

MTA Headquarters

**MTA Headquarters
2006 Preliminary Budget
July Financial Plan 2006 – 2009**

Mission Statement

The mission of Metropolitan Transportation Authority Headquarters is to maximize use of MTA Transportation services and facilities by its customers and to provide support to the operating agencies in budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services. In addition, MTA Headquarters' Department of Public Safety provides the highest level of policing and security for MTA's customers, employees and facilities.

Financial Overview

Mindful of its obligations to support customer ridership while maintaining a strong commitment to safety and security for its customers, employees, and facilities, MTA Headquarters has embarked on an aggressive program to reduce costs and to achieve expense reductions through 2009. This has been accomplished through the diligent work of all MTA Headquarters departments in reviewing current programs and cutting those that were superfluous or too expensive, as well as undertaking those projects that promote efficiencies. In reviewing departmental activities, it was determined that primarily through increased employee productivity, immediate savings could be reflected by reducing headcount by three positions in 2005, one position in 2006, and three positions in 2007 through 2009 (seven positions total).

Savings from programs to eliminate the gap have already begun and will reduce expenses by \$0.655 million beginning in 2005 and \$2.260 million in 2006. Thereafter, these programs result in expense reductions of \$3.893 million, \$3.990 million, and \$4.126 million in 2007, 2008, and 2009 respectively.

2005 Mid-Year Forecast

The MTA Headquarters Mid-Year Forecast reflects some significant changes from the 2005 Adopted Budget. The Forecast now reflects 2 Broadway Operating and MTA Inspector General expenses more in-line with the way that these costs are currently being reported on a monthly basis. While the MTA IG costs were originally reflected in the Adopted Budget as a lump-sum item, the individual expense items are now reflected in the categories where they are reported. 2 Broadway expenses and revenues have been reported on a monthly basis under MTAHQ since the beginning of this year to more closely match official financial statements. The expenses and revenues for 2 Broadway are now included in the Mid-Year Forecast and all subsequent years.

The Mid-Year Forecast also captures the financial impact of the arbitration agreement settling the contract negotiations with the MTA Police collective bargaining units. The Mid-Year Forecast reflects an increase of approximately \$9 million in increased salary and benefits, as well as an additional \$7.7 million in retroactive pay and benefits.

In addition, certain new needs have been included in the 2005 Mid-Year Forecast including legal and real estate costs related to the West Side Yard development, NYPD academy fees, costs related to the move of the MTA Data Center and the establishment of a Federal Employees Liability Act (FELA) reserve to address settlement of claims.

2006 Preliminary Budget- Baseline

MTA Headquarters projects a Baseline Net Deficit of \$249.901 million in the 2006 Preliminary Budget before PEGs. The Net Deficit is \$4.739 million higher than the 2005 Mid-Year Forecast of \$245.162 million. Increased compensation expenditures related to full-year staffing, higher contractual police wages and higher pension and other benefit rates are partially offset by reduced internal support requirements and lower non-personnel expenses. The baseline also assumes headcount levels of 635 employees at MTA Headquarters and 719 employees in Public Safety, totaling 1,354 employees. Included in this base line deficit are a total of \$1.690 million in new needs to the plan. Of this amount, \$0.500 million is for required assessments to be paid to the New York State Department of Labor for construction contracts based on capital spending expected increases in 2006 and the associated Public Works Enforcement Fund assessment will be increased accordingly. The remaining \$1.190 is a continuation of new needs from 2005. The below-the-line 2006 PEG program is discussed below.

2007-2009 Projections - Baseline

The baseline Net Deficit for 2007 is \$256.728 million which incorporates \$1.703 million in continuing New Needs from the 2005 Mid-Year and the 2006 Preliminary Budget. The baseline reflects level staffing at MTA Headquarters from the 2006 Baseline of 1,354 employees.

The baseline Net Deficit for 2008 increases from 2007 by \$3.925 million to \$260.652 million, which incorporates \$1.717 million in continuing New Needs from the 2005 Mid-Year and the 2006 Preliminary Budget. The baseline reflects level staffing at MTA Headquarters from the 2007 Baseline of 1,354 employees.

The baseline Net Deficit for 2009 increases over the 2008 baseline by \$6.942 million to \$267.594 million, which includes \$1.731 million in continuing New Needs from the 2005 Mid-Year and the 2006 Preliminary Budget. The baseline reflects level staffing at MTA Headquarters from the 2008 Baseline of 1,354 employees

Gap Closing Measures

2006 Programs to Eliminate the Gap

MTA Headquarters has re-examined all non-personnel operating expenses and has identified significant savings. These savings come from reassessing needs across all departments and all expense categories and finding savings. Reductions in professional services result, in part, from reduced lobbying contracts and reduced temporary service needs. Additionally, a lower level of new security needs is required as the number of security upgrades throughout the MTA system are completed and implemented. Savings in materials and supplies result primarily from reduced equipment requirements throughout Headquarters, along with reductions in office furniture/equipment and supplies requests. Lower maintenance and operating contracts, result from lower facility maintenance charges as well as efficiencies in operations. Reduced other expenses are a result of reductions taken in employee expenses. This 2006 PEG begins providing the Authority with savings in 2005 of \$0.404 million and increases to \$1.801 million in savings in 2006. Through the plan period, these savings increase as the full effect of reductions are achieved.

MTA Headquarters has also identified certain positions that can be eliminated through productivity improvements that provide savings throughout the plan period. As Financial Management/Budget personnel become proficient in the use of integrated systems provided by the PeopleSoft initiative, it will be possible to eliminate staff through increased productivity over the next two years. Additionally, headcount and salary savings have been identified in other departments where positions are no longer necessary or the workload can be handled by existing staff. Immediate reductions have been taken for the 2005 Mid-Year Forecast of three positions providing \$0.251 in savings. In 2006 an additional position is reduced providing \$0.320 in savings for 2006.

Public Safety, which includes the MTA Police, will achieve savings while maintaining its enhanced presence throughout the MTA system providing protection for the MTA's customers, employees and infrastructure at critical locations including railroad facilities, bridges and tunnels, and on trains and buses. This category of PEG savings begins in 2006, providing reduced overtime of \$0.139 million and increasing through out the plan period.

2006 Preliminary Budget

The Net Deficit for the 2006 Preliminary Budget of \$247.641 million is \$3.134 million higher than the 2005 Mid-Year Forecast Net Deficit of \$244.507 million. This decrease from the 2006 baseline is a result of savings from MTA Headquarters' Programs to Eliminate the Gap. These PEGs will result in administrative cost reductions in 2006 of \$2.260 million and will result in the elimination of one additional position above the three eliminated in 2005.

2007-2009 Projections

The 2007 Net Deficit is projected at \$252.835 million. Representing a decrease from the 2007 baseline, cost reductions of \$3.893 million are attributable to the PEGs described above and will result in the elimination of three additional positions above the four eliminated in 2005 and 2006.

The 2008 Net Deficit is projected at \$256.662 million. Inclusion of PEG savings described above, results in the decrease from the 2008 baseline of \$3.990 million.

The 2009 Net Deficit is projected at \$263.468 million. Inclusion of PEG savings described above, results in the decrease from the 2008 baseline of \$4.126 million.

MTA Headquarters
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2004	2005	2006			
	Actuals	Forecast	Preliminary Budget	2007	2008	2009
Revenue						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income	7.662	45.474	45.727	47.081	48.488	49.959
Data Center Billings	3.328	1.703	3.093	3.150	3.213	1.963
Other	3.273	4.064	4.168	4.285	4.410	4.551
Capital and Other Reimbursements						
Total Revenue	\$14.263	\$51.241	\$52.988	\$54.516	\$56.111	\$56.473
Expenses						
Labor:						
Payroll	108.600	105.196	111.199	113.760	117.104	120.828
Overtime	11.900	9.500	10.175	10.989	11.312	11.645
Health and Welfare	15.900	13.026	14.699	16.617	18.162	19.851
Pensions	16.400	19.916	21.564	22.777	23.447	24.193
Other Fringe Benefits	9.315	8.991	9.729	10.247	10.548	10.883
Reimbursable Overhead	(31.400)	(38.372)	(39.685)	(40.829)	(42.027)	(43.362)
Total Labor Expenses	\$130.715	\$118.257	\$127.681	\$133.560	\$138.546	\$144.038
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	3.380	3.335	3.600	3.892	4.214	4.568
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts	20.700	63.596	63.442	64.332	65.296	66.370
Professional Service Contracts	34.400	46.236	40.517	41.536	42.444	43.455
Materials & Supplies	2.600	7.337	7.076	7.171	7.274	7.388
MTA Internal Subsidy	43.400	31.641	32.121	32.926	33.988	35.346
Other Business Expenses	7.121	2.975	3.077	3.163	3.256	3.359
Total Non-Labor Expenses	\$111.601	\$155.120	\$149.833	\$153.021	\$156.472	\$160.487
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$242.316	\$273.377	\$277.514	\$286.581	\$295.018	\$304.525
Depreciation	\$20.600	\$23.026	\$25.375	\$24.662	\$21.745	\$19.542
Total Expenses	\$262.916	\$296.403	\$302.889	\$311.243	\$316.763	\$324.067
Baseline Net Surplus/(Deficit)	(\$248.653)	(\$245.162)	(\$249.901)	(\$256.727)	(\$260.652)	(\$267.594)
PEG Program	\$0.000	\$0.655	\$2.260	\$3.893	\$3.990	\$4.126
Net Surplus/(Deficit)	(\$248.653)	(\$244.507)	(\$247.641)	(\$252.834)	(\$256.662)	(\$263.468)

