

Long Island Rail Road

MTA LONG ISLAND RAIL ROAD
2007 Final Proposed Budget
November Financial Plan 2007-2010

MISSION STATEMENT

The mission of the MTA Long Island Rail Road is to provide a safe, accessible, clean, cost-effective, customer-focused rail transportation system that runs on time, is comfortable, user-friendly and provides the region with a valued and indispensable service.

FINANCIAL OVERVIEW

The financial projections in the attached statements reflect the most current projections by the LIRR for the balance of 2006, carrying out into 2010. The LIRR's 2007 Final Proposed Budget incorporates those resource requirements that will best enable the Railroad to fulfill its service obligations as efficiently as possible, while minimizing impacts on our customers. The 2007 budget is designed to reflect continuation of current service levels, as well as to sustain the MTA's commitment to safety and security.

Major initiatives planned in 2007 include the continuation of the Concrete Tie Replacement Program and the implementation of the Life Cycle Maintenance Program for rail cars. Selected M7 cars will undergo the scheduled five-year maintenance program. Further, consistent with the Shared Services initiative, the Railroad will pursue the development and implementation of new information technology systems to support the human resource and financial areas. The Railroad would look to "piggyback" the existing PeopleSoft contract with the MTA and MetroNorth as well as procure a consultant to support the system design and implementation.

In 2006, as part of the plan to address the Gap safety issue, the Railroad has developed the Gap Action Plan. As called for in the plan, the Railroad has implemented a Public Awareness Campaign, conducted a system-wide gap measurement campaign, and has investigated stations with high gap incident rates – implementing site-specific solutions when practical. The LIRR is working closely and cooperatively with federal and state railroad oversight agencies as they prepare to issue safety recommendations related to gaps between trains and platforms. In the interim, the LIRR is taking actions to minimize the gap through track resurfacing where it is feasible. LIRR Engineering Department forces raised and shifted approximately 2,000 feet of track at the Shea Stadium station in order to diminish the size of the gap at that location. Other stations undergoing similar adjustments are Jamaica, Deer Park, Hicksville, Huntington, Merillon Avenue, Mineola, New Hyde Park, Rosedale, Southampton and Woodside. Engineering will continue to identify other stations where track resurfacing can help minimize the gap. The Railroad continues to explore potential long-term solutions and, at this point, has not identified any specific solution or funding as part of the financial plan.

In its projections for 2008 through 2010, the LIRR anticipates no diminution of transportation service levels, even as current and future PEGs are fully implemented.

2006 November Forecast

At year-end, the LIRR is projecting a decrease to its net cash deficit of \$6.9 million over the 2006 mid-year forecast. On the accrued side, revenues are the major driver of favorable results. The year-end forecast for Farebox revenue is projected to have a favorable variance of \$5.1 million, or 1.1%, as compared to the mid-year forecast. In addition, Other Operating Revenue is also projecting a favorable year-end forecast of \$2.6 million, or 6.7%, compared to the mid-year forecast. Capital and Other Reimbursements partly offset these favorable results with a projected shortfall of \$(0.8) million, or (0.6)%, compared to the mid-year forecast.

The favorable revenue results are in addition to favorable expense projections. Overall Labor expenses are within 0.3% of the July plan, non-reimbursable labor is below the mid-year forecast by \$1.1 million, or 0.1% and reimbursable labor projected to underrun the mid-year forecast by \$1.1 million, or 0.9%.

Total overtime is projected to be \$(0.6) million, or (0.7)% over the mid-year forecast, comprised of \$(1.5) million of non-reimbursable offset by \$0.9 million of reimbursable underruns. By not hiring for reimbursable work that is delayed, total payroll, health and welfare and other fringes are now forecasted to be below the mid-year forecast by \$2.8 million or 0.4%.

Total Non-Labor expenses are projected to be below the mid-year forecast by \$10.1 million, or 3.3%. There are some significant underruns in certain areas. Claims are projected to be \$2.5 million, or 20.6% below the mid-year forecast due to favorable adjustments to employee and non-employee reserves. In addition, Maintenance and Other Operating Contracts is projected to be \$4.4 million, or 5.8% favorable to the mid-year forecast resulting from postponement of the fall concrete tie program and delays in bridge painting and other maintenance services contracts. Finally, Materials and Supplies are also projecting a favorable variance to the mid-year forecast of \$1.8 million, or 2.4%.

The major cash adjustment from the July plan is a \$(9.1) million increase in claim settlements which were originally projected to be paid out in 2007, and a \$(2.4) million payment associated with a union contract labor settlement.

2007 Final Proposed Budget - Baseline

The goals and objectives contained in the 2007 Final Proposed Budget are consistent with the LIRR's mission and its aim to continue to improve service attributes. Among the key goals for 2007 are improving on-time performance to 93.2% and achieving an all-time high fleet-wide mean distance between failures (MDBF) of 77,300 miles. The budget plan also reflects a continuing commitment to improve both employee and

customer safety, with projected improvements of 7% and 5% respectively. Other key assumptions incorporated in the baseline are discussed in a later section, along with reconciliation to the July Financial Plan.

The 2007 Revenue budget totals \$653.2 million; Non-reimbursable revenue makes up \$501.9 million of the total and Reimbursable revenues are \$151.3 million. The total expense budget is \$1.552 billion, of which \$1.261 billion is for operating expenses and the balance is associated with such non-cash items as depreciation. Non-reimbursable operating expenses total \$1.109 billion in 2007, while Reimbursable expenses are \$151.3 million in the accrued statements. The Reimbursable budget includes a reduction of \$6.0 million to the aggregate project generated revenue level to bring it in line with historical levels.

The cash budget for 2007 incorporates \$720.6 million in cash receipts and \$1.311 billion in cash disbursements. The baseline net cash requirement is \$(590.5) million, as driven by operating expenses paid for in 2007, revenues received in 2007, and other adjustments to cash flow. While much of the operating budget has a direct impact on cash flow, there are some items such as material purchases for capital work that only appear in the cash budget. In addition, the differences between accrued and cash budgets reflect natural lags between when costs are incurred and when they will be paid for.

On an accrued basis, both revenues and expenses in the 2007 Final Proposed Budget are higher than in the 2006 Year-end Forecast. Total revenues of \$653.2 million are \$26.4 million higher than in the Year-end Forecast, with Non-reimbursable revenues rising by \$6.7 million and Reimbursable revenues up by \$19.7 million. Baseline Ridership in 2007 grows over the 2006 Year-end Forecast by 1.6 million rides, or 2.0%. Operating expenses before depreciation of \$1.261 billion reflect growth of \$123.6 million over the 2006 Year-end Forecast, \$103.9 million of which is in non-reimbursable expenses. While the resulting total operating baseline deficit rises \$113.4 million to \$(899.0) million in 2007, the projected baseline cash deficit (or subsidy requirement) of \$(590.5) million in 2007 is higher by \$65.3 million.

The largest increase is in the Material and Supplies category of Non-Labor Expenses. This category is increasing by \$46.3 million. This is due to the implementation of the Life Cycle Maintenance plan for its growing M-7 fleet as well as the continuation of the Concrete Tie Replacement Program.

Another fast growing area of expense is Health & Welfare. While rates for active employees and retirees is a key factor, the major driver for the growth is the increase of the retired population by more than 250 each year.

Full-time positions total 6,557 in the 2007 Final Proposed Budget, with 5,837 non-reimbursable positions and 720 reimbursable positions. Compared to the 2006 Year-end Forecast, this reflects a total increase of 81 positions, 49 non-reimbursable positions and 32 reimbursable positions, consistent with the implementation of the Life

Cycle Maintenance plan for the M-7 fleet and the anticipated levels of capital funding in 2007.

The major New Needs starting in 2007 are associated with Operating Budget Impacts from capital investments and other operating initiatives. In the Engineering Department, the signalization from Babylon to Speonk has been completed and will require an additional 8 positions to properly maintain this totally new signal system. New maintenance needs arise such as maintenance of the new Atlantic Terminal facility, additional lighting on Jamaica platforms and the new PA systems and security cameras.

Other New Needs arise from various Information System initiatives, an effort to reduce overtime within the Transportation Department (resulting in an additional 21 positions) and the implementation of a PeopleSoft payroll and Human Resource package.

In other areas, the LIRR will begin implementation of the Life Cycle Maintenance plan for its growing M-7 fleet, resulting in additional material and manpower requirements. This plan also incorporates continuing activity in the replacement of defective concrete ties. In 2007, two series of installations will occur, replacing more than 30,000 ties.

2008-2010 Projections

The baseline projections for 2008 through 2010 reflect no notable changes to the LIRR's commitment to its customers. Goals are still in place to continue improving key performance measures in safety, with annual 5% improvements for both employees and customers, and MDBF, which rises by approximately 3.5% in 2008 to 80,000 miles fleet-wide. Projections are to reach an on-time performance rating of 93.7% and sustain an on-time performance level of 94.3% throughout the 2009-2010 period. During this period, the LIRR will continue its Life Cycle Maintenance for its growing M7 fleet, as many components start to enter key maintenance stages. Fulfillment of LCM requirements will continue to place growing demands on resources, particularly maintenance materials. Also during this period, the implementation of the PeopleSoft financial suite will be accomplished.

The baseline projections for 2008-2010 reflect these various impacts. Both non-reimbursable and reimbursable revenues rise steadily over the years, with higher rate of growth in 2008. Non-reimbursable revenues grow less than 1.6% in any year, while Reimbursable revenues increase by 7.0% in 2008, increase by 0.9% in 2009, and increase by 3.2% in 2010. However, the level of reimbursable revenue may be adjusted based on updates to the level of projected capital activity.

The pace of expense growth is somewhat higher, driven by high rates of increase above normal inflation in health and welfare, materials, and utilities. Non-reimbursable expenses (before depreciation) grow by 3.4% from \$1.109 billion in 2007 to \$1.147 billion in 2008. They continue to rise by 3.6% in 2009 and 4.0% in 2010, reaching \$1.236 billion. Total labor expenses are a significant driver of this increase. Non-

reimbursable labor expenses grow by 3.6% in 2008 over 2007 levels, and by 4.1% in 2009 and 4.7% in 2010, reaching \$854.4 million.

The baseline positions in these projections increase in 2008 by 62 positions over 2007, and then show a slight reduction of 13 positions in 2009, and remain essentially flat in 2010. From 2006 year-end baseline, there is an overall increase of 129 positions.

With the timing of project initiation for the 2005-2009 Capital Program, project plan activities shift. This affects the number of positions supporting reimbursable activity in the earliest years of the program. By 2008, reimbursable positions rise by 68 positions, or 9.4%, over 2007. For the same period, non-reimbursable positions decrease by 6 positions. Most of the reimbursable position increase is in the Engineering Department, where total positions increase by 13 over 2007. The other function with position increases is the Maintenance of Equipment Department, where the number of positions increases by a total of 51 positions.

Appearing in a separate section is a discussion of the major assumptions in the 2008-2010 forecasts and reconciliations to the July plan for the years through 2010.

GAP CLOSING MEASURES

2007 PEG Actions

For 2007, Programs to Eliminate the Gap (PEGs) totaling \$2.5 million have been identified in a below-the-line section of the Final Proposed Budget, most of which are expense based.

Based on an historical review of Professional Services and Maintenance and Operating Contract costs over the last five years, it has been determined that the LIRR has been over-estimating usage of extraordinary items such as unplanned Environmental cleanup, consulting, etc. The assumption is that \$2.2 million of reductions can be achieved.

Other PEGs have been identified including the elimination of 17 vehicles and increased collection efforts for passengers who do not have the money to pay the fare on the train but have expressed a willingness to subsequently pay the fare. These two PEGs result in an additional \$0.3 million in savings.

