $2,492 from City Capital Funds, $1,846 in pay-as-you-go (PAYGO) capital, $600 from asset sale/leases, and $562 from Other Sources.

At June 30, 2016, $2,004 had been committed and $192 had been expended for the combined 2015-2019 MTA Capital Programs and the 2015-2019 MTA Bridges and Tunnels Capital Program.

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.

As last amended by the MTA Board in 2014, the 2010–2014 MTA Capital Programs and the 2010–2014 MTA Bridges and Tunnels Capital Program provided for $34,801 in capital expenditures. By June 30, 2016, the 2010-2014 MTA Capital Programs budget increased by $91 primarily due to additional work scope funded through additional grants. Of the $34,892 now provided in capital expenditures, $11,644 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; $3,898 relates to ongoing repairs of, and replacements to, the commuter system operated by MTA Long Island Rail Road and MTA Metro-North Railroad; $5,865 relates to the expansion of existing rail networks for both the transit and commuter systems to be managed by MTA Capital Construction; $335 relates to a multi-faceted security program including MTA Police Department; $221 relates to MTA Interagency; $297 relates to MTA Bus Company initiatives; $2,108 relates to the ongoing repairs of, and replacements to, MTA Bridges and Tunnels facilities; and $10,524 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 $12,703 in MTA Bonds, $2,111 in MTA Bridges and Tunnels dedicated funds, $6,340 in Federal Funds, $132 in MTA Bus Federal and City Match, $774 from City Capital Funds, and $1,538 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 $9,376 in insurance and federal reimbursement proceeds (including interim borrowing by MTA to cover delays in the receipt of such proceeds), $160 in pay-as-you-go capital, supplemented, to the extent necessary, by external borrowing of up to $988 in additional MTA and MTA Bridges and Tunnels bonds.

At June 30, 2016, $24,383 had been committed and $15,429 had been expended for the combined 2010-2014 MTA Capital Programs and the 2010-2014 MTA Bridges and Tunnels Capital Program.

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 June 30, 2016, the 2005-2009 MTA Capital Programs budget increased by $787 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 $24,504 now provided in capital expenditures, $11,614 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; $3,758 relates to ongoing repairs of, and replacements to, the commuter system operated by MTA Long Island Rail Road and MTA Metro-North Railroad; $168 relates to certain interagency projects; $7,685 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); $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 $9,816 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, $9,093 in Federal Funds, $2,826 in City Capital Funds, and $1,319 from other sources.

At June 30 2016, $23,905 had been committed and $23,111 had been expended for the combined 2005-2009 MTA Capital Programs and the 2005-2009 MTA Bridges and Tunnels Capital Program.

5. CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The MTA's Variable Rate Debt Portfolio

During the period ended June 30, 2016, deteriorated credit quality of bond insurers continued to put pressure on the auction segments of the MTA's variable rate portfolio. Auctions for all of the $252.38 of auction rate bonds outstanding (the interest rate for such bonds is determined based on a multiple of the London Interbank Offered Rate) as of June 30, 2016, had been failing. MTA continues to closely monitor the performance of its auction rate bonds, insured variable rate demand bonds and variable rate demand bonds for which liquidity is provided by the lower rated banks.

The February Financial Plan (the "February Plan")

The MTA 2016 Adopted Budget and February Financial Plan 2016-2019 (collectively, the "February Plan") was presented to the MTA Board at its February 24, 2016 meeting. Unlike the July and November Plans, the February Plan does not include any new proposals or programs. Certain elements of the February Plan which represent changes in MTA financial results from the November Plan are noted below:

- Commuter railroad overhead rates have been adjusted to reflect 2014 retroactive wage adjustments – increasing the non-reimbursable budget by $35 in 2016 and by $12 per year thereafter.

- While the MMTOA appropriation in the State Executive Budget for the State's 2016-2017 fiscal year is unchanged from the prior year, it is $36 lower than was projected in the November Plan. Further, in 2015, $104 of MMTOA monies were redirected by the State from the MTA operating budget to the Capital Program. The Executive Budget for the State's 2016-2017 fiscal year does not include this redirection, and MTA is offsetting this reduction to the Capital Program with a corresponding increase in its contribution to capital from the operating budget.

- The Board-approved 2016-2019 Financial Plan gave MTA management the discretion to apply unexpended 2015 general reserve funds towards unfunded needs or to reduce long term liabilities. The November Plan assumed those funds would be used to reduce the LIRR unfunded pension liability, but to date, those funds have yet to be invested. The February Plan assumed that $70 of such funds would be invested, with the remaining $70 balance used to address the combined effect of two of the above-described changes: the $35 due to the change in the commuter rail overhead recovery and the $36 reduction from the MMTOA forecast. However, at the February Finance Committee meeting, MTA stated that without an approved Capital Plan, it will delay investment of any of the unused 2015 general reserve funds pending further review.

Year-ending cash positions have changed since the November Plan. The February Plan is projecting year-end cash balances of $121 in 2016, and $3 in each of 2017 and 2018, with a projected cash deficit of $256 in 2019. The February Plan includes funding for all of the programs included in the November Plan.

Tropical Storm Sandy Update

The total allocation of emergency relief funding from the 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. FTA Emergency Relief Grants totaling $2.97 billion have been executed, including five grants in the amounts of $194, $886, $684.5, $344 and $787.6 respectively for repair/local priority resiliency; and three grants for competitive resiliency totaling $77.9. As of June 30, 2016, MTA has drawn down a total of $1.06 billion in grant reimbursement for eligible operating and capital expenses. The balance of funds to be drawn down from all eight 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. MTA will submit grant requests for the remaining $2.85 billion of FTA allocated and appropriated emergency relief funding in Federal Fiscal Years 2016 and 2017.

Labor Update

Subsequent to the presentation of the February Plan to the MTA Board, certain of the unions representing employees at various MTA agencies reached agreement.

Metro-North Railroad Labor Agreements – No changes since February Plan.

MTA Headquarters – To date, all expired bargaining agreements at MTA Headquarters have been settled. A 60 month agreement expiring December 31, 2019 was reached with the Transportation Communications Union Local 982 representing information technology workers from various agencies that were recently consolidated as an MTA Headquarters department. The agreement is consistent with other HQ bargaining unit agreements. The Transport Workers Union, Local 100 has also recently won the right to represent former non-represented MaBSTOA employees who were part of the IT Consolidation. Negotiations on an agreement for that bargaining unit have not yet begun. Pursuant to the Taylor Law, until a collective bargaining agreement is reached, terms and conditions of employment remain status quo. Finally MTA HQ is in discussions with the TCU over titles affected by a newly forming consolidated Procurement Department which will handle non-core procurements for all MTA agencies.

MTA New York City Transit Authority/Manhattan and Bronx Surface Transit Operating Authority – The Transport Workers Union, Local 100 has recently won the right to represent non-represented MaBSTOA employees in certain computer titles. Negotiations on an agreement for that bargaining unit have not yet begun. Pursuant to the Taylor Law, until a collective bargaining agreement is reached, terms and conditions of employment remain status quo. MTA New York City Transit and the Doctors' Council signed an agreement on June 8, 2016. It runs from November 1, 2010 through May 31, 2018. The agreement is consistent with the bargaining pattern. The Doctor's Council represents 17 physicians and Deputy Medical Directors. The contract is pending Board approval.

Staten Island Rapid Transit Operating Authority – No changes since February Plan.

MTA Bus Company – A 60 month agreement was reached with TWU, Local 100 for the period from January 16, 2012 through January 15, 2017 consistent with pattern. The parties have agreed to refer the outstanding issue of pension enhancement to arbitration.

Bridges and Tunnels – Bridges and Tunnels continues to negotiate with its maintenance workers (DC 37 1931), Bridge & Tunnel Officers (BTOBA) and Superior Officers (SOBA).

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METROPOLITAN TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

CONSOLIDATED INTERIM STATEMENT OF NET POSITION AS OF JUNE 30, 2016 AND CONSOLIDATED STATEMENT OF NET POSITION AS OF DECEMBER 31, 2015
($ In millions)

	June 30, 2016 (Unaudited)	December 31, 2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	$ 317	$ 454
Unrestricted investments (Note 3)	3,587	3,928
Restricted investments (Note 3)	2,669	1,519
Restricted investments held under capital lease obligations (Notes 3 and 9)	92	3
Receivables:		
Station maintenance, operation, and use assessments	202	121
State and regional mass transit taxes	1,493	153
Mortgage Recording Tax receivable	38	40
State and local operating assistance	164	13
Other receivable from New York City and New York State	277	249
Due from Build America Bonds	1	1
Capital project receivable from federal and state government	177	137
Other	200	241
Less allowance for doubtful accounts	(27)	(24)
Total receivables — net	2,525	931
Materials and supplies	599	582
Prepaid expenses and other current assets (Note 2)	188	173
Total current assets	9,977	7,590
NON-CURRENT ASSETS:		
Capital assets (Note 6):		
Land and construction work-in-progress	15,555	14,729
Other capital assets (net of accumulated depreciation)	47,168	46,659
Unrestricted investments (Note 3)	40	57
Restricted investments (Note 3)	325	357
Restricted investments held under capital lease obligations (Notes 3 and 9)	377	460
Other non-current receivables	420	496
Receivable from New York State	151	187
Other non-current assets	4	6
Total non-current assets	64,040	62,951
TOTAL ASSETS	74,017	70,541
DEFERRED OUTFLOWS OF RESOURCES:		
Accumulated decreases in fair value of derivative instruments (Note 8)	639	526
Loss on debt refunding	889	581
Deferred outflows related to pensions (Note 4)	1,079	1,033
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,607	2,140
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 76,624	$ 72,681

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

(Continued)

METROPOLITAN TRANSPORTATION AUTHORITY

(A Component Unit of the State of New York)

CONSOLIDATED INTERIM STATEMENT OF NET POSITION AS OF JUNE 30, 2016 AND CONSOLIDATED STATEMENT OF NET POSITION AS OF DECEMBER 31, 2015

($ In millions)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	June 30, 2016 (Unaudited)	December 31, 2015
CURRENT LIABILITIES:		
Accounts payable	$ 469	$ 393
Accrued expenses:		
Interest	220	210
Salaries, wages and payroll taxes	229	256
Vacation and sick pay benefits	896	880
Current portion — retirement and death benefits	23	15
Current portion — estimated liability from injuries to persons (Note 11)	432	444
Capital accruals	405	479
Other	623	560
Total accrued expenses	2,828	2,844
Current portion — long-term debt (Note 8)	2,020	2,587
Current portion — obligations under capital lease (Note 9)	18	9
Current portion — pollution remediation projects (Note 13)	25	26
Derivative fuel hedge liability (Note 15)	10	43
Unearned revenues	665	563
Total current liabilities	6,035	6,465
NON-CURRENT LIABILITIES:		
Net pension liability (Note 4)	7,704	7,704
Estimated liability arising from injuries to persons (Note 11)	2,638	2,439
Post employment benefits other than pensions (Note 5)	14,361	13,560
Long-term debt (Note 8)	36,962	34,483
Obligations under capital leases (Note 9)	503	510
Pollution remediation projects (Note 13)	75	74
Contract retainage payable	312	281
Derivative liabilities (Note 8)	538	433
Derivative liabilities with off market elements (Note 8)	108	100
Other long-term liabilities	312	307
Total non-current liabilities	63,513	59,891
Total liabilities	69,548	66,356
DEFERRED INFLOWS OF RESOURCES:		
Gain on debt refunding	30	32
Deferred Inflows related to pensions (Note 4)	459	460
TOTAL DEFERRED INFLOWS OF RESOURCES	489	492
NET POSITION:		
Net investment in capital assets	24,387	23,788
Restricted for debt service	857	487
Restricted for claims	158	142
Restricted for other purposes (Note 2)	1,008	1,051
Unrestricted	(19,823)	(19,635)
Total net position	6,587	5,833
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 76,624	$ 72,681

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

(Concluded)

METROPOLITAN TRANSPORTATION AUTHORITY

(A Component Unit of the State of New York)

CONSOLIDATED INTERIM STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015
($ In millions)

	June 30, 2016	June 30, 2015
	(Unaudited)	
OPERATING REVENUES:		
Fare revenue	$ 2,966	$ 2,872
Vehicle toll revenue	911	856
Rents, freight, and other revenue	301	314
Total operating revenues	4,178	4,042
OPERATING EXPENSES:		
Salaries and wages	2,772	2,676
Retirement and other employee benefits	1,496	987
Postemployment benefits other than pensions (Note 5)	1,073	1,330
Electric power	195	258
Fuel	63	96
Insurance	24	26
Claims	129	125
Paratransit service contracts	191	188
Maintenance and other operating contracts	276	227
Professional service contracts	167	136
Pollution remediation projects (Note 13)	3	4
Materials and supplies	287	267
Depreciation	1,221	1,142
Other	90	101
Total operating expenses	7,987	7,563
Net expenses related to asset impairment (Note 7)	1	3
OPERATING LOSS	(3,810)	(3,524)
NON-OPERATING REVENUES (EXPENSES):		
Grants, appropriations and taxes:		
Tax-supported subsidies — NYS:		
Mass Transportation Trust Fund subsidies	301	302
Metropolitan Mass Transportation Operating Assistance subsidies	1,669	1,564
Payroll Mobility Tax subsidies	859	851
MTA Aid Trust Account subsidies	146	70
Tax-supported subsidies — NYC and Local:		
Mortgage Recording Tax subsidies	222	201
Urban Tax subsidies	421	496
Other subsidies:		
New York State Service Contract subsidy	5	7
Operating Assistance - 18-B program	217	217
Build America Bond subsidy	45	45
Total grants, appropriations and taxes	$ 3,885	$ 3,753

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

(Continued)

METROPOLITAN TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

CONSOLIDATED INTERIM STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015
($ In millions)

	June 30, 2016	June 30, 2015
	(Unaudited)	
NON-OPERATING REVENUES (EXPENSES):		
Connecticut Department of Transportation	$ 58	$ 57
Subsidies paid to Dutchess, Orange, and Rockland Counties	(3)	(3)
Interest on long-term debt	(732)	(697)
Station maintenance, operation and use assessments	81	80
Operating subsidies recoverable from NYC	223	200
Other net non-operating expenses	85	49
Change in fair value of derivative financial instruments (Note 8)	-	1
Net non-operating revenues	3,597	3,440
LOSS BEFORE APPROPRIATIONS	(213)	(84)
APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS	967	933
CHANGE IN NET POSITION	754	849
NET POSITION— Beginning of period	5,833	13,282
NET POSITION — End of period	$ 6,587	$ 14,131

See Independent Auditors' Review Report and notes to the consolidated interim financial statements. (Concluded)

METROPOLITAN TRANSPORTATION AUTHORITY

(A Component Unit of the State of New York)

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015
($ In millions)

	June 30, 2016	June 30, 2015
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts/tolls	$ 3,940	$ 3,928
Rents and other receipts	301	143
Payroll and related fringe benefits	(4,458)	(4,261)
Other operating expenses	(1,397)	(1,492)
Net cash used by operating activities	(1,614)	(1,682)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grants, appropriations, and taxes	2,529	2,398
Operating subsidies from CDOT	60	62
Subsidies paid to Dutchess, Orange, and Rockland Counties	(5)	(4)
Net cash provided by noncapital financing activities	2,584	2,456
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
MTA bond proceeds	3,363	1,311
MTA Bridges and Tunnels bond proceeds	646	814
MTA bonds refunded/reissued	(2,254)	(50)
MTA Bridges and Tunnels bonds refunded/reissued	(288)	(610)
MTA anticipation notes proceeds	1,419	1,709
MTA anticipation notes redeemed	(1,004)	(1,208)
MTA credit facility refunded	-	(300)
Capital lease payments and terminations	(1)	(1)
Grants and appropriations	1,036	1,084
Payment for capital assets	(2,401)	(2,037)
Debt service payments	(907)	(974)
Net cash used by capital and related financing activities	(391)	(262)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of long-term securities	(5,209)	(18,943)
Sales or maturities of long-term securities	4,522	19,783
Net purchases of short-term securities	(50)	(1,339)
Earnings on investments	21	12
Net cash used by investing activities	(716)	(487)
NET (DECREASE)/INCREASE IN CASH	(137)	25
CASH — Beginning of period	454	311
CASH — End of period	$ 317	$ 336

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

(Continued)

METROPOLITAN TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015
($ In millions)

	June 30, 2016	June 30, 2015
	(Unaudited)	
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	$ (3,810)	$ (3,524)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and amortization	1,221	1,142
Loss on asset impairment related expenses and recovery	-	3
Net increase in payables, accrued expenses, and other liabilities	779	677
Net decrease (increase) in receivables	154	(26)
Net increase in materials and supplies and prepaid expenses	42	46
NET CASH USED BY OPERATING ACTIVITIES	$ (1,614)	$ (1,682)
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:		
Noncash investing activities:		
Interest expense includes amortization of net (premium) / discount	$ (33)	$ 41
Interest expense which was capitalized	24	21
Total Noncash investing activities	(9)	62
Noncash capital and related financing activities:		
Capital assets related liabilities	405	592
Capital leases related liabilities	521	504
Total Noncash capital and related financing activities	926	1,096
TOTAL NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES	$ 917	$ 1,158

See Independent Auditors' Review Report and notes to the consolidated interim financial statements. (Concluded)

1. BASIS OF PRESENTATION

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

These consolidated interim financial statements are of the Metropolitan Transportation Authority ("MTA"), including its related groups (collectively, the "MTA Group") as follows:

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 Capital Construction Company ("MTA Capital Construction") 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 interim 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 period ended June 30, 2016 and 2015 totaled $3.9 billion and $3.7 billion, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The Authority 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 —

For the June 30, 2016 reporting period, the MTA adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which requires additional disclosures related to the hierarchy of valuation inputs and valuation techniques. GASB Statement No. 72 defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Under this Statement, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. GASB Statement No. 72 requires that the MTA use valuation techniques that are either a market approach, a cost approach, or an income approach. This Statement also establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for assets or liabilities, either directly or indirectly. Level 3 inputs are unobservable inputs. The adoption of GASB Statement No. 72 resulted in a change in the fair value of the derivative liability instruments of $17 for the year-end December 31, 2015. The MTA has determined that this was not a material impact to restate the December 31, 2015 financial statements. Certain changes were also made to the footnotes to the consolidated interim financial statements including additional disclosures related to the hierarchy of valuation inputs and valuation techniques.