MTA Headquarters
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

REIMBURSABLE

	2004	2005	2006			
	Actuals	Mid-Year	Preliminary	2007	2008	2009
		Forecast	Budget			
Revenue						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income						
Data Center Billings						
Other						
Capital and Other Reimbursements	31.400	41.754	43.205	44.436	45.755	47.224
Total Revenue	\$31.400	\$41.754	\$43.205	44.436	45.755	47.224
Expenses						
Labor:						
Payroll		1.418	1.484	1.525	1.570	1.620
Overtime						
Health and Welfare		0.209	0.229	0.235	0.257	0.281
Pensions		0.186	0.195	0.188	0.193	0.199
Other Fringe Benefits		0.120	0.127	0.133	0.137	0.141
Reimbursable Overhead	31.400	38.372	39.685	40.829	42.027	43.362
Total Labor Expenses	\$31.400	\$40.305	\$41.720	42.910	44.184	45.603
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance						
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts		0.002	0.002	0.002	0.002	0.002
Professional Service Contracts		1.417	1.453	1.494	1.537	1.586
Materials & Supplies		0.011	0.011	0.011	0.012	0.012
MTA Internal Subsidy						
Other Business Expenses		0.019	0.019	0.020	0.020	0.021
Total Non-Labor Expenses	\$0.000	\$1.449	\$1.485	\$1.526	\$1.571	\$1.621
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments						
Total Expenses before Depreciation	\$31.400	\$41.754	\$43.205	\$44.436	\$45.756	\$47.224
Depreciation						
Total Expenses	31.400	41.754	43.205	44.436	45.756	47.224
Baseline Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	(\$0.000)	(\$0.000)	(\$0.000)
PEG Program						
Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	(\$0.000)	(\$0.000)	(\$0.000)

MTA Headquarters
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2004	2005	2006			
	Actuals	Mid-Year Forecast	Preliminary Budget	2007	2008	2009
Revenue						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income	7.662	45.474	45.727	47.081	48.488	49.959
Data Center Billings	3.328	1.703	3.093	3.150	3.213	1.963
Other	3.273	4.064	4.168	4.285	4.410	4.551
Capital and Other Reimbursements	31.400	41.754	43.205	44.436	45.755	47.224
Total Revenue	\$45.663	\$92.995	\$96.193	\$98.952	\$101.866	\$103.697
Expenses						
Labor:						
Payroll	108.600	106.614	112.683	115.285	118.675	122.448
Overtime	11.900	9.500	10.175	10.989	11.312	11.645
Health and Welfare	15.900	13.235	14.928	16.851	18.419	20.132
Pensions	16.400	20.102	21.759	22.965	23.640	24.392
Other Fringe Benefits	9.315	9.111	9.857	10.379	10.684	11.024
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$162.115	\$158.562	\$169.401	\$176.470	\$182.730	\$189.641
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	3.380	3.335	3.600	3.892	4.214	4.568
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts	20.700	63.598	63.444	64.334	65.298	66.372
Professional Service Contracts	34.400	47.653	41.970	43.030	43.982	45.042
Materials & Supplies	2.600	7.348	7.087	7.182	7.285	7.400
MTA Internal Subsidy	43.400	31.641	32.121	32.926	33.988	35.346
Other Business Expenses	7.121	2.994	3.096	3.182	3.276	3.380
Total Non-Labor Expenses	\$111.601	\$156.569	\$151.318	\$154.547	\$158.044	\$162.108
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$273.716	\$315.131	\$320.719	\$331.017	\$340.774	\$351.750
Depreciation	20.600	23.026	25.375	24.662	21.745	19.542
Total Expenses	\$294.316	\$338.157	\$346.094	\$355.679	\$362.519	\$371.292
Baseline Net Surplus/(Deficit)	(\$248.653)	(\$245.162)	(\$249.901)	(\$256.728)	(\$260.652)	(\$267.594)
PEG Program	0.000	0.655	2.260	3.893	3.990	4.126
Net Surplus/(Deficit)	(\$248.653)	(\$244.507)	(\$247.641)	(\$252.835)	(\$256.662)	(\$263.468)

**MTA Headquarters
July Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)**

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Receipts						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income	6.599	45.474	45.727	47.081	48.488	49.959
Data Center Billings	3.328	1.703	3.093	3.150	3.213	1.963
Other	3.270	4.064	4.168	4.285	4.410	4.551
Capital and Other Reimbursements	31.400	41.754	43.205	44.436	45.755	47.224
Total Receipts	\$44.597	\$92.995	\$96.193	\$98.952	\$101.866	\$103.697
Expenditures						
Labor:						
Payroll	78.932	113.346	112.245	114.847	118.237	122.011
Overtime	11.367	9.500	10.175	10.989	11.312	11.645
Health and Welfare	14.019	13.235	14.928	16.851	18.419	20.132
Pensions	12.250	20.518	21.589	22.776	23.436	24.164
Other Fringe Benefits	8.466	9.111	9.857	10.379	10.684	11.024
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$125.034	\$165.710	\$168.794	\$175.843	\$182.088	\$188.976
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	2.881	3.473	3.655	3.959	4.383	4.753
Claims						
Paratransit Service Contracts						
Maintenance and Other Operating Contracts	20.655	64.342	63.744	64.634	65.598	66.672
Professional Service Contracts	34.523	47.653	41.970	43.030	43.982	45.042
Materials & Supplies	2.446	7.348	7.087	7.182	7.285	7.400
MTA Internal Subsidy	43.200	31.641	32.121	32.926	33.988	35.346
Other Business Expenses	5.145	2.994	3.096	3.182	3.276	3.380
Total Non-Labor Expenditures	\$108.850	\$157.451	\$151.673	\$154.914	\$158.513	\$162.593
Other Expenditure Adjustments:						
Other	20.900	33.216	20.800	20.800	20.800	20.800
Total Other Expenditure Adjustments	\$20.900	\$33.216	\$20.800	\$20.800	\$20.800	\$20.800
Total Expenditures	\$254.784	\$356.377	\$341.266	\$351.557	\$361.401	\$372.369
Baseline Net Cash Deficit	(\$210.187)	(\$263.382)	(\$245.073)	(\$252.606)	(\$259.535)	(\$268.672)
PEG Program	0.000	0.655	2.260	3.893	3.990	4.126
Net Cash Deficit	(\$210.187)	(\$262.727)	(\$242.813)	(\$248.713)	(\$255.545)	(\$264.546)

MTA Headquarters
July Financial Plan 2006 - 2009
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2004	2005	2006			
	Actuals	Mid-Year	Preliminary	2007	2008	2009
		Forecast	Budget			
<u>Receipts</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income	(1.063)					
Data Center Billings						
Other	(0.003)					
Capital and Other Reimbursements						
Total Receipt Adjustments	(\$1.066)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Expenditures</u>						
Labor:						
Payroll	29.668	(6.732)	0.438	0.438	0.438	0.438
Overtime	0.533					
Health and Welfare	1.881					
Pensions	4.150	(0.416)	0.170	0.189	0.204	0.228
Other Fringe Benefits	0.849					
Reimbursable Overhead						
Total Labor Expenditures	\$37.081	(\$7.148)	\$0.608	\$0.627	\$0.642	\$0.666
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	0.499	(0.138)	(0.055)	(0.067)	(0.169)	(0.185)
Claims						
Paratransit Service Contracts						
Maintenance and Other Operating Contracts	0.045					
Professional Service Contracts	(0.123)	(0.744)	(0.300)	(0.300)	(0.300)	(0.300)
Materials & Supplies	0.154					
MTA Internal Subsidy	0.200					
Other Business Expenditures	1.976					
Total Non-Labor Expenditures	\$2.751	(\$0.882)	(\$0.355)	(\$0.367)	(\$0.469)	(\$0.485)
Other Expenditure Adjustments:						
Other	(20.900)	(33.216)	(20.800)	(20.800)	(20.800)	(20.800)
Total Other Expenditure Adjustments	(\$20.900)	(\$33.216)	(\$20.800)	(\$20.800)	(\$20.800)	(\$20.800)
Total Cash Conversion Adjustments before Depreciation	\$17.866	(\$41.246)	(\$20.547)	(\$20.540)	(\$20.627)	(\$20.619)
Depreciation Adjustment	\$20.600	\$23.026	\$25.375	\$24.662	\$21.745	\$19.542
Baseline Total Cash Conversion Adjustments	\$38.466	(\$18.220)	\$4.828	\$4.122	\$1.118	(\$1.077)
PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$38.466	(\$18.220)	\$4.828	\$4.122	\$1.118	(\$1.077)

**MTA Headquarters
July Financial Plan 2006-2009
Year-to-Year Changes by Category
Accrual and Cash**

Baseline Assumptions:

The following explanations refer to the year-to-year variances in MTA Baseline assumptions for the July Financial Plan 2005-2009:

Receipts:

Rental Income, Data Center Billings, and Other

- The 2006 Preliminary Budget reflects an increase in Data Center revenues from the 2005 Mid-Year Forecast, resulting from an adjustment of 2005 charges to the Agencies. Revenues for 2007, 2008 and 2009 are inflated by 2.79%, 2.94%, and 3.18%, respectively. However, in 2009, Data Center revenues are reduced when MTA financial obligations for occupying the 460 West 34th Street facility are assumed to be concluded.

Expenditures:

Payroll

- Increases in the 2006 Preliminary Budget from the Mid-Year Forecast reflect the full year impact of MTA Police higher wages, while MTA Headquarters Payroll is inflated by 2.57%.
- Thereafter 2007, 2008 and 2009 are inflated by 2.79%, 2.94%, and 3.18%, respectively.

Overtime

- The 2006 Preliminary Budget primarily reflects increases over the 2005 Mid-Year Forecast resulting from full-year impact of higher MTA Police wages.
- Thereafter 2007, 2008 and 2009 are inflated by 2.79%, 2.94%, and 3.18%, respectively

Health and Welfare

- Increases in the 2006 Preliminary Budget are projected at 9.3% over the Mid-Year rate due to projected increases in Empire Plan costs for employers. The same percentage increase is reflected in 2007, 2008 and 2009 as well.