2008 - 2010 Projections

The PEG actions taken in 2007 are largely carried forward into 2008 - 2010, escalating in value with inflation. The PEGs total \$2.6 million in 2008, \$2.6 million in 2009 and \$2.7 million in 2010.

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2007 - 2010
Accrual Statement of Operations by Category
(\$ in millions)

Non-Reimbursable						
	2005	2006	2007			
	Actuals	November Forecast	Final Proposed Budget	2008	2009	2010
Operating Revenue						
Farebox Revenue	\$442.3	\$453.9	\$462.5	\$469.0	\$477.0	\$483.0
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	26.8	41.3	39.4	39.8	39.8	40.0
Capital and Other Reimbursements	-	-	-	-	-	-
Total Revenue	\$469.1	\$495.2	\$501.9	\$508.8	\$516.8	\$523.0
Operating Expenses						
<u>Labor:</u>						
Payroll	\$354.0	\$367.3	\$384.0	\$401.9	\$410.5	\$423.1
Overtime	72.0	77.6	72.6	70.2	72.4	75.9
Health and Welfare	96.1	104.3	123.4	140.7	159.5	180.6
Pensions	120.3	117.3	116.7	112.5	112.3	112.9
Other Fringe Benefits	75.8	78.4	82.8	86.4	89.2	91.3
Reimbursable Overhead	(16.5)	(18.7)	(22.9)	(27.5)	(27.9)	(29.4)
Total Labor Expenses	\$701.6	\$726.3	\$756.7	\$784.2	\$816.1	\$854.4
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$68.6	\$74.7	\$81.7	\$84.8	\$90.0	\$94.5
Fuel for Buses and Trains	12.9	16.1	16.9	16.6	16.9	16.9
Insurance	15.5	15.6	15.8	17.3	19.0	20.9
Claims	23.5	9.6	14.8	15.1	15.4	15.8
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	55.1	64.3	71.5	65.5	66.5	67.4
Professional Service Contracts	17.8	21.9	26.2	30.1	28.7	29.0
Materials & Supplies	62.9	70.9	117.2	126.3	128.1	129.0
Other Business Expenses	4.5	6.2	8.6	7.2	7.3	7.5
Total Non-Labor Expenses	\$260.8	\$279.2	\$352.7	\$362.8	\$372.0	\$381.1
<u>Other Expenses Adjustments:</u>						
Other	-	-	-	-	-	-
Total Other Expense Adjustments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Expenses before Depreciation	\$962.4	\$1,005.4	\$1,109.4	\$1,147.0	\$1,188.0	\$1,235.5
Depreciation	246.7	275.4	291.6	279.4	293.7	309.2
Total Expenses	\$1,209.1	\$1,280.8	\$1,400.9	\$1,426.4	\$1,481.7	\$1,544.7
Baseline Surplus/(Deficit)	(\$740.0)	(\$785.7)	(\$899.0)	(\$917.6)	(\$964.9)	(\$1,021.7)
2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	2.5	2.5	2.6	2.7
Post 2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	0.0	0.0	0.0	0.0
Net Surplus/(Deficit)	(\$740.0)	(\$785.7)	(\$896.6)	(\$915.1)	(\$962.3)	(\$1,019.0)

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2007 - 2010
Accrual Statement of Operations by Category
(\$ in millions)

REIMBURSABLE						
	2005	2006	2007			
	<u>Actuals</u>	<u>November Forecast</u>	<u>Final Proposed Budget</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenue						
Farebox Revenue	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	-	-	-	-	-	-
Capital and Other Reimbursements	114.8	131.6	151.3	161.9	163.4	168.6
Total Revenue	\$114.8	\$131.6	\$151.3	\$161.9	\$163.4	\$168.6
Expenses						
<u>Labor:</u>						
Payroll	\$49.0	\$53.3	\$64.7	\$66.1	\$66.8	\$69.0
Overtime	8.1	9.6	9.9	10.1	10.5	10.9
Health and Welfare	7.6	9.0	10.9	11.2	11.7	12.5
Pensions	10.8	17.1	17.9	19.7	19.5	19.4
Other Fringe Benefits	11.9	12.0	14.1	15.1	15.7	16.8
Reimbursable Overhead	16.5	18.7	22.9	27.5	27.9	29.4
Total Labor Expenses	\$104.0	\$119.6	\$140.4	\$149.8	\$152.0	\$158.0
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	0.2	0.4	0.4	0.3	0.3	0.3
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	6.1	6.7	6.1	6.6	6.3	6.0
Professional Service Contracts	0.3	0.5	0.3	0.4	0.4	0.3
Materials & Supplies	3.8	4.0	3.9	4.0	3.7	3.4
Other Business Expenses	0.2	0.4	0.1	0.7	0.6	0.5
Total Non-Labor Expenses	\$10.8	\$12.0	\$10.8	\$12.1	\$11.3	\$10.6
<u>Other Expenses Adjustments:</u>						
Other	-	-	-	-	-	-
Total Other Expense Adjustments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Expenses before Depreciation	\$114.8	\$131.6	\$151.3	\$161.9	\$163.4	\$168.6
Depreciation	-	-	-	-	-	-
Total Expenses	\$114.8	\$131.6	\$151.3	\$161.9	\$163.4	\$168.6
Net Surplus/(Deficit)	(\$0.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2007 - 2010
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE / REIMBURSABLE						
	2005	2006	2007			
	Actuals	November Forecast	Final Proposed Budget	2008	2009	2010
Revenue						
Farebox Revenue	\$442.3	\$453.9	\$462.5	\$469.0	\$477.0	\$483.0
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	26.8	41.3	39.4	39.8	39.8	40.0
Capital and Other Reimbursements	114.8	131.6	151.3	161.9	163.4	168.6
Total Revenue	\$583.9	\$626.8	\$653.2	\$670.7	\$680.1	\$691.6
Expenses						
<u>Labor:</u>						
Payroll	\$403.0	\$420.5	\$448.7	\$468.0	\$477.3	\$492.2
Overtime	80.1	87.1	82.5	80.4	82.9	86.7
Health and Welfare	103.6	113.3	134.4	151.9	171.2	193.1
Pensions	131.1	134.4	134.6	132.2	131.8	132.4
Other Fringe Benefits	87.7	90.4	96.9	101.4	104.9	108.1
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenses	\$805.6	\$845.9	\$897.1	\$934.0	\$968.1	\$1,012.4
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$68.7	\$74.7	\$81.7	\$84.8	\$90.0	\$94.5
Fuel for Buses and Trains	12.9	16.1	16.9	16.6	16.9	16.9
Insurance	15.7	16.0	16.2	17.6	19.4	21.2
Claims	23.5	9.6	14.8	15.1	15.4	15.8
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	61.2	70.9	77.6	72.2	72.8	73.5
Professional Service Contracts	18.1	22.5	26.5	30.5	29.1	29.3
Materials & Supplies	66.7	74.9	121.1	130.3	131.8	132.4
Other Business Expenses	4.7	6.6	8.8	7.9	7.9	8.0
Total Non-Labor Expenses	\$271.5	\$291.2	\$363.5	\$374.9	\$383.3	\$391.7
<u>Other Expenses Adjustments:</u>						
Other	-	-	-	-	-	-
Total Other Expense Adjustments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Expenses before Depreciation	\$1,077.1	\$1,137.0	\$1,260.6	\$1,308.9	\$1,351.4	\$1,404.1
Depreciation	246.7	275.4	291.6	279.4	293.7	309.2
Total Expenses	\$1,323.8	\$1,412.5	\$1,552.2	\$1,588.3	\$1,645.1	\$1,713.3
Baseline Surplus/(Deficit)	(\$740.0)	(\$785.7)	(\$899.0)	(\$917.6)	(\$964.9)	(\$1,021.7)
2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	2.5	2.5	2.6	2.7
Post 2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	0.0	0.0	0.0	0.0
Net Surplus/(Deficit)	(\$740.0)	(\$785.7)	(\$896.6)	(\$915.1)	(\$962.3)	(\$1,019.0)

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2007 - 2010
Cash Receipts & Expenditures
(\$ in millions)

CASH RECEIPTS AND EXPENDITURES						
	2005	2006	2007			
	Actuals	November Forecast	Final Proposed Budget	2008	2009	2010
Receipts						
Farebox Revenue	\$470.6	\$482.4	\$491.0	\$497.5	\$505.5	\$511.5
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	24.1	52.3	40.7	41.1	41.1	41.4
Capital and Other Reimbursements	143.0	152.5	189.0	201.8	194.5	199.7
Total Receipts	\$637.7	\$687.2	\$720.6	\$740.4	\$741.2	\$752.6
Expenditures						
<u>Labor:</u>						
Payroll	\$402.1	\$423.0	\$447.8	\$467.2	\$476.5	\$491.3
Overtime	79.5	87.1	82.5	80.4	82.9	86.8
Health and Welfare	103.5	113.3	134.4	151.9	171.2	193.1
Pensions	101.1	134.0	134.2	131.7	131.4	131.9
Other Fringe Benefits	87.3	90.7	96.9	101.4	104.9	108.1
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	\$773.5	\$848.2	\$895.8	\$932.6	\$966.8	\$1,011.1
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$58.5	\$84.2	\$81.7	\$84.8	\$90.0	\$94.5
Fuel for Buses and Trains	11.3	16.1	16.9	16.6	16.9	16.9
Insurance	20.2	20.0	20.3	22.7	23.5	25.3
Claims	7.6	24.1	13.0	13.3	13.6	14.0
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	59.3	71.7	79.8	74.4	73.8	74.5
Professional Service Contracts	15.3	18.8	22.7	26.8	25.1	25.0
Materials & Supplies	99.6	100.1	144.3	170.1	161.5	162.0
Other Business Expenses	6.3	6.0	8.2	7.3	7.3	7.4
Total Non-Labor Expenditures	\$278.0	\$341.0	\$386.8	\$415.8	\$411.7	\$419.6
<u>Other Expenditure Adjustments:</u>						
Other	28.7	28.5	28.5	28.5	28.5	28.5
Total Other Expenditure Adjustments	\$28.7	\$28.5	\$28.5	\$28.5	\$28.5	\$28.5
Total Expenditures	\$1,080.2	\$1,217.7	\$1,311.2	\$1,377.0	\$1,407.0	\$1,459.2
Cash Timing and Availability Adjustment	(5.2)	5.2	0.0	0.0	0.0	0.0
Baseline Cash Deficit	(\$447.7)	(\$525.3)	(\$590.5)	(\$636.5)	(\$665.8)	(\$706.6)
2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	2.5	2.5	2.6	2.7
Post 2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash Deficit	(\$447.7)	(\$525.3)	(\$588.0)	(\$634.0)	(\$663.2)	(\$703.9)

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2007 - 2010
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