The MTA has not completed the process of evaluating the impact of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes. The requirements of GASB Statement No. 73, extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities. This Statement also clarifies the application of certain provisions of Statement Nos. 67 and 68 with regard to the following issues: 1) Information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported. 2) Accounting and financial reporting for separately financed specific liabilities of individual employers and non-employer contributing entities for defined benefit pensions. 3) Timing of employer recognition of revenue for the support of non-employer contributing entities not in a special funding situation. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

The MTA has not completed the process of evaluating the impact of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures.* Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The scope of Statement No. 74 includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria: 1) Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable. 2) OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms. 3) OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria. The requirements of this Statement are effective for fiscal years beginning after June 15, 2016.

The MTA has not completed the process of evaluating the impact of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plan*s, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, Statement No. 75, identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity. In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria: 1) Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable. 2) OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms. 3) OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, the OPEB plan administrator, and the plan members. The requirements of this Statement are effective for fiscal years beginning after June 15, 2017.

The MTA has completed the process of evaluating the impact of GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The MTA has determined that GASB Statement No. 76 had no impact on its financial position, results of operations, and cash flows.

The MTA has completed the process of evaluating the impact of GASB Statement No. 77, *Tax Abatement Disclosures.* Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The MTA has determined that GASB Statement No. 77 had no impact on its financial position, results of operations, and cash flows.

The MTA has completed the process of evaluating the impact of GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of GASB Statement No. 78 is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Prior to the issuance of GASB Statement No. 78, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement. This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The MTA has determined that GASB Statement No. 78 had no impact on its financial position, results of operations, and cash flows.

The MTA has completed the process of evaluating the impact of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. If an external investment pool does not meet the criteria established by Statement No. 79, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The MTA has determined that GASB Statement No. 79 had no impact on its financial position, results of operations, and cash flows.

The MTA has not completed the process of evaluating the impact of GASB Statement No. 80, *Blending Requirements for Certain Component Units— An Amendment of GASB Statement No. 14*. The objective of GASB Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

The MTA has not completed the process of evaluating the impact of GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of GASB Statement No. 81 is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016.

The MTA has not completed the process of evaluating the impact of GASB Statement No. 82, *Pension Issues*. The objective of GASB Statement No. 82 is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy plan member contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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

Principles of Consolidation — The consolidated interim financial statements consist of MTAHQ, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Staten Island Railway, FMTAC, MTA Bus, MTA Capital Construction, 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 position restricted for capital leases and MTA Bridges and Tunnels necessary reconstruction reserve.

Investments — Effective for the period ended June 30, 2016, the MTA 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 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.

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 June 30th or December 31st have been classified as current assets in the consolidated interim financial statements.

Investments are recorded on the consolidated interim 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 interim statement of revenues, expenses and changes in net position. Fair values have been determined using quoted market values at June 30, 2016 and December 31, 2015.

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

Materials and Supplies — Materials and supplies are valued principally at the lower of average cost or market value, net of obsolescence reserve.

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 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, 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 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: 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 when all applicable eligibility requirements are met. 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). As of June 30, 2016 and 2015, the amount allocated to NYS Suburban Highway Transportation Fund was $0 and $0, respectively. Of the MTA New York City Transit portion, the MTA distributed $0 and $0 as of June 30, 2016 and 2015, respectively.

- 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 June 30, 2016, the MTA paid to Dutchess, Orange and Rockland Counties the 2015 excess amounts of MRT-1 and MRT-2 totaling $2.4.

- 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 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), SIRTOA 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 8), 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.

Operating Subsidies Recoverable from Connecticut Department of Transportation ("CDOT") — A portion of the deficit from operations relating to MTA Metro-North Railroad's New Haven line is recoverable from CDOT. Under the terms of a renewed Service Agreement, which began on January 1, 2015, and the 1998 resolution of an arbitration proceeding initiated by the State of Connecticut, CDOT pays 100.0% of the net operating deficit of MTA Metro-North Railroad's branch lines in Connecticut (New Canaan, Danbury, and Waterbury), 65.0% of the New Haven mainline operating deficit, and 54.3% of the Grand Central Terminal ("GCT") operating deficit. The New Haven line's share of the net operating deficit for the use of GCT is comprised of a fixed fee, calculated using several years as a base, with annual increases for inflation, and the actual cost of operating GCT's North End Access beginning in 1999. The Service Agreement also provides that CDOT pay 100% of the cost of non-movable capital assets located in Connecticut, 100% of movable capital assets to be used primarily on the branch lines and 65% of the cost of other movable capital assets allocated to the New Haven line. Remaining funding for New Haven line capital assets is provided by the MTA. The Service Agreement provides for automatic five-year renewals unless a notice of termination has been provided. The Service Agreement has been automatically extended for an additional five years beginning January 1, 2015 subject to the right of CDOT or MTA to terminate the agreement on eighteen month's written notice. Capital assets completely funded by CDOT are not reflected in these financial statements, as ownership is retained by CDOT. The Service Agreement provides that final billings for each year be subject to audit by CDOT. The audits of 2013, 2014 and 2015 billings are still open.

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

In 1995, New York City ceased reimbursing the MTA for the full costs of the free/reduced fare program for students (the Student Fare Program). Beginning in 1996, the State and NYC each began paying $45 per annum to the MTA toward the cost of the program. In 2009, the State reduced its $45 reimbursement to $6.3. Beginning in 2010, the State increased its annual commitment to $25.3 while NYC's annual commitment remained at $45. These commitments have been met by both the State and NYC for 2015. In addition, NYC prepaid $30 of the 2016 total year amount of $45 in 2016 with the remaining $15M for 2016 to be paid in December 2016.

Prior to April 1995, The City was obligated to reimburse the MTA 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 $4.1 and $4.1 for the six months ended June 30, 2016 and 2015, respectively for the reimbursement of transit police costs.

Similarly, 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 periods ended June 30, 2016 and 2015 were $10.0 and $10.3, respectively. The amounts recovered for the periods ended June 30, 2016 and 2015 were approximately $6.5 and $6.7, 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 NYC and the MTA, MTA New York City Transit had assumed operating responsibility for all paratransit service required in NYC by the Americans with Disabilities Act of 1990. The services are provided by private vendors under contract with MTA New York City Transit. NYC reimburses the MTA for the lesser of 33.0% of net paratransit operating expenses defined as labor, transportation, and administrative costs less fare revenues and 6.0% of gross Urban Tax Subsidies, or an amount that is 20.0% greater than the amount paid by the NYC for the preceding calendar year. Fare revenues and New York City reimbursement aggregated approximately $104.2 and $110.0 for the periods ended June 30, 2016 and 2015, 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 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, 2015, the balance of the assets in this program was $109.1.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $350 for a total limit of $400 ($350 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, 2016, 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 and MTA Bridges and Tunnels. The policy provides $11 per occurrence limit with a $0.5 per occurrence deductible for MTA Long Island Rail Road, MTA Staten Island Rapid Transit Operating Authority, 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, 2016, 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 $3 per occurrence limit with a $1 per occurrence deductible.

On December 15, 2015, 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, 2016, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2016, 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 $800 per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is 100% reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage. Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 per occurrence. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $800 per occurrence coverage noted above, FMTAC's property insurance program has been expanded to include a further layer of $200 of fully collateralized 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 July 31, 2013 to July 30, 2016. The expanded protection is reinsured by MetroCat Re Ltd., a Bermuda special purpose insurer independent from MTA and formed to provide FMTAC with capital markets-based property reinsurance. The MetroCat Re reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is available for storm surge losses only after amounts available under the $800 in general property reinsurance are exhausted.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 84% of "certified" losses in 2016 and 83% of "certified" losses in 2017 and 82% of "certified" losses in 2018, as covered by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") of 2015. The remaining 16% (2016), 17% (2017) and 18% (2018) 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 $120 in 2016, $140 in 2017 and $160 in 2018. 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) 16% of any "certified" act of terrorism up to a maximum recovery of $172 for any one occurrence and in the annual aggregate during 2016, 17% of any "certified" act of terrorism up to a maximum recovery of $182.75 for any one occurrence and in the annual aggregate during 2017 and 18% of any "certified" act of terrorism up to a maximum recovery of $193.5 for any one occurrence and in the annual aggregate during 2018, (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 $120 TRIPRA trigger up to a maximum recovery of $120 for any occurrence and in the annual aggregate during 2016, or 100% of any "certified" terrorism loss which exceeds $5 and less than the $140 TRIPRA trigger up to a maximum recovery of $140 for any occurrence and in the annual aggregate during 2017 or 100% of any "certified" terrorism loss which exceeds $5 and less than the $160 TRIPRA trigger up to a maximum recovery of $160 for any occurrence and in the annual aggregate during 2018.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $172 in 2016, $182.75 in 2017 and $193.5 in 2018. 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, 2018.

Pension Plans — Effective for the year ended December 31, 2015, the MTA 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.

GASB has issued Statements No. 67 and 68, which replaced GASB Statements No. 25 and 27. The effective date of GASB Statement No. 67 (which applies to financial reporting on a plan basis) is the year ended December 31, 2014. The effective date of GASB Statement No. 68 (which applies to financial reporting by contributing employers) is the year ended December 31, 2015.

GASB Statements Nos. 67 and 68 have substantially revised the accounting requirements previously mandated under GASB Statements Nos. 25 and 27. The most notable change is the distinct separation of funding from financial reporting. The Annual Required Contribution ("ARC") has been eliminated under GASB Statements Nos. 67 and 68 and is no longer relevant for the financial reporting of pension plans for 2015.

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.

The GASB has not issued guidance on how to account for pension liabilities and related deferrals for interim financial reporting. The MTA has elected to record as pension expense the applicable first six months of 2015 employer contributions made to the pension plans subsequent to the measurement of the net pension liability, which were recorded as deferred outflows for the year-ended December 31, 2015. In turn, any contributions made in the first six months of 2016 were recorded as deferred outflows.

Postemployment Benefits Other Than Pensions — In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information ("RSI") in the financial reports of state and local governmental employers. In June 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits*. This statement establishes accounting standards for termination benefits. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this Statement should be implemented simultaneously with the requirements of GASB Statement No. 45. The Authority has adopted these standards for its Postemployment Benefits Other Than Pensions.

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. The bank balance consists of the following at June 30, 2016 and December 31, 2015 (in millions):

	June 30, 2016 (Unaudited)	December 31, 2015
FDIC insured or collateralized deposits	$ 194	$ 168
Uninsured and not collateralized	63	231
Total Bank Balance	$ 257	$ 399

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.

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 June 30, 2016 and December 31, 2015 (in millions):

Investments by fair value level	June 30, 2016	Fair Value Measurements Level 1	Fair Value Measurements Level 2	December 31, 2015	Fair Value Measurements Level 1	Fair Value Measurements Level 2
	(Unaudited)	(Unaudited)				
Debt Securities:						
U.S. treasury securities	$ 3,108	$ 3,108	$ -	$ 3,007	$ 3,007	$ -
U.S. government agency	657	32	625	870	45	825
Commercial paper	2,325	-	2,325	1,551	-	1,551
Asset-backed securities	26	26	-	27	27	-
Commercial mortgage-backed securities	42	42	-	45	45	-
Foreign bonds	12	12	-	11	11	-
Corporate bonds	151	151	-	153	153	-
Tax Benefit Lease Investments:						
U.S. treasury securities	211	211	-	174	174	-
U.S. government agency	103	-	103	95	-	95
Repurchase agreements	236	236	-	172	172	-
Money Market Funds	82	-	82	82	-	82
Total debt securities	6,953	3,818	3,135	6,187	3,634	2,553
Equity securities	19	19	-	19	19	-
Total investments by fair value level	6,972	$ 3,837	$ 3,135	6,206	$ 3,653	$ 2,553
Other	118			118		
Total Investments	$ 7,090			$ 6,324		

Investments classified as Level 1 of the fair value hierarchy, totaling $3.8 billion and $3.7 billion as of June 30, 2016 and December 31, 2015, 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 market value at least equal to the cost of the investment.

U.S. Government agency securities totaling $728 and $920, commercial paper totaling $2.3 billion and $1.6 billion, and money market instruments totaling $82 and $82, as of June 30, 2016 and December 31, 2015, 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 9, 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 obligation. Investments had weighted average yields of 0.44% and 0.51% for the six months ended June 30, 2016 and year ended December 31, 2015, respectively.

Of the above cash and investments, amounts designated for internal purposes by management were as follows at June 30, 2016 and December 31, 2015 (in millions):

	June 30, 2016 (Unaudited)	December 31, 2015
Construction or acquisition of capital assets	$ 3,892	$ 3,230
Funds received from affiliated agencies for investment	576	605
Debt service	859	488
Payment of claims	578	735
Restricted for capital leases	470	464
Other	287	527
	6,662	6,049
Unrestricted funds	745	729
Total cash and investments	$ 7,407	$ 6,778

Credit Risk — At June 30, 2016 and December 31, 2015, the following credit quality rating has been assigned to MTA investments by a nationally recognized rating organization (in millions):

Standard & Poor's	2016 (Unaudited)	Portfolio	2015	Portfolio
A-1+	$ 620	9 %	$ 739	12 %
A-1	2,325	34	1,551	25
AAA	96	1	112	2
AA+	40	1	40	1
AA	29	0	27	0
A	95	1	91	2
BBB	82	1	51	1
Not rated	241	4	180	3
U.S. Government	3,351	49	3,322	54
Total	6,879	100 %	6,113	100 %
Equities and capital leases	211		211	
Total investment	$ 7,090		$ 6,324	

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

(In millions)	June 30, 2016 (Unaudited)		December 31, 2015	
Securities	**Fair Value**	**Duration (in years)**	**Fair Value**	**Duration (in years)**
U.S. Treasuries	$ 3,108	5.34	$ 3,007	4.55
Federal Agencies	657	2.47	708	0.02
Other Agencies	-	-	162	3.34
Tax benefits lease investments	314	9.46	269	9.66
Repurchase agreement	236	-	172	-
Certificate of deposits	6	-	6	-
Commercial paper	2,325	0.05	1,551	-
Asset-backed securities [1]	26	0.98	27	0.99
Commercial mortgage-backed securities [1]	42	2.43	45	1.87
Foreign bonds [1]	12	-	11	0.01
Corporates [1]	151	2.54	153	2.96
Total fair value	6,877		6,111	
Modified duration		3.17		2.90
Equities [1]	19		19	
Total	6,896		6,130	
Investments with no duration reported	194		194	
Total investments	$ 7,090		$ 6,324	

[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) (Transit Authority) and 553(21) (MTA Bridges and Tunnels);

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

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

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

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

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

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

- certain equities; and
- certain mutual funds.

FMTAC is prohibited from making the following investments:

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

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

4. EMPLOYEE BENEFITS

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

Plan Descriptions

1. Additional Plan —

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

The Board of Managers of Pensions is comprised of the Chairman of the MTA, MTA Chief Financial Officer, MTA Director of Labor Relations and the agency head of each participating Employer or the designee of a member of the Board of Managers. The Additional Plan for Additional Pensions may be amended by action of the MTA Board.

The 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. 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 to modify, amend or restrict the MaBSTOA Plan or to discontinue it altogether, subject, however, to the obligations under its collective bargaining agreements.

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 MaBSTOA Pension Plan, New York City Transit Authority, Operations Accounting, 2 Broadway, 10th 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 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 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 Metro-North Railroad Controller, 420 Lexington Avenue, New York, New York, 10170-3739. 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 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 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. The net position of NYSLERS is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net 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. This report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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.

The terms of the Additional Plan 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.

The Additional Plan also provides 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 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, 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 55/2525 Special Plan and the Basic 63/10 Plan, the pre-retirement ordinary death benefit is equal to a lump sum of annual salary times the lesser of completed years of service and 3. After age 60, the benefit is reduced 5% per year, to a maximum reduction of 50%. Accumulated regular member contributions with interest and one-half of accumulated additional member contributions with interest are also payable. Upon retirement, the post-retirement benefit is reduced by 50% and reduced an additional 25% after completion of one year of retirement. After completion of two years of retirement, the benefit equals 10% of the pre-retirement benefit in force at age 60.

3. MNR Cash Balance Plan —

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

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

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

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

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

4. MTA Defined Benefit Plan —

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. NYCERS —

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

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

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

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

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

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

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

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

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 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. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of 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. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 110% of 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 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. For Tier 6 members, each year of final average salary is limited to no more than 110% of the average of the previous four years.

Ordinary Disability Benefits — Generally, 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.

Accidental Disability Benefits — 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 pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, 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, 2014, the date of the most recent actuarial valuation, membership data for the following pension plans is as follows:

	Additional Plan	MaBSTOA Plan	MNR Cash Balance Plan	MTA Defined Benefit Plan	TOTAL
Active Plan Members	321	7,739	15	16,688	24,763
Retirees and beneficiaries receiving benefits	6,089	5,168	26	11,038	22,321
Vested formerly active members not yet receiving benefits	67	1,104	19	1,422	2,612
Total	6,477	14,011	60	29,148	49,696

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 2014 and 2013), 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 2014 and 2013).

Funding for the Additional Plan by the MTA Long Island Railroad 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 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.

Contributions as a percent of covered payroll was 283.43% for the year ended December 31, 2015. The actual contributions for the year ended December 31, 2015 was $100.0.

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 noncontributing (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.

MaBSTOA's contribution rate is 30.97% of annual covered payroll for the year ended December 31, 2015. MTA New York City Transit Authority's actual contribution to the MaBSTOA Plan for the year ended December 31, 2015 was $214.9.

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 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.

MNR Cash Balance Plan's contribution rate was 0.85% of annual covered payroll for the year ended December 31, 2015. The actual contribution for the year ended December 31, 2015 was $14 thousand.

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).

MTA Bus is required to make significant annual contributions to the MTA Plan on a current basis. Pursuant to the January 1, 2014 and January 1, 2013 actuarial valuations for the MTA Plan, which included amounts for actuarial assets and liabilities relating to both active and retired members for most portions of the former private plans (excepting, for example, members of the Transport Workers Union— New York City Private Bus Lines Pension Trust who were working on school bus routes which did not become part of MTA Bus service), MTA Bus recorded pension expense equal to the valuation annual required contribution of $45.9 for the year ended December 31, 2015. Both of these employer contributions were paid to the MTA Plan in their respective years.

The MTA Defined Benefit Plan's contribution rate is 13.68% of annual covered payroll for the year ended December 31, 2015. The MTA's actual contribution to the MTA Defined Benefit Plan for the year ended December 31, 2015 was $221.7.

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. MTA Bridges and Tunnels' contribution rate to the NYCERS plan is 33.62% of covered payroll for the year ended December 31, 2015. MTA New York City Transit's contribution rate to the NYCERS plan is 21.6% of covered payroll for the year ended December 31, 2015.

The contribution requirements of plans members, MTA New York City Transit and MTA Bridges and Tunnels are established and amended by law.