Pensions

- The increase in the 2006 Preliminary Budget reflect a growth of 2.57% over 2005, combined with the effect from higher police wages. However, the 2005 Mid-Year Forecast included retroactive pension liabilities which are not necessary in 2006.
- Thereafter 2007, 2008 and 2009 are inflated by 2.79%, 2.94%, and 3.18%, respectively.

Other Fringe Benefits

- Increases in all years of the plan for 2006, 2007, 2008 and 2009 are inflated by 2.57%, 2.79%, 2.94%, and 3.18%, respectively

Insurance

- Increases in the 2006 Preliminary Budget generally reflect increased general liability premiums.
- Thereafter 2007, 2008, and 2009 are inflated at 10% annually with some off-setting adjustments.

Maintenance and Other Operating Contracts

- Increases from the Mid-year Forecast for the 2006 Preliminary Budget reflect increases related to budgeting 2 Broadway operating expenses consistent with how they are now reported on monthly and quarterly statements.
- Thereafter 2007, 2008 and 2009 are inflated by 2.79%, 2.94%, and 3.18%, respectively.

Professional Service Contracts

- Reductions from the Mid-year Forecast for the 2006 Preliminary Budget reflect the conclusion of certain known services as well as one time expenses that were required in 2005.
- Thereafter 2007, 2008 and 2009 are inflated by 2.79%, 2.94%, and 3.18%, respectively, with adjustments made to reflect the conclusion of some currently contracted services.

Materials & Supplies

- The 2006 Preliminary Budget is based on anticipated levels of expenses primarily for 2 Broadway and MTA Security projects.
- Thereafter 2007, 2008 and 2009 are inflated by 2.79%, 2.94%, and 3.18%, respectively, with some adjustments representing a lower level of required expenses to support MTA Security work.

MTA Internal Subsidy

- All years reflect MTA support requirements for SIRTOA and Long Island Bus based on projected revenue and support shortfalls from state and local governments. In addition, internal support provided for SIRTOA includes a reduction beginning in 2005, reflecting the merger of SIRTOA Police with the MTA Police Department.

Other Business Expenses

- Increases in all years of the plan for 2006, 2007, 2008 and 2009 are inflated by 2.57%, 2.79%, 2.94%, and 3.18%, respectively

Other Expenditure Adjustments:

Capital Expenditures

- 2005 expenditures reflect an increase of \$7.007 million primarily as a result of increased needs and the carry forward of 2004 expenses for the support of the MTA PeopleSoft Initiative.
- Thereafter, expenditures for 2006-2009 remain constant at \$20.800 million.

MTA Headquarters
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Revenue									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Rental Income	45.474	45.727	0.253	47.081	1.354	48.488	1.407	49.959	1.471
Data Center Billings	1.703	3.093	1.390	3.150	0.057	3.213	0.063	1.963	(1.250)
Other	4.064	4.168	0.104	4.285	0.117	4.410	0.125	4.551	0.141
Capital and Other Reimbursements	41.754	43.205	1.451	44.436	1.231	45.755	1.319	47.224	1.469
Total Revenue	\$92.995	\$96.193	\$3.198	\$98.952	\$2.758	\$101.866	\$2.914	\$103.697	\$1.831
Expenses									
Labor:									
Payroll	106.614	112.683	(6.069)	115.285	(2.602)	118.675	(3.389)	122.448	(3.774)
Overtime	9.500	10.175	(0.675)	10.989	(0.814)	11.312	(0.323)	11.645	(0.333)
Health and Welfare	13.235	14.928	(1.693)	16.851	(1.923)	18.419	(1.567)	20.132	(1.713)
Pensions	20.102	21.759	(1.656)	22.965	(1.206)	23.640	(0.675)	24.392	(0.752)
Other Fringe Benefits	9.111	9.857	(0.746)	10.379	(0.523)	10.684	(0.305)	11.024	(0.340)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$158.562	\$169.401	(\$10.840)	\$176.470	(\$7.069)	\$182.730	(\$6.260)	\$189.641	(\$6.911)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	3.335	3.600	(0.265)	3.892	(0.293)	4.214	(0.322)	4.568	(0.354)
Claims									
Paratransit Service Contracts									
Maintenance and Other Operating	63.598	63.444	0.154	64.334	(0.890)	65.298	(0.964)	66.372	(1.074)
Professional Service Contracts	47.653	41.970	5.683	43.030	(1.060)	43.982	(0.952)	45.042	(1.060)
Materials & Supplies	7.348	7.087	0.261	7.182	(0.095)	7.285	(0.103)	7.400	(0.115)
MTA Internal Subsidy	31.641	32.121	(0.480)	32.926	(0.805)	33.988	(1.062)	35.346	(1.358)
Other Business Expenses	2.994	3.096	(0.102)	3.182	(0.086)	3.276	(0.094)	3.380	(0.104)
Total Non-Labor Expenses	\$156.569	\$151.318	\$5.251	\$154.547	(\$3.230)	\$158.044	(\$3.496)	\$162.108	(\$4.065)
Other Expenses Adjustments:									
Other									
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$315.131	\$320.719	(\$5.588)	\$331.017	(\$10.298)	\$340.774	(\$9.756)	\$351.750	(\$10.976)
Depreciation	23.026	25.375	(2.349)	24.662	0.713	21.745	2.917	19.542	2.203
Total Expenses	\$338.157	\$346.094	(7.937)	\$355.679	(\$9.585)	\$362.519	(\$6.839)	\$371.292	(\$8.773)
Baseline Net Surplus/(Deficit)	(\$245.162)	(\$249.901)	(\$4.739)	(\$256.728)	(\$6.827)	(\$260.652)	(\$3.925)	(\$267.594)	(\$6.942)
New Needs									
PEG Program	0.655	2.260	1.605	3.893	1.633	3.990	0.097	4.126	0.136
Net Surplus/(Deficit)	(\$244.507)	(\$247.641)	(\$3.134)	(\$252.835)	(\$5.194)	(\$256.662)	(\$3.828)	(\$263.468)	(\$6.806)

MTA Headquarters
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Rental Income	45.474	45.727	0.253	47.081	1.354	48.488	1.407	49.959	1.471
Data Center Billings	1.703	3.093	1.390	3.150	0.057	3.213	0.063	1.963	(1.250)
Other	4.064	4.168	0.104	4.285	0.117	4.410	0.125	4.551	0.141
Capital and Other Reimbursements	41.754	43.205	1.451	44.436	1.231	45.755	1.319	47.224	1.469
Total Receipts	\$92.995	\$96.193	\$3.198	\$98.952	\$2.758	\$101.866	\$2.914	103.697	\$1.831
<u>Expenditures</u>									
Labor:									
Payroll	113.346	112.245	1.101	114.847	(2.602)	118.237	(3.389)	122.011	(3.774)
Overtime	9.500	10.175	(0.675)	10.989	(0.814)	11.312	(0.323)	11.645	(0.333)
Health and Welfare	13.235	14.928	(1.693)	16.851	(1.923)	18.419	(1.567)	20.132	(1.713)
Pensions	20.518	21.589	(1.070)	22.776	(1.187)	23.436	(0.660)	24.164	(0.728)
Other Fringe Benefits	9.111	9.857	(0.746)	10.379	(0.523)	10.684	(0.305)	11.024	(0.340)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$165.710	\$168.794	(\$3.084)	\$175.843	(\$7.050)	\$182.088	(\$6.245)	188.976	(\$6.887)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	3.473	3.655	(0.182)	3.959	(0.305)	4.383	(0.424)	4.753	(0.370)
Claims									
Paratransit Service Contracts									
Maintenance and Other									
Operating Contracts	64.342	63.744	0.598	64.634	(0.890)	65.598	(0.964)	66.672	(1.074)
Professional Service Contracts	47.653	41.970	5.683	43.030	(1.060)	43.982	(0.952)	45.042	(1.060)
Materials & Supplies	7.348	7.087	0.261	7.182	(0.095)	7.285	(0.103)	7.400	(0.115)
MTA Internal Subsidy	31.641	32.121	(0.480)	32.926	(0.805)	33.988	(1.062)	35.346	(1.358)
Other Business Expenses	2.994	3.096	(0.102)	3.182	(0.086)	3.276	(0.094)	3.380	(0.104)
Total Non-Labor Expenditures	\$157.451	\$151.673	\$5.778	\$154.914	(\$3.242)	\$158.513	(\$3.598)	162.593	(\$4.081)
Other Expenditure Adjustments:									
Other	33.216	20.800	12.416	20.800	0.000	20.800	0.000	20.800	0.000
Total Other Expenditure Adjustments	\$33.216	\$20.800	\$12.416	\$20.800	\$0.000	\$20.800	\$0.000	\$20.800	\$0.000
Total Expenditures	\$356.377	\$341.266	\$15.110	\$351.557	(\$10.291)	\$361.401	(\$9.843)	\$372.369	(\$10.968)
Baseline Net Cash Deficit	(263.382)	(245.073)	18.309	(252.606)	(7.533)	(259.535)	(6.929)	(268.672)	(9.137)
PEG Program	\$0.655	\$2.260	1.605	\$3.893	\$1.633	\$3.990	\$0.097	4.126	\$0.136
Net Cash Deficit	(\$262.727)	(\$242.813)	\$19.914	(\$248.713)	(\$5.900)	(\$255.545)	(\$6.832)	(\$264.546)	(\$9.001)

MTA Headquarters
July Financial Plan 2006-2009
Summary of Changes Between Financial Plans by Category

The following explanations summarize the total differences between the July Financial Plan and the February Financial Plan:

2005: July Financial Plan vs. February Financial Plan

The Net Cash Deficit in the 2005 July Financial Plan of \$262.727 million is higher than the February Plan of \$237.320 million, an increase of \$25.407 million. The unfavorable impact of increased payroll and benefit expenses result primarily from the effect of the arbitration ruling between MTA and the MTA Police collective bargaining units. This agreement also provides for retroactive payments to be made in 2005. Offsetting the higher Police wages are overtime payroll reductions resulting from increased MTA Police Management efforts to better utilize staffing and the overall usage of overtime. The Mid-Year Forecast also includes unanticipated costs relating to the West Side Yard development. Additionally, the inclusion of 2 Broadway expenses and revenues are partly offset by the favorable impact of Programs to Eliminate the Gap. In addition, 2 Broadway expenses and revenues, as well as Inspector General expenses, are now captured in the expense categories they are reported in. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$0.655 million in savings that begin in 2005.