CASH FLOW ADJUSTMENTS						
	2005	2006	2007			
	Actuals	November Forecast	Final Proposed Budget	2008	2009	2010
Receipts						
Farebox Revenue	\$28.3	\$28.5	\$28.5	\$28.5	\$28.5	\$28.5
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	(2.7)	11.0	1.3	1.3	1.3	1.4
Capital and Other Reimbursements	28.2	20.9	37.7	39.9	31.2	31.1
Total Receipts	\$53.8	\$60.4	\$67.5	\$69.7	\$61.0	\$61.0
Expenditures						
<u>Labor:</u>						
Payroll	\$0.9	(\$2.5)	\$0.9	\$0.9	\$0.9	\$0.9
Overtime	0.7	-	0.0	0.0	(0.0)	(0.0)
Health and Welfare	0.1	-	-	0.0	0.0	(0.0)
Pensions	30.0	0.4	0.4	0.5	0.5	0.5
Other Fringe Benefits	0.4	(0.2)	(0.0)	(0.0)	0.0	0.0
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	\$32.1	(\$2.3)	\$1.3	\$1.3	\$1.3	\$1.3
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$10.3	(\$9.6)	\$0.0	\$0.0	\$0.0	(\$0.0)
Fuel for Buses and Trains	1.6	0.0	0.0	(0.0)	0.0	0.0
Insurance	(4.5)	(4.0)	(4.2)	(5.0)	(4.1)	(4.1)
Claims	15.9	(14.5)	1.8	1.8	1.8	1.8
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	1.9	(0.8)	(2.2)	(2.2)	(1.0)	(1.0)
Professional Service Contracts	2.8	3.7	3.8	3.7	4.0	4.3
Materials & Supplies	(32.9)	(25.2)	(23.1)	(39.7)	(29.7)	(29.6)
Other Business Expenditures	(1.6)	0.6	0.6	0.6	0.6	0.6
Total Non-Labor Expenditures	(\$6.4)	(\$49.8)	(\$23.3)	(\$40.9)	(\$28.4)	(\$27.9)
<u>Other Expenditures Adjustments:</u>						
Other	(28.7)	(28.5)	(28.5)	(28.5)	(28.5)	(28.5)
Total Other Expenditures Adjustments	(\$28.7)	(\$28.5)	(\$28.5)	(\$28.5)	(\$28.5)	(\$28.5)
Total Cash Conversion Adjustments before Depreciation	\$50.8	(\$20.2)	\$16.9	\$1.6	\$5.4	\$5.8
Depreciation Adjustment	246.7	275.4	291.6	279.4	293.7	309.2
Cash Timing and Availability Adjustment	(5.2)	5.2	0.0	0.0	0.0	0.0
Baseline Total Cash Conversion Adjustments	\$292.2	\$260.4	\$308.5	\$281.1	\$299.1	\$315.1
2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	0.0	0.0	0.0	0.0
Post 2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	0.0	0.0	0.0	0.0
Total Cash Conversion Adjustments	\$292.2	\$260.4	\$308.5	\$281.1	\$299.1	\$315.1

**MTA Long Island Rail Road
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Accrual and Cash**

Revenue

Farebox Revenue

- The regional economy and employment trends are the primary drivers.
- 2007 ridership is projected to increase by 2.0% above 2006 level to 83.0 million.
- Passenger revenue forecasts in the outer years 2007 - 2010 reveal modest annual growth due to increases in ridership.

Other Operating Revenue

- Other revenues (rent, station privileges, etc.) are lower in the 2007 budget than the 2006 forecast due to one-time miscellaneous revenue (scrap and real estate sales) and Penn Station % of retail rent.
- Projected to grow each year primarily through contractual and inflationary increases.

Capital and Other Reimbursements

- Reflects the 2005 - 2009 Capital Program.

Expenses

Payroll

- 2007 - 2010 includes increases for represented employees of 2.56%, 2.91%, 3.07% and 3.20%, respectively.
- 2007 - 2010 includes increases for non-represented employees of 3.00%, 3.00%, 1.53% and 1.84%, respectively.
- Headcount changes each year are associated with new needs, changes in programs and Capital Program activity.

Overtime

- 2006 - 2008 decrease is primarily associated with the change in the Concrete Tie Program (completed in 2007), change in Capital Program activity and reduction in open job coverage overtime due to new hires.
- 2008 - 2010 increases reflect CPI increases and changes in Capital Program activity.

Health & Welfare

- 2007 reflects an annual rate increase of approximately 14.8% over 2006.
- 2008 - 2010 reflects annual rate increases of approximately 10.7%.
- Reflects impact of headcount changes each year.

Pensions

- Reflects the July financial plan.

Other Fringe Benefits

- Railroad Retirement Tax maximum limits are based on the December 2005 projected maximum earnings bases from the Railroad Retirement Board; the tax rate for each tier is expected to remain unchanged.
- Railroad Unemployment reflects an annual increase in the monthly amount per employee of approximately 11.5% in 2007 and approximately 3.5% increase in each of the years thereafter.

Traction and Propulsion Power

- 2006 is based on actuals through July, which reflects higher fuel cost adjustments.
- 2007 - 2010 reflects price inflators provided by MTA and historical performance.

Fuel

- 2006 is based on actuals through July.
- 2007 - 2010 reflects price inflators and historical performance.

Insurance

- 2006 is based on actual results through July, which reflect favorable insurance premium payments.
- 2007 - 2010 reflects price inflators.

Claims

- 2006 reflects actual experience through July and the anticipated settlement and payout of claims for the balance of the year.
- 2007 - 2010 reflects inflationary increases.

Maintenance and Other Operating Contracts

- 2007 reflects a Spring and Fall Concrete Tie Replacement Program (only Spring Program in 2006), contract renewal increases (i.e., Penn station cleaning) and higher utility costs, partially offset by completion of M-1 decommissioning.
- 2008 - 2010 reflects changes in the Concrete Tie Replacement Program (only spot replacements) and elimination of the M-1 fleet; as well as inflationary increases.

Professional Service Contracts

- The unfavorable change from 2006 to 2007 is primarily associated with expenses related to the PeopleSoft Human Resource and Payroll systems implementation, as well as an increase in advertising expenses.
- 2008 – 2010 reflects changes in System Initiative projects (change in need for outside consultants). As well as expenses related to the PeopleSoft Financial Suite implementation.

Material and Supplies

- The increases in materials each year from 2006 - 2010 is primarily Maintenance of Equipment material needs associated with changes in the Life Cycle Maintenance Program and an increased fleet size.
- 2008 – 2010 reflects inflationary growth.

Other Business Expenses

- 2006 - 2007 reflects changes in credit/debit card authorization fees and an increase in the Mineola Building loan repayment.
- 2008 - 2010 includes inflationary increases.

Depreciation

- Reflects depreciation of current assets as well as estimates for capital projects based on their beneficial use.

Cash Adjustments

Expense

- Payroll 2006 - 2007 – represented contract settlement paid out in 2006.
- Pension – cash payments versus accrued expenses.
- Insurance and Claims & Suits – payments versus accrued expenses.
- 2006 - 2010 - timing of material purchases versus charge-outs.
- Depreciation and other non-cash adjustments for each year 2006 - 2010.
- Other Expenditure Adjustments 2006 - 2007 – cash timing and availability adjustment for 2006 based on 2005 year-end position.

MTA LONG ISLAND RAILROAD
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE

	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
Revenue									
Farebox Revenue	\$453.934	\$462.474	\$8.539	\$468.968	\$6.495	\$476.999	\$8.030	\$483.047	\$6.049
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	41.251	39.415	(1.836)	39.834	0.419	39.796	(0.038)	39.981	0.185
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$495.185	\$501.889	\$6.704	\$508.802	\$6.913	\$516.794	\$7.992	\$523.028	\$6.234
Expenses									
Labor:									
Payroll	\$367.252	\$384.006	(\$16.754)	\$401.940	(\$17.934)	\$410.508	(\$8.568)	\$423.116	(\$12.608)
Overtime	77.588	72.608	4.980	70.236	2.372	72.415	(2.179)	75.860	(3.444)
Health and Welfare	104.349	123.444	(19.095)	140.654	(17.210)	159.490	(18.835)	180.569	(21.079)
Pensions	117.340	116.698	0.642	112.498	4.200	112.313	0.185	112.942	(0.629)
Other Fringe Benefits	78.438	82.842	(4.404)	86.392	(3.550)	89.215	(2.823)	91.348	(2.132)
Reimbursable Overhead	(18.696)	(22.929)	4.233	(27.545)	4.616	(27.886)	0.341	(29.416)	1.530
Total Labor Expenses	\$726.271	\$756.669	(\$30.399)	\$784.176	(\$27.506)	\$816.056	(\$31.880)	\$854.418	(\$38.362)
Non-Labor:									
Traction and Propulsion Power	\$74.651	\$81.660	(\$7.009)	\$84.764	(\$3.104)	\$89.984	(\$5.220)	\$94.516	(\$4.531)
Fuel for Buses and Trains	16.102	16.869	(0.767)	16.588	0.282	16.942	(0.354)	16.942	0.000
Insurance	15.610	15.801	(0.191)	17.331	(1.530)	19.042	(1.711)	20.922	(1.880)
Claims	9.601	14.760	(5.159)	15.078	(0.318)	15.432	(0.355)	15.813	(0.381)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	64.259	71.486	(7.227)	65.533	5.953	66.464	(0.931)	67.433	(0.969)
Professional Service Contracts	21.913	26.230	(4.317)	30.069	(3.840)	28.694	1.376	28.970	(0.276)
Materials & Supplies	70.860	117.249	(46.389)	126.265	(9.016)	128.068	(1.803)	129.013	(0.945)
Other Business Expenses	6.157	8.631	(2.474)	7.181	1.450	7.335	(0.154)	7.463	(0.128)
Total Non-Labor Expenses	\$279.153	\$352.686	(\$73.533)	\$362.808	(\$10.122)	\$371.962	(\$9.154)	\$381.072	(\$9.110)
Other Expenses Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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	\$1,005.424	\$1,109.356	(\$103.932)	\$1,146.984	(\$37.628)	\$1,188.018	(\$41.034)	\$1,235.490	(\$47.473)
Depreciation	275.418	291.579	(16.161)	279.426	12.153	293.705	(14.279)	309.247	(15.542)
Total Expenses	\$1,280.842	\$1,400.935	(\$120.093)	\$1,426.410	(\$25.475)	\$1,481.723	(\$55.313)	\$1,544.737	(\$63.015)
Baseline Net Surplus/(Deficit)	(\$785.656)	(\$899.046)	(\$113.389)	(\$917.608)	(\$18.562)	(\$964.929)	(\$47.321)	(\$1,021.710)	(\$56.781)
2007 PEG Program	0.000	2.488	2.488	2.549	0.061	2.610	0.061	2.671	0.061
Post 2007 PEGs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	(\$785.656)	(\$896.558)	(\$110.901)	(\$915.059)	(\$18.501)	(\$962.319)	(\$47.260)	(\$1,019.039)	(\$56.720)

MTA LONG ISLAND RAILROAD
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

REIMBURSABLE									
Favorable/(Unfavorable)									
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
Revenue									
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	131.614	151.266	19.652	161.917	10.651	163.355	1.438	168.609	5.254
Total Revenue	\$131.614	\$151.266	\$19.652	\$161.917	\$10.651	\$163.355	\$1.438	\$168.609	\$5.254
Expenses									
Labor:									
Payroll	\$53.258	\$64.691	(\$11.433)	\$66.090	(\$1.398)	\$66.807	(\$0.718)	\$69.035	(\$2.228)
Overtime	9.559	9.861	(0.302)	10.148	(0.287)	10.460	(0.312)	10.890	(0.431)
Health and Welfare	8.966	10.934	(1.968)	11.244	(0.310)	11.706	(0.462)	12.516	(0.810)
Pensions	17.093	17.935	(0.842)	19.702	(1.767)	19.507	0.195	19.415	0.092
Other Fringe Benefits	12.011	14.088	(2.077)	15.055	(0.967)	15.671	(0.616)	16.759	(1.088)
Reimbursable Overhead	18.696	22.929	(4.233)	27.545	(4.616)	27.886	(0.341)	29.416	(1.530)
Total Labor Expenses	\$119.583	\$140.439	(\$20.856)	\$149.784	(\$9.346)	\$152.037	(\$2.252)	\$158.031	(\$5.994)
Non-Labor:									
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.372	0.368	0.004	0.302	0.066	0.310	(0.008)	0.320	(0.010)
Claims	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	6.665	6.147	0.518	6.643	(0.496)	6.292	0.351	6.028	0.264
Professional Service Contracts	0.545	0.278	0.267	0.438	(0.160)	0.378	0.060	0.330	0.048
Materials & Supplies	4.018	3.893	0.125	4.050	(0.156)	3.735	0.315	3.372	0.362
Other Business Expenses	0.431	0.141	0.290	0.700	(0.559)	0.603	0.097	0.527	0.076
Total Non-Labor Expenses	\$12.031	\$10.827	\$1.204	\$12.133	(\$1.305)	\$11.318	\$0.814	\$10.578	\$0.740
Other Expenses Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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	\$131.614	\$151.266	(\$19.652)	\$161.917	(\$10.651)	\$163.355	(\$1.438)	\$168.609	(\$5.254)
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$131.614	\$151.266	(\$19.652)	\$161.917	(\$10.651)	\$163.355	(\$1.438)	\$168.609	(\$5.254)
Baseline Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000
2007 PEG Program	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Post 2007 PEGs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000