MTA New York City Transit's required contribution to NYCERS for the year ended December 31, 2015 was $694.4.

MTA Bridges and Tunnels' required contribution to NYCERS for the year ended December 31, 2015 was $41.8.

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 Capital Construction and MTA Long Island Bus, are required to contribute at an actuarially determined rate. The contribution rate of annual covered payroll for MTAHQ and MTA Long Island Bus is 17.93% and 0%, respectively, for the year ended December 31, 2015.

The MTAHQ's required contribution for the year ended December 31, 2015 was $15.792. MTA Long Island Bus' required contribution for the year ended December 31, 2015 was $0.0.

Net Pension Liability

The MTA's net pension liabilities for each of the pension plans reported at December 31, 2015 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
Additional Plan	December 31, 2014	January 1, 2014
MaBSTOA Plan	December 31, 2014	January 1, 2014
MNR Cash Balance Plan	December 31, 2014	January 1, 2014
MTA Defined Benefit Plan	December 31, 2014	January 1, 2014
NYCERS	June 30, 2015	June 30, 2013
NYSLERS	March 31, 2015	April 1, 2014

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
Investment Rate of Return	7.00% per annum, net of investment expenses.	7.00% per annum, net of investment expenses.	4.5% per annum, net of investment expenses.
Salary Increases	3.00%	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.	Not applicable
Inflation	2.50%; 3.50% for Railroad Retirement Wage Base.	2.50%.	2.50%
Cost-of Living Adjustments	Not applicable	1.375% per annum.	Not applicable
Mortality:	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 the MTA plans.	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 a 2012 experience study for all the 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 the MTA plans.
Pre-retirement	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement- Healthy Lives	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives	N/A	75% of the rates from the RP-2000 Disabled Annuitant mortality table for males and females.	N/A

	MTA Defined Benefit Plan	NYCERS	NYSLERS
Investment Rate of Return	7.00% per annum, net of investment expenses.	7.00% per annum, net of expenses.	7.5% per annum, including inflation, net of investment expenses.
Salary Increases	Varies by years of employment, and employee group; 3.5% for MTA Bus hourly employees.	In general, merit and promotion increases plus assumed General Wage increases of 3.0% per year.	4.9% in ERS, 6.00% in PFRS
Inflation	2.5%; 3.0% for Railroad Retirement Wage Base.	2.50%	2.70%
Cost-of Living Adjustments	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.	1.4% per annum.
Mortality:	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee. Mortality assumption is based on a 2012 experience study for all MTA plans.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS' 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 Smith & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013.	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	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.	N/A	N/A
Post-retirement Disabled Lives	75% of the rates from the RP-2000 Disabled 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 female healthy rates, respectively.	N/A	N/A

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. The most recent actuarial study analyzed experience for the four-year and ten-year periods ended June 30, 2013. In a report dated October 23, 2015, the independent actuarial auditor confirmed that the Actuary's calculations of employer contributions for Fiscal Year 2014 were reasonable and appropriate and recommended the consideration of changes to the mortality, overtime, and investment return assumptions.

In accordance with ACNY and with appropriate practice, the Boards of Trustees of NYCERS are to periodically review and adopt certain 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. Based, in part, upon a review of the then two most recently completed experience studies, the Actuary issued reports for NYCERS proposing changes in actuarial assumptions and methods for Fiscal Years beginning on and after July 1, 2011 (February 2012 Reports). Where required, the Boards of Trustees of the NYCERS adopted those changes to actuarial assumptions that require Board approval. The State Legislature enacted Chapter 3/13 to provide for those changes to the actuarial assumptions and methods that require legislation, including the Actuarial Interest Rate ("AIR") assumption of 7.0% per annum, net of investment expenses.

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	Long-Term Expected Rate of Return
Additional Plan	7.00%
MaBSTOA Plan	7.00%
MNR Cash Balance Plan	4.50%
MTA Defined Benefit Plan	7.00%
NYCERS	7.00%
NYSLERS	7.50%

For the Additional Plan, MaBSTOA Plan, MNR Cash Balance Plan, MTA Defined Benefit and the NYCERS 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.

For the NYSLERS plan, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return for equities and fixed income as well as historical investment data and plan performance.

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

Asset Class	Additional Plan Target Asset Allocation	Additional Plan Arithmetic RROR by Asset Class	Additional Plan Portfolio Component Arithmetic RROR	MaBSTOA Plan Target Asset Allocation	MaBSTOA Plan Arithmetic RROR by Asset Class	MaBSTOA Plan Portfolio Component Arithmetic RROR
U.S. Public Market Equities	20.50%	6.25%	1.28%	20.50%	6.25%	1.28%
International Public Market Equities	15.00%	6.05%	0.91%	15.00%	6.05%	0.91%
Emergining Public Market Equities	3.50%	8.90%	0.31%	3.50%	8.90%	0.31%
Private Market Equities	12.00%	9.15%	1.10%	12.00%	9.15%	1.10%
Fixed Income	31.00%	2.66%	0.82%	31.00%	2.66%	0.82%
Alternatives (Real Assets, Hedge Funds)	18.00%	3.34%	0.60%	18.00%	3.34%	0.60%
Portfolio Long Term Average Arithmetic RROR	100.00%		5.02%	100.00%		5.02%
Assumed Inflation - Mean			2.50%			2.50%
Assumed Inflation - Standard Deviation			2.00%			2.00%
Portfolio Arithmetic Mean Return as per Actuary			7.55%			7.55%
Portfolio Standard Deviation			12.25%			12.25%
Calculated RROR per Summarized Asset Class			7.52%			7.52%
Long Term Expected Rate of Return selected by MTA			7.00%			7.00%

Asset Class	MTA Defined Benefit Plan Target Asset Allocation	MTA Defined Benefit Plan Arithmetic RROR by Asset Class	MTA Defined Benefit Plan Portfolio Component Arithmetic RROR	MNR Cash Balance Plan Target Asset Allocation	MNR Cash Balance Plan Arithmetic RROR by Asset Class	MNR Cash Balance Plan Portfolio Component Arithmetic RROR
U.S. Public Market Equities	20.50%	6.25%	1.28%	0.00%	0.00%	0.00%
International Public Market Equities	15.00%	6.05%	0.91%	0.00%	0.00%	0.00%
Emergining Public Market Equities	3.50%	8.90%	0.31%	0.00%	0.00%	0.00%
Private Market Equities	12.00%	9.15%	1.10%	0.00%	0.00%	0.00%
Fixed Income	31.00%	2.66%	0.82%	100.00%	2.19%	2.19%
Alternatives (Real Assets, Hedge Funds)	18.00%	3.34%	0.60%	0.00%	0.00%	0.00%
Portfolio Long Term Average Arithmetic RROR	100.00%		5.02%	100.00%		2.19%
Assumed Inflation - Mean			2.50%			2.50%
Assumed Inflation - Standard Deviation			2.00%			2.00%
Portfolio Arithmetic Mean Return as per Actuary			7.55%			4.69%
Portfolio Standard Deviation			12.25%			6.45%
Calculated RROR per Summarized Asset Class			7.52%			4.69%
Long Term Expected Rate of Return selected by MTA			7.00%			4.50%

Asset Class	NYCERS Target Asset Allocation	NYCERS Arithmetic RROR by Asset Class	NYCERS Portfolio Component Arithmetic RROR	NYSLERS Target Asset Allocation	NYSLERS Arithmetic RROR by Asset Class	NYSLERS Portfolio Component Arithmetic RROR
U.S. Public Market Equities	32.60%	6.60%	2.15%	38.00%	7.30%	2.77%
International Public Market Equities	10.00%	7.00%	0.70%	13.00%	8.55%	1.11%
Emergining Public Market Equities	6.90%	7.90%	0.55%	0.00%	0.00%	0.00%
Private Market Equities	7.00%	9.90%	0.69%	10.00%	11.00%	1.10%
Fixed Income	33.50%	2.70%	0.90%	22.00%	3.84%	0.85%
Alternatives (Real Assets, Hedge Funds)	10.00%	4.00%	0.40%	17.00%	8.12%	1.38%
Portfolio Long Term Average Arithmetic RROR	100.00%		5.39%	100.00%		7.21%
Assumed Inflation - Mean			2.50%			2.50%
Calculated RROR per Summarized Asset Class			7.89%			9.71%
Long Term Expected Rate of Return selected by MTA			7.00%			7.50%

Discount Rate

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

Pension Plan	Discount Rate
Additional Plan	7.00%
MaBSTOA	7.00%
MNR Cash Balance plan	4.50%
MTA Defined Benefit Plan	7.00%
NYCERS	7.00%
NYSLERS	7.50%

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, 2015, based on the December 31, 2014 measurement date, are 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, 2013	$ 1,645,284	$ 510,753	$ 1,134,531	$ 3,212,528	$ 2,093,895	$ 1,118,633
Changes for fiscal year 2014:						
Service Cost	3,813	-	3,813	72,091	-	72,091
Interest on total pension liability	110,036	-	110,036	223,887	-	223,887
Effect of assumption changes or inputs	-	-	-	(1,596)	-	(1,596)
Benefit payments	(156,974)	(156,974)	-	(175,446)	(175,446)	-
Administrative expense	-	(975)	975	-	(74)	74
Member contributions	-	1,304	(1,304)	-	15,460	(15,460)
Net investment income	-	21,231	(21,231)	-	105,084	(105,084)
Employer contributions	-	407,513	(407,513)	-	226,374	(226,374)
Balance as of December 31, 2014	$ 1,602,159	$ 782,852	$ 819,307	$ 3,331,464	$ 2,265,293	$ 1,066,171

	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, 2013	$ 766	$ 748	$ 18	$ 3,892,983	$ 2,806,367	$1,086,616
Changes for fiscal year 2014:						
Service Cost	-	-	-	121,079	-	121,079
Interest on total pension liability	32	-	32	274,411	-	274,411
Differences between expected and actual experience	-	-	-	2,322	-	2,322
Benefit payments	(88)	(88)	-	(191,057)	(191,057)	-
Administrative expense	-	(3)	3	-	(9,600)	9,600
Member contributions	-	-	-	-	26,006	(26,006)
Net investment income	-	41	(41)	-	102,245	(102,245)
Employer contributions	-	-	-	-	331,259	(331,259)
Balance as of December 31, 2014	$ 710	$ 698	$ 12	$ 4,099,738	$ 3,065,220	$1,034,518

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, and the MTA Defined Benefit Plan using the current discount rate of 7.0%, 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:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
		(in thousands)	
Additional Plan	$ 951,790	$ 819,307	$ 704,647
MaBSTOA Plan	1,448,685	1,066,171	740,824
MTA Defined Benefit Plan	1,554,937	1,034,518	596,266

The following presents the MTA's net pension liability calculated for the MNR Cash Balance Plan using the current discount rate of 4.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.5%) or 1-percentage point higher (5.5%) than the current rate:

	1% Decrease (3.5%)	Current Discount Rate (4.5%)	1% Increase (5.5%)
		(in whole dollars)	
MNR Cash Balance Plan	$ 48,625	$ 11,625	$ (20,375)

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 and NYSLERS based on the June 30, 2013 and April 1, 2014 actuarial valuations, respectively, rolled forward to June 30, 2015 and June 30, 2015, respectively, and the proportion percentage of the aggregate net pension liability of each of those plans allocated to the MTA:

	NYCERS June 30, 2015	NYSLERS March 31, 2015
	($ in thousands)	
MTA's proportion of the net pension liability	23.585%	0.289%
MTA's proportionate share of the net pension liability	$ 4,773,787	$ 9,768

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, 2015 and to NYSLERS for the plan's fiscal year-end June 30, 2015, 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 calculated using the current discount rate of 7.0%, 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 (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	Proportionate Share of the Net Pension Liability		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
		(in thousands)	
NYCERS	$ 6,602,050	$ 4,773,787	$ 3,075,494

The following presents the MTA's proportionate share of the net pension liability for NYSLERS calculated using the current discount rate of 7.5%, 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 (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	Proportionate Share of the Net Pension Liability		
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
		(in thousands)	
NYSLERS	$ 65,107	$ 9,768	$ (36,952)

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

For the period ended June 30, 2016 and year ended December 31, 2015, the MTA recognized pension expense related to each pension plan as follows:

Pension Plan	June 30, 2016	December 31, 2015
	(in thousands)	
Additional Plan	$ 58,290	$ 77,482
MaBSTOA Plan	104,949	134,139
MNR Cash Balance plan	-	1
MTA Defined Benefit Plan	117,465	188,621
NYCERS	356,811	451,016
NYSLERS	7,895	8,774
Total	**$ 645,410**	**$ 860,033**

For the period ended June 30, 2016 and year ended December 31, 2015, the MTA reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows:

For the Period Ended June 30, 2016	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
	(in thousands)							
Differences between expected and actual experience	$ -	$ -	$ -	$ 1,329	$ -	$ -	$ 2,020	$ -
Changes in assumptions	-	-	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	14,806	-	34,849	-	-	8	78,027	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-	-	-	13,395	13,395
Employer contributions to the plan subsequent to the measurement of net pension liability	80,541	-	216,937	-	-	-	237,873	-
Total	$ 95,347	$ -	$ 251,786	$ 1,329	$ -	$ 8	$ 331,315	$ 13,395

For the Period Ended June 30, 2016	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
			(in thousands)			
Differences between expected and actual experience	$ -	$ 47,868	$ 313	$ -	$ 2,333	$ 49,197
Changes in assumptions	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	396,499	1,697	-	129,380	396,507
Changes in proportion and differences between contributions and proportionate share of contributions	(44,529)	-	-	265	(31,134)	13,660
Employer contributions to the plan subsequent to the measurement of net pension liability	427,117	-	15,792	-	978,260	-
Total	$ 382,588	$ 444,367	$ 17,802	$ 265	$ 1,078,839	$ 459,364

For the Year Ended December 31, 2015	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
				(in thousands)				
Differences between expected and actual experience	$ -	$ -	$ -	$ 1,329	$ -	$ -	$ 2,020	$ -
Changes in assumptions	-	-	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	14,806	-	34,849	-	-	8	78,027	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-	-	-	13,395	13,395
Employer contributions to the plan subsequent to the measurement of net pension liability	100,000	-	214,881	-	14	-	221,694	-
Total	$ 114,806	$ -	$ 249,730	$ 1,329	$ 14	$ 8	$ 315,136	$ 13,395

For the Year Ended December 31, 2015	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
			(in thousands)			
Differences between expected and actual experience	$ -	$ 47,868	$ 313	$ -	$ 2,333	$ 49,197
Changes in assumptions	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	396,499	1,697	-	129,380	396,507
Changes in proportion and differences between contributions and proportionate share of contributions	(44,529)	-	-	265	(31,134)	13,660
Employer contributions to the plan subsequent to the measurement of net pension liability	380,227	-	15,792	-	932,608	-
Total	$ 335,698	$ 444,367	$ 17,802	$ 265	$ 1,033,187	$ 459,364

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 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**
Additional Plan	0.10	N/A
MaBSTOA Plan	6.00	N/A
MNR Cash Balance Plan	0.90	N/A
MTA Defined Benefit Plan	7.70	7.70
NYCERS	3.37	3.37
NYSLERS	5.00	5.00

$978.0 reported as deferred outflows of resources related to pensions resulting from the MTA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2015 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:							
2016	$ 3,702	$ 8,446	$ (2)	$ 19,808	$ (243,758)	436	(211,368)
2017	3,702	8,446	(2)	19,808	(243,758)	436	(211,368)
2018	3,701	8,446	(2)	19,808	(125,189)	436	(92,800)
2019	3,701	8,446	(2)	19,808	123,809	436	156,198
2020	-	(264)	-	301	-	-	37
Thereafter	-	-	-	513	-	-	513
	$ 14,806	$ 33,520	$ (8)	$ 80,047	$ (488,896)	$ 1,744	$ (358,786)

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.

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 interim 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 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 $18,000 dollars or $24,000 dollars for those over age 50 for the year ended December 31, 2015.

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 - 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 - 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 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%

As a result of collective bargaining, these members were offered a one-time opportunity to opt-out of the matching contributions and employer basic contributions and, instead, participate in the MTA Defined Benefit Pension Plan. No further matching or employer basic contributions will be made for those who make such election.

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. Members are immediately 100% vested in these employer contributions. In addition, for each plan year, the MTA shall make a monthly contribution of $125 (whole dollars) to the account of each eligible member represented by the Commanding Officers Association. 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 – Nonvested contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses.

(In thousands)	2015
	401K
Contributions:	
Employee contributions, net of loans	$ 226,090
Participant rollovers	17,449
Employer contributions	4,878
Total contributions	$ 248,417

5. OTHER POSTEMPLOYMENT BENEFITS

The MTA has implemented GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions* ("GASB 45"). This Statement established the standards for the measurement, recognition, and display of Other Postemployment Benefits ("OPEB") expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information ("RSI") in the financial reports of state and local governmental employers.

Postemployment benefits are part of an exchange of salaries and benefits for employee services rendered. Most OPEB have been funded on a pay-as-you-go basis and have been reported in financial statements when the promised benefits are paid. GASB 45 requires state and local government's financial reports to reflect systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with the OPEB and to what extent progress is being made in funding the plan.

Plan Description — The benefits provided by the MTA Group include medical, pharmacy, dental, vision, and life insurance, plus monthly supplements for Medicare Part B or Medicare supplemental plan reimbursements and welfare fund contributions. The different types of benefits provided vary by agency and employee type (represented employees versus management). All benefits are provided upon retirement as stated in the applicable pension plan, although some agencies provide benefits to some members if terminated within 5 years of attaining retirement eligibility. Employees of the MTA Group are members of the following pension plans: the MTA Plan, the Additional Plan, the MNR Cash Balance Plan, the MaBSTOA Plan, NYCERS, and NYSLERS.

The MTA Group participates in the New York State Health Insurance Program ("NYSHIP") to provide medical and prescription drug benefits, including Medicare Part B reimbursements, to many of its employees and retirees. NYSHIP provides 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, 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.

GASB 45 requires employers to perform periodic actuarial valuations to determine annual accounting costs, and to keep a running tally of the extent to which these amounts are over or under funded. The valuation must be performed at least biennially. The most recent biennial valuation was performed for the year ended December 31, 2014, and was performed with a valuation date of January 1, 2014. Forty-Five thousand plan participants were receiving retirement benefits as of December 31, 2014, the last valuation reporting period.