2006: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2005 July Financial Plan of \$242.813 million is higher than the February Plan of \$227.670 million, an increase of \$15.143 million. An unfavorable impact of increased Police payroll and benefit expenses are somewhat offset by a reduction in overtime expenses. In addition, 2 Broadway expenses and revenues, as well as Inspector General expenses, are now captured in the expense categories they are reported in. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$2.260 million.

2007: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2005 July Financial Plan of \$248.713 million is higher than the February Plan of \$233.778 million, an increase of \$14.935 million. An unfavorable impact of increased Police payroll and benefit expenses are somewhat offset by a reduction in overtime expenses. In addition, 2 Broadway expenses and revenues, as well as Inspector General expenses, are now captured in the expense categories they are reported in. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$3.893 million.

2008: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2005 July Financial Plan of \$255.545 million is higher than the February Plan of \$239.583 million, an increase of \$15.962 million. An unfavorable impact of increased Police payroll and benefit expenses are somewhat offset by a reduction in overtime expenses. In addition, 2 Broadway expenses and revenues, as well as Inspector General expenses, are now captured in the expense categories they are reported in. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$3.990 million.

2009: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2005 July Financial Plan of \$264.546 million is higher than the February Plan of \$242.938 million, an increase of \$21.608 million. An unfavorable impact of increased Police payroll and benefit expenses are somewhat offset by a reduction in overtime expenses. In addition, 2 Broadway expenses and revenues, as well as Inspector General expenses, are now captured in the expense categories they are reported in. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$4.126 million.

MTA HEADQUARTERS
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$237.320)	(\$227.670)	(\$233.778)	(\$239.583)	(\$242.938)
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$237.320)	(\$227.670)	(\$233.778)	(\$239.583)	(\$242.938)
Baseline:					
Changes					
Revenue					
Other Revenue	33.729	35.259	36.443	37.660	37.610
Sub-Total Revenue Changes	\$33.729	\$35.259	\$36.443	\$37.660	\$37.610
Expenses					
Payroll	(\$14.923)	(\$21.131)	(\$21.935)	(\$23.351)	(\$24.985)
Overtime	\$2.352	\$3.148	\$2.583	\$2.535	\$2.512
Health and Welfare	\$.428	(\$.153)	(\$.868)	(\$1.113)	(\$1.345)
Pensions	(\$1.126)	(\$.317)	(\$1.007)	(\$1.347)	(\$5.206)
Other Fringe Benefits	(\$.909)	(\$1.547)	(\$1.906)	(\$2.032)	(\$2.178)
Reimbursable Overhead	\$2.998	\$3.872	\$4.322	\$4.757	\$5.257
Insurance	(.229)	(.185)	(.138)	(.086)	(.027)
Maintenance and Other					
Operating Contracts	(\$38.780)	(\$38.527)	(\$38.934)	(\$39.367)	(\$39.860)
Professional Service Contracts	(9.195)	(7.851)	(8.746)	(8.969)	(9.230)
Materials & Supplies	(.153)	.399	.448	.505	.565
MTA Internal Subsidy	4.342	(.815)	.278	(.026)	(.035)
Other Business Expenses	10.324	10.364	10.581	10.828	11.123
Depreciation	(9.751)	(12.100)	(11.387)	(8.470)	(6.267)
Sub-Total Expense Changes	(\$54.622)	(\$64.843)	(\$66.709)	(\$66.136)	(\$69.677)
Cash Adjustments:					
Revenue					
Expense					
Payroll	(\$7.157)	\$.013	\$.013	\$.013	\$.013
Health and Welfare	(\$.180)				
Pensions	(\$.410)	\$.089	\$.060	\$.063	\$.074
Other Fringe Benefits	(\$.111)				
Insurance	\$.000	\$.000	\$.000	\$.000	\$.000
Professional Service Contracts	\$.000	\$.000	\$.000	\$.000	\$.000
Other Expenditure Adjustments	(\$7.062)	(\$.021)	(\$.021)	(\$.021)	(\$.021)
Depreciation Adjustment	\$9.751	\$12.100	\$11.387	\$8.470	\$6.267
Sub-Total Cash Adjustment Changes	(\$5.169)	\$12.181	\$11.439	\$8.525	\$6.333
Total Baseline Changes	(\$26.062)	(\$17.403)	(\$18.828)	(\$19.952)	(\$25.734)
PEG Program	\$0.655	\$2.260	\$3.893	\$3.990	\$4.126
Total Changes	(\$25.407)	(\$15.143)	(\$14.935)	(\$15.962)	(\$21.608)
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$263.382)	(\$245.073)	(\$252.606)	(\$259.535)	(\$268.672)

MTA HEADQUARTERS
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$237.320)	(\$227.670)	(\$233.778)	(\$239.583)	(\$242.938)
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$237.320)	(\$227.670)	(\$233.778)	(\$239.583)	(\$242.938)
Baseline:					
Changes					
Revenue					
Capital and Other Reimbursements	2.888	3.857	4.325	4.806	5.357
Sub-Total Revenue Changes	\$2.888	\$3.857	\$4.325	\$4.806	\$5.357
Expenses					
Payroll	\$.025	(\$0.023)	(\$0.036)	(\$0.050)	(\$0.066)
Health and Welfare	(\$0.009)	(\$0.027)	(\$0.029)	(\$0.047)	(\$0.066)
Pensions	\$.093	\$.088	\$.100	\$.101	\$.102
Other Fringe Benefits	\$.001	(\$0.004)	(\$0.008)	(\$0.009)	(\$0.010)
Reimbursable Overhead	(\$2.998)	(\$3.872)	(\$4.322)	(\$4.757)	(\$5.257)
Maintenance and Other					
Operating Contracts	(\$0.001)	(\$0.001)	(\$0.001)	(\$0.001)	(\$0.001)
Professional Service Contracts	\$.000	(\$0.018)	(\$0.032)	(\$0.044)	(\$0.060)
Materials & Supplies	\$.000	\$.000	(\$0.000)	\$.000	(\$0.000)
Other Business Expenses	.001	.001	.001	.001	.001
Sub-Total Expense Changes	(\$2.888)	(\$3.856)	(\$4.326)	(\$4.807)	(\$5.357)
Cash Adjustments:					
Revenue					
Expense					
Sub-Total Cash Adjustment Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Total Baseline Changes	\$0.000	\$0.001	(\$0.001)	(\$0.000)	(\$0.000)
PEG Program					
Total Changes	\$0.001	\$0.001	\$0.001	\$0.001	\$0.001
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$237.320)	(\$227.669)	(\$233.779)	(\$239.583)	(\$242.938)

MTA HEADQUARTERS
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$237.320)	(\$227.670)	(\$233.778)	(\$239.583)	(\$242.938)
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$237.320)	(\$227.670)	(\$233.778)	(\$239.583)	(\$242.938)
Baseline:					
Changes					
Revenue					
Other Revenue	33.729	35.259	36.443	37.660	37.610
Capital and Other Reimbursements	2.888	3.857	4.325	4.806	5.357
Sub-Total Revenue Changes	\$36.617	\$39.116	\$40.768	\$42.466	\$42.967
Expenses					
Payroll	(\$14.898)	(\$21.154)	(\$21.971)	(\$23.402)	(\$25.051)
Overtime	\$2.352	\$3.148	\$2.583	\$2.535	\$2.512
Health and Welfare	\$.419	(\$.180)	(\$.896)	(\$1.160)	(\$1.411)
Pensions	(\$1.033)	(\$.229)	(\$.907)	(\$1.246)	(\$5.104)
Other Fringe Benefits	(\$.908)	(\$1.552)	(\$1.913)	(\$2.040)	(\$2.188)
Reimbursable Overhead	\$.000	\$.000	\$.000	\$.000	\$.000
Insurance	(\$.229)	(\$.185)	(\$.138)	(\$.086)	(\$.027)
Maintenance and Other Operating Contracts	(\$38.781)	(\$38.528)	(\$38.935)	(\$39.368)	(\$39.861)
Professional Service Contracts	(\$9.195)	(\$7.869)	(\$8.778)	(\$9.014)	(\$9.291)
Materials & Supplies	(\$.153)	\$.399	\$.448	\$.506	\$.565
MTA Internal Subsidy	\$4.342	(\$.815)	\$.278	(\$.026)	(\$.035)
Other Business Expenses	\$10.325	\$10.365	\$10.583	\$10.829	\$11.124
Depreciation	(\$9.751)	(\$12.100)	(\$11.387)	(\$8.470)	(\$6.267)
Sub-Total Expense Changes	(\$57.510)	(\$68.699)	(\$71.035)	(\$70.943)	(\$75.035)
Cash Adjustments:					
Revenue					
Expense					
Payroll	(\$7.157)	\$.013	\$.013	\$.013	\$.013
Health and Welfare	(\$.180)	\$.000	\$.000	\$.000	\$.000
Pensions	(\$.410)	\$.089	\$.060	\$.063	\$.074
Other Fringe Benefits	(\$.111)	\$.000	\$.000	\$.000	\$.000
Insurance	\$.000	\$.000	\$.000	\$.000	\$.000
Professional Service Contracts	\$.000	\$.000	\$.000	\$.000	\$.000
Other Expenditure Adjustments	(\$7.062)	(\$.021)	(\$.021)	(\$.021)	(\$.021)
Depreciation Adjustment	\$9.751	\$12.100	\$11.387	\$8.470	\$6.267
Sub-Total Cash Adjustment Changes	(\$5.169)	\$12.181	\$11.439	\$8.525	\$6.333
Total Baseline Changes	(\$26.062)	(\$17.402)	(\$18.829)	(\$19.952)	(\$25.735)
PEG Program	\$0.655	\$2.260	\$3.893	\$3.990	\$4.126
Total Changes	(\$25.407)	(\$15.142)	(\$14.936)	(\$15.962)	(\$21.609)
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$262.727)	(\$242.812)	(\$248.714)	(\$255.545)	(\$264.547)