MTA LONG ISLAND RAILROAD
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
Revenue									
Farebox Revenue	\$453.934	\$462.474	\$8.539	\$468.968	\$6.495	\$476.999	\$8.030	\$483.047	\$6.049
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	41.251	39.415	(1.836)	39.834	0.419	39.796	(0.038)	39.981	0.185
Capital and Other Reimbursements	131.614	151.266	19.652	161.917	10.651	163.355	1.438	168.609	5.254
Total Revenue	\$626.800	\$653.155	\$26.356	\$670.719	\$17.564	\$680.149	\$9.430	\$691.637	\$11.487
Expenses									
Labor:									
Payroll	\$420.510	\$448.697	(\$28.187)	\$468.029	(\$19.332)	\$477.315	(\$9.286)	\$492.151	(\$14.835)
Overtime	87.147	82.469	4.678	80.384	2.085	82.875	(2.491)	86.750	(3.875)
Health and Welfare	113.315	134.378	(21.063)	151.898	(17.520)	171.196	(19.298)	193.085	(21.889)
Pensions	134.433	134.633	(0.200)	132.200	2.433	131.820	0.380	132.357	(0.537)
Other Fringe Benefits	90.449	96.931	(6.482)	101.448	(4.517)	104.886	(3.438)	108.106	(3.220)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$845.854	\$897.108	(\$51.254)	\$933.960	(\$36.852)	\$968.092	(\$34.133)	\$1,012.449	(\$44.356)
Non-Labor:									
Traction and Propulsion Power	\$74.651	\$81.660	(\$7.009)	\$84.764	(\$3.104)	\$89.984	(\$5.220)	\$94.516	(\$4.531)
Fuel for Buses and Trains	16.102	16.869	(0.767)	16.588	0.282	16.942	(0.354)	16.942	0.000
Insurance	15.982	16.169	(0.187)	17.633	(1.464)	19.352	(1.720)	21.243	(1.890)
Claims	9.601	14.760	(5.159)	15.078	(0.318)	15.432	(0.355)	15.813	(0.381)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	70.924	77.633	(6.709)	72.176	5.457	72.756	(0.580)	73.461	(0.705)
Professional Service Contracts	22.458	26.508	(4.050)	30.508	(4.000)	29.072	1.436	29.300	(0.228)
Materials & Supplies	74.878	121.143	(46.265)	130.315	(9.172)	131.803	(1.488)	132.385	(0.583)
Other Business Expenses	6.588	8.773	(2.185)	7.881	0.892	7.938	(0.057)	7.990	(0.052)
Total Non-Labor Expenses	\$291.184	\$363.514	(\$72.330)	\$374.941	(\$11.427)	\$383.280	(\$8.339)	\$391.650	(\$8.370)
Other Expenses Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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	\$1,137.038	\$1,260.622	(\$123.584)	\$1,308.901	(\$48.279)	\$1,351.373	(\$42.472)	\$1,404.099	(\$52.727)
Depreciation	275.418	291.579	(16.161)	279.426	12.153	293.705	(14.279)	309.247	(15.542)
Total Expenses	\$1,412.456	\$1,552.201	(\$139.745)	\$1,588.327	(\$36.126)	\$1,645.078	(\$56.751)	\$1,713.346	(\$68.269)
Baseline Net Surplus/(Deficit)	(\$785.656)	(\$899.046)	(\$113.389)	(\$917.607)	(\$18.562)	(\$964.929)	(\$47.321)	(\$1,021.710)	(\$56.781)
2007 PEG Program	0.000	2.488	2.488	2.549	0.061	2.610	0.061	2.671	0.061
Post 2007 PEGs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	(\$785.656)	(\$896.558)	(\$110.901)	(\$915.058)	(\$18.501)	(\$962.319)	(\$47.260)	(\$1,019.039)	(\$56.720)

MTA LONG ISLAND RAILROAD
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

CASH RECEIPTS & EXPENDITURES

	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<u>Receipts</u>									
Farebox Revenue	\$482.434	\$490.974	\$8.540	\$497.468	\$6.494	\$505.499	\$8.031	\$511.547	\$6.048
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	52.259	40.678	(11.581)	41.138	0.460	41.135	(0.003)	41.363	0.228
Capital and Other Reimbursements	152.472	188.981	36.509	201.822	12.841	194.543	(7.279)	199.682	5.139
Total Receipts	\$687.165	\$720.633	\$33.468	\$740.428	\$19.795	\$741.177	\$0.749	\$752.592	\$11.415
<u>Expenditures</u>									
Labor:									
Payroll	\$423.025	\$447.831	(\$24.806)	\$467.167	(\$19.336)	\$476.457	(\$9.290)	\$491.297	(\$14.840)
Overtime	87.147	82.469	4.678	80.384	2.085	82.875	(2.491)	86.750	(3.875)
Health and Welfare	113.315	134.378	(21.063)	151.898	(17.520)	171.196	(19.298)	193.085	(21.889)
Pensions	134.040	134.208	(0.168)	131.741	2.467	131.361	0.380	131.898	(0.537)
Other Fringe Benefits	90.659	96.931	(6.272)	101.448	(4.517)	104.886	(3.438)	108.106	(3.220)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$848.186	\$895.817	(\$47.631)	\$932.638	(\$36.821)	\$966.775	(\$34.137)	\$1,011.136	(\$44.361)
Non-Labor:									
Traction and Propulsion Power	\$84.217	\$81.660	\$2.557	\$84.764	(\$3.104)	\$89.984	(\$5.220)	\$94.516	(\$4.532)
Fuel for Buses and Trains	16.102	16.869	(0.767)	16.588	0.281	16.942	(0.354)	16.942	0.000
Insurance	20.000	20.346	(0.346)	22.667	(2.321)	23.493	(0.826)	25.310	(1.817)
Claims	24.133	12.985	11.148	13.285	(0.300)	13.619	(0.334)	13.979	(0.360)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	71.674	79.833	(8.159)	74.376	5.457	73.756	0.620	74.461	(0.705)
Professional Service Contracts	18.758	22.708	(3.950)	26.808	(4.100)	25.072	1.736	24.968	0.104
Materials & Supplies	100.098	144.263	(44.165)	170.056	(25.793)	161.503	8.553	162.006	(0.503)
Other Business Expenses	5.982	8.173	(2.191)	7.281	0.892	7.338	(0.057)	7.390	(0.052)
Total Non-Labor Expenditures	\$340.964	\$386.837	(\$45.873)	\$415.825	(\$28.988)	\$411.707	\$4.118	\$419.572	(\$7.865)
Other Expenditure Adjustments:									
Other	28.500	28.500	0.000	28.500	0.000	28.500	0.000	28.500	0.000
Total Other Expenditure Adjustments	\$28.500	\$28.500	\$0.000	\$28.500	\$0.000	\$28.500	\$0.000	\$28.500	\$0.000
Total Expenditures	\$1,217.650	\$1,311.154	(\$93.504)	\$1,376.963	(\$65.809)	\$1,406.982	(\$30.019)	\$1,459.208	(\$52.226)
Cash Timing and Availability Adjustment	5.227	0.000	(5.227)	0.000	0.000	0.000	0.000	0.000	0.000
Baseline Net Cash Deficit	(\$525.258)	(\$590.521)	(\$65.263)	(\$636.535)	(\$46.014)	(\$665.805)	(\$29.270)	(\$706.616)	(\$40.811)
2007 PEG Program	0.000	2.488	2.488	2.549	0.061	2.610	0.061	2.671	0.061
Post 2007 PEGs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Cash Deficit	(\$525.258)	(\$588.033)	(\$62.775)	(\$633.986)	(\$45.953)	(\$663.195)	(\$29.209)	(\$703.945)	(\$40.750)

**MTA Long Island Rail Road
November Financial Plan 2007 - 2010
Summary of Major Plan-to-Plan Changes**

2006: November Financial Plan vs. July Financial Plan

2006 November Financial Plan is based on actual performance through July with projections for August through December based on current trends and known activities.

Revenue

- Ridership is projected to increase by 1.2% resulting in increased farebox revenue.
- Higher station privileges, rental income, one-time real estate and scrap sales and higher freight revenue.
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity.

Expense

- Payroll and benefits – reduced from July Plan due to lower headcount, partially offset by an increase in overtime.
- Traction and Propulsion Power is lower primarily due to lower consumption.
- All other non-payroll expenses have been re-estimated based on planned activities and timing of service contracts.

2007 - 2010: November Financial Plan vs. July Financial Plan

Revenue

- 2007 - 2010 average yield per passenger remains flat.
- 2007 – 2010 increase in ridership of 1.1% annually over the period.
- Higher station privileges, rental income, parking fees (Mineola Parking reflected as revenue as opposed to netting out in expenses) and freight revenue.
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity, overhead rate adjustments and contingency reserve.

Expense

- Payroll and benefits – increased from July Plan due to new needs and changes in the Life Cycle Maintenance Program.
- Traction Power and Fuel are higher primarily resulting from increased rates.
- Professional Services increases in 2007-2010 primarily related to PeopleSoft Human Resource, Payroll and Financial system implementation.
- All other non-payroll expenses have been re-estimated based on planned activities, changes in service contracts and adjustments to inflationary increases.