During 2012, MTA funded $250 into an OPEB Trust ("Trust") allocated between MTA Headquarters and MTA New York City Transit and funded an additional $50 during 2013 allocated between MTA Long Island Railroad and MTA Metro-North Railroad. There have been no further contributions made to the Trust. Under GASB 45, the discount rate is based on the assets in a trust, the assets of the employer or a blend of the two based on the anticipated funding levels of the employer. For this valuation, the discount rate reflects a blend of Trust assets and employer assets. The assumed return on Trust assets is 6.5% whereas the assumed return on employer assets is 3.25% resulting in a discount rate under GASB 45 of 3.5%, which is slightly lower than the discount rate of 3.75% used in the prior valuation. This decrease is primarily due to the decrease in Treasury yields and thus, returns on employer assets since the prior valuation

Annual OPEB Cost ("AOC") and Net OPEB Obligation — The MTA's annual OPEB cost (expense) represents the accrued cost for postemployment benefits under GASB 45. Currently, the MTA expenses the actual benefits paid during a year. The cumulative difference between the annual OPEB cost ("new method") and the benefits paid during a year ("old method") will result in a net OPEB obligation (the "Net OPEB Obligation"), included in the consolidated statements of net position. The annual OPEB cost is equal to the annual required contribution (the "ARC") less adjustments if a Net OPEB Obligation exists and plus the interest on Net OPEB Obligations. The ARC is equal to the normal cost plus an amortization of the unfunded liability.

Actuarial Cost, Amortization Methods and Assumptions - For determining the ARC, the MTA has chosen to use the Frozen Initial Liability cost method (the "FIL Cost Method"), one of the cost methods in accordance with the parameters of GASB 45. The initial liability is amortized over a 22-year period. The remaining amortization period at December 31, 2015 is 14 years.

In order to recognize the liability over an employee's career, an actuarial cost method divides the present value into three pieces: the part that is attributed to past years (the "Accrued Liability" or "Past Service Liability"), the part that is being earned this year (the "Normal Cost"), and the part that will be earned in future years (the "Future Service Liability"). Under the FIL Cost Method, an initial past service liability is determined based on the Entry Age Normal ("EAN") Cost Method and is amortized separately. This method determines the past service liability for each individual based on a level percent of pay. The Future Service Liability is allocated based on the present value of future compensation for all members combined to determine the Normal Cost. In future years, actuarial gains/losses will be incorporated into the Future Service Liability and amortized through the Normal Cost.

The Frozen Unfunded Accrued Liability is determined each year as the Frozen Unfunded Accrued Liability for the prior year, increased with interest, reduced by the end-of-year amortization payment and increased or decreased by any new bases established for the current year.

The difference between the Actuarial Present Value of Benefits and the Frozen Unfunded Accrued Liability equals the Present Value of Future Normal Cost. The Normal Cost equals the Present Value of Future Normal Cost divided by the present value of future compensation and multiplied by the total of current compensation for members less than certain retirement age.

The ARC is equal to the sum of the Normal Cost and the amortization for the Frozen Unfunded Accrued Liability with appropriate interest adjustments. Any difference between the ARC and actual plan contributions from the prior year are considered an actuarial gain/loss and thus, are included in the development of the Normal Cost. This methodology differs from the approach used for the pension plan where the difference between the ARC and actual plan contributions from the prior year, if any, will increase or decrease the Frozen Unfunded Accrued Liability and will be reflected in future amortization payments. A different approach was applied to the OPEB benefits because these benefits are not actuarially funded.

Valuation Date - The valuation date is the date that all participant and other pertinent information is collected and liabilities are measured. This date may not be more than 24 months prior to the beginning of the fiscal year. The valuation date for this valuation is January 1, 2014, which is 24 months prior to the beginning of the 2016 calendar year. Census data for the next full valuation will be based on a valuation date of January 1, 2016.

Inflation Rate - 2.5% per annum compounded annually.

Discount Rate – GASB 45 provides guidance to employers in selecting the discount rate. The discount rate should be based on the estimated long-term investment yield on the investments that are expected to be used to finance the benefits. If there are no plan assets, assets of the employer should be used to derive the discount rate. This would most likely result in a lower discount rate and thus, liabilities significantly higher than if the benefits are prefunded. In recognition of the decrease in short-term investment yields partially offset by the establishment of a trust, the current discount rate is 3.50%.

Healthcare Reform - The results of this valuation reflect our 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. If, between 2010 and 2018, the cost of health care insurance rises more than 55%, the threshold for the excise tax will be adjusted. Legislative changes passed in December 2015 have delayed the effective date of the excise tax until 2020. However, the calculation of the threshold amounts remains unchanged. Also included in ACA are various fees (including, but not limited to, the Patient-Centered Outcomes Research Institute fee, Transitional Reinsurance Program fee, and the Health Insurer fee) associated with the initiation of health exchanges in 2014. The current provisions of ACA should be reflected in the projection of benefits and therefore, the value of the excise tax and ACA fees which apply to the plan are not included. It is assumed that there will be no changes to the current law and that there will be no changes in plan design to help mitigate the impact of the excise tax.

The OPEB-specific actuarial assumptions used in the most recent biennial valuation are as follows:

Valuation date	January 1, 2014
Actuarial cost method	Frozen Initial Liability
Discount rate	3.50%
Price inflation	2.5% per annum, compounded annually
Per-Capita retiree contributions	*
Amortization method	Frozen Initial Liability
Remaining amortization period	14 years
Period closed or open	Closed

* In general, all coverages are paid for by the MTA. However, for MTAHQ members retired prior to 1997, pay a portion of the premium, depending on the year they retired.

Actuarial valuation involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Per Capita Claim Costs — Use of a blended premium rate for active employees and retirees under age 65 is a common practice. Health costs generally increase with age, so the blended premium rate is higher than the true underlying cost for actives and the blended premium is lower than the true underlying cost for retirees. For retirees, this difference is called the implicit rate subsidy. Since GASB 45 only requires an actuarial valuation for retirees, it requires the plan sponsor to determine the costs of these benefits by removing the subsidy. However, a plan sponsor may use the premiums without adjustment for age if the employer participates in a community-rated plan, in which the premium rates reflect projected health claims experience of all participating employers, or if the insurer would offer the same premium rate if only non-Medicare-eligible retirees were covered.

Based on an initial, as well as an updated 2014 report, 2006 report from the Department of Civil Service of the State of New York regarding recommended actuarial assumptions used for New York State/SUNY's GASB 45 Valuation sent to all participating employers, it stated that the Empire Plan of NYSHIP is community-rated for all participating employers. Each MTA Agency participating in NYSHIP is no more than approximately 1%, and in total, the MTA is approximately 3% of the total NYSHIP population. The actual experience of the MTA will have little or no impact on the actual premium so it is reasonable to use the premium rates without age adjustments as the per capita claims cost.

The medical and pharmacy benefits provided to TWU Local 100, ATU 1056 and ATU 726 represented MTA Transit members, represented MTA Bus Company members and represented SIRTOA members are non-NYSHIP as well as some Pre-NYSHIP MTA New York City Transit members. For these benefits, a per capita claims cost assumptions was developed that vary by age, gender and benefit type. The per capita costs assumptions reflect medical and pharmacy claims information, including the Employer Group Waiver Plan ("EGWP") for providing pharmacy benefits to Medicare-eligible retirees, for 2014 and 2015.

Medicare Part D Premiums — GASB has issued a Technical Bulletin stating that the value of expected Retiree Drug Subsidy ("RDS") payments to be received by an entity cannot be used to reduce the Actuarial Accrued Liability of OPEB benefits nor the ARC. Furthermore, actual contributions made (equal to the amount of claims paid in a year if the plan is not funded) will not be reduced by the amount of any subsidy payments received. Accordingly, the 2014 valuation excludes any RDS payments expected to be received by the MTA and its agencies.

Health Cost Trend: The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2014 utilizing the baseline assumptions included in the model, except real Gross Domestic Product ("GDP") of 1.8% and inflation of 2.5%. 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 non-NYSHIP benefits. These assumptions are combined with long-term assumptions for dental and vision benefits (4%) plus Medicare Part B reimbursements (4.5%). The NYSHIP trend reflects actual increases in premiums through 2015. The NYSHIP trend is used for six agencies plus the non-represented employees of MTA Bus. This trend also reflects dental and vision benefits plus Medicare Part B reimbursements. The non-NYSHIP trend is applied directly for represented employees of MTA New York City Transit, SIRTOA and MTA Bus Company. Note, due to the Excise Tax, the non-NYSHIP trends for MTA Bus and MTA New York City Transit differ. The following lists illustrative rates for the NYSHIP and self-insured trend assumptions for MTA New York City Transit and MTA Bus (amounts are in percentages).

Health Care Cost Trend Rates

Fiscal Year	NYSHIP	Transit and SIRTOA < 65	Transit and SIRTOA >=65	MTA Bus Company < 65	MTA Bus Company >=65
2014	0.0*	7.5	9.5	7.5	8.1
2015	6.0	7.6	9.5	7.6	8.2
2016	6.0	6.7	8.1	6.7	7.3
2017	6.0	6.2	6.8	6.2	6.3
2018	5.3	5.4	5.4	5.4	5.4
2019	5.2	12.1	5.4	11.3	5.4
2024	5.2	6.1	5.4	6.2	5.4
2029	5.5	6.1	5.4	6.1	5.4
2034	6.4	6.1	5.5	6.1	5.5
2039	5.9	5.7	5.2	5.7	5.2
2044	5.7	5.5	5.1	5.5	5.1
2049	5.6	5.4	5.3	5.4	5.3
2054	5.5	5.3	5.3	5.3	5.3

* Trend not applicable as actual 2015 premiums were valued.

Participation — The table below summarizes the census data provided by each Agency utilized in the preparation of the actuarial valuation. The table shows the number of active and retired employees by Agency and provides a breakdown of the coverage elected and benefits offered to current retirees.

OPEB Participation By Agency at January 1, 2014 (Valuation date for December 31, 2016)

	MTA New York City Transit	MTA Long Island Rail Road	MTA Metro-North Rail Road	MTA Bridges & Tunnels	MTAHQ	MTA Long Island Bus *	MTA Staten Island Railway	MTA Bus Company	Total
Active Members									
Number	47,447	6,772	6,288	1,569	1,641	-	260	3,539	67,516
Average Age	49.5	44.2	45.5	46.5	46.3	-	45.1	47.1	48.3
Average Service	14.4	11.8	13.4	13.3	12.9	-	13.6	11.7	13.8
Retirees									
Single Medical Coverage	12,400	674	417	612	158	105	19	624	15,009
Employee/Spouse Coverage	16,784	2,314	909	663	329	234	58	893	22,184
Employee/Child Coverage	916	136	54	36	20	23	3	43	1,231
No medical Coverage	867	2,308	2,423	5	8	468	15	126	6,220
Total Number	30,967	5,432	3,803	1,316	515	830	95	1,686	44,644
Average Age	71.9	67.6	74.0	68.9	65.2	67.6	63.9	69.8	71.2
Total Number with Dental/Vision	6,427	857	470	406	445	58	46	85	8,794
Total Number with Vision	25,858	857	470	406	445	58	67	1,529	29,690
Total Number with Supplement	25,442	1,747	-	910	-	459	22	1,454	30,034
Average Monthly Supplement Amount in whole dollars (Excluding Part B Premium)	$33	$218	$ -	$207	$ -	$ -	$238	$25	$49
Total Number with Life Insurance	5,616	4,890	2,406	353	435	713	78	199	14,690
Average Life Insurance Amount	$2,076	$22,181	$2,623	$5,754	$4,994	$8,636	$2,763	$5,214	$9,397

* No active members as of January 1, 2014. In addition, there are 155 vestees not included in these counts.

Coverage Election Rates — For members that participate in NYSHIP, 100% of eligible members, including current retirees and surviving spouses, are assumed to elect coverage in the Empire PPO Plan. However, for MTA Bridges and Tunnels, 15% of represented members and 10% of non-represented members are assumed to elect the Health Insurance Plan ("HIP"), a HMO Plan. For MTA Metro-North Railroad represented members, 15% are assumed to elect ConnectiCare. For groups that do not participate in NYSHIP, notably MTA New York City Transit and MTA Bus Company members are assumed to elect Empire Blue Cross Blue Shield ("BCBS") or Aetna/ United Healthcare with percentages varying by agency.

Dependent Coverage - Spouses are assumed to be the same age as the employee/retiree. 80% of male and 45% of female eligible members participating in NYSHIP are assumed to elect family coverage upon retirement and 60% of male and 35% of female eligible members participating in non-NYSHIP programs administered by MTA New York City Transit are assumed to cover a dependent. Actual coverage elections for current retirees are used. If a current retiree's only dependent is a child, eligibility is assumed for an additional 7 years from the valuation date.

Demographic Assumptions:

Mortality — Preretirement and postretirement health annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee.

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 — 75% of the rates from the RP-2000 Disabled Annuitant mortality table for males and females.

Vestee Coverage — For members that participate in NYSHIP, Vestees (members who have terminated, but not yet eligible to retire) are eligible for NYSHIP benefits provided by the Agency upon retirement, but must maintain NYSHIP coverage at their own expense from termination to retirement. Vestees are assumed to retire at first eligibility and would continue to maintain NYSHIP coverage based on the following percentages. This assumption is based on the Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation report provided to Participating Employers of NYSHIP. These percentages were also applied to current vestees based on age at valuation date.

Age at Termination	Percent Electing
< 40	0 %
40–43	5
44	20
45–46	30
47–48	40
49	50
50–51	80
52+	100

The following table shows the elements of the MTA's annual OPEB cost for the year, the amount actually paid, and changes in the MTA's net OPEB obligation to the plan for the periods ended June 30, 2016 and December 31, 2015. The portion of this actuarial present value allocated to a valuation year is called the Normal Cost. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. Calculations reflect a long-term perspective.

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
Annual required contribution ("ARC")	$ 1,453.7	$ 2,673.8
Interest on net OPEB obligation	237.3	422.3
Adjustment to ARC	(617.8)	(1,098.9)
OPEB cost	1,073.2	1,997.2
Payments made	(272.5)	(503.4)
Increase in net OPEB obligation	800.7	1,493.8
Net OPEB obligation — beginning of period	13,560.1	12,066.3
Net OPEB obligation — end of period	$ 14,360.8	$ 13,560.1

The MTA's annual OPEB cost, the percentage of annual OPEB cost contributed to, and the net OPEB obligation for the year ended December 31, 2015, 2014 and 2013 are as follows (in millions):

Year Ended	Annual OPEB Cost	% of Annual Cost Contributed	Net OPEB Obligation
December 31, 2015	$ 1,997.2	25.2 %	$ 13,560.1
December 31, 2014	2,522.9	19.2	12,066.3
December 31, 2013	2,378.5	21.2	10,027.1

The MTA funded status of the Plan is as follows (in millions):

Year Ended	Valuation Date	Actuarial Value of Assets {a}	Actuarial Accrued Liability (AAL)* {b}	Unfunded Actuarial Accrued Liability (UAAL) {c}={b}-{a}	Funded Ratio {a}/{b}	Covered Payroll {d}	Ratio of UAAL to Covered Payroll {c}/{d}
December 31, 2015	January 1, 2014	$ 299.7	$ 18,471.6	$ 18,171.9	1.6%	$ 4,669.8	389.1 %

* Based on Entry Age Normal

The required schedule of funding progress for the MTA Postemployment Benefit Plan immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, 2014, December 31, 2015 and June 30, 2016 (in millions):

	Balance December 31, 2014	Additions	Deletions	Balance December 31, 2015	Additions (Unaudited)	Deletions (Unaudited)	Balance June 30, 2016 (Unaudited)
Capital assets not being depreciated:							
Land	$ 199	$ 9	$ -	$ 208	$ 2	$ -	$ 210
Construction work-in-progress	11,998	4,969	2,446	14,521	2,638	1,814	15,345
Total capital assets not being depreciated	12,197	4,978	2,446	14,729	2,640	1,814	15,555
Capital assets being depreciated:							
Buildings and structures	16,773	558	91	17,240	180	-	17,420
Bridges and tunnels	2,527	144	-	2,671	-	-	2,671
Equipment:							
Passenger cars and locomotives	13,800	216	60	13,956	79	3	14,032
Buses	2,717	492	-	3,209	198	-	3,407
Infrastructure	20,292	719	173	20,838	312	-	21,150
Other	18,227	814	478	18,563	961	7	19,517
Total capital assets being depreciated	74,336	2,943	802	76,477	1,730	10	78,197
Less accumulated depreciation:							
Buildings and structures	5,804	474	4	6,274	232	-	6,506
Bridges and tunnels	496	24	-	520	13	-	533
Equipment:							
Passenger cars and locomotives	6,072	454	57	6,469	209	3	6,675
Buses	1,559	238	(4)	1,801	111	-	1,912
Infrastructure	7,501	647	16	8,132	315	-	8,447
Other	6,041	607	26	6,622	341	7	6,956
Total accumulated depreciation	27,473	2,444	99	29,818	1,221	10	31,029
Total capital assets being depreciated — net	46,863	499	703	46,659	509	-	47,168
Capital assets — net	$ 59,060	$ 5,477	$ 3,149	$ 61,388	$ 3,149	$ 1,814	$ 62,723

Interest capitalized in conjunction with the construction of capital assets for the periods ended June 30, 2016 and December 31, 2015 was $24.3 and $57.4, respectively.

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 June 30, 2016 and December 31, 2015, these securities totaled \$110.0 and \$99.6, respectively, had a market value of \$66.4 and \$87.8, respectively, and are not included in these financial statements.

7. ASSET IMPAIRMENT 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.

Asset impairment related expenses include the storm related impairment losses to the MTA's assets, and storm related repairs and clean-up costs. Since the storm made landfall in 2012, the total cumulative expenses associated with this catastrophe as of June 30, 2016 and 2015 are \$726 and \$723, respectively, of which \$0 and \$0 were incurred during the periods ended June 30, 2016 and 2015, respectively. Offsetting these total storm related expenses are estimated insurance recoveries of \$775 under the property insurance policy, with a receivable of \$393 and \$546 as of June 30, 2016 and 2015, respectively. Additional recoveries under the MTA property insurance policy for Sandy-related damages and losses above that estimated sum are possible. Any additional insurance proceeds for Sandy-related losses in excess of the noted probable recoveries will be recognized for income purposes in future periods when such proceeds are estimable and all related contingencies are removed. For the periods ended June 30, 2016 and 2015, MTA received \$221 and \$115, respectively from FTA and FEMA for storm related repairs.

As noted, Federal governmental assistance programs are anticipated to cover many of the Sandy-related costs associated with repair and replacement of assets damaged in the storm. The Disaster Relief Appropriations Act ("Sandy Relief Act") passed in late January, 2013, appropriated a total of \$10.9 billion in Public Transportation Emergency Relief Program funding to the Federal Transit Administration ("FTA") to assist affected public transportation facilities in connection with infrastructure repairs, debris removal, emergency protection measures, costs to restore service and hardening costs. The Sandy Relief Act also provided substantial funding for existing disaster relief programs of the Federal Emergency Management Agency ("FEMA").