MTA HEADQUARTERS
July Financial Plan 2006 - 2009
Summary of PEGs
(\$ in millions)

	Favorable/(Unfavorable)									
	2005		2006		2007		2008		2009	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of PROGRAMS										
Administration:										
MTA Headquarters Headcount Reduction Program	3	\$.251	4	\$.320	7	\$.758	7	\$.788	7	\$.827
MTA Police Reduction of Overtime PEG	0	\$.000	0	\$.139	0	\$.971	0	\$1.009	0	\$1.050
MTA Headquarters Non-Personnel Expense Reductor	0	\$.404	0	\$1.801	0	\$2.164	0	\$2.193	0	\$2.249
Sub-Total Administration	3	\$.655	4	\$2.260	7	\$3.893	7	\$3.990	7	\$4.126
Customer Convenience & Amenities:										
Sub-Total Customer Convenience & Amenities	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Service:										
Sub-Total Service	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Maintenance:										
Sub-Total Maintenance	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Revenue Enhancements:										
Sub-Total Revenue Enhancements	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Other:										
Sub-Total Other	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Total PEGs	3	\$.655	4	\$2.260	7	\$3.893	7	\$3.990	7	\$4.126

¹ Reflects the impact of amendments on year-end positions.

**MTA HEADQUARTERS
July Financial Plan 2006 - 2009
PEG Worksheet**

PEG Program Category: Administration
Program: Headcount Reduction Program

Background Details: MTA Headquarters has identified certain positions which can be eliminated through productivity improvements which provide savings throughout the plan period. As Financial Management/Budget personnel become proficient in the use of integrated systems provided by the PeopleSoft initiative, it will be possible to eliminate staff through increased productivity over the next two years. Additionally, headcount and salary savings have been identified in other departments where positions are no longer necessary or the workload can be handled by existing staff.

PEG Description and Implementation Plan: Savings for this PEG begin in 2005 and continue through the plan period. Five (5) positions have been identified for reduction within the CFO/Financial Management/Budget area. Additionally, the Office of the General Counsel has identified one (1) position that can be eliminated by distributing workload among existing staff, along with eliminating two paid intern positions. The Policy and Safety Division has identified that one (1) position is no longer required due to productivity gains by existing staff. The Office of the Inspector General has also identified two (2) positions which can be eliminated beginning in 2007. While the reduction of two (2) IG positions and the two (2) unpaid interns will not effect MTA Headquarters headcount levels, the resulting salary and fringe savings are reflected in the PEG.

PEG Implementation Date: 2006 **When will PEG savings begin?:** 2005

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)		\$0.251	\$0.320	\$0.758	\$0.788	\$0.827
<i>Total Reduction in Positions Required</i>						
Supervisor Information Services (Policy)		0	0	1	1	1
Senior Project Manager (Financial Management)		1	1	1	1	1
Accountant (Financial Management)		0	1	1	1	1
Payroll Clerk (Financial Management)		0	0	2	2	2
Administrator I (Budget)		1	1	1	1	1
Senior Executive Secretary (General Counsel)		1	1	1	1	1
Total		3	4	7	7	7
<i>Current Vacancies</i>						
Supervisor Information Services (Policy)		0	0	1	1	1
Senior Project Manager (Financial Management)		1	1	1	1	1
Accountant (Financial Management)		0	1	1	1	1
Payroll Clerk (Financial Management)		0	0	2	2	2
Administrator I (Budget)		1	1	1	1	1
Senior Executive Secretary (General Counsel)		1	1	1	1	1
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						

**MTA HEADQUARTERS
July Financial Plan 2006 - 2009
PEG Worksheet**

PEG Program Category: Administration
Program: MTA Police Reduction of Overtime PEG

Background Details:	MTAPD has instituted increased senior management controls and placed more stringent requirements on District Commanding Officers in their assignment of overtime tours. In addition, since the implementation of PeopleSoft, detailed overtime usage reports have been developed by MTA staff to assist the MTAPD command in analyzing overtime usage.
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PEG Description and Implementation Plan:	Savings for this PEG begin in 2006 with modest savings of overtime pay. Beginning in 2007, more significant savings are expected and continue throughout the Plan period. In addition to the payroll savings, savings will also be experienced in fringe benefits.
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PEG Implementation Date:	When will PEG savings begin?:
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	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)		\$0.000	\$0.139	\$0.971	\$1.009	\$1.050
<i>Total Reduction in Positions Required</i> (List title of positions)						
Current Vacancies (List title of vacant positions)		0	0	0	0	0
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						

MTA HEADQUARTERS
July Financial Plan 2006 - 2009
PEG Worksheet

PEG Program Category: Administration
Program: MTA Headquarters Non-Personnel Expense Reduction Program

Background Details:	MTA Headquarters has re-examined all non-personnel operating expenses and has identified significant savings for the plan period. These savings come from reassessing needs across all departments and all expense categories and finding savings. Reductions in professional services result, in part, from reduced lobbying contracts and reduced temporary service needs. Additionally, a lower level of new security needs are required as the number of security upgrades throughout the MTA system are completed and implemented. Savings in materials and supplies result primarily from reduced equipment requirements throughout Headquarters, along with reductions in office furniture/equipment and supplies requests. Lower maintenance and operating contracts result from lower facility maintenance charges as well as efficiencies in operations. Reduced other expenses are a result of reductions taken in employee expenses.
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PEG Description and Implementation Plan:	Despite this PEG beginning in 2006, some savings for this PEG are realized in 2005 as certain non-personnel expenses have been eliminated or reduced. Significant savings begin in 2006 and 2007 as the full effect of the reductions are realized.
PEG Implementation Date:	2006 When will PEG savings begin?: 2005

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)		\$0.404	\$1.801	\$2.164	\$2.193	\$2.249
<i>Total Reduction in Positions Required</i>						
<i>(List title of positions)</i>						
Current Vacancies		0	0	0	0	0
<i>(List title of vacant positions)</i>						
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						

Other Assumptions

A baseline headcount of 1,354 positions is forecasted for 2005, with this level of employees remaining constant throughout the plan. PEG Savings begin in 2005 and reduce the total headcount by three positions to 1,351. For the 2006 Preliminary Budget PEG Savings provide one additional headcount reduction for a headcount of 1,350. In 2007 three additional position savings are achieved as the full effect of the Programs to Eliminate the Gap impact MTA Headquarters. This final reduction results in a total headcount of 1,347 heads and remains constant throughout the plan period.

MTA Headquarters
July Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Administration						
Executive Office	6	6	6	6	6	6
Administration	187	209	210	210	210	210
Audit	97	98	98	98	98	98
Budget and Financial Management	101	123	122	122	122	122
DED Corp. Affairs & Communications	45	51	51	51	51	51
Dir Communications/Press Secretary	4	4	4	4	4	4
DED General Counsel	70	77	77	77	77	77
Chief of Staff/Senior Policy Advisor	7	6	6	6	6	6
Special Proj Development/Planning	8	9	9	9	9	9
Labor Relations	30	31	31	31	31	31
PCAC	1	1	1	1	1	1
Safety Programs	0	0	0	0	0	0
Vending Fare Media	5	7	7	7	7	7
Corporate Account	27	13	13	13	13	13
Total Administration Positions	588	635	635	635	635	635
<u>Public Safety</u>	<u>691</u>	<u>719</u>	<u>719</u>	<u>719</u>	<u>719</u>	<u>719</u>
Total MTA	1,279	1,354	1,354	1,354	1,354	1,354
<i>Non-Reimbursable</i>	1,232	1,321	1,321	1,321	1,321	1,321
<i>Reimbursable</i>	47	33	33	33	33	33
<i>Total Full-Time</i>	1,279	1,354	1,354	1,354	1,354	1,354
<i>Total Full-Time-Equivalents</i>						
<hr/>						
Impact of: PEG Program		(3)	(4)	(7)	(7)	(7)
Total Positions	1,279	1,351	1,350	1,347	1,347	1,347
<i>Non-Reimbursable</i>	1,232	1,318	1,317	1,314	1,314	1,314
<i>Reimbursable</i>	47	33	33	33	33	33
<i>Total Full-Time</i>	1,279	1,351	1,350	1,347	1,347	1,347
<i>Total Full-Time-Equivalents</i>						

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**MTA Inspector General
2006 Preliminary Budget
July Financial Plan 2006 – 2009**

Mission Statement

The mission of the Metropolitan Transportation Authority Office of the Inspector General is to reduce fraud, waste, abuse and corruption throughout the MTA. Through its investigations and audits, the OIG seeks to enhance the efficiency, effectiveness, safety, and quality of MTA operations.

Financial Overview

Mindful of its obligations to enhance the efficiency, effectiveness, safety and quality of MTA agencies operations, MTA OIG has identified savings that will assist in reducing MTA expenses over the Financial Plan Period. This has been accomplished by reassessing needs across all units of the OIG and all expense categories and finding savings. Beginning in 2006, reductions in maintenance and other operating contracts will result from reduced need for automobile rentals, repair of computer equipment and telephone expenditures. Savings in professional service contracts will result from lower anticipated recruitment and printing expenses. Reductions in materials and supplies are due to reduced needs of office supplies/furniture, data processing and other equipment requests. Other reduced expenses are the result of reductions in employee expenses. Beginning in 2007, savings in labor expenses will be the result of the elimination of two vacant positions.