MTA LONG ISLAND RAILROAD
November Financial Plan 2007 - 2010
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE

	2006	2007	2008	2009	2010
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$532.151)	(\$586.182)	(\$636.085)	(\$666.941)	(\$700.681)
Baseline Changes					
Revenue					
Farebox Revenue	\$5.148	\$5.351	\$5.531	\$5.296	\$5.488
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	2.596	1.299	1.353	1.184	1.403
Capital and Other Reimbursement	0.000	0.000	0.000	0.000	0.000
Total Revenue Changes	\$7.744	\$6.650	\$6.884	\$6.481	\$6.891
Expenses					
<i>Labor:</i>					
Payroll and Overtime	\$1.241	(\$3.373)	(\$4.686)	(\$3.045)	(\$2.439)
Health and Welfare	0.381	0.028	(0.831)	(0.752)	(0.736)
Pensions	(0.227)	(4.437)	(1.532)	(3.352)	(5.551)
Other Fringe Benefits	(0.271)	(0.943)	(0.862)	(0.697)	(0.574)
Reimbursable Overhead	(0.053)	(3.836)	(0.012)	(0.497)	(0.683)
Total Labor Expense Changes	\$1.072	(\$12.561)	(\$7.924)	(\$8.343)	(\$9.983)
<i>Non-Labor:</i>					
Traction and Propulsion Power	\$0.816	(\$0.932)	(\$3.794)	(\$9.247)	(\$13.787)
Fuel for Buses and Trains	0.037	1.126	0.570	(0.630)	(0.630)
Insurance	0.061	0.291	0.370	0.429	0.496
Claims	2.487	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	4.334	(2.997)	(1.948)	(0.908)	(1.237)
Professional Service Contracts	0.942	(0.256)	(5.070)	(5.065)	(5.056)
Materials & Supplies	1.878	(16.027)	11.917	17.097	16.802
Other Business Expenses	(0.176)	(0.843)	0.675	0.769	0.874
Total Non-Labor Expense Changes	\$10.379	(\$19.638)	\$2.721	\$2.445	(\$2.538)
Total Expense Changes	\$11.451	(\$32.199)	(\$5.203)	(\$5.898)	(\$12.521)
Cash Adjustment Changes					
Payment of Union Contract Settlement	(\$2.378)	\$0.000	\$0.000	\$0.000	\$0.000
Insurance	1.486	(0.313)	(0.390)	(0.448)	(0.516)
Claims	(9.098)	7.000	0.000	0.000	0.000
Operating Funded Capital timing adjustments	0.691	(0.691)	0.000	0.000	0.000
Other material adjustments	(3.000)	15.215	(2.741)	0.000	0.000
Non-cash expense adjustments (Misc. charges & Credits)	0.000	0.000	1.000	1.000	0.211
All Other	(0.003)	(0.001)	0.000	0.002	0.000
Total Cash Adjustment Changes	(\$12.302)	\$21.210	(\$2.131)	\$0.554	(\$0.305)
Total Baseline Changes	\$6.893	(\$4.339)	(\$0.450)	\$1.136	(\$5.935)
Baseline 2006 November Financial Plan - Operating Cash Income/(Deficit)	(\$525.258)	(\$590.521)	(\$636.535)	(\$665.805)	(\$706.616)

MTA LONG ISLAND RAILROAD
November Financial Plan 2007 - 2010
Changes Between Financial Plans by Generic Categories
(\$ in millions)

REIMBURSABLE

	2006	2007	2008	2009	2010
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes					
Revenue					
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursement	(0.824)	(12.886)	(4.700)	(6.526)	(8.805)
Total Revenue Changes	(\$0.824)	(\$12.886)	(\$4.700)	(\$6.526)	(\$8.805)
Expenses					
<i>Labor:</i>					
Payroll and Overtime	\$0.604	\$1.822	\$2.107	\$1.950	\$2.042
Health and Welfare	0.108	0.437	0.367	0.260	0.192
Pensions	0.227	4.437	1.532	3.352	5.551
Other Fringe Benefits	0.140	1.137	0.491	0.347	0.257
Reimbursable Overhead	0.053	3.836	0.012	0.497	0.683
Total Labor Expense Changes	\$1.132	\$11.670	\$4.510	\$6.407	\$8.725
<i>Non-Labor:</i>					
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000
Insurance	(0.002)	0.021	0.019	0.019	0.020
Claims	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	0.027	0.353	0.083	0.049	0.029
Professional Service Contracts	(0.248)	0.139	0.014	0.008	0.005
Materials & Supplies	(0.080)	0.181	0.051	0.030	0.018
Other Business Expenses	(0.005)	0.521	0.023	0.013	0.008
Total Non-Labor Expense Changes	(\$0.308)	\$1.216	\$0.190	\$0.119	\$0.081
Total Expense Changes	\$0.824	\$12.886	\$4.700	\$6.526	\$8.805
Cash Adjustment Changes					
Capital rebalancing adjustment/timing	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2006 November Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA LONG ISLAND RAILROAD
November Financial Plan 2007 - 2010
Changes Between Financial Plans by Generic Categories
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2006	2007	2008	2009	2010
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$532.151)	(\$586.182)	(\$636.085)	(\$666.941)	(\$700.681)
Baseline Changes					
Revenue					
Farebox Revenue	\$5.148	\$5.351	\$5.531	\$5.296	\$5.488
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	2.596	1.299	1.353	1.184	1.403
Capital and Other Reimbursement	(0.824)	(12.886)	(4.700)	(6.526)	(8.805)
Total Revenue Changes	\$6.920	(\$6.236)	\$2.184	(\$0.046)	(\$1.914)
Expenses					
<i>Labor:</i>					
Payroll and Overtime	\$1.845	(\$1.551)	(\$2.579)	(\$1.094)	(\$0.396)
Health and Welfare	0.489	0.465	(0.464)	(0.493)	(0.544)
Pensions	0.000	0.000	0.000	0.000	(0.000)
Other Fringe Benefits	(0.131)	0.195	(0.371)	(0.349)	(0.318)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
Total Labor Expense Changes	\$2.204	(\$0.891)	(\$3.415)	(\$1.936)	(\$1.258)
<i>Non-Labor:</i>					
Traction and Propulsion Power	\$0.816	(\$0.932)	(\$3.794)	(\$9.247)	(\$13.787)
Fuel for Buses and Trains	0.037	1.126	0.570	(0.630)	(0.630)
Insurance	0.059	0.313	0.390	0.448	0.516
Claims	2.487	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	4.360	(2.644)	(1.865)	(0.860)	(1.208)
Professional Service Contracts	0.694	(0.117)	(5.055)	(5.057)	(5.051)
Materials & Supplies	1.798	(15.846)	11.968	17.127	16.820
Other Business Expenses	(0.181)	(0.322)	0.698	0.782	0.882
Total Non-Labor Expense Changes	\$10.071	(\$18.422)	\$2.911	\$2.564	(\$2.458)
Total Expense Changes	\$12.274	(\$19.313)	(\$0.504)	\$0.628	(\$3.716)
Cash Adjustment Changes					
Payment of Union Contract Settlement	(\$2.378)	\$0.000	\$0.000	\$0.000	\$0.000
Insurance	1.486	(0.313)	(0.390)	(0.448)	(0.516)
Claims	(9.098)	7.000	0.000	0.000	0.000
Operating Funded Capital timing adjustments	0.691	(0.691)	0.000	0.000	0.000
Other material adjustments	(3.000)	15.215	(2.741)	0.000	0.000
Non-cash expense adjustments (Misc. charges & Credits)	0.000	0.000	1.000	1.000	0.211
All Other	(0.003)	(0.001)	0.000	0.002	0.000
Total Cash Adjustment Changes	(\$12.302)	\$21.210	(\$2.131)	\$0.554	(\$0.305)
Total Baseline Changes	\$6.893	(\$4.339)	(\$0.450)	\$1.136	(\$5.935)
Baseline 2006 November Financial Plan - Operating Cash Income/(Deficit)	(\$525.258)	(\$590.521)	(\$636.535)	(\$665.805)	(\$706.616)

MTA LONG ISLAND RAILROAD
November Financial Plan 2007 - 2010
Summary of Major Programmatic Changes Between Financial Plans
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$532.151)	(\$586.182)	(\$636.085)	(\$666.941)	(\$700.681)
<i>Non-Reimbursable Major Changes</i>					
<u>Revenue</u>					
Farebox Revenue	\$5.148	\$5.351	\$5.531	\$5.296	\$5.488
Other Operating Revenue	2.596	1.299	1.353	1.184	1.403
Sub-Total Non-Reimbursable Revenue Changes	\$7.744	\$6.650	\$6.884	\$6.481	\$6.891
<u>Expenses</u>					
Reimbursable Overhead	(0.053)	(3.836)	(0.012)	(0.497)	(0.683)
Pensions (shift in allocation between reimbursable/non-reimbursable)	(0.227)	(4.437)	(1.532)	(3.352)	(5.551)
Life Cycle Maintenance Program		(11.061)	9.130	14.306	14.306
Energy rate & consumption increases (traction power, fuel, gas & electric)	0.853	0.194	(3.224)	(9.877)	(14.417)
Claims adjustment	2.487	-	-	-	-
PeopleSoft Financial Suite		-	(5.000)	(5.000)	(5.000)
Crew Board Heads (7 in 2007, 12 in 2008) and Configuration Managers (2)		(0.564)	(1.384)	(1.384)	(1.384)
Maintenance of Equipment New Hire Training		(1.011)			
Diesel C3 Rough Riders and Communication Equipment	0.160	(1.653)			
Fall Concrete Tie Program shift from 2006 to 2007	4.800	(4.926)			
Various material saving (M of E and Engineering - excluding LCM)	0.973	0.686	0.686	0.686	0.686
Credit/Debit card fees	(0.145)	(0.452)	(0.392)	(0.338)	(0.264)
Management Merit increase	(0.223)	(0.669)	(0.693)	(0.708)	(0.721)
All Other	2.826	(4.470)	(2.782)	0.266	0.507
Sub-Total Non-Reimbursable Expense Changes	\$11.451	(\$32.199)	(\$5.203)	(\$5.898)	(\$12.521)
Total Non-Reimbursable Major Changes	\$19.195	(\$25.549)	\$1.681	\$0.582	(\$5.630)
<i>Reimbursable Major Changes</i>					
<u>Revenue</u>					
Capital and Other Reimbursement	(0.824)	(12.886)	(4.700)	(6.526)	(8.805)
Sub-Total Reimbursable Revenue Changes	(\$0.824)	(\$12.886)	(\$4.700)	(\$6.526)	(\$8.805)
<u>Expenses</u>					
Pensions (shift in allocation between reimbursable/non-reimbursable)	0.227	4.437	1.532	3.352	5.551
Change in capital program activity	0.596	4.956	0.569	(1.002)	(2.679)
Overhead rate and methodology change		3.493	2.599	4.176	5.933
Sub-Total Reimbursable Expense Changes	\$0.824	\$12.886	\$4.700	\$6.526	\$8.805
Total Reimbursable Major Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Accrual Changes	\$19.195	(\$25.549)	\$1.681	\$0.582	(\$5.630)
<i>Cash Adjustment Changes</i>					
Payment of Union Contract Settlement	(\$2.378)	\$0.000	\$0.000	\$0.000	\$0.000
Insurance	1.486	(0.313)	(0.390)	(0.448)	(0.516)
Claims	(9.098)	7.000	0.000	0.000	0.000
Operating Funded Capital timing adjustments	0.691	(0.691)	0.000	0.000	0.000
Other Material Adjustments	(3.000)	15.215	(2.741)	0.000	0.000
Non-cash expense adjustments (Misc. Charges & Credits)	0.000	0.000	1.000	1.000	0.211
All Other	(0.003)	(0.001)	0.000	0.002	0.000
Total Cash Adjustment Changes	(\$12.302)	\$21.210	(\$2.131)	\$0.554	(\$0.305)
Total Baseline Changes	\$6.893	(\$4.339)	(\$0.450)	\$1.136	(\$5.935)
Baseline 2006 November Financial Plan - Operating Cash Income/(Deficit)	(\$525.258)	(\$590.521)	(\$636.535)	(\$665.805)	(\$706.616)

**MTA Long Island Rail Road
2007 Final Proposed Budget
November Financial Plan 2007 – 2010**

OTHER ASSUMPTIONS: RIDERSHIP/UTILIZATION

- The regional economy and employment are the primary drivers of passenger ridership and revenue in 2007.
- Ridership projections for the outer years 2008-2010 reveal modest annual growth.