Of the \$10.9 billion amount under the Sandy Relief Act, the total allocation of emergency relief funding from the FTA to MTA in connection with Superstorm Sandy is \$5.83 billion, including \$1.599 billion allocated on September 22, 2014, through a competitive resiliency program, and \$432 in additional repair and recovery funding allocated on June 29, 2016. FTA approval of specific grants will need to be obtained prior to MTA's actual receipt or expenditure of any of these allocated funds.

Monies granted by FTA and FEMA to MTA for restoration of specific assets damaged in connection with Tropical Storm Sandy related are anticipated to be reduced in amount (or subject to reimbursement) to the extent MTA also receives insurance proceeds covering damage to such specific assets.

Additional asset impairments unrelated to Tropical Storm Sandy pertain to MTA Metro-North Railroad. On February 3, 2015, an MTA Metro-North Railroad Harlem Line train struck an automobile in a highway-rail grade crossing between the Valhalla and Hawthorne stations. For the periods ended June 30, 2016 and 2015, asset impairment expenses were $1 and $3, respectively.

8. LONG-TERM DEBT

(In millions)	Original Issuance	December 31, 2015	Issued (Unaudited)	Retired (Unaudited)	June 30, 2016 (Unaudited)
MTA:					
Transportation Revenue Bonds 0.01%–7.134% due through 2056	$ 30,230	$ 20,728	$ 1,457	$ 1,124	$ 21,061
Bond Anticipation Notes 2.0%–5.75% due through 2018	3,400	1,700	1,400	1,000	2,100
State Service Contract Bonds 5.5%–5.75% due through 2018	2,395	218	-	36	182
Dedicated Tax Fund Bonds 2.0%–7.335% due through 2056	10,046	4,857	1,168	863	5,162
Certificates of Participation 5.3%%–5.625% due through 2030	807	71	-	-	71
	$ 46,878	27,574	4,025	3,023	28,576
Net unamortized bond discount and premium		564	557	(48)	1,169
		28,138	4,582	2,975	29,745
TBTA:					
General Revenue Bonds 1.83%–5.85% due through 2050	$ 12,387	6,750	541	293	6,998
Subordinate Revenue Bonds 2.39%-5.34% due through 2032	3,958	1,584	-	34	1,550
	$ 16,345	8,334	541	327	8,548
Net unamortized bond discount and premium		598	106	15	689
		8,932	647	342	9,237
Total		$ 37,070	$ 5,229	$ 3,317	$ 38,982
Current portion		(2,587)			(2,020)
Long-term portion		$ 34,483			$ 36,962

(In millions)	Original Issuance	December 31, 2014	Issued	Retired	December 31, 2015
MTA:					
Transportation Revenue Bonds					
2.00%–5.50% due through 2050	$ 28,773	$ 19,556	$ 3,063	$ 1,891	$ 20,728
Bond Anticipation Notes					
2.0% due through 2018	2,000	300	1,700	300	1,700
Transportation Revenue Bond Anticipation Notes					
Commercial Paper due through 2016	900	550	-	550	-
State Service Contract Bonds					
4.125%–5.70% due through 2031	2,395	286	-	68	218
Dedicated Tax Fund Bonds					
3.00%–7.34% due through 2041	8,878	4,990	-	133	4,857
Certificates of Participation					
4.40%–5.75% due through 2030	807	85	-	14	71
	$ 43,753	25,767	4,763	2,956	27,574
Net unamortized bond discount and premium		419	314	169	564
		26,186	5,077	3,125	28,138
TBTA:					
General Revenue Bonds					
4.00%–5.77% due through 2038	$ 13,044	6,665	290	205	6,750
Subordinate Revenue Bonds					
4.00%–5.77% due through 2032	3,958	1,631	-	47	1,584
General Revenue Anticipation Notes					
5.0% due through 2015	100	100	-	100	-
	$ 17,102	8,396	290	352	8,334
Net unamortized bond discount and premium		561	54	17	598
		8,957	344	369	8,932
Total		$ 35,143	$ 5,421	$ 3,494	$ 37,070
Current portion		(983)			(2,587)
Long-term portion		$ 34,160			$ 34,483

MTA Transportation Revenue Bonds — Prior to 2016, MTA issued fifty eight Series of Transportation Revenue Bonds secured under its General Resolution Authorizing Transportation Revenue Obligations adopted on March 26, 2002 in the aggregate principal amount of $30,251. The Transportation Revenue Bonds are MTA's special obligations payable solely from transit and commuter systems revenues and certain state and local operating subsidies.

On February 25, 2016, MTA issued $782.520 of Transportation Revenue Green and Refunding Green Bonds, Series 2016A. This issue was MTA's inaugural issuance of Climate Bonds Initiative certified green bonds. The proceeds from the transaction will be used to pay off the existing outstanding 2015A Bond Anticipation Notes, in the amount of $500 and to advance refund $72.345 of Transportation Revenue Bonds, Series 2006A and $293.680 of Transportation Revenue Bonds, Series 2008C. The Series 2016A bonds were issued as $444.560 Transportation Revenue Green Bonds, Series 2016A-1 and $337.960 Transportation Revenue Refunding Green Bonds, Series 2016A-2. The Series 2016A-1 and Series 2016A-2 bonds were both issued as tax-exempt fixed-rate bonds with final maturities of November 15, 2056 and November 15, 2028, respectively.

On March 30, 2016, MTA issued $700 of MTA Transportation Revenue Bond Anticipation Notes, Series 2016A to generate new money proceeds to finance existing approved transit and commuter projects. The Series 2016A Notes were issued through a competitive method of sale. The Series 2016A Notes were issued as fixed rate tax-exempt notes with a final maturity of February 1, 2017.

On May 9, 2016, MTA effectuated a mandatory tender and remarketed $50.0 of MTA Transportation Revenue Bonds, Subseries 2012A-2 because its current interest rate period was set to expire by its terms. The Subseries 2012A-2 Bonds will remain in Term Rate Mode as Floating Rate Tender Notes with a purchase date of June 1, 2019.

On June 30, 2016, MTA issued $673.990 of MTA Transportation Revenue Refunding Bonds, Series 2016B. The proceeds from the transaction were used to refund $341.610 of Transportation Revenue Bonds, Series 2007A; $250.500 of Transportation Revenue Bonds, Series 2007B; and $165.645 of Transportation Revenue Bonds, Series 2008A. The Series 2016B bonds were issued as tax-exempt fixed-rate bonds with a final maturity of November 15, 2037.

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

MTA Revenue Anticipation Notes — On January 9, 2014, MTA closed a $350 revolving working capital liquidity facility with the Royal Bank of Canada which is expected to remain in place until July 7, 2017. Draws on the facility will be taxable, as such this facility is intended to be used only for operating needs of MTA and the related entities. No draws have been made on the facility to date.

MTA State Service Contract Bonds — Prior to 2016, 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, the outstanding bonds are $182. 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 2016, MTA issued nineteen 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 $8,734. The Dedicated Tax Fund Bonds are MTA's special obligations payable solely from monies held in the Pledged Amounts Account of the MTA Dedicated Tax Fund. State law requires that the MTTF revenues and MMTOA revenues (described above in Note 2 under "Nonoperating Revenues") be deposited, subject to appropriation by the State Legislature, into the MTA Dedicated Tax Fund.

On March 10, 2016, MTA issued $579.955 of Dedicated Tax Fund Refunding Bonds, Series 2016A. The proceeds from the transaction were used to retire $12.980 Dedicated Tax Fund Bonds, Series 2004B; $204.215 Dedicated Tax Fund Bonds, Series 2006A; $260.530 Dedicated Tax Fund Bonds, Series 2006B; $113.850 Dedicated Tax Fund Bonds, Series 2009A; and $79.030 Dedicated Tax Fund Bonds, Series 2009B. The Series 2016A bonds were issued as tax-exempt fixed-rate bonds with a final maturity of November 15, 2036.

On March 23, 2016, MTA effectuated a mandatory tender and remarketed $150 of Dedicated Tax Fund Variable Rate Bonds Subseries 2002B-1, because its related letter of credit was set to expire by its terms and was replaced with an irrevocable direct-pay letter of credit issued by Bank of Tokyo-Mitsubishi. The letter of credit is scheduled to expire on March 22, 2021.

On May 26, 2016, MTA issued $588.3 of Dedicated Tax Fund Green Bonds, Series 2016B. The proceeds from the transaction were used to pay off the existing outstanding Dedicated Tax Fund Bond Anticipation Notes, Series 2015A in the amount of $500.0 and to refund $109.5 of Dedicated Tax Fund Bonds, Series 2009A and $82.6 of Dedicated Tax Fund Bonds, Series 2009B. The Series 2016B bonds were issued as $413.4 Dedicated Tax Fund Green Bonds, Subseries 2016B-1 and $174.9 Dedicated Tax Fund Green

Bonds, Subseries 2016B-2. The Subseries 2016B-1 and Subseries 2016B-2 bonds were both issued as tax-exempt fixed-rate bonds with final maturities of November 15, 2036 and November 15, 2039, respectively.

On June 28, 2016, MTA issued $700 of Dedicated Tax Fund Bond Anticipation Notes, Series 2016A to generate new money proceeds to finance existing approved transit and commuter projects. The Series 2016A Notes were issued as fixed rate tax-exempt notes with a final maturity of June 1, 2017.

MTA Certificates of Participation — Prior to 2016, 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 Capital Construction, and MTAHQ. The aggregate principal amount of $807 includes approximately $358 of refunding bonds. The Certificates of Participation represent 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. The Certificates of Participation are currently outstanding in the amount $70.500.

MTA Bridges and Tunnels General Revenue Bonds — Prior to 2016, MTA Bridges and Tunnels issued twenty-six 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 $11,622. 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 28, 2016, MTA issued $541.240 of Triborough Bridge and Tunnel Authority General Revenue Bonds, Series 2016A. The proceeds from the transaction were used to finance bridge and tunnel projects and to advance refund $61.285 MTA Bridges and Tunnels General Revenue Bonds, Series 2006A; $78.490 MTA Bridges and Tunnels General Revenue Bonds, Series 2007A; $31.925 MTA Bridges and Tunnels General Revenue Bonds, Series 2008B; $26.150 MTA Bridges and Tunnels General Revenue Bonds, Series 2008C; $5.040 MTA Bridges and Tunnels General Revenue Bonds, Series 2009A; $34.990 MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2011A; $11.665 MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2012A; $4.970 MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2013C; and $1.505 MTA Bridges and Tunnels General Revenue Bonds, Series 2014A. The Series 2016A bonds were issued as tax-exempt fixed-rate bonds with a final maturity of November 15, 2046.

MTA Bridges and Tunnels Subordinate Revenue Bonds — Prior to 2016, 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.

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 $55,497 compared with issuances totaling approximately $32,622. 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 June 30, 2016 and December 31, 2015, 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)	June 30, 2016 (Unaudited)	December 31, 2015
MTA Transit and Commuter Facilities:		
Transit Facilities Revenue Bonds	$ 219	$ 219
Commuter Facilities Revenue Bonds	230	230
Transit and Commuter Facilities Service Contract Bonds	128	128
Dedicated Tax Fund Bonds	80	94
MTA New York City Transit — Transit Facilities Revenue Bonds (Livingston Plaza Project)	15	23
MTA Bridges and Tunnels:		
General Purpose Revenue Bonds	735	970
Special Obligation Subordinate Bonds	128	128
Mortgage Recording Tax Bonds	14	43
Total	$ 1,549	$ 1,835

For the six months ended June 30, 2016, MTA refunding transactions decreased aggregate debt service payments by $567.1 and provided an economic gain of $448.8. There were no refunding transactions during the first six months ended June 30, 2015. During the second half of 2015, MTA refunding transactions decreased aggregate debt service payments by $288.3 and provided an economic gain of $209.4.

Debt Service Payments — Future principal and interest debt service payments at June 30, 2016 are as follows (in millions):

	MTA		MTA BRIDGES AND TUNNELS		Debt Service	
	Principal (Unaudited)	Interest	Principal (Unaudited)	Interest	Principal (Unaudited)	Interest
2016	$ 1,810	$ 1,387	$ 210	$ 228	$ 2,020	$ 1,615
2017	1,701	1,356	291	373	1,992	1,729
2018	801	1,304	325	359	1,126	1,663
2019	745	1,273	338	345	1,083	1,618
2020	748	1,230	343	329	1,091	1,559
2021-2025	4,497	5,454	1,847	1,402	6,344	6,856
2026-2030	5,701	3,865	2,285	924	7,986	4,789
2031-2035	5,695	2,772	1,634	485	7,329	3,257
2036-2040	4,691	1,350	963	199	5,654	1,549
2041-2045	1,651	320	234	51	1,885	371
2046-2050	380	112	78	10	458	122
Thereafter	156	30			156	30
	$ 28,576	$ 20,453	$ 8,548	$ 4,705	$ 37,124	$ 25,158

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 2002B* — 4.00% per annum
- *Transportation Revenue Refunding Bonds, Series 2002D* — 4.45% per annum on SubSeries 2002D-2 taking into account the interest rate swap
- *Transportation Revenue Refunding Bonds, Series 2002G* — 3.542% per annum on SubSeries 2002G-1 taking into account the interest rate swap and 4.00% per annum 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 2008B* — 4.00% per annum, after the mandatory tender date
- *Transportation Revenue Bonds, Series 2011B* — 3.542% per annum taking into account the interest rate swaps and 4.00% per annum on the unhedged portion
- *Transportation Revenue Bonds, Series 2012A* — 4.00% per annum
- *Transportation Revenue Bonds, Series 2012G* — 3.563% per annum taking into account the interest rate swaps
- *Transportation Revenue Bonds, Series 2015C*-2 – 4.00% per annum
- *Transportation Revenue Bonds, Series 2015D*-2 – 4.00% per annum
- *Transportation Revenue Bonds, Series 2015E* — 4.00% per annum
- *Dedicated Tax Fund Bonds, Series 2002B* — 4.00% per annum
- *Dedicated Tax Fund Variable Rate Refunding Bonds, Series 2008A* — 3.316% per annum on the hedged portion related to the interest rate swaps, and 4.00% per annum on the unhedged portion
- *Dedicated Tax Fund Variable Rate Refunding Bonds, Series 2008B* — 4.00% per annum
- *MTA Bridges and Tunnels Subordinate Refunding Bonds, Series 2000ABCD* — 6.08% per annum on the hedged portion related to the interest rate swaps, and 4.00% per annum on the unhedged portion
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2001B and Series 2001C* — 4.00% per annum
- *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

- *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 thereafter

- *MTA Bridges and Tunnels General Revenue Bonds, Series 2008B* — 4.00% per annum, after the mandatory tender date

- *Certificates of Participation, Series 2004A* — 3.542% per annum taking into account the interest rate swaps

Tax Rebate Liability — Under the Internal Revenue Code of 1986, the MTA may accrue a liability for an amount of rebateable arbitrage resulting from investing low-yielding, tax-exempt bond proceeds in higher-yielding, taxable securities. The arbitrage liability is payable to the federal government every five years. No accruals or payments were made during the periods ended June 30, 2016 and December 31, 2015.

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	2005D-1	Y	Helaba	LOC	11/7/2018
Transportation Revenue	2005D-2	Y	Helaba	LOC	########
Transportation Revenue	2005E-1	Y	Bank of Montreal	LOC	8/24/2018
Transportation Revenue	2005E-2	Y	Royal Bank of Canada	LOC	########
Transportation Revenue	2005E-3	Y	Bank of Montreal	LOC	8/24/2018
Dedicated Tax Fund	2002B-1	N	Bank of Tokyo Mitsbishi	LOC	3/22/2021
Dedicated Tax Fund	2008A-1	Y	Royal Bank of Canada	LOC	6/16/2017
MTA Bridges and Tunnels General Revenu	2001B	N	State Street	LOC	9/28/2018
MTA Bridges and Tunnels General Revenu	2001C	N	Bank of Tokyo Mitsbishi	SBPA	8/17/2018
MTA Bridges and Tunnels General Revenu	2002F	Y	Helaba	SBPA	11/1/2018
MTA Bridges and Tunnels General Revenu	2003B-1	N	PNC Bank	LOC	1/26/2018
MTA Bridges and Tunnels General Revenu	2003B-3	N	Wells Fargo	LOC	1/26/2018
MTA Bridges and Tunnels General Revenu	2005A	Y	TD Bank	LOC	1/28/2020
MTA Bridges and Tunnels General Revenu	2005B-2	Y	Wells Fargo	LOC	1/26/2018
MTA Bridges and Tunnels General Revenu	2005B-3	Y	Bank of Tokyo Mitsbishi	LOC	6/29/2018

Derivative Instruments — Fair value for the swaps is calculated in accordance with GASB Statement No. 72, utilizing the income approach and Level 2 inputs as of June 30, 2016 and December 31, 2015. 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 (adjusted for nonperformance risk).