**MTA Inspector General
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)**

REIMBURSABLE

	2004	2005	2006			
	Actuals	Mid-Year Forecast	Preliminary Budget	2007	2008	2009
Revenue						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements	\$9.143	\$10.393	\$11.078	\$11.352	\$11.722	\$12.118
Total Revenue	\$9.143	\$10.393	\$11.078	\$11.352	\$11.722	\$12.118
Expenses						
Labor:						
Payroll	5.789	6.143	6.522	6.704	6.901	7.121
Overtime						
Health and Welfare	0.403	0.633	0.746	0.855	0.935	1.022
Pensions	0.366	0.574	0.639	0.681	0.701	0.723
Other Fringe Benefits	0.260	0.407	0.453	0.481	0.495	0.511
Reimbursable Overhead						
Total Labor Expenses	\$6.818	\$7.758	\$8.359	\$8.721	\$9.032	\$9.376
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	0.007	0.035	0.036	0.037	0.038	0.039
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts	1.491	1.669	1.851	1.903	1.959	2.021
Professional Service Contracts	0.081	0.073	0.075	0.077	0.079	0.082
Materials & Supplies	0.073	0.098	0.099	0.102	0.105	0.108
MTA Internal Subsidy	0.000	0.000	0.000	0.000	0.000	0.000
Other Business Expenses	0.113	0.151	0.155	0.159	0.164	0.169
Total Non-Labor Expenses	\$1.765	\$2.026	\$2.216	\$2.278	\$2.345	\$2.419
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$8.583	\$9.784	\$10.575	\$10.999	\$11.377	\$11.796
Depreciation	\$0.560	\$0.609	\$0.609	\$0.609	\$0.609	\$0.609
Total Expenses	\$9.143	\$10.393	\$11.184	\$11.608	\$11.986	\$12.405
Baseline Net Surplus/(Deficit)	\$0.000	(\$0.000)	(\$0.106)	(\$0.256)	(\$0.264)	(\$0.287)
PEG Program	\$0.000	\$0.000	\$0.106	\$0.256	\$0.264	\$0.287
Net Surplus/(Deficit)	\$0.000	(\$0.000)	(\$0.000)	(\$0.000)	\$0.000	\$0.000

**MTA Inspector General
July Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)**

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Receipts						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements	\$8.011	\$9.212	\$9.897	\$10.171	\$10.541	\$10.937
Total Receipts	\$8.011	\$9.212	\$9.897	\$10.171	\$10.541	\$10.937
Expenditures						
Labor:						
Payroll	5.789	6.143	6.522	6.704	6.901	7.121
Overtime						
Health and Welfare	0.403	0.633	0.746	0.855	0.935	1.022
Pensions	0.366	0.574	0.639	0.681	0.701	0.723
Other Fringe Benefits	0.260	0.407	0.453	0.481	0.495	0.511
Reimbursable Overhead						
Total Labor Expenditures	\$6.818	\$7.758	\$8.359	\$8.721	\$9.032	\$9.376
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	0.007	0.035	0.036	0.037	0.038	0.039
Claims						
Paratransit Service Contracts						
Maintenance and Other Operating Contracts	1.491	1.669	1.851	1.903	1.959	2.021
Professional Service Contracts	0.081	0.073	0.075	0.077	0.079	0.082
Materials & Supplies	0.073	0.098	0.099	0.102	0.105	0.108
MTA Internal Subsidy						
Other Business Expenses	0.113	0.151	0.155	0.159	0.164	0.169
Total Non-Labor Expenditures	\$1.765	\$2.026	\$2.216	\$2.278	\$2.345	\$2.419
Other Expenditure Adjustments:						
Other	\$ (0.572)	\$ (0.572)	\$ (0.572)	\$ (0.572)	\$ (0.572)	\$ (0.572)
Total Other Expenditure Adjustments	(\$0.572)	(\$0.572)	(\$0.572)	(\$0.572)	(\$0.572)	(\$0.572)
Total Expenditures	\$8.011	\$9.212	\$10.003	\$10.427	\$10.805	\$11.224
Baseline Net Cash Deficit	\$0.000	(\$0.000)	(\$0.106)	(\$0.256)	(\$0.264)	(\$0.287)
PEG Program	0.000	0.000	0.106	0.256	0.264	0.287
Net Cash Deficit	\$0.000	(\$0.000)	(\$0.000)	(\$0.000)	\$0.000	\$0.000

MTA Inspector General
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Revenue									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Capital and Other Reimbursements	\$10.393	\$11.078	\$0.685	\$11.352	\$0.274	\$11.722	\$0.370	\$12.118	\$0.396
Total Revenue	\$10.393	\$11.078	\$0.685	\$11.352	\$0.274	\$11.722	\$0.370	\$12.118	\$0.396
Expenses									
Labor:									
Payroll	6.143	6.522	(0.379)	6.704	(0.182)	6.901	(0.197)	7.121	(0.219)
Overtime	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.633	0.746	(0.112)	0.855	(0.110)	0.935	(0.080)	1.022	(0.087)
Pensions	0.574	0.639	(0.065)	0.681	(0.042)	0.701	(0.020)	0.723	(0.022)
Other Fringe Benefits	0.407	0.453	(0.045)	0.481	(0.029)	0.495	(0.014)	0.511	(0.016)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$7.758	\$8.359	(\$0.601)	\$8.721	(\$0.362)	\$9.032	(\$0.311)	\$9.376	(\$0.344)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	0.035	0.036	(0.001)	0.037	(0.001)	0.038	(0.001)	0.039	(0.001)
Claims									
Paratransit Service Contracts									
Maintenance and Other	1.669	1.851	(0.182)	1.903	(0.052)	1.959	(0.056)	2.021	(0.062)
Professional Service Contracts	0.073	0.075	(0.002)	0.077	(0.002)	0.079	(0.002)	0.082	(0.003)
Materials & Supplies	0.098	0.099	(0.001)	0.102	(0.003)	0.105	(0.003)	0.108	(0.003)
MTA Internal Subsidy									
Other Business Expenses	0.151	0.155	(0.004)	0.159	(0.004)	0.164	(0.005)	0.169	(0.005)
Total Non-Labor Expenses	\$2.026	\$2.216	(\$0.190)	\$2.278	(\$0.062)	\$2.345	(\$0.067)	\$2.419	(\$0.075)
Other Expenses Adjustments:									
Other									
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$9.784	\$10.575	(\$0.791)	\$10.999	(\$0.424)	\$11.377	(\$0.378)	\$11.796	(\$0.419)
Depreciation	\$0.609	\$0.609	0.000	\$0.609	0.000	\$0.609	0.000	\$0.609	0.000
Total Expenses	\$10.393	\$11.184	(\$0.791)	\$11.608	(\$0.424)	\$11.986	(\$0.378)	\$12.405	(\$0.419)
Baseline Net Surplus/(Deficit)	(\$0.000)	(\$0.106)	(\$0.106)	(\$0.256)	(0.150)	(\$0.264)	(\$0.008)	(\$0.287)	(\$0.022)
PEG Program	\$0.000	\$0.106	0.106	\$0.256	0.150	\$0.264	0.008	\$0.287	0.022
Net Surplus/(Deficit)	(\$0.000)	(\$0.000)	\$0.000	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

**MTA Inspector General
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)**

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Capital and Other Reimbursements	\$9.212	\$9.897	\$0.685	\$10.171	\$0.274	\$10.541	\$0.370	\$10.937	\$0.396
Total Receipts	\$9.212	\$9.897	\$0.685	\$10.171	\$0.274	\$10.541	\$0.370	\$10.937	\$0.396
<u>Expenditures</u>									
Labor:									
Payroll	6.143	6.522	(0.379)	6.704	(0.182)	6.901	(0.197)	7.121	(0.219)
Overtime	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.633	0.746	(0.112)	0.855	(0.110)	0.935	(0.080)	1.022	(0.087)
Pensions	0.574	0.639	(0.065)	0.681	(0.042)	0.701	(0.020)	0.723	(0.022)
Other Fringe Benefits	0.407	0.453	(0.045)	0.481	(0.029)	0.495	(0.014)	0.511	(0.016)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$7.758	\$8.359	(\$0.601)	\$8.721	(\$0.362)	\$9.032	(\$0.311)	\$9.376	(\$0.344)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	0.035	0.036	(0.001)	0.037	(0.001)	0.038	(0.001)	0.039	(0.001)
Claims									
Paratransit Service Contracts									
Maintenance and Other									
Operating Contracts	1.669	1.851	(0.182)	1.903	(0.052)	1.959	(0.056)	2.021	(0.062)
Professional Service Contracts	0.073	0.075	(0.002)	0.077	(0.002)	0.079	(0.002)	0.082	(0.003)
Materials & Supplies	0.098	0.099	(0.001)	0.102	(0.003)	0.105	(0.003)	0.108	(0.003)
MTA Internal Subsidy									
Other Business Expenses	0.151	0.155	(0.004)	0.159	(0.004)	0.164	(0.005)	0.169	(0.005)
Total Non-Labor Expenditures	\$2.026	\$2.216	(\$0.190)	\$2.278	(\$0.062)	\$2.345	(\$0.067)	\$2.419	(\$0.075)
Other Expenditure Adjustments:									
Other	(0.572)	(0.572)	0.000	(0.572)	0.000	(0.572)	0.000	(0.572)	0.000
Total Other Expenditure Adjustments	(\$0.572)	(\$0.572)	\$0.000	(\$0.572)	\$0.000	(\$0.572)	\$0.000	(\$0.572)	\$0.000
Total Expenditures	\$9.212	\$10.003	(\$0.791)	\$10.427	(\$0.424)	\$10.805	(\$0.378)	\$11.224	(\$0.419)
Baseline Net Cash Deficit	(\$0.000)	(\$0.106)	(0.106)	(\$0.256)	(0.150)	(\$0.264)	(0.008)	(\$0.287)	(0.023)
PEG Program	\$0.000	\$0.106	0.106	\$0.256	0.150	\$0.264	0.008	\$0.287	0.022
Net Cash Deficit	(\$0.000)	(\$0.000)	(\$0.000)	(\$0.000)	(\$0.000)	\$0.000	\$0.000	\$0.000	(\$0.001)