**MTA Long Island Rail Road
November Financial Plan 2007 - 2010
Ridership/Traffic Volume (Utilization)
(in millions)**

	2005 Actuals	2006 November Forecast	2007 Final Proposed Budget	2008	2009	2010
Baseline Total Ridership	80,131	81.367	82.993	84.299	85.535	86.567
<i>Impact of: PEG Program</i>						
Total Ridership	80,131	81.367	82.993	84.299	85.535	86.567

Long Island Railroad
November Plan 2007-2010
Summary of 2007 Program to Eliminate the Gap(PEGs)
(\$ in millions)

		2006		2007		2008		2009		2010	
		<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
Administration											
Reduction in Passenger Vehicle Fleet		0	0.000	0	0.138	0	0.142	0	0.146	0	0.149
Sub-Total	Administration	0	\$ 0.000	0	\$ 0.138	0	\$ 0.142	0	\$ 0.146	0	\$ 0.149
Maintenance											
Savings in Contracted Services		0	0.000	0	2.200	0	2.256	0	2.314	0	2.371
Sub-Total	Maintenance	0	\$ 0.000	0	\$ 2.200	0	\$ 2.256	0	\$ 2.314	0	\$ 2.371
Revenue Enhancement											
ADL 6009 Fare Revenue Collection		0	0.000	0	0.150	0	0.150	0	0.150	0	0.150
Sub-Total	Revenue Enhancement	0	\$ 0.000	0	\$ 0.150	0	\$ 0.150	0	\$ 0.150	0	\$ 0.150
Total Programs		0	\$ 0.000	0	\$ 2.488	0	\$ 2.548	0	\$ 2.610	0	\$ 2.670

<p>Long Island Railroad</p> <p>November Plan 2007-2010</p> <p>Summary of 2007 Program to Eliminate the Gap(PEGs)</p> <p>(\$ in Millions)</p>
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Business Unit	LIRRD	Financial Plan Category	PEG	Implementation Date	1/1/2007
Budget Reference	FINAL06	Category	Maintenance	Savings Date	1/1/2007
PEG / New Need ID	0000000026	Current Budget Year	2006	Status	Open
Program:				Agency Status	Pending
		Savings in Contracted Services			
Design and Implementation Plan		Savings in Contracted Services			

Background Details

Background Details

Based on an historical review of Professional Services and Maintenance costs in the operating departments over the last five years, it has been determined that the LIRR has been over-estimating usage of extraordinary items such as unplanned Environmental cleanup, Consulting, etc. The \$2.2 million represents approximately 60% of the average annual 2001-2005 favorable variance.

				2006	2007	2008	2009	2010
Total Headcount								
Financial Impact	LIRRD	0000000026	FINAL06	\$ 0.000	\$ 2.200	\$ 2.256	\$ 2.314	\$ 2.371

<p>Long Island Railroad</p> <p>November Plan 2007-2010</p> <p>Summary of 2007 Program to Eliminate the Gap(PEGs)</p> <p>(\$ in Millions)</p>
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Business Unit	LIRRD	Financial Plan Category	PEG	Implementation Date	7/1/2006
Budget Reference	FINAL06	Category	Revenue Enhancement	Savings Date	7/1/2006
PEG / New Need ID	0000000035	Current Budget Year	2006	Status	Open
				Agency Status	Pending

Program:	ADL 6009 Fare Revenue Collection
Design and Implementation Plan	Additional Revenue associated with the ADL 6009 Fare Collection initiative.

Background Details 6009's are issued to customers who do not have the money to pay the fare and express a willingness to subsequently pay the fare. Currently the ADL payment and collection program is on the honor system of the customer. The LIRR will be making a more concerted effort in the collection process.

				2006	2007	2008	2009	2010
Total Headcount								
Financial Impact	LIRRD	0000000035	FINAL06	\$ 0.000	\$ 0.150	\$ 0.150	\$ 0.150	\$ 0.150

**MTA Long Island Rail Road
2007 Final Proposed Budget
November Financial Plan 2007 – 2010**

OTHER ASSUMPTIONS: POSITIONS

NON-REIMBURSABLE POSITIONS:

- Positions are identified as of year-end (December 31) for each year in the financial plan and reflect an estimate of the total number of paid employees required to meet/achieve corporate goals.
- Annual staffing levels include the impact of new needs and re-estimates consistent with the associated cost changes incorporated in the financial plan.

REIMBURSABLE POSITIONS:

- Positions are identified as of year-end (December 31) for each year in the financial plan and reflect an estimate of the total number of paid employees required for reimbursable activity.
- Annual staffing levels represent the positions required to support the Capital Program, as well as changes in other reimbursable projects.

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2007 - 2010
Non-Reimbursable - Reimbursable Positions by Function and Department
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2005 Actuals	2006 November Forecast	2007 Final Proposed Budget	2008	2009	2010
Administration						
Executive VP	2	2	2	2	2	2
Labor Relations	10	11	11	11	11	11
Procurement & Logistics (excl. Stores)	67	81	86	86	86	86
Human Resources	88	96	96	95	95	95
Strategic Investments	37	38	39	39	39	39
Diversity Management	3	3	3	3	3	3
President	3	3	3	3	3	3
VP & Chief Financial Officer	98	110	112	112	112	111
Svc. Planning, Technology (excl. CPM)	166	173	171	171	171	171
Market Dev. & Public Affairs	57	61	61	61	61	61
Gen. Counsel & Secretary	29	30	34	34	34	34
System Safety	19	22	22	22	22	22
VP Operations/Oper. Support & Analysis	22	26	26	26	26	26
Total Administration	601	656	666	665	665	664
Operations						
Transportation	1,803	1,862	1,857	1,857	1,857	1,857
Passenger Service (Ticket Clerks & Agents)	182	183	183	183	183	183
Total Operations	1,985	2,045	2,040	2,040	2,040	2,040
Maintenance						
Engineering	1,444	1,581	1,592	1,605	1,605	1,605
Equipment	1,724	1,822	1,883	1,934	1,934	1,934
Passenger Service (excl. Ticket Selling)	179	194	194	194	194	194
Procurement (Stores)	96	93	93	93	93	93
Total Maintenance	3,443	3,690	3,762	3,826	3,826	3,826
Engineering/Capital						
Capital Program Management	90	85	89	88	75	75
Total Baseline Positions	6,119	6,476	6,557	6,619	6,606	6,605
<i>Non-Reimbursable</i>	5,452	5,788	5,837	5,831	5,832	5,832
<i>Reimbursable</i>	667	688	720	788	774	773
<i>Total Full-Time</i>	6,119	6,476	6,557	6,619	6,606	6,605
<i>Total Full-Time Equivalents</i>	-	-	-	-	-	-
<hr/>						
Impact of:						
2007 Program to Eliminate the Gap	-	-	-	-	-	-
Post 2007 Program to Eliminate the Gap	-	-	-	-	-	-
Total Positions	6,119	6,476	6,557	6,619	6,606	6,605
<i>Non-Reimbursable</i>	5,452	5,788	5,837	5,831	5,832	5,832
<i>Reimbursable</i>	667	688	720	788	774	773
<i>Total Full-Time</i>	6,119	6,476	6,557	6,619	6,606	6,605
<i>Total Full-Time Equivalents</i>	-	-	-	-	-	-

MTA LONG ISLAND RAILROAD
November Financial Plan 2007 - 2010
Full-time Positions and Full-time Equivalents by Function and Occupational Group

FUNCTION/OCCUPATIONAL GROUP		2006 November Forecast	2007 Final Proposed Budget	2008	2009	2010
Administration						
	Managers/Supervisors	329	294	294	294	294
	Professional, Technical, Clerical	322	362	361	361	360
	Operational Hourlies	5	10	10	10	10
	Total Administration	656	666	665	665	664
Operations						
	Managers/Supervisors	250	257	257	257	257
	Professional, Technical, Clerical	175	174	174	174	174
	Operational Hourlies	1,620	1,609	1,609	1,609	1,609
	Total Operations	2,045	2,040	2,040	2,040	2,040
Maintenance						
	Managers/Supervisors	642	724	725	725	725
	Professional, Technical, Clerical	277	280	285	285	285
	Operational Hourlies	2,771	2,758	2,816	2,816	2,816
	Total Maintenance	3,690	3,762	3,826	3,826	3,826
Engineering/Capital						
	Managers/Supervisors	70	72	69	60	60
	Professional, Technical, Clerical	15	17	19	15	15
	Operational Hourlies	0	-	-	-	-
	Total Engineering/Capital	85	89	88	75	75
Public Safety						
	Managers/Supervisors	-	-	-	-	-
	Professional, Technical, Clerical	-	-	-	-	-
	Operational Hourlies	-	-	-	-	-
	Total Public Safety	-	-	-	-	-
Total Baseline Positions						
	Managers/Supervisors	1,291	1,347	1,345	1,336	1,336
	Professional, Technical, Clerical	789	833	839	835	834
	Operational Hourlies	4,396	4,377	4,435	4,435	4,435
	Total Baseline Positions	6,476	6,557	6,619	6,606	6,605

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Metro-North Railroad

**MTA METRO-NORTH RAILROAD
2007 FINAL PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2007-2010**

MISSION STATEMENT

The mission of MTA Metro-North Railroad is to preserve and enhance the quality of life and economic health of the region we serve through the efficient provision of transportation service of the highest quality.

DESCRIPTION OF SERVICES

MTA Metro-North Railroad provides passenger rail service to five suburban counties in New York State (Westchester, Putnam, Dutchess, Rockland, and Orange), two in Connecticut (Fairfield and New Haven), and two urban counties in New York City (Bronx and Manhattan). East of Hudson train service extends 85 miles from Manhattan, with terminals to the northeast in New Haven, Waterbury, Danbury, and New Canaan on the New Haven Line; to the north in Wassaic on the Harlem Line, and Poughkeepsie on the Hudson Line. The Harlem, Hudson, and New Haven Lines converge and terminate at Grand Central Terminal in Manhattan. West of the Hudson River, the Pascack Valley Line extends to Spring Valley, New York and the Port Jervis Line to Port Jervis, a town 95 miles from Hoboken at the border of New York and Pennsylvania. Both lines terminate in Hoboken, New Jersey. Service on the New Haven line is provided by Metro-North pursuant to a contract between the Connecticut Department of Transportation (ConnDOT) and Metro-North/MTA. Service on the Port Jervis and Pascack Valley Lines is operated by New Jersey Transit under contract to Metro-North. The railroad plans to carry 78.3 million customers in 2007 over 385 route miles, to and from 121 stations, operating 641 trains on an average weekday East of Hudson, and 49 trains (increasing to 63 trains by year end) on an average weekday West of Hudson.

FINANCIAL OVERVIEW

Each year within Metro-North's planning process, issues impacting the performance of the railroad are reviewed and initiatives developed to support the achievement of corporate safety, maintenance, customer service, and efficiency objectives. Consequently, operating resource estimates included in each budget are based on the consideration of factors which affect all aspects of the railroad including current operating trends, projected changes in costs, new initiatives/business decisions which affect service quantity, quality or efficiency, and the impacts of capital improvements on operating expenditures. Each of these factors is also carefully reviewed in the context of funding availability from MTA and ConnDOT, the agencies subsidizing Metro-North.

Metro-North's resource requirements in the November Financial Plan 2007-2010 reflect the savings/cost avoidance measures implemented in 2006. They also reflect measures for 2007-2010 presented as "Programs to Eliminate the Gap" (PEGs) and other cost reduction measures (net of increases) detailed later in this document. The reductions were achieved through savings generated by lower than projected cost trends as well as changes in program schedules and project eliminations. In Metro-North's case, these reductions offset to some extent projected expenditure increases first identified in the July Financial Plan. These include increased subsidy requirements for West of Hudson Service, rolling stock overhauls, establishment of inventory pools for new equipment, and the impact of inflation and rising employee benefit costs. They also include investment requirements to fund 2006-2008 GCT restoration projects necessary to preserve the GCT retail revenue stream, and extraordinary maintenance tasks to maintain the Terminal's landmark status. Like the costs required for the overall GCT retail operation and its management, the cost of 2006-2008 GCT restoration projects is netted in the Financial Plan against GCT retail revenue. Concurrently, Metro-North projected higher ridership increases on the East of Hudson Service, resulting in higher farebox revenue. The November Financial Plan includes additional subsidy requirements (vs. the July Plan) for the completion of the concrete tie replacement program in NY State during 2007-2011, increased energy prices, and higher costs for petroleum-based products.