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016 and December 31, 2015, classified by type, and the changes in fair value of such derivative instruments from the year ended December 31, 2015 are as follows:

Derivative Instruments

Summary Information

(in $ millions)

Bond Resolution Credit	Underlying Bond Series	Type of Derivative	Cash Flow or Fair Value Hedge	Effective Methodology	Trade/Hedge Association Date	As of June 30, 2016 Notional Amount	Fair Value
						(Unaudited)	
Investment Swaps							
2 Broadway Certificate of Participation	2004A	Libor Fixed Payer	N/a	N/a	8/10/2004	$ 70.500	$ (6.094)
Cashflow Hedges							
MTA Bridges and Tunnels Senior Revenue Bonds	2002F & 2003B-2 (Citi 2005B)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	6/2/2005	192.200	(48.258)
MTA Bridges and Tunnels Senior Revenue Bonds	2005B-2,3,4	Libor Fixed Payer	Cash Flow	Synthetic Instrument	6/2/2005	576.600	(144.772)
MTA Bridges and Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	1/1/2011	23.230	(5.026)
MTA Bridges and Tunnels Subordinate Revenue Bonds	2000ABCD	Libor Fixed Payer	Cash Flow	Synthetic Instrument	8/12/1998	55.800	(5.863)
MTA Dedicated Tax Fund Bonds	2008A	Libor Fixed Payer	Cash Flow	Synthetic Instrument	3/8/2005	331.020	(74.634)
MTA Transportation Revenue Bonds	2002D-2	Libor Fixed Payer	Cash Flow	Synthetic Instrument	7/11/2002	200.000	(91.169)
MTA Transportation Revenue Bonds	2005D & 2005E	Libor Fixed Payer	Cash Flow	Synthetic Instrument	9/10/2004	400.000	(105.378)
MTA Transportation Revenue Bonds	2012G	Libor Fixed Payer	Cash Flow	Synthetic Instrument	12/12/2007	357.850	(120.500)
MTA Bridges and Tunnels Transportation Revenue Bonds	2002G-1 (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	1/1/2011	155.815	(21.988)
MTA Bridges and Tunnels Transportation Revenue Bonds	2011B (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	1/1/2011	46.555	(21.780)
					Total	$ 2,409.570	$ (645.462)

Derivative Instruments

Summary Information

(in $ millions)

As of December 31, 2015

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
Investment Swaps							
2 Broadway Certificate of Participation	2004A	Libor Fixed Payer	N/a	N/a	8/10/2004	$ 84.675	$ (6.177)
Cashflow Hedges							
MTA Bridges and Tunnels Senior Revenue Bonds	2002F & 2003B-2 (Citi 2005B)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	6/2/2005	193.100	(37.154)
MTA Bridges and Tunnels Senior Revenue Bonds	2005B-2,3,4	Libor Fixed Payer	Cash Flow	Synthetic Instrument	6/2/2005	579.300	(111.462)
MTA Bridges and Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	1/1/2011	23.520	(4.283)
MTA Bridges and Tunnels Subordinate Revenue Bonds	2000ABCD	Libor Fixed Payer	Cash Flow	Synthetic Instrument	8/12/1998	76.150	(8.055)
MTA Dedicated Tax Fund Bonds	2008A	Libor Fixed Payer	Cash Flow	Synthetic Instrument	3/8/2005	331.020	(61.257)
MTA Transportation Revenue Bonds	2002D-2	Libor Fixed Payer	Cash Flow	Synthetic Instrument	7/11/2002	200.000	(79.045)
MTA Transportation Revenue Bonds	2005D & 2005E	Libor Fixed Payer	Cash Flow	Synthetic Instrument	9/10/2004	400.000	(88.624)
MTA Transportation Revenue Bonds	2012G	Libor Fixed Payer	Cash Flow	Synthetic Instrument	12/12/2007	357.850	(99.160)
MTA Bridges and Tunnels Transportation Revenue Bonds	2002G-1 (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	1/1/2011	169.070	(20.055)
MTA Bridges and Tunnels Transportation Revenue Bonds	2011B (COPS 2004A)	Libor Fixed Payer	Cash Flow	Synthetic Instrument	1/1/2011	35.835	(17.245)
					Total	$ 2,450.520	$ (532.518)

	Changes In Fair Value		Fair Value at June 30, 2016		
	Classification	Amount (in millions) (UnAudited)	Classification	Amount (in millions) (UnAudited)	Notional (in millions) (UnAudited)
Government activities					
Cash Flow hedges:					
Pay-fixed interest rate swaps	Deferred outflow of resources	$ (113.027)	Debt	$ (639.368)	$ 2,339.070
Investment hedges:					
Pay-fixed interest rate swaps	Unrealized investment loss	0.083	Debt	(6.094)	70.500

For the six-month period ended June 30, 2016, the MTA recorded $0.083 as an unrealized gain related to the change in fair market value of certain investment swaps that are not accounted for as hedging derivatives.

For the six-month period ended June 30, 2016, there were no derivative instruments reclassified from a hedging derivative instrument to an investment derivative instrument.

The summary above reflects a total number of twelve (12) swaps and fourteen (14) hedging relationships that were reviewed under GASB Statement No. 53. Of that total, thirteen (13) hedging relationships were deemed effective using one of the acceptable quantitative methods.

For thirteen (13) 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.

In accordance with GASB Statement No. 53, one of the hedging swaps was classified as a swaption for which a premium was received by MTA Bridges and Tunnels at contract inception as shown in the following Table. MTA Bridges and Tunnels have followed the relevant accounting required treatment and are amortizing the premium over the life of the swap agreement.

Bond Resolution	Original Series	Premium	Date of the Swaption Contract	Premium Payment Date
MTA Bridges & Tunnels-Subordinate	2000AB	$22.740	8/12/1998	8/25/1998

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 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. The MTA swaps (as well as portions of certain MTA Bridges and Tunnels swaps that have been designated as hedges of MTA bonds) are reflected in separate tables for the Transportation Revenue Bonds and Dedicated Tax Fund Bonds. The MTA Bridges and Tunnels swaps are reflected in separate tables for the senior lien and subordinate revenue bonds.

MTA TRANSPORTATION REVENUE BONDS							
Associated Bond Issue	**Notional Amounts as of 06/30/16 (Unaudited) (in millions)**	**Effective Date**	**Fixed Rate Paid**	**Variable Rate Received**	**Fair Values as of 6/30/2016 (Unaudited) (in millions)**	**Swap Termination Date**	**Counterparty**
Series 2002D-2	$200.000	01/01/07	4.450 %	69% of one-month LIBOR[1]	$(91.169)	11/01/32	JPMorgan Chase, NA
Series 2002G-1[2][12]	155.815	04/01/16	3.520	67% of one-month LIBOR[1]	(21.988)	01/01/30	U.S. Bank N.A. / Wells Fargo Bank, N.A.
Series 2005D-1,2 and Series 2005E-1,2,3	300.000	11/02/05	3.561	67% of one-month LIBOR[1]	(79.031)	11/01/35	UBS AG
Series 2005E-1,2,3	100.000	11/02/05	3.561	67% of one-month LIBOR[1]	(26.347)	11/01/35	AIG Financial Products Corp.
Series 2011B[2][9][10][12]	46.555	04/01/16	3.520	67% of one-month LIBOR	(21.780)	01/01/30	U.S. Bank N.A. / Wells Fargo Bank, N.A.
Series 2012G[3]	357.850	11/15/12	3.563	67% of one-month LIBOR[1]	(120.500)	11/01/32	JPMorgan Chase Bank, NA
Total	$1,160.220				$ (360.815)		

[1] London Interbank Offered Rate.

[2] On November 28, 2011, 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 2002G-1 and Series 2011B; and MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A.

[3] November 15, 2012, the Series 2012G swap became effective and the Related Bonds associated with the swap were issued on November 13, 2012. Under the terms of the swap JPMorgan Chase Bank, NA had an option to terminate the swap prior to the Effective Date. As of June 15, 2012, such option expired unexercised. There are no remaining options associated with the swap.

MTA DEDICATED TAX FUND BONDS							
Associated Bond Issue	**Notional Amounts as of 6/30/16 (Unaudited) (in millions)**	**Effective Date**	**Fixed Rate Paid**	**Variable Rate Received**	**Fair Values as of 6/30/16 (Unaudited) (in millions)**	**Swap Termination Date**	**Counterparty**
Series 2008A[4][5]	$331.020	03/24/05	3.316%	67% of one-month LIBOR[1]	$ (74.634)	11/01/31	Bank of New York Mellon [6]
Total	$331.020				$ (74.634)		

[4] On June 25, 2008, the Confirmation dated as of March 8, 2005, between the Counterparty and MTA was amended to define Related Bonds as MTA Dedicated Tax Fund Variable Rate Refunding Bonds, Series 2008A. On June 26, 2008, MTA Dedicated Tax Fund Variable Rate Refunding Bonds, Series 2005A associated with the swap prior to the amendment described above, were refunded.

[5] On October 27, 2011, the outstanding swap associated with DTF 2008A bonds was novated from counterparty Citigroup Financial Products, Inc. to The Bank of New York Mellon. All other terms of the swap remain unchanged.

MTA BRIDGES AND TUNNELS SENIOR LIEN REVENUE BONDS							
Associated Bond Issue	**Notional Amounts as of 6/30/16 (Unaudited) (in millions)**	**Effective Date**	**Fixed Rate Paid**	**Variable Rate Received**	**Fair Values as of 6/30/16 (Unaudited) (in millions)**	**Swap Termination Date**	**Counterparty**
Series 2002F & 2003B-2[(6)]	$192.200	07/07/05	3.076%	67% of one-month LIBOR[(1)]	$ (48.258)	01/01/32	Citibank, N.A.
Series 2005A[(2)(9)(10)(12)]	23.230	04/01/16	3.520	67% of one-month LIBOR[(1)]	(5.026)	01/01/30	U.S. Bank N.A. / Wells Fargo Bank, N.A.
Series 2005B-2a,b,c, 2005B-3 and 2005B-4a,b,c,d,e[(6)]	576.600	07/07/05	3.076	67% of one-month LIBOR[(1)]	(144.772)	01/01/32	33% each – JPMorgan Chase Bank, NA, BNP Paribas North America, Inc. and UBS AG
Total	$792.030				$ (198.056)		

[(6)] 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.

MTA BRIDGES AND TUNNELS SUBORDINATE REVENUE BONDS							
Associated Bond Issue	**Notional Amounts as of 6/30/16 (Unaudited) (in millions)**	**Effective Date**	**Fixed Rate Paid**	**Variable Rate Received**	**Fair Values as of 6/30/16 (Unaudited) (in millions)**	**Swap Termination Date**	**Counterparty**
Series 2000ABCD[7][8]	$55.800	01/01/01	6.080%	SIFMA – 15 bp [11]	$ (5.863)	01/01/19	JPMorgan Chase Bank, NA
Total	$55.800				$ (5.863)		

[7] In accordance with a swaption entered into on August 12, 1998, the Counterparty paid to MTA Bridges and Tunnels a premium of $22.740.

[8] On September 30, 2014, the MTA Bridges and Tunnels Subordinate Revenue Variable Rate Refunding Bonds, Series 2000AB, together with the MTA Bridges and Tunnels 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.

[9] 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.

[10] 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.

[11] Securities Industry and Financial Markets Association Municipal Swap Index .

[12] On April 21, 2016, the MTA, MTA Bridges and Tunnels, and MTA New York City Transit swaps with UBS (originally relating to the 2004A Certificates of Participation) were consolidated and novated between two new counterparties, U.S. Bank N.A. and Wells Fargo Bank, N.A. Additionally, MTA Bridges and Tunnels became the sole MTA Agency counterparty to each novated transaction. MTA, MTA Bridges and Tunnels, and MTA New York City Transit have entered into an Interagency Agreement to ensure that each of MTA, MTA Bridges and Tunnels, and MTA New York City Transit continues to be responsible for payments under the swaps, based on each Agency's proportion of the original transactions. In connection with the novations, MTA Bridges and Tunnels also consolidated and modified certain elements of the fixed rate and variable rate payable.

2 Broadway Certificates of Participation Swaps and April Novations

MTA, MTA New York City Transit and MTA Bridges and Tunnels had previously entered into separate ISDA Master Agreements with UBS AG relating to the $357.925 Variable Rate Certificates of Participation, Series 2004A (Auction Rate Securities) in connection with the refunding of certain certificates of participation originally executed to fund certain improvements to the office building located at 2 Broadway in Manhattan. During 2011 – 2013, certain portions of these swaps were re-associated with other floating rate bonds, including the MTA Bridges and Tunnels General Revenue Bonds, Series 2005A and the Transportation Revenue Bonds Series 2002G-1 and Series 2011B.

On April 21, 2016, these transactions were consolidated and novated among two new counterparties: U.S. Bank National Association and Wells Fargo Bank, N.A. As part of the transaction, MTA and NYCTA assigned their positions to MTA Bridges and Tunnels and the Ambac Assurance Corporation swap insurance policies were also terminated. As a result, MTA Bridges and Tunnels is the sole MTA Agency on two identical transactions (combined notional of $296.1). MTA, MTA Bridges and Tunnels, and NYCTA have entered into an Interagency Agreement whereby MTA and NYCTA will reimburse MTA Bridges and Tunnels for payments made under the swaps, in order to ensure that each Agency continues to be responsible for swap payments in an amount based on the proportions of the original transactions. As part of the novations, the structure was modified to eliminate a 'lesser of/bond rate' option on the floating rate, move a fixed spread from the floating leg to the fixed leg, and lower the all-in rate payable by MTA Bridges and Tunnels.

The portion remaining that is still associated with the 2004A Certificates of Participation is $70,500 in notional amount as of June 30, 2016. Although MTA Bridges and Tunnels is the sole MTA Agency under the transactions, pursuant to the Interagency Agreement, MTA New York City Transit is ultimately responsible for $48.425, MTA for $14.805, and MTA Bridges and Tunnels for $7.270. As of June 30, 2016, the unaudited aggregate fair value of the remaining portion associated with the 2004A COPs was ($6.094).

Counterparty Ratings

The current ratings of the counterparties are as follows as of June 30, 2016.

Counterparty	Ratings of the Counterparty or its Credit Support Provider		
	S&P	**Moody's**	**Fitch**
AIG Financial Products Corp.	A-	Baa1	BBB+
Bank of New York Mellon	AA-	Aa2	AA
BNP Paribas North America, Inc.	A	A1	A+
Citibank, N.A.	A	A1	A+
JPMorgan Chase Bank, NA	A+	Aa3	AA-
UBS AG	A+	A1	A+
U.S. Bank National Association	AA-	A1	AA
Wells Fargo Bank, N.A.	AA-	Aa2	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 June 30, 2016 (in millions).

Series	Outstanding Principal (Unaudited)	Notional Amount (Unaudited)
TRB 2012G-4	$73.400	$73.400
TRB 2012G-3	75.000	75.000
TRB 2012G-2	125.000	125.000
TRB 2012G-1	84.450	84.450
TRB 2011B	99.560	46.555
TRB 2005E-3	75.000	45.000
TRB 2005E-2	75.000	45.000
TRB 2005E-1	100.000	60.000
TRB 2005D-2	100.000	100.000
TRB 2005D-1	150.000	150.000
TRB 2002G-1 (c, d, f, g, h)	169.070	155.815
TRB 2002D-2 (a, b)	200.000	200.000
TBTA SUB 2000ABCD	94.300	55.800
TBTA 2005B-4 (a,b,c,d,e)	192.200	192.200
TBTA 2005B-3	192.200	192.200
TBTA 2005B-2	192.200	192.200
TBTA 2005A	118.675	23.230
TBTA 2003B (1,2,3)	180.365	4.505
TBTA 2002F	187.695	187.695
DTF 2008A-2 (a, b)	168.590	165.510
DTF 2008A-1	168.595	165.510
COPs 2004A	70.500	70.500
Total	$2,891.800	$2,409.570

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 counterparty becomes insolvent or is otherwise not able to perform its financial obligations. In the event of deterioration in the credit ratings of the counterparty or MTA/MTA Bridges and Tunnels, the swap agreement may require that collateral be posted to secure the party's obligations under the swap agreement. See "*Collateralization*" below. Further, ratings deterioration by either party below levels agreed to in each transaction could result in a termination event requiring a cash settlement of the future value of the transaction. See "Termination Risk" below.

- Basis Risk – The variable interest rate 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 swap agreement will be terminated and MTA or MTA Bridges and Tunnels will be required to make a 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.

- Rollover Risk – The notional amount under the swap agreement terminates 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.

Credit Risk. The following table shows, as of June 30, 2016, 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. The counterparties have the ratings set forth above.

Counterparty	Notional Amount (in thousands) (Unaudited)	% of Total Notional Amount (Unaudited)
JPMorgan Chase Bank, NA	$805,850	33.44%
UBS AG	492,200	20.43
The Bank of New York Mellon	331,020	13.74
Citibank, N.A.	192,200	7.98
BNP Paribas North America, Inc.	192,200	7.98
U.S. Bank National Association	148,050	6.14
Wells Fargo Bank, N.A.	148,050	6.14
AIG Financial Products Corp.	100,000	4.15
Total	**$2,409,570**	**100.00%**

The ISDA Master Agreements entered into with the following counterparties provide that the payments under one transaction will be netted against other transactions entered into under the same ISDA Master Agreement:

- JPMorgan Chase Bank, NA with respect to the MTA Bridges and Tunnels Subordinate Revenue Variable Rate Refunding Bonds, Series 2000ABCD.
- 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.

The mid-market value of MTA's interest rate swaps changes daily primarily as a result of capital markets changes. Factors that influence LIBOR are banks' actual and assumed interest rates, banks expectations of future rate movements, liquidity in the capital markets or changes in the value of the dollar. The relative financial health of MTA's counterparties do not directly impact the mid-market value of the transaction.

Collateralization. Generally, the Credit Support Annex attached to the ISDA Master Agreement requires that if the outstanding ratings of MTA or MTA Bridges and Tunnels, as the case may be, 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 (in whole dollars) relating to the posting of collateral set forth for MTA, MTA Bridges and Tunnels or MTA New York City Transit, as the case may be, 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.

MTA Transportation Revenue		
Counterparty	**MTA Collateral Thresholds (based on highest rating)**	**Counterparty Collateral Thresholds (based on highest rating)**
AIG Financial Products Corp.	Baa1/BBB+: $10 million Baa2/BBB & below: Zero	Baa1/BBB+: $10 million Baa2/BBB & below: Zero
JPMorgan Chase Bank, NA	Baa1/BBB+: $10 million Baa2/BBB & below: Zero	Baa1/BBB+: $10 million Baa2/BBB & below: Zero
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-: $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 North America, Inc.	Baa1/BBB+: $30 million Baa2/BBB: $15 million Baa3/BBB- & below: Zero	A3/A-: $10 million Baa1/BBB+ & below: Zero
Citibank, N.A.	Baa1/BBB+: $30 million Baa2/BBB: $15 million Baa3/BBB- & below: Zero	A3/A-: $10 million Baa1/BBB+ & below: Zero
JPMorgan Chase Bank, NA	Baa1/BBB+: $30 million Baa2/BBB: $15 million Baa3/BBB- & below: Zero	A3/A-: $10 million Baa1/BBB+ & below: Zero
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)**
JPMorgan Chase Bank, NA	N/A – MTA Bridges and Tunnels does not post collateral	$1,000,000
U.S. Bank National Association	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
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.

Notwithstanding the foregoing, in the event any downgraded party is responsible for an event of default or potential event of default as defined in the ISDA Master Agreement, the downgraded party must immediately collateralize its obligations irrespective of the threshold amounts.

All ongoing payments on the swaps are parity obligations with bonds, as well as all other bonds issued under the MTA or MTA Bridges and Tunnels bond resolutions, except for ongoing payments under the April 2016 novated swaps with MTA Bridges and Tunnels which are payable solely from available funds. All other payments, including the termination payments, are subordinate to the bonds and ongoing payments on the swaps resolution (under the April 2016 novated swaps with MTA Bridges and Tunnels, termination payments are also payable solely from available funds).

Termination Risk. 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.

The following table sets forth, for each swap, the additional termination events for the following associated bond issues. In certain swaps, where the counterparty has a guarantor of its obligations, the ratings criteria apply to the guarantor and not to the counterparty.