MTA INSPECTOR GENERAL
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Add Back: February Plan Unspecified PEG's					
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)					
Baseline:					
Changes					
Revenue					
Capital and Other Reimbursements	(.084)	0.493	0.519	0.610	0.675
Sub-Total Revenue Changes	(\$0.084)	\$0.493	\$0.519	\$0.610	\$0.675
Expenses					
Payroll	0.507	0.196	0.200	0.213	0.248
Overtime					
Health and Welfare	0.117	0.013	(0.082)	(0.146)	(0.215)
Pensions	(0.014)	(0.071)	(0.102)	(0.110)	(0.119)
Other Fringe Benefits	(0.368)	(0.414)	(0.441)	(0.454)	(0.469)
Reimbursable Overhead					
Insurance	(0.010)	(0.011)	(0.012)	(0.012)	(0.013)
Claims					
Paratransit Service Contracts					
Maintenance and Other					
Operating Contracts	(0.120)	(0.283)	(0.305)	(0.328)	(0.354)
Professional Service Contracts	(0.037)	(0.039)	(0.040)	(0.041)	(0.043)
Materials & Supplies	0.012	0.013	0.012	0.011	0.011
Other Business Expenses	(0.002)	(0.004)	(0.005)	(0.007)	(0.008)
Depreciation					
Sub-Total Expense Changes	\$0.084	(\$0.599)	(\$0.775)	(\$0.874)	(\$0.962)
Cash Adjustments:					
Revenue					
Expense					
Sub-Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	(\$0.000)	(\$0.106)	(\$0.256)	(\$0.264)	(\$0.287)
PEG Program	\$0.000	\$0.106	\$0.256	\$0.264	\$0.287
Total Changes	(\$0.000)	\$0.000	\$0.000	\$0.000	(\$0.000)
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$0.000)	\$0.000	\$0.000	\$0.000	(\$0.000)

MTA OFFICE OF THE INSPECTOR GENERAL
July Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalentents

FUNCTION/DEPARTMENT	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Administration					
<i>Office of Inspector General</i>	93	93	93	93	93
Baseline Total Positions	93	93	93	93	93
<i>Non-Reimbursable</i>	93	93	93	93	93
<i>Reimbursable</i>					
<i>Total Full-Time</i>	93	93	93	93	93
<i>Total Full-Time-Equivalentents</i>					
Impact of:					
PEG Program			(2)	(2)	(2)
Total Positions	93	93	91	91	91
<i>Non-Reimbursable</i>					
<i>Reimbursable</i>	93	93	91	91	91
<i>Total Full-Time</i>	93	93	91	91	91
<i>Total Full-Time-Equivalentents</i>					

First Mutual Transportation Assurance Company
2006 Preliminary Budget
July Financial Plan 2006-2009

Mission Statement

The mission of the First Mutual Transportation Assurance Company (FMTAC) is to engage in the business of acting as a pure captive insurance company under Section 7005, Article 70 of the Insurance Law and Section 1266 subdivision 5 of the Public Authorities Law of the State of New York. FMTAC's mission is to continue, develop, and improve the insurance and risk management needs as required by the MTA. FMTAC was established to maximize the flexibility and effectiveness of the MTA's insurance program.

Financial Overview

FMTAC continues to utilize dedicated resources to efficiently address the challenges related to insurance and risk management for the MTA. It is the goal of FMTAC to maximize the efficiency and flexibility of the insurance programs while minimizing costs to the MTA and its subsidiaries. FMTAC continues to draw from the expertise and support services available in other MTA agencies and outside service providers to support risk management. The preliminary budget proposal reflects this philosophy.

For all years, on a cash basis, FMTAC generates a net cash deficit of zero, which is the true cash impact of FMTAC on MTA cash balances. FMTAC cash reserves are separate and distinct from MTA and are necessary to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines.

2005 Mid-Year Forecast

FMTAC's 2005 Mid-Year Forecast anticipates a Net Surplus that is \$8.749 million higher than the 2005 Adopted Budget due to the inclusion of other operating revenue (investment income) in the projected numbers and a reduction in expenses. As a result, there is an overall increase in company receipts forecasted for 2005.

2006 Preliminary Budget - Baseline

In 2006, FMTAC's main objective will be to continue insuring the programs currently insured through FMTAC. To accomplish this objective, FMTAC projects 2006 costs at a credit of \$10.025 million and revenue at \$7.178 million. Costs for FMTAC are comprised of insurance premiums (credit to Insurance expenses),

Claims Expenses and Other Business Expenses. Since the insurance premiums exceed its other anticipated costs, the result is a net credit.

Insurance premiums are projected at \$48.566 million. This reflects a 10% increase over 2005 and is representative of the increases in the market. The increases in Insurance are necessary in order to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines.

Claims expenses are projected at \$34.25 million. This reflects the actuarial projections for actual loss and loss adjustment expense payments related to existing claims for the 2006 year end.

Other Business Expenses (General and Administrative) are projected at \$4.291 million. Funds have been budgeted for captive management, audit, actuarial and legal services, as well as reimbursement of MTA risk management services.

2006 - 2009 Projections

Other Operating Revenue (investment income) is projected for 2006 through 2009 based on the All Urban Consumer CPI inflation rates as provided in the Economic & Demographic Forecasts April 2005.

Insurance (premiums paid for insurance programs) is projected to increase 10% for 2006 through 2009 and is representative of the increases in the market. The increases in Insurance are necessary in order to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines.

Claims expense is determined by actuarial projection and fluctuations are a result of anticipated payout and reserve adjustment for known and unknown claims.

Other Business Expenses (General and Administrative) increase in 2006 through 2009 based on inflation trends and increasing costs.

First Mutual Transportation Assurance Company
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2004	2005	2006			
	Actuals	Mid-Year Forecast	Preliminary Budget	2007	2008	2009
Revenue						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue	6.861	6.998	7.178	7.378	7.595	7.837
Capital and Other Reimbursements						
Total Revenue	\$6.861	\$6.998	\$7.178	\$7.378	\$7.595	\$7.837
Expenses						
Labor:						
Payroll						
Overtime						
Health and Welfare						
Pensions						
Other Fringe Benefits						
Reimbursable Overhead						
Total Labor Expenses	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	(47.425)	(44.151)	(48.566)	(53.423)	(58.765)	(64.641)
Claims	40.551	33.869	34.250	35.378	36.545	37.750
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts						
Professional Service Contracts						
Materials & Supplies						
Other Business Expenses	4.929	4.341	4.291	4.334	4.377	4.421
Total Non-Labor Expenses	(\$1.945)	(\$5.941)	(\$10.025)	(\$13.711)	(\$17.843)	(\$22.470)
Other Expenses Adjustments:						
Other - Restricted Cash Adjustments						
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	(\$1.945)	(\$5.941)	(\$10.025)	(\$13.711)	(\$17.843)	(\$22.470)
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	(\$1.945)	(\$5.941)	(\$10.025)	(\$13.711)	(\$17.843)	(\$22.470)
Baseline Net Surplus/(Deficit)	\$8.806	\$12.939	\$17.203	\$21.089	\$25.438	\$30.307
PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	\$8.806	\$12.939	\$17.203	\$21.089	\$25.438	\$30.307

First Mutual Transportation Assurance Company
July Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)

	2004	2005	2006			
	Actuals	Mid-Year	Preliminary	2007	2008	2009
		Forecast	Budget			
Receipts						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue	6.861	6.998	7.178	7.378	7.595	7.837
Capital and Other Reimbursements						
Total Receipts	\$6.861	\$6.998	\$7.178	\$7.378	\$7.595	\$7.837
Expenditures						
Labor:						
Payroll						
Overtime						
Health and Welfare						
Pensions						
Other Fringe Benefits						
Reimbursable Overhead						
Total Labor Expenditures	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	(47.425)	(44.151)	(48.566)	(53.423)	(58.765)	(64.641)
Claims	15.800	24.737	26.867	28.478	27.461	29.084
Paratransit Service Contracts						
Maintenance and Other Operating Contracts						
Professional Service Contracts						
Materials & Supplies						
Other Business Expenses	4.929	3.256	3.218	3.250	3.283	3.316
Total Non-Labor Expenditures	(\$26.696)	(\$16.158)	(\$18.481)	(\$21.695)	(\$28.021)	(\$32.242)
Other Expenditure Adjustments:						
Other - Restricted Cash Adjustments	33.557	23.156	25.659	29.073	35.616	40.079
Total Other Expenditure Adjustments	\$33.557	\$23.156	\$25.659	\$29.073	\$35.616	\$40.079
Total Expenditures	\$6.861	\$6.998	\$7.178	\$7.378	\$7.595	\$7.837
Baseline Net Cash Deficit	\$0.000	\$0.000	\$0.000	(\$0.000)	\$0.000	(\$0.000)
PEG Program	0	0	0	0	0	0
Net Cash Deficit	\$0.000	\$0.000	\$0.000	(\$0.000)	\$0.000	(\$0.000)

First Mutual Transportation Assurance Company
July Financial Plan 2006 - 2009
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2004	2005	2006			
	Actuals	Mid-Year	Preliminary	2007	2008	2009
		Forecast	Budget			
<u>Receipts</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements						
Total Receipt Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Expenditures</u>						
Labor:						
Payroll						
Overtime						
Health and Welfare						
Pensions						
Other Fringe Benefits						
Reimbursable Overhead						
Total Labor Expenditures	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance						
Claims	24.751	9.132	7.383	6.900	9.083	8.667
Paratransit Service Contracts						
Maintenance and Other Operating Contracts						
Professional Service Contracts						
Materials & Supplies						
Other Business Expenditures	0.000	1.085	1.073	1.083	1.094	1.105
Total Non-Labor Expenditures	\$24.751	\$10.217	\$8.456	\$7.984	\$10.178	\$9.772
Other Expenditure Adjustments:						
Other	(33.557)	(23.156)	(25.659)	(29.073)	(35.616)	(40.079)
Total Other Expenditure Adjustments	(\$33.557)	(\$23.156)	(\$25.659)	(\$29.073)	(\$35.616)	(\$40.079)
Total Cash Conversion Adjustments before Depreciation	(\$8.806)	(\$12.939)	(\$17.203)	(\$21.089)	(\$25.438)	(\$30.307)
Depreciation Adjustment	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Total Cash Conversion Adjustments	(\$8.806)	(\$12.939)	(\$17.203)	(\$21.089)	(\$25.438)	(\$30.307)
PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	(\$8.806)	(\$12.939)	(\$17.203)	(\$21.089)	(\$25.438)	(\$30.307)

First Mutual Transportation Assurance Company
July Financial Plan 2006-2009
Year-to-Year Changes by Category 2005-2009
Non-Reimbursable

Revenue

Other Operating Revenue

- Investment income is derived through FMTAC based on the investments held with Brown Brothers Harriman.