2006 YEAR-END FORECAST

The 2006 Year-End Non-Reimbursable Forecast reflects revenue projections totaling \$486.1 million, and expenses, including depreciation, of \$1002.1 million that generate an operating deficit of \$516.0 million. Cash adjustments of \$247.9 million reduce that amount to a cash deficit of \$268.1 million, of which \$217.7 million represents MTA share and \$50.4 million ConnDOT share. The Year – End Reimbursable revenue and expense projections total \$142.5 million.

The Year-End Non-Reimbursable revenue projections reflect a \$1.5 million revenue increase vs. the July Plan and a \$2.7 million revenue increase vs. the adopted budget. The increase is primarily due to higher Other Operating Revenue comprised of additional net GCT retail revenue, higher utility revenue (due to delayed withdrawal of two buildings from the steam grid), and other miscellaneous revenue. Non-Reimbursable expenses reflect a \$13.4 million increase vs. the July Plan and a \$12.1 million increase in expenses vs. the adopted budget. The increases are primarily due to higher depreciation charges of \$11.8 million (additional expense references Removed Obsolete Facilities, M7s, Corporate Data Network, M2 CSR, accelerated depreciation on concrete ties, and Highbridge Yard), and a provision for the write-off of deteriorating concrete ties totaling \$6.0 million. Increased West of Hudson subsidies that reflect the new operating contract with New Jersey Transit (including prior period costs since 7/2005), lower overhead recoveries, and higher material and supplies expenditures

identified in the July Plan, as well as additional utility and other miscellaneous charges were more than offset by the rescheduling of the Genesis locomotive overhaul program and lower energy consumption.

PEGs totaling \$.9 million have been identified for 2006. Once implemented, the resulting 2006 cash deficit would decrease to \$267.2 million, of which \$217.0 million would represent MTA share and \$50.2 million ConnDOT share.

2007 PROPOSED BUDGET-BASELINE

The 2007 Proposed Non-Reimbursable Budget reflects revenue projections totaling \$495.1 million, and expenses, including depreciation, of \$1,082.9 million that generate an operating deficit of \$587.8 million. Cash adjustments of \$159.2 million reduce that amount to a cash deficit of \$428.5 million, of which \$364.0 million represents the MTA share and \$64.5 million the ConnDOT share. The 2007 Proposed Reimbursable revenues and expenses total \$187.3 million.

The Non-Reimbursable revenue projections reflect current fares and current trends in both Farebox and Other Operating Revenue. Further, as identified in the July Plan, Other Operating Revenue has been adjusted to reflect the funding of GCT renovation projects totaling \$2.8 million. The Proposed Non-Reimbursable expense projections incorporate increased subsidy requirements for West of Hudson Service, rolling stock overhauls, establishment of inventory pools for new M7 equipment, and the impact of inflation and rising employee benefit costs. The expense projections also include additional costs for the concrete tie replacement program in NY State, increased energy prices, and higher costs for petroleum-based products.

PEGs totaling \$1.3 million have been identified for 2007. Once implemented, the resulting 2007 cash deficit would decrease to \$427.2 million, of which \$363.0 million would represent MTA share and \$64.2 million ConnDOT share. The 2007 Proposed Budget reflects a continuation of current train service levels and maintains MTA's commitment to safety and security. Major assumptions reflected in the 2007 Proposed Budget and reconciliation to the July Plan are furnished later in this document.

2008-2010 PROJECTIONS

The Non-Reimbursable revenue projections total \$503.2 million in 2008, \$520.7 million in 2009, and \$529.1 million in 2010. Non-Reimbursable expense projections, including depreciation, total \$1,126.3 million in 2008, \$1,188.8 million in 2009, and \$1,221.4 million in 2010. These revenue and expense projections generate an operating deficit

of \$623.1 million in 2008, \$668.1 million in 2009, and \$692.3 million in 2010. Cash adjustments of \$211.7 million in 2008, \$223.2 million in 2009, and \$221.3 million in 2010 reduce the amounts to a cash deficit projection of \$411.4 million in 2008, \$444.9 million in 2009, and \$471.1 million in 2010. The MTA share of the cash deficit totals \$339.1 million in 2008, \$358.1 million in 2009, and \$370.4 million in 2010, while the ConnDOT share totals \$72.3 million, \$86.8 million, and \$100.7 million, respectively. The Reimbursable revenues and expenses total \$166.5 million in 2008, \$170.9 million in 2009, and \$165.9 million in 2010.

The 2008-2010 expenditure projections will allow Metro-North to maintain current service levels and make some service improvements while instituting programs to reduce subsidy requirements. Major assumptions reflected in the 2008-2010 projections and reconciliation to the February Plan are furnished later in this document. PEGs identified for 2008 total \$1.6 million, \$2.1 million for 2009 and \$2.1 for 2010.

GAP CLOSING MEASURES

2007 PEG ACTIONS

As mentioned previously, in addition to cost reduction measures aggregated under Other Reductions (e. g. improved revenues), PEGs totaling \$1.3 million have been identified for 2007. Four items are involved. Two represent early results from the on-going review of business processes that have been affected by the recent installation of PeopleSoft information systems. They include a total of \$1.0 million in annual cost savings due to changes in Payroll administration and reduction in data processing fees. This review is expected to identify additional productivity gains derived from new technologies for inclusion in the financial plan.

2008 – 2010 PEG ACTIONS

The value of PEGs listed for 2008–2010 reflect the continuation of the 2007 PEGs described above adjusted for inflation, as well as additional savings targeted through the on-going review of Metro-North's business processes. PEGs for this period total \$1.6 million in 2008, \$2.1 million in 2009, and \$2.1 million in 2010.

MTA METRO NORTH RAILROAD
November Financial Plan 2007 - 2010
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE						
	2005	2006	2007			
	Actuals	November Forecast	Final Proposed Budget	2008	2009	2010
Operating Revenue						
Farebox Revenue	\$437.7	\$451.6	\$463.1	\$473.1	\$484.3	\$491.6
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	32.5	34.5	32.0	30.1	36.5	37.4
Capital and Other Reimbursements	-	-	-	-	-	-
Total Revenue	\$470.2	\$486.1	\$495.1	\$503.2	\$520.7	\$529.1
Operating Expenses						
<u>Labor:</u>						
Payroll	\$329.5	\$343.1	\$358.6	\$371.2	\$386.3	\$397.3
Overtime	44.5	45.6	44.8	46.5	48.0	49.6
Health and Welfare	64.0	69.0	79.4	89.3	100.0	111.4
Pensions	28.3	32.0	43.1	43.4	44.9	46.4
Other Fringe Benefits	68.7	69.7	72.8	75.4	78.3	80.6
Reimbursable Overhead	(36.1)	(37.5)	(39.1)	(39.5)	(39.8)	(40.2)
Total Labor Expenses	\$498.9	\$522.0	\$559.7	\$586.2	\$617.6	\$645.0
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$45.6	\$50.0	\$61.0	\$62.6	\$72.1	\$79.7
Fuel for Buses and Trains	12.9	14.4	15.6	15.2	14.6	14.7
Insurance	11.2	12.0	13.5	15.1	16.9	18.9
Claims	9.5	15.5	14.9	14.9	14.9	14.9
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	71.4	79.0	90.4	95.1	99.0	102.1
Professional Service Contracts	20.6	22.2	23.9	25.3	27.3	27.9
Materials & Supplies	59.6	64.0	71.0	69.8	75.4	67.1
Other Business Expenses	21.4	16.3	10.4	12.6	14.6	14.7
Total Non-Labor	\$252.1	\$273.4	\$300.8	\$310.6	\$334.8	\$340.0
<u>Other Expenses Adjustments:</u>						
Other	-	-	-	-	-	-
Total Other Expense Adjustments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Expenses before Depreciation	\$751.0	\$795.3	\$860.5	\$896.9	\$952.4	\$985.0
Depreciation	187.3	206.8	222.4	229.4	236.4	236.4
Total Expenses	\$938.3	\$1,002.1	\$1,082.9	\$1,126.3	\$1,188.8	\$1,221.4
Baseline Surplus/(Deficit)	(\$468.1)	(\$516.0)	(\$587.8)	(\$623.1)	(\$668.1)	(\$692.3)
Cash Conversion Adjustments:						
Depreciation	187.3	206.8	222.4	229.4	236.4	236.4
Operating Capital	(15.8)	(15.6)	(14.6)	(18.9)	(16.9)	(17.0)
Other Cash Adjustments	24.8	56.7	(48.5)	1.2	3.7	1.8
Total Cash Conversion Adjustments	\$196.3	\$247.9	\$159.2	\$211.7	\$223.2	\$221.3
Baseline Cash Surplus/(Deficit)	(\$271.8)	(\$268.1)	(\$428.5)	(\$411.4)	(\$444.9)	(\$471.1)
2007 Agency Program to Eliminate the Gap	-	0.9	1.3	1.6	2.1	2.1
Post 2007 Agency Program to Eliminate the Gap	-	-	-	-	-	-
Net Surplus/(Deficit)	(\$271.8)	(\$267.2)	(\$427.2)	(\$409.8)	(\$442.8)	(\$468.9)

REIMBURSABLE	
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MTA METRO NORTH RAILROAD
November Financial Plan 2007 - 2010
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE / REIMBURSABLE						
	2005	2006	2007			
	Actuals	November Forecast	Final Proposed Budget	2008	2009	2010
Revenue						
Farebox Revenue	\$437.7	\$451.6	\$463.1	\$473.1	\$484.3	\$491.6
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	32.5	34.5	32.0	30.1	36.5	37.4
MNR - MTA	75.6	85.4	98.4	101.1	104.4	107.9
MNR - CDOT	44.1	31.8	65.7	42.9	43.5	45.1
MNR - Other	33.3	25.3	23.3	22.5	23.1	12.9
Capital and Other Reimbursements	153.0	142.5	187.3	166.5	170.9	165.9
Total Revenue	\$623.2	\$628.6	\$682.4	\$669.7	\$691.7	\$695.0
Expenses						
<u>Labor:</u>						
Payroll	\$362.0	\$376.2	\$397.2	\$410.0	\$426.3	\$437.5
Overtime	56.2	56.3	53.4	55.0	56.8	58.7
Health and Welfare	71.2	76.2	88.1	98.7	110.4	122.7
Pensions	31.6	35.8	48.3	48.5	50.1	51.7
Other Fringe Benefits	76.3	77.2	80.9	83.5	86.7	89.0
Reimbursable Overhead	(2.3)	(1.6)	(1.9)	(1.9)	(1.7)	(1.8)
Total Labor	\$595.0	\$620.2	\$666.0	\$693.8	\$728.6	\$757.8
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$45.6	\$50.0	\$61.0	\$62.6	\$72.1	\$79.7
Fuel for Buses and Trains	12.9	14.4	15.6	15.2	14.6	14.7
Insurance	14.8	15.4	16.9	18.6	20.5	22.5
Claims	9.4	15.5	14.9	14.9	14.9	14.9
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	95.4	95.0	121.0	111.1	115.3	110.9
Professional Service Contracts	23.5	24.7	27.2	28.7	30.7	31.4
Materials & Supplies	85.5	87.1	114.8	105.8	112.1	104.3
Other Business Expenses	21.9	15.5	10.4	12.6	14.6	14.7
Total Non-Labor	\$309.0	\$317.7	\$381.8	\$369.5	\$394.7	\$393.1
<u>Other Adjustments:</u>						
Other	-	-	-	-	-	-
Total Other Adjustments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Expenses before Depreciation	\$904.0	\$937.8	\$1,047.8	\$1,063.3	\$1,123.3	\$1,150.9
Depreciation	187.3	206.8	222.4	229.4	236.4	236.4
Total Expenses	\$1,091.3	\$1,144.6	\$1,270.2	\$1,292.7	\$1,359.8	\$1,387.3
Baseline Surplus/(Deficit)	(\$468.1)	(\$516.0)	(\$587.8)	(\$623.1)	(\$668.1)	(\$692.3)
Cash Conversion Adjustments:						
Depreciation	187.3	206.8	222.4	229.4	236.4	236.4
Operating Capital	(15.8)	(15.6)	(14.6)	(18.9)	(16.9)	(17.0)
Other Cash Adjustments	<u>24.8</u>	<u>56.7</u>	<u>(48.5)</u>	<u>1.2</u>	<u>3.7</u>	<u>1.8</u>
Total Cash Conversion Adjustments	\$196.3	\$247.9	\$159.2	\$211.7	\$223.2	\$221.3
Baseline Cash Surplus/(Deficit)	(\$271.8)	(\$268.1)	(\$428.5)	(\$411.4)	(\$444.9)	(\$471.1)
2007 Agency Program to Eliminate the Gap	-	0.9	1.3	1.6	2.1	2.1
Post 2007 Agency Program to Eliminate the Gap	-	-	-	-	-	-
Net Surplus/(Deficit)	(\$271.8)	(\$267.2)	(\$427.2)	(\$409.8)	(\$442.8)	(\$468.9)