MTA Transportation Revenue		
Counterparty Name	MTA	Counterparty
AIG Financial Products Corp.	Below Baa3 (Moody's) or BBB- (S&P)*	Below Baa3 (Moody's) or BBB- (S&P)*
JPMorgan Chase Bank, NA	Below Baa3 (Moody's) or BBB- (S&P)*	Below Baa3 (Moody's) or BBB- (S&P)*
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 North America, Inc.	Below Baa2 (Moody's) or BBB (S&P)*	Below Baa1 (Moody's) or BBB+ (S&P)*
Citibank, N.A.	Below Baa2 (Moody's) or BBB (S&P)*	Below Baa1 (Moody's) or BBB+ (S&P)*
JPMorgan Chase Bank, NA	Below Baa2 (Moody's) or BBB (S&P)*	Below Baa1 (Moody's) or BBB+ (S&P)*
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**
JPMorgan Chase Bank, NA	Swap Insurer below A3 (Moody's) and A- (S&P); and MTA Bridges and Tunnels Senior Lien rating below Baa3 (Moody's) and BBB- (S&P)	Below Baa2 (Moody's) or BBB (S&P)
U.S. Bank National Association	Below Baa2 (Moody's) or BBB (S&P)*	Below Baa2 (Moody's) or BBB (S&P)**
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.*

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 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)
MTA Transportation Revenue Variable Rate Bonds, Series 2011B (swaps with U.S. Bank/Wells Fargo)	November 1, 2041	January 1, 2030

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 (in millions) (Unaudited)				
Period Ended June 30	Variable-Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2016	$ 22.2	$ 52.4	$ (6.4)	$ 68.2
2017	34.4	51.5	(6.3)	79.6
2018	35.8	50.1	(6.1)	79.8
2019	55.6	48.6	(5.8)	98.4
2020	38.4	46.5	(5.5)	79.4
2021-2025	326.3	199.8	(22.4)	503.6
2026-2030	431.3	212.4	(12.9)	630.9
2031-2035	620.1	323.7	(3.6)	940.1

MTA Bridges and Tunnels (in millions) (Unaudited)				
Period Ended June 30	Variable-Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2016	$ 56.2	$ 44.6	$ (5.6)	$ 95.2
2017	59.2	42.2	(6.1)	95.3
2018	62.5	39.7	(6.7)	95.6
2019	43.4	38.0	(7.0)	74.4
2020	25.4	37.0	(7.0)	55.5
2021-2025	170.3	166.5	(33.5)	303.2
2026-2030	408.3	116.8	(26.8)	498.3
2031-2035	350.2	9.0	(1.6)	357.6

9. LEASE TRANSACTIONS

Leveraged Lease Transactions: Subway Cars — During 1995, MTA Bridges and Tunnels entered into a sale/leaseback transaction with a third party whereby MTA Bridges and Tunnels sold certain subway cars, which were contributed by MTA New York City Transit, for net proceeds of $84.2. These cars were subsequently leased back by MTA Bridges and Tunnels under a capital lease. The advanced credit of $34.2 was netted against the carrying value of the leased assets, and the assets were recontributed to the MTA New York City Transit. MTA Bridges and Tunnels transferred $5.5 to the MTA, representing the net economic benefit of the transaction. The remaining proceeds, equal to the net present value of the lease obligation, of which $71.3 was placed in an irrevocable deposit account at ABN AMRO Bank N.V. and $7.5 was invested in U.S. Treasury Strips. The estimated yields and maturities of the deposit account and the Treasury Strips are expected to be sufficient to meet all of the regularly scheduled obligations under the lease as they become due, including the 2016 purchase option, which was exercised in August 2016. The capital lease obligation is included in other long-term liabilities.

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 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 June 30, 2016, the market value of total collateral funds was $37.0.

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 June 30, 2016, the market value of total collateral funds was $52.1.

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 subleasee, will rent, for an initial stated term of approximately 50 years, an office building at Two Broadway in lower Manhattan. The lease term expires on July 30, 2048, and, pursuant to certain provisions, is renewable for two additional 15-year terms. The lease comprises both operating (for the lease of land) and capital (for the lease of the building) elements. 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. During 2015, the MTA made rent payments of $23. In connection with the renovation of the building and for tenant improvements, the MTA issued $121 and $328 in 2000 and 1999, respectively, of certificates of participation. In 2004, it issued approximately $358 of certificates of participation that partially refunded the two previously issued certificates. As of June 30, 2016, certificates of participation outstanding totaled $70,500. (See Note 8). The office building at 2 Broadway, is principally occupied by MTA New York City Transit, MTA Bridges and Tunnels, MTA Capital Construction, and MTAHQ.

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.

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 $22.7 and $29.9 for the periods ended June 30, 2016 and 2015 respectively.

At June 30, 2016, the future minimum lease payments under non-cancelable leases are as follows (in millions):

Years	**Operating**	**Capital**
	(Unaudited)	
2016	$ 42	$ 32
2017	61	120
2018	61	22
2019	61	24
2020	59	32
2021–2025	221	154
2026–2030	284	105
2031–2035	290	540
2036–2040	243	126
2041–2045	243	133
Thereafter	492	257
Future minimum lease payments	$ 2,057	1,545
Amount representing interest		(1,024)
Total present value of capital lease obligations		521
Less current present value of capital lease obligations		18
Noncurrent present value of capital lease obligations		$ 503

Capital Leases Schedule
For the Period Ended June 30, 2016
(in millions)

Description	December 31, 2015	Increase (Unaudited)	Decrease (Unaudited)	June 30, 2016 (Unaudited)
Sumitomo	$ 15	$ -	$ -	$ 15
Met Life	5	-	-	5
Met Life Equity	19	-	-	19
Bank of New York	22	-	-	22
Bank of America	32	-	-	32
Bank of America Equity	16	-	-	16
Sumitomo	38	1	-	39
Met Life Equity	47	-	-	47
Grand Central Terminal & Harlem Hudson Railroad Lines	14	-	-	14
2 Broadway Lease Improvement	166	-	-	166
2 Broadway	38	-	-	38
Subway Cars	107	1	-	108
Total MTA Capital Lease	$ 519	$ 2	$ -	$ 521
Current Portion Obligations under Capital Lease	9			18
Long Term Portion Obligations under Capital Lease	$ 510			$ 503

Capital Leases Schedule
For the Year Ended December 31, 2015
(in millions)

Description	December 31, 2014	Increase	Decrease	December 31, 2015
Hawaii	$ 1	$ -	$ 1	$ -
Sumitomo	15	-	-	15
Met Life	5	-	-	5
Met Life Equity	19	-	-	19
Bank of New York	22	-	-	22
Bank of America	30	2	-	32
Bank of America Equity	16	-	-	16
Sumitomo	40	1	3	38
Met Life Equity	45	2	-	47
Grand Central Terminal & Harlem Hudson Railroad Lines	15	-	1	14
2 Broadway Lease Improvement	164	2	-	166
2 Broadway	38	-	-	38
Subway Cars	105	5	3	107
Total MTA Capital Lease	$ 515	$ 12	$ 8	$ 519
Current Portion Obligations under Capital Lease	10			9
Long Term Portion Obligations under Capital Lease	$ 505			$ 510

10. 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 are due 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 $11.03 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.

11. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

A summary of activity in estimated liability as computed by actuaries arising from injuries to persons, including employees, and damage to third-party property, for the period ended June 30, 2016 and year ended December 31, 2015 is presented below (in millions):

	June 30, 2016 (Unaudited)	December 31, 2015
Balance — beginning of year	$ 2,883	$ 2,509
Activity during the year:		
Current year claims and changes in estimates	451	763
Claims paid	(264)	(389)
Balance — end of year	3,070	2,883
Less current portion	(432)	(444)
Long-term liability	$ 2,638	$ 2,439

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

12. 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 13).

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 questioned costs may occur, ultimate repayments required of the MTA or the Authority have been infrequent in prior years.

13. POLLUTION REMEDIATION COST

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, MTA recognized pollution remediation expenses of $3 and $4 for the periods ended June 30, 2016 and 2015, respectively. 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 is in violation of a pollution prevention-related permit or license;
- MTA is named by a regulator as a responsible or potentially responsible party to participate in remediation;
- MTA is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities; or
- MTA voluntarily commences or legally obligates itself to commence remediation efforts.

Operating expense provision and corresponding liability measured at its current value using the expected cash flow method have been recognized for certain pollution remediation obligation that previously may not have been required to be recognized, or are no longer able to be capitalized as a component of a capital project. A summary of the activity in pollution remediation liability at June 30, 2016 and December 31, 2015 were as follows:

	June 30, 2016 (Unaudited)	December 31, 2015
Balance at beginning of year	$ 100	$ 99
Activity during the year:		
Current year expenses/changes in estimates	3	21
Current year payments	(3)	(20)
Balance at end of year	100	100
Less current portion	(25)	(26)
Long-term liability	$ 75	$ 74

14. CURRENT AND NON-CURRENT LIABILITIES

Changes in the activity of current and non-current liabilities for the periods ended June 30, 2016 and December 31, 2015 is presented below:

	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015	Additions (Unaudited)	Reductions (Unaudited)	Balance June 30, 2016 (Unaudited)
Current liabilities:							
Accounts payable	$ 437	$ -	$ (44.00)	$ 393	$ 76	$ -	$ 469
Interest	211	-	(1)	210	10	-	220
Salaries, wages and payroll taxes	374	-	(118)	256	-	(27)	229
Vacation and sick pay benefits	838	42	-	880	16	-	896
Current portion — retirement and death benefits	384	-	(369)	15	8	-	23
Capital accrual	533	-	(54)	479		(74)	405
Other accrued expenses	503	57	-	560	63		623
Unearned revenues	514	-	49	563	102	-	665
Total current liabilities	**$ 3,794**	**$ 42**	**$ (480)**	**$ 3,356**	**$ 275**	**$ (101)**	**$ 3,530**
Non-current liabilities:							
Contract retainage payable	$ 296	$ -	$ (15)	$ 281	$ 31	$ -	$ 312
Other long-term liabilities	302	5	-	307	5	-	312
Total non-current liabilities	**$ 598**	**$ 5**	**$ (15)**	**$ 588**	**$ 36**	**$ -**	**$ 624**

15. FUEL HEDGE

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

Counterparty	Bank of America Merrill Lynch	J. Aron & Company	J. Aron & Company	Bank of America Merrill Lynch	Bank of America Merrill Lynch	JPM - Ventures Energy Corp	JPM - Ventures Energy Corp	Bank of America Merrill Lynch
Trade Date	7/29/2014	8/27/2014	9/24/2014	10/29/2014	11/25/2014	12/23/2014	1/29/2015	2/26/2015
Effective Date	7/1/2015	8/1/2015	4/1/2015	10/1/2015	11/1/2015	12/1/2015	1/1/2016	2/1/2016
Termination Date	6/30/2016	7/31/2016	8/31/2016	9/30/2016	10/31/2016	11/30/2016	12/31/2016	1/31/2017
Price/Gal	$2.8645	$2.8175	$2.7360	$2.5510	$2.3950	$2.0340	$1.8095	$2.0520
Original Notional Quantity	8,461,232	8,322,340	8,050,125	7,487,723	7,029,766	5,970,231	5,253,199	6,017,839

Counterparty	Bank of America Merrill Lynch	Bank of America Merrill Lynch	Bank of America Merrill Lynch	Bank of America Merrill Lynch	Bank of America Merrill Lynch	Bank of America Merrill Lynch	Bank of America Merrill Lynch	J. Aron & Company
Trade Date	3/25/2015	4/29/2015	5/28/2015	6/30/2015	7/30/2015	8/27/2015	9/28/2015	10/29/2015
Effective Date	3/1/2016	4/1/2016	5/1/2016	6/1/2016	7/1/2016	8/1/2016	9/1/2016	2/1/2016
Termination Date	2/28/2017	3/30/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017
Price/Gal	$1.9195	$2.0855	$1.9970	$2.0130	$1.8145	$1.6600	$1.6950	$1.7100
Original Notional Quantity	5,629,297	5,957,391	5,831,540	5,882,999	5,298,402	4,847,240	5,130,241	5,631,317

Counterparty	Bank of America Merrill Lynch	J. Aron & Company	J. Aron & Company	JPM - Ventures Energy Corp	Macquarie Energy LLC	Macquarie Energy LLC	Macquarie Energy LLC	J. Aron & Company
Trade Date	11/24/2015	12/17/2015	1/27/2016	2/23/2016	3/29/2016	4/28/2016	5/26/2016	6/30/2016
Effective Date	11/1/2016	12/1/2016	1/1/2017	2/1/2017	3/1/2017	4/1/2017	5/1/2017	6/1/2017
Termination Date	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/30/2018
Price/Gal	$1.6515	$1.4825	$1.2760	$1.3100	$1.3820	$1.5535	$1.6225	$1.6515
Original Notional Quantity	4,863,189	4,266,180	3,745,930	3,845,749	3,926,350	4,527,533	4,728,640	4,813,146

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 June 30, 2016, the total outstanding notional value of the ULSD contracts was 54.5 million gallons with a negative fair market value of $10. 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 interim financial information for MTA's component units (in millions).

June 30, 2016 (Unaudited)	MTA	Metro-North Railroad	Long Island Railroad	New York City Transit Authority	Triborough Bridge and Tunnel Authority	Eliminations	Consolidated Total
Current assets	$ 8,340	$ 194	$ 197	$ 608	$ 633	$ 5	$ 9,977
Capital assets	8,431	4,495	5,581	39,303	4,914	(1)	62,723
Other Assets	10,837	5	-	1	237	(9,763)	1,317
Intercompany receivables	294	66	120	1,562	455	(2,497)	-
Deferred outflows of resources	1,492	118	200	1,066	387	(656)	2,607
Total assets and deferred outflows of resources	**$ 29,394**	**$ 4,878**	**$ 6,098**	**$ 42,540**	**$ 6,626**	**$ (12,912)**	**$ 76,624**
Current liabilities	$ 3,184	$ 242	$ 218	$ 1,755	$ 654	$ (18)	$ 6,035
Non-current liabilities	31,910	926	2,038	18,979	10,223	(563)	63,513
Intercompany payables	2,136	75	23	77	168	(2,479)	-
Deferred inflows of resources	44	-	-	893	48	(496)	489
Total liabilities and deferred inflows of resources	**$ 37,274**	**$ 1,243**	**$ 2,279**	**$ 21,704**	**$ 11,093**	**$ (3,556)**	**$ 70,037**
Net investment in capital assets	$ (25,520)	$ 4,481	$ 5,581	$ 39,109	$ 731	$ 5	$ 24,387
Restricted	1,655	-	-	-	783	(415)	2,023
Unrestricted	15,985	(846)	(1,762)	(18,273)	(5,981)	(8,946)	(19,823)
Total net position	**$ (7,880)**	**$ 3,635**	**$ 3,819**	**$ 20,836**	**$ (4,467)**	**$ (9,356)**	**$ 6,587**
For the period ended June 30, 2016 (Unaudited)							
Fare revenue	$ 108	$ 334	$ 345	$ 2,179	$ -	$ -	$ 2,966
Vehicle toll revenue	-	-	-	-	911	-	911
Rents, freight and other revenue	42	31	27	216	15	(30)	301
Total operating revenue	**150**	**365**	**372**	**2,395**	**926**	**(30)**	**4,178**
Total labor expenses	583	452	567	3,607	150	(18)	5,341
Total non-labor expenses	205	162	161	833	100	(35)	1,426
Depreciation	44	117	170	831	59	-	1,221
Total operating expenses	**832**	**731**	**898**	**5,271**	**309**	**(53)**	**7,988**
Operating (deficit) surplus	**(682)**	**(366)**	**(526)**	**(2,876)**	**617**	**23**	**(3,810)**
Subsidies and grants	263	58	-	40	4	180	545
Tax revenue	3,222	-	-	1,456	-	(1,060)	3,618
Interagency subsidy	368	138	288	118	-	(912)	-
Interest expense	(556)	-	-	(5)	(167)	(4)	(732)
Other	(1,354)	-	-	1	1	1,518	166
Total non-operating revenues (expenses)	**1,943**	**196**	**288**	**1,610**	**(162)**	**(278)**	**3,597**
Loss before appropriations	1,261	(170)	(238)	(1,266)	455	(255)	(213)
Appropriations, grants and other receipts externally restricted for capital projects	(180)	106	228	799	(366)	380	967
Change in net position	1,081	(64)	(10)	(467)	89	125	754
Net position, beginning of period	(8,961)	3,699	3,829	21,303	(4,556)	(9,481)	5,833
Net position, end of period	$ (7,880)	$ 3,635	$ 3,819	$ 20,836	$ (4,467)	$ (9,356)	$ 6,587
For the period ended June 30, 2016 (Unaudited)							
Net cash (used in) / provided by operating activities	$ (574)	$ (212)	$ (287)	$ (1,274)	$ 742	$ (9)	(1,614)
Net cash provided by / (used in) non-capital financing activities	2,475	199	316	1,700	(375)	(1,731)	2,584
Net cash (used in) / provided by capital and related financing activities	(1,549)	11	(25)	(463)	(69)	1,704	(391)
Net cash (used in) / provided by investing activities	(484)	-	-	29	(297)	36	(716)
Cash at beginning of period	357	15	5	63	14	-	454
Cash at end of period	**$ 225**	**$ 13**	**$ 9**	**$ 55**	**$ 15**	**$ -**	**$ 317**