- Investment income is projected based on the All Urban Consumer CPI inflation rates as provided in the Economic & Demographic Forecasts April 2005.

Expenses

Insurance

- Insurance (premiums) is based on increases in the market as well as increases in the claims expenses and reserve adjustments.

- Insurance Premium is estimated to increase 10% each year for 2006 - 2009

Claims

- Claims expense is determined by actuarial projection for 2006 – 2009 of the actual claims expense paid and any adjustments either favorable or unfavorable to reserves.

Other Business Expenses

- 2005 assumed the risk management budget for the MTA.

- Costs increase for 2006 through 2009 are representative of general increases for the services provided and expenses not directly related to claims.

First Mutual Transportation Assurance Company
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Revenue									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue	6.998	7.178	0.180	7.378	0.200	7.595	0.217	7.837	0.242
Capital and Other Reimbursements									
Total Revenue	\$6.998	\$7.178	\$0.180	\$7.378	\$0.200	\$7.595	\$0.217	\$7.837	\$0.242
Expenses									
Labor:									
Payroll									
Overtime									
Health and Welfare									
Pensions									
Other Fringe Benefits									
Reimbursable Overhead									
Total Labor Expenses	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	(44.151)	(48.566)	4.415	(53.423)	4.857	(58.765)	5.342	(64.641)	5.876
Claims	33.869	34.250	(0.381)	35.378	(1.128)	36.545	(1.167)	37.750	(1.206)
Paratransit Service Contracts									
Maintenance and Other									
Professional Service Contracts									
Materials & Supplies									
Other Business Expenses	4.341	4.291	0.050	4.334	(0.043)	4.377	(0.043)	4.421	(0.044)
Total Non-Labor Expenses	(\$5.941)	(\$10.025)	\$4.084	(\$13.711)	\$3.686	(\$17.843)	\$4.132	(\$22.470)	\$4.627
Other Expenses Adjustments:									
Other									
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	(\$5.941)	(\$10.025)	\$4.084	(\$13.711)	\$3.686	(\$17.843)	\$4.132	(\$22.470)	\$4.627
Depreciation									0.000
Total Expenses	(\$5.941)	(\$10.025)	\$4.084	(\$13.711)	\$3.686	(\$17.843)	\$4.132	(\$22.470)	\$4.627
Baseline Net Surplus/(Deficit)	\$12.939	\$17.203	\$4.264	\$21.089	\$3.886	\$25.438	\$4.349	\$30.307	\$4.869
New Needs									
PEG Program									
Net Surplus/(Deficit)	\$12.939	\$17.203	\$4.264	\$21.089	\$3.886	\$25.438	\$4.349	\$30.307	\$4.869

First Mutual Transportation Assurance Company
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue	6.998	7.178	0.180	7.378	0.200	7.595	0.217	7.837	0.242
Capital and Other Reimbursements									
Total Receipts	\$6.998	\$7.178	\$0.180	\$7.378	\$0.200	\$7.595	\$0.217	\$7.837	\$0.242
<u>Expenditures</u>									
Labor:									
Payroll									
Overtime									
Health and Welfare									
Pensions									
Other Fringe Benefits									
Reimbursable Overhead									
Total Labor Expenditures	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	(44.151)	(48.566)	4.415	(53.423)	4.857	(58.765)	5.342	(64.641)	5.876
Claims	24.737	26.867	(2.130)	28.478	(1.611)	27.461	1.017	29.084	(1.623)
Paratransit Service Contracts									
Maintenance and Other									
Operating Contracts									
Professional Service Contracts									
Materials & Supplies									
Other Business Expenses	3.256	3.218	0.037	3.250	(0.032)	3.283	(0.033)	3.316	(0.033)
Total Non-Labor Expenditures	(\$16.158)	(\$18.481)	\$2.323	(\$21.695)	\$3.214	(\$28.021)	\$6.326	(\$32.242)	\$4.221
Other Expenditure Adjustments:									
Other - Restricted Cash Adjustments	23.156	25.659	(2.503)	29.073	(3.414)	35.616	(6.543)	40.079	(4.463)
Total Other Expenditure Adjustments	\$23.156	\$25.659	(\$2.503)	\$29.073	(\$3.414)	\$35.616	(\$6.543)	\$40.079	(\$4.463)
Total Expenditures	\$6.998	\$7.178	(\$0.180)	\$7.378	(\$0.200)	\$7.595	(\$0.217)	\$7.837	(\$0.242)
Baseline Net Cash Deficit	0.000	0.000	(0.000)	(0.000)	(0.000)	0.000	0.000	(0.000)	(0.000)
PEG Program									
Net Cash Deficit	\$0.000	\$0.000	(\$0.000)	(\$0.000)	(\$0.000)	\$0.000	\$0.000	(\$0.000)	(\$0.000)

First Mutual Transportation Assurance Company
July Financial Plan 2006-2009
Summary of Changes Between Financial Plans 2005-2009

2005: July Financial Plan vs. February Financial Plan

The July Financial Plan is \$8.749 million higher than the February Adopted Budget. This increase in net surplus/deficit is due to the inclusion of other operating revenue (investment income) in the projected numbers.

2006: July Financial Plan vs. February Financial Plan

Projections for 2006 are increased by \$12.224 from the February Adopted Budget. This increase in projections is due to the inclusion of \$7.178 million in other operating revenue (investment income), as well as an increase in the insurance premiums (credit to expense) of \$1.099 million. The remainder of the increase in projections for 2006 is due to a decrease in the estimated claims expense of \$3.965 million based on actuarial projections for the year. These increases in projections are partially offset by an increase in other business expenses of \$0.018 million.

2007: July Financial Plan vs. February Financial Plan

Projections for 2007 are increased by \$15.268 from the February Adopted Budget. This increase in projections is due to the inclusion of \$7.378 million in other operating revenue (investment income), as well as an increase in the insurance premiums (credit to expense) of \$1.209 million. The remainder of the increase in projections for 2007 is due to a decrease in the estimated claims expense of \$6.659 million based on actuarial projections for the year. The remainder of the increase in projections is due to a decrease in other business expenses of \$0.022 million.

2008: July Financial Plan vs. February Financial Plan

Projections for 2008 are increased by \$18.690 from the February Adopted Budget. This increase in projections is due to the inclusion of \$7.595 million in other operating revenue (investment income), as well as an increase in the insurance premiums (credit to expense) of \$1.330 million. The remainder of the increase in projections for 2008 is due to a decrease in the estimated claims expense of \$9.695 million based on actuarial projections for the year. The remainder of the increase in projections is due to a decrease in other business expenses of \$0.070 million.

2009: July Financial Plan vs. February Financial Plan

Projections for 2009 are increased by \$22.538 from the February Adopted Budget. This increase in projections is due to the inclusion of \$7.837 million in other operating revenue (investment income), as well as an increase in the insurance premiums (credit to expense) of \$1.462 million. The remainder of the increase in projections for 2009 is due to a decrease in the estimated claim expense of \$13.114 million based on actuarial projections for the year. The remainder of the increase in projections is due to a decrease in other business expenses of \$0.125 million.

First Mutual Transportation Assurance Company
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Add Back: February Plan Unspecified PEG's					
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline:					
Changes					
Revenue					
Other Operating Revenue	\$6.998	\$7.178	\$7.378	\$7.595	\$7.837
Sub-Total Revenue Changes	\$6.998	\$7.178	\$7.378	\$7.595	\$7.837
Expenses					
Insurance	\$.999	\$1.099	\$1.209	\$1.330	\$1.462
Claims	\$.872	\$3.965	\$6.659	\$9.695	\$13.114
Professional Service Contracts	\$.729	\$.738	\$.752	\$.768	\$.784
Other Business Expenses	(\$.849)	(\$.756)	(\$.730)	(\$.698)	(\$.659)
Sub-Total Expense Changes	\$1.751	\$5.046	\$7.890	\$11.095	\$14.701
Cash Adjustments:					
Revenue					
Other Operating Revenue	(\$5.400)	(\$5.467)	(\$5.573)	(\$5.690)	(\$5.817)
Sub-Total Revenue Changes	(\$5.400)	(\$5.467)	(\$5.573)	(\$5.690)	(\$5.817)
Expenses					
Claims	\$10.158	\$8.511	\$8.141	\$10.449	\$16.255
Other Business Expenses	\$.702	\$1.059	\$1.063	\$1.071	\$1.130
Sub-Total Expense Changes	\$10.860	\$9.570	\$9.204	\$11.520	\$17.385
Restricted Cash Adjustment	(\$14.209)	(\$16.327)	(\$18.899)	(\$24.520)	(\$34.106)
Sub-Total Cash Adjustment Changes	(\$8.749)	(\$12.224)	(\$15.268)	(\$18.690)	(\$22.538)
Total Baseline Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
PEG Program					
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2005 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000