December 31, 2015	MTA	Metro-North Railroad	Long Island Railroad	New York City Transit Authority	Triborough Bridge and Tunnel Authority	Eliminations	Consolidated Total
Current assets	$ 6,324	$ 199	$ 211	$ 645	$ 352	$ (141)	$ 7,590
Capital assets	7,897	4,503	5,543	38,535	4,730	180	61,388
Other Assets	11,205	5	1	181	237	(10,066)	1,563
Intercompany receivables	315	81	91	1,723	420	(2,630)	-
Deferred outflows of resources	1,083	104	218	527	368	(160)	2,140
Total assets and deferred outflows of resources	**$ 26,824**	**$ 4,892**	**$ 6,064**	**$ 41,611**	**$ 6,107**	**$ (12,817)**	**$ 72,681**
Current liabilities	$ 3,821	$ 244	$ 200	$ 1,638	$ 693	$ (131)	$ 6,465
Non-current liabilities	29,597	892	1,997	18,214	9,810	(619)	59,891
Intercompany payables	2,321	57	38	33	137	(2,586)	-
Deferred inflows of resources	46	-	-	423	23	-	492
Total liabilities and deferred inflows of resources	**$ 35,785**	**$ 1,193**	**$ 2,235**	**$ 20,308**	**$ 10,663**	**$ (3,336)**	**$ 66,848**
Net investment in capital assets	$ (20,499)	$ 4,488	$ 5,543	$ 38,516	$ 701	$ (4,961)	$ 23,788
Restricted	1,295	-	-	-	723	(338)	1,680
Unrestricted	10,243	(789)	(1,714)	(17,213)	(5,980)	(4,182)	(19,635)
Total net position	**$ (8,961)**	**$ 3,699**	**$ 3,829**	**$ 21,303**	**$ (4,556)**	**$ (9,481)**	**$ 5,833**
For the period ended June 30, 2015 (Unaudited)							
Fare revenue	$ 105	$ 324	$ 333	$ 2,111	$ -	$ (1)	$ 2,872
Vehicle toll revenue	-	-	-	-	856	-	856
Rents, freight and other revenue	39	31	26	230	13	(25)	314
Total operating revenue	**144**	**355**	**359**	**2,341**	**869**	**(26)**	**4,042**
Total labor expenses	574	442	536	3,286	153	2	4,993
Total non-labor expenses	166	183	191	837	79	(25)	1,431
Depreciation	42	112	163	769	55	1	1,142
Total operating expenses	**782**	**737**	**890**	**4,892**	**287**	**(22)**	**7,566**
Operating (deficit) surplus	**(638)**	**(382)**	**(531)**	**(2,551)**	**582**	**(4)**	**(3,524)**
Subsidies and grants	265	57	-	40	4	(97)	269
Tax revenue	2,988	-	-	1,258	-	(762)	3,484
Interagency subsidy	358	243	289	105	-	(995)	-
Interest expense	(533)	-	-	(5)	(171)	12	(697)
Other	(1,067)	-	-	2	-	1,449	384
Total non-operating revenues (expenses)	**2,011**	**300**	**289**	**1,400**	**(167)**	**(393)**	**3,440**
Loss before appropriations	1,373	(82)	(242)	(1,151)	415	(397)	(84)
Appropriations, grants and other receipts externally restricted for capital projects	(284)	95	201	815	(358)	464	933
Change in net position	1,089	13	(41)	(336)	57	67	849
Net position, beginning of the year	(8,052)	3,888	5,168	26,140	(4,485)	(9,377)	13,282
Net position, end of year	$ (6,963)	$ 3,901	$ 5,127	$ 25,804	$ (4,428)	$ (9,310)	$ 14,131
For the period ended June 30, 2015 (Unaudited)							
Net cash (used in) / provided by operating activities	$ (430)	$ (286)	$ (345)	$ (1,282)	$ 660	$ 1	(1,682)
Net cash provided by / (used in) non-capital financing activities	2,167	305	333	1,488	(335)	(1,502)	2,456
Net cash (used in) / provided by capital and related financing activities	(1,124)	(18)	12	(428)	(271)	1,567	(262)
Net cash (used in) / provided by investing activities	(596)	-	-	223	(48)	(66)	(487)
Cash at beginning of year	222	14	6	55	14	-	311
Cash at end of year	**$ 239**	**$ 15**	**$ 6**	**$ 56**	**$ 20**	**$ -**	**$ 336**

17. SUBSEQUENT EVENTS

On July 28, 2016, MTA issued $863.860 of MTA Transportation Revenue Refunding Bonds, Series 2016C, to retire the MTA Transportation Revenue Bonds Anticipation Notes, Subseries 2015B-1, which were issued by MTA for transit and commuter projects, and to refinance $84.370 of MTA Transportation Revenue Bonds, Series 2007B and $263.885 of MTA Transportation Revenue Bonds, Series 2008A. The Series 2016C bonds were issued as $534.200 Transportation Revenue Bonds, Subseries 2016C-1; $56.120 Transportation Revenue Bonds, Subseries 2016C-2a and $273.540 Transportation Revenue Bonds, Subseries 2016C-2b. The Subseries 2016C-1 and Subseries 2016C-2a bonds were both issued as tax-exempt fixed-rate bonds with final maturities of November 15, 2039 and November 15, 2038, respectively. The Subseries 2016C-2b bonds were issued as tax-exempt mandatory tender bonds with a mandatory purchase date of February 15, 2020 and final maturity date of November 15, 2034.

On July 28, 2016, MTA executed a 2,994,811 gallon ultra-low sulfur diesel fuel hedge at an all-in price of $1.502/gallon. The hedge covers the period from July 2017 through June 2018.

On September 7, 2016, MTA is pricing a $54.5 Dedicated Tax Fund Refunding Bonds transaction, which is a reoffering of MTA's Dedicated Tax Fund Refunding Bonds, Subseries 2008B-3b (Floating Rate Tender Notes).

The 2016 Mid-Year Forecast, 2017 Preliminary Budget and July Financial Plan 2017-2020 (collectively, the July Plan or Plan) was presented to the MTA Board at its July 27, 2016 meeting. The July Plan includes an update and changes from the MTA 2016 Adopted Budget and the 2016-2019 Financial Plan of February 2016, the Executive Summary, financial schedules supporting the MTA-Consolidated Financial Plan, baseline forecast and adjustments, detailed financial and position schedules as well as narratives that support the projections, and sections that include descriptions of all agency programs and required information regarding the MTA Capital Program. Copies of the July Plan are posted on MTA’s website (www.mta.info) under “MTA Info/Financial Information-Budget”.

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METROPOLITAN TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

	Additional Plan	MaBSTOA Plan	MNR Cash Balance Plan	MTA Defined Benefit Plan
		($ in thousands)		
Total pension liability:				
Service cost	$ 3,813	$ 72,091	$ -	$ 121,079
Interest	110,036	223,887	32	274,411
Differences between expected and actual experience		(1,596)		2,322
Benefit payments and withdrawals	(156,974)	(175,447)	(88)	(191,057)
Net change in total pension liability	(43,125)	118,935	(56)	206,755
Total pension liability—beginning	1,645,284	3,212,529	766	3,892,983
Total pension liability—ending(a)	1,602,159	3,331,464	710	4,099,738
Plan fiduciary net position:				
Employer contributions	407,513	226,374	-	331,259
Member contributions	1,304	15,460	-	26,006
Net investment income	21,231	105,084	41	102,245
Benefit payments and withdrawals	(156,974)	(175,447)	(88)	(191,057)
Administrative expenses	(975)	(74)	(3)	(9,600)
Net change in plan fiduciary net position	272,099	171,397	(50)	258,853
Plan fiduciary net position—beginning	510,753	2,093,896	748	2,806,367
Plan fiduciary net position—ending(b)	782,852	2,265,293	698	3,065,220
Employer's net pension liability—ending(a)-(b)	$ 819,307	$ 1,066,171	$ 12	$ 1,034,518
Plan fiduciary net position as a percentage of the total pension liability	48.86%	68.00%	98.36%	74.77%
Covered-employee payroll	$ 43,594	$ 671,600	$ 2,080	$ 1,395,336
Employer's net pension liability as a percentage of covered-employee payroll	1879.42%	158.75%	0.58%	74.14%

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. The data provided in this schedule is based on the measurement date of December 31, 2014 used by the Additional Plan, MaBSTOA Plan, MNR Cash Balance Plan, and the MTA Defined Benefit Plan.

METROPOLITAN TRANSPORTATION AUTHORITY
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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

	NYCERS Plan	NYSLERS Plan
	($ in thousands)	
MTA's proportion of the net pension liability	23.585%	0.289%
MTA's proportionate share of the net pension liability	$ 4,773,787	$ 9,768
MTA's actual covered-employee payroll	$ 2,989,480	$ 87,315
MTA's proportionate share of the net pension liability as a percentage of the MTA's covered-employee payroll	159.686%	11.187%
Plan fiduciary net position as a percentage of the total pension liability	73.125%	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, which was June 30, 2015 and June 30, 2015, respectively.

METROPOLITAN TRANSPORTATION AUTHORITY
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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
						($ in thousands)				
Additional Plan*										
Actuarially Determined Contribution	$ 82,382	$ 112,513	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Actual Employer Contribution	100,000	407,513	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	$ (17,618)	$ (295,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 35,282	$ 43,594	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a % of Covered Payroll	283.43%	934.79%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MaBSTOA Plan										
Actuarially Determined Contribution	$ 214,881	$ 226,374	$ 234,474	$ 228,918	$ 186,454	$ 200,633	$ 204,274	$ 201,919	$ 179,228	$ 159,638
Actual Employer Contribution	214,881	226,374	234,474	228,918	186,454	200,633	204,274	201,919	179,228	259,638
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (100,000)
Covered Payroll	$ 693,900	$ 671,600	$ 582,081	$ 575,989	$ 579,696	$ 591,073	$ 569,383	$ 562,241	$ 519,680	$ 498,039
Contributions as a % of Covered Payroll	30.97%	33.71%	40.28%	39.74%	32.16%	33.94%	35.88%	35.91%	34.49%	52.13%
Metro-North Cash Balance Plan*										
Actuarially Determined Contribution	$ -	$ 5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Actual Employer Contribution	14	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	$ (14)	$ 5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,664	$ 2,080	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a % of Covered Payroll	0.85%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MTA Defined Benefit Plan*										
Actuarially Determined Contribution	$ 273,700	$ 271,523	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Actual Employer Contribution	221,694	331,259	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	$ 52,006	$ (59,736)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,620,635	$ 1,395,336	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a % of Covered Payroll	13.68%	23.74%	N/A	N/A	N/A	N/A	N/A	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.

METROPOLITAN TRANSPORTATION AUTHORITY
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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

($ in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
NYCERS										
Actuarially Determined Contribution	$ 736,212	$ 741,223	$ 736,361	$ 731,983	$ 657,771	$ 574,555	$ 548,721	$ 499,603	$ 406,837	$ 289,826
Actual Employer Contribution	736,212	741,223	736,361	731,983	657,771	574,555	548,721	499,603	406,837	289,826
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 3,339,459	$ 3,004,960	$ 2,943,195	$ 2,925,834	$ 2,900,630	$ 2,886,789	$ 2,800,882	$ 2,656,778	$ 2,548,889	$ 2,476,051
Contributions as a % of Covered Payroll	22.05%	24.67%	25.02%	25.02%	22.68%	19.90%	19.59%	18.80%	15.96%	11.71%
NYSLERS **										
Actuarially Determined Contribution	$ 15,792	$ 13,816	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Actual Employer Contribution	15,792	13,816	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 88,071	$ 85,826	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a % of Covered Payroll	17.93%	16.10%	N/A	N/A	N/A	N/A	N/A	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.

METROPOLITAN TRANSPORTATION AUTHORITY
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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

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The methods and assumptions used to determine the actuarially determined and contractually required contributions are as follows:

	Additional Plan	MaBSTOA Plan	MNR Cash Balance Plan	MTA Defined Benefit Plan	NYCERS Plan	NYSLERS Plan
Valuation Dates	January 1, 2014	January 1, 2014	January 1, 2014	January 1, 2014	June 30, 2013	April 1, 2013
Measurement Date	December 31, 2014	December 31, 2014	December 31, 2014	December 31, 2014	June 30, 2015	March 31, 2015
Actuarial cost method	Entry Age Normal Cost	Frozen Initial Liability (FIL)	Unit Credit	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Period specified in current valuation report (closed 19 year period beginning January 1, 2014) with level dollar payments.	For FIL bases, period specified in current valuation 30-year level dollar. 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	Period specified in current valuation report (closed 10 year period beginning January 1, 2008 - 4 year period for the January 1, 2014 valuation).	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.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfundeds.	Evenly over the remaining working lifetimes of the active membership.
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.	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.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Modified six-year moving average of market values with a Market Value Restart as of June 30, 2011.	5-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Salary increases	3.00%	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.	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.	Varies by years of employment, and employee group.	3% per annum.	4.90%

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

	Additional Plan	MaBSTOA Plan	MNR Cash Balance Plan	MTA Defined Benefit Plan	NYCERS Plan	NYSLERS Plan
Actuarial assumptions:						
Discount Rate	7.00%	7.00%	4.50%	7.00%	7.00%	7.50%
Investment rate of return	7.00%, net of investment expenses.	7.00%, net of investment expenses.	4.50%, net of investment expenses.	7.00%	7.00%, net of investment expenses.	7.5%, net of investment expenses.
Mortality	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 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.	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.	Preretirement and postretirement healthy annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee. Ortality assumption is based on a 2012 experience study for all MTA plans.	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 thorugh 2013.	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's Scale MP-2014.
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.	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.	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	N/A	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females.	N/A	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.	N/A	N/A
Inflation/Railroad Retirement Wage Base	2.50%; 3.50%	2.50%	2.50%	2.50%; 3.00%	2.50%	2.70%
Cost-of-Living Adjustments	N/A	1.375% per annum	N/A	55% of inflation assumption or 1.375%, if applicable.	2.5% per annum.	1.4% per annum.

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

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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 changes of benefit terms in the June 30, 2013 funding valuation for the NYCERS plan.

There were no changes of benefit terms in the April 1, 2013 funding valuation for the NYSLERS plan.

Changes of Assumptions:

There were no changes of benefit assumptions in the June 30, 2013 funding valuation for the NYCERS plan.

There were no changes of benefit assumptions in the April 1, 2013 funding valuation for the NYSLERS plan.

METROPOLITAN TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR THE MTA POSTEMPLOYMENT BENEFIT PLAN
($ in millions)
(Unaudited)

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets {a}	Actuarial Accrual Liability (AAL) {b}	Unfunded Actuarial Accrual Liability (UAAL) {c} = {b} - {a}	Funded Ratio {a} / {b}	Covered Payroll {d}	Ratio of UAAL to Covered Payroll {c} / {d}
December 31, 2015	January 1, 2014	$ 300	$ 18,472	$ 18,172	1.60 %	$ 4,669.8	389.1 %
December 31, 2014	January 1, 2012	246	20,188	19,942	1.20	4,360.6	457.3
December 31, 2013	January 1, 2012	246	20,188	19,942	1.20	4,360.6	457.3

METROPOLITAN TRANSPORTATION AUTHORITY

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SUPPLEMENTARY INFORMATION

SCHEDULE OF CONSOLIDATED RECONCILIATION BETWEEN FINANCIAL PLAN AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2016
($ in millions)
(Unaudited)

Category	Financial Plan Actual	Statement GAAP Actual	Variance
REVENUE:			
Farebox revenue	$ 2,966	$ 2,966	$ -
Vehicle toll revenue	911	911	-
Other operating revenue	311	301	(10)
Total revenue	4,188	4,178	(10)
OPERATING EXPENSES:			
Labor:			
Payroll	2,396	2,396	0
Overtime	371	376	5
Health and welfare	559	561	2
Pensions	634	636	2
Other fringe benefits	484	475	(9)
Postemployment benefits	1,082	1,073	(9)
Reimbursable overhead	(181)	(176)	5
Total labor expenses	5,345	5,341	(4)
Non-labor:			
Electric power	194	195	1
Fuel	63	63	-
Insurance	17	24	7
Claims	129	129	-
Paratransit service contracts	191	191	-
Maintenance and other	302	276	(26)
Professional service contract	170	167	(3)
Pollution remediation project costs	3	3	-
Materials and supplies	287	287	-
Other business expenses	91	90	(1)
Total non-labor expenses	1,447	1,425	(22)
Depreciation	1,221	1,221	-
Other Expenses Adjustment	23	0	(23)
Net expenses related to asset impairment	-	1	1
Total operating expenses	8,036	7,988	(48)
NET OPERATING LOSS	$ (3,848)	$ (3,810)	$ 38

METROPOLITAN TRANSPORTATION AUTHORITY
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SUPPLEMENTARY INFORMATION

SCHEDULE OF CONSOLIDATED SUBSIDY ACCRUAL RECONCILIATION BETWEEN FINANCIAL PLAN AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2016
($ in millions)
(Unaudited)

Accrued Subsidies	Financial Plan Actual	Financial Statement GAAP Actual	Variance	
Mass transportation operating assistance	$ 1,668	$ 1,669	$ 1	{1}
Mass transit trust fund subsidies	301	301	-	
Mortgage recording tax 1 and 2	222	222	-	
MRT transfer	(3)	(3)		
Urban tax	421	421	-	
State and local operating assistance	217	217	-	
Station maintenance	81	81	-	
Connecticut Department of Transportation (CDOT)	57	58	1	{1}
Subsidy from New York City for MTA Bus and SIRTOA	225	223	(2)	{1}
NYS Grant for debt service	5	5		
Build American Bonds Subsidy	45	45	-	
Mobility tax	1,005	1,005	-	
Other non-operating income	-	86	86	{2}
Total accrued subsidies	4,244	4,330	86	
Net operating deficit before subsidies and debt service	(3,848)	(3,810)	38	
Debt Service	(1,205)	(732)	473	
Conversion to Cash basis: Depreciation	1,221	-	(1,221)	
Conversion to Cash basis: OPEB Obligation	812	-	(812)	
Conversion to Cash basis: GASB 68 pension adjustment	275	-	(275)	
Conversion to Cash basis: Pollution & Remediation	3	-	(3)	
Total net operating surplus/(deficit) before appropriation, grants and other receipts restricted for capital projects	$ 1,502	$ (212)	$ (1,714)	

{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.

METROPOLITAN TRANSPORTATION AUTHORITY

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SUPPLEMENTARY INFORMATION
SCHEDULE OF FINANCIAL PLAN TO FINANCIAL STATEMENTS RECONCILIATION
FOR THE PERIOD ENDED JUNE 30, 2016
($ in millions)
(Unaudited)

Financial Plan Actual Operating Loss at June 30, 2016		$ (3,848)
The Financial Plan Actual Includes:		
Lower other operating revenues		21
Higher other operating expense adjustments		23
The Audited Financial Statements Includes:		
Lower OPEB expense based on the most recent actuarial calculations		9
Higher labor expense primarily from overtime and reimbursable overhead		(11)
Higher non-labor expense		(13)
Higher asset impairment expense		(1)
Intercompany eliminations and other adjustments		10
Total Operating Reconciling Items		38
Audited Financial Statement Operating Loss		$ (3,810)
Financial Plan Actual Surplus after Subsidies and Debt Service at June 30, 2016		$ 1,502
The Financial Plan Actual Includes:		
Debt Service Bond Principal Payments		473
Adjustments for non-cash liabilities:		
Depreciation	(1,221)	
Unfunded OPEB Expense	(812)	
Unfunded GASB 68 Pension adjustment	(275)	
Unfunded Pollution Remediation Expense	(3)	(2,311)
The Audited Financial Statements Includes:		
Higher subsidies and other non-operating revenues		86
Total Operating Reconciling Items		38
Financial Statements Loss Before Appropriations		$ (212)