MTA METRO NORTH RAILROAD
November Financial Plan 2007 - 2010
Cash Receipts & Expenditures
(\$ in millions)

CASH RECEIPTS AND EXPENDITURES						
	2005	2006	2007			
	<u>Actuals</u>	<u>November Forecast</u>	<u>Final Proposed Budget</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Receipts						
Farebox Revenue	\$446.7	\$459.1	\$470.8	\$480.8	\$492.3	\$499.7
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	49.1	51.6	47.3	47.0	53.6	54.6
MNR - MTA	79.0	87.2	98.5	100.5	103.6	107.0
MNR - CDOT	41.8	31.2	67.3	42.8	43.5	45.1
MNR - Other	<u>35.4</u>	<u>30.3</u>	<u>23.0</u>	<u>22.7</u>	<u>22.9</u>	<u>15.4</u>
Capital and Other Reimbursements	156.2	148.7	188.7	166.0	170.0	167.5
Total Revenue	\$652.0	\$659.4	\$706.8	\$693.8	\$716.0	\$721.8
Expenditures						
<u>Labor:</u>						
Payroll	\$346.1	\$356.5	\$427.8	\$402.4	\$411.2	\$422.0
Overtime	55.4	53.6	53.9	55.5	57.3	59.3
Health and Welfare	73.9	78.8	90.8	101.7	113.4	125.8
Pensions	35.1	17.9	61.6	59.8	61.8	63.8
Other Fringe Benefits	74.5	74.2	89.5	84.9	86.4	88.7
Reimbursable Overhead	-	-	-	-	-	-
Total Labor	\$585.0	\$581.0	\$723.6	\$704.3	\$730.1	\$759.4
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$45.5	\$50.0	\$61.0	\$62.6	\$72.1	\$79.7
Fuel for Buses and Trains	12.9	14.4	15.6	15.2	14.6	14.7
Insurance	16.0	15.7	16.9	19.4	20.4	22.4
Claims	11.7	12.2	12.0	12.0	12.0	12.0
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	111.0	110.6	135.5	126.1	130.6	126.3
Professional Service Contracts	22.8	24.8	29.4	31.0	33.0	33.7
Materials & Supplies	99.1	98.7	121.7	112.4	123.4	119.9
Other Business Expenditures	19.8	20.1	19.6	22.3	24.6	24.7
Total Non-Labor	\$338.8	\$346.6	\$411.8	\$400.9	\$430.8	\$433.4
<u>Other Adjustments:</u>						
Other	-	-	-	-	-	-
Cash Timing and Availability Adjustment	-	-	-	-	-	-
Total Other Adjustments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Expenditures	\$923.8	\$927.5	\$1,135.3	\$1,105.2	\$1,160.9	\$1,192.9
Baseline Cash Deficit	(\$271.8)	(\$268.1)	(\$428.5)	(\$411.4)	(\$444.9)	(\$471.1)
<u>Subsidies</u>						
MTA	\$223.6	\$217.7	\$364.0	\$339.1	\$358.1	\$370.4
CDOT	<u>50.3</u>	<u>50.4</u>	<u>64.5</u>	<u>72.3</u>	<u>86.8</u>	<u>100.7</u>
Total Subsidies	\$273.9	\$268.1	\$428.5	\$411.4	\$444.9	\$471.1
2007 Agency Program to Eliminate the Gap	-	0.9	1.3	1.6	2.1	2.1
Post 2007 Agency Program to Eliminate the Gap	-	-	-	-	-	-
Net Surplus/Deficit After PEG's	(\$271.8)	(\$267.2)	(\$427.2)	(\$409.8)	(\$442.8)	(\$468.9)
MTA Share of PEGS	-	0.6	1.0	1.2	1.6	1.6
CDOT Share of PEGS	-	0.2	0.3	0.4	0.6	0.6
<u>Subsidies</u>						
MTA	223.6	217.1	363.0	337.9	356.5	368.8
CDOT	<u>50.3</u>	<u>50.2</u>	<u>64.2</u>	<u>71.9</u>	<u>86.3</u>	<u>100.2</u>
Total Subsidies	\$273.9	\$267.2	\$427.2	\$409.8	\$442.8	\$468.9

MTA METRO NORTH RAILROAD
November Financial Plan 2007 - 2010
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

CASH FLOW ADJUSTMENTS						
	2005	2006	2007			
	Actuals	November Forecast	Final Proposed Budget	2008	2009	2010
Receipts						
Farebox Revenue	\$9.0	\$7.5	\$7.6	\$7.8	\$8.1	\$8.1
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	16.6	17.1	15.4	16.9	17.2	17.2
<i>Capital and Other Reimbursements:</i>						
MTA	3.4	1.9	0.1	(0.6)	(0.7)	(0.9)
CDOT	(2.3)	(0.6)	1.6	(0.0)	(0.0)	(0.0)
Other	2.1	5.0	(0.3)	0.2	(0.1)	2.5
Total Capital and Other Reimbursements	3.2	6.2	1.4	(0.5)	(0.9)	1.6
Total Receipts	\$28.8	\$30.8	\$24.4	\$24.2	\$24.3	\$26.8
Expenditures						
<i>Labor:</i>						
Payroll	\$15.9	\$19.8	(\$30.5)	\$7.6	\$15.1	\$15.5
Overtime	0.8	2.6	(0.5)	(0.5)	(0.5)	(0.6)
Health and Welfare	(2.7)	(2.6)	(2.7)	(2.9)	(3.0)	(3.1)
Pensions	(3.5)	17.9	(13.3)	(11.3)	(11.7)	(12.1)
Other Fringe Benefits	1.8	3.0	(8.5)	(1.4)	0.3	0.3
Reimbursable Overhead	(2.3)	(1.6)	(1.9)	(1.9)	(1.7)	(1.8)
Total Labor	\$10.0	\$39.2	(\$57.5)	(\$10.5)	(\$1.5)	(\$1.6)
<i>Non-Labor:</i>						
Traction and Propulsion Power	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	(1.2)	(0.3)	0.0	(0.8)	0.1	0.1
Claims	(2.3)	3.4	2.9	2.9	2.9	2.9
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	(15.6)	(15.7)	(14.5)	(14.9)	(15.3)	(15.4)
Professional Service Contracts	0.7	(0.1)	(2.2)	(2.3)	(2.3)	(2.3)
Materials & Supplies	(13.6)	(11.6)	(6.9)	(6.5)	(11.4)	(15.6)
Other Business Expenditures	2.1	(4.5)	(9.3)	(9.7)	(10.1)	(10.0)
Total Non-Labor	(\$29.8)	(\$28.9)	(\$30.0)	(\$31.4)	(\$36.1)	(\$40.4)
<i>Other Adjustments:</i>						
Other	-	-	-	-	-	-
Total Other Expenditures Adjustments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Cash Conversion Adjustments before Depreciation	\$9.0	\$41.1	(\$63.2)	(\$17.7)	(\$13.2)	(\$15.2)
Depreciation Adjustment	187.3	206.8	222.4	229.4	236.4	236.4
Baseline Total Cash Conversion Adjustments	\$196.3	\$247.9	\$159.2	\$211.7	\$223.2	\$221.3
2007 Agency Program to Eliminate the Gap	-	-	-	-	-	-
Post 2007 Agency Program to Eliminate the Gap	-	-	-	-	-	-
Total Cash Conversion Adjustments	\$196.3	\$247.9	\$159.2	\$211.7	\$223.2	\$221.3

**MTA METRO-NORTH RAILROAD
2007 FINAL PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2007-2010
YEAR-TO-YEAR CHANGES BY CATEGORY BASELINE NARRATIVE**

ACCRUAL (TOTAL)

FAREBOX REVENUE

Non-Reimbursable

- Projected ridership growth of 2.0% in 2007, 2.1% in 2008, 1.9% in 2009 and 1.4% in 2010 is responsible for higher Farebox Revenue.

Reimbursable

- Not applicable

OTHER OPERATING REVENUE

Non-Reimbursable

- 2007 decrease reflects lower net retail GCT tenant revenues reflecting the impact of investments in GCT renovation projects (East Restroom and Vanderbilt Hall), necessary to preserve the GCT revenue stream.
- 2008 decrease reflects an increase in restoration project investments and the withdrawal of outside buildings from the GCT steam distribution network.
- 2009 increase assumes completion of restoration work on Vanderbilt Hall.
- 2007-2010 primarily incorporates the initiation of higher West of Hudson Parking fees and contractually based increases in GCT tenant fees and advertising revenues.

Reimbursable

- Not applicable

CAPITAL AND OTHER REIMBURSEMENTS

Non-Reimbursable

- Not applicable

Reimbursable

- Capital project cost reimbursements in each year of the financial plan are based on recouping 100% of accrued project expenditures. 2007 accrued expenditures (and receipts) are based upon the latest projection of capital project activity. Higher reimbursements in 2007 are attributed to several New Haven Line projects, namely, the installation of Concrete Ties and the acquisition of Diesel Locomotives as well as increased project cost provisions for MTA-funded East Side Access and security-related MTA funded projects.

- 2008-2010 accrued expenditures (and receipts) are based on a continuation of 2007 project cost levels adjusted for the elimination of significant project changes and the impact of inflation:
 - 2008 decrease reflects completion of the NHL Diesel Locomotive Acquisition and the winding down of the NHL Concrete Tie project.
 - 2010 reimbursements reflect completion of the Shell-at-Grade project.

PAYROLL

Non-Reimbursable

- Non Agreement salaries in 2007 and 2008 include cost of living increases of 3.0% each year. In 2009-2010 Non Agreement salaries include CPI-based increases of 1.5%, and 1.8% respectively.
- Agreement wages in 2007-2010 include CPI-based increases of 2.6%, 2.9%, 3.1% and 3.2% respectively
- 2007 includes additional labor resources primarily for security based initiatives in GCT (\$1.8 million), maintenance increases for M3 CSR program (\$1.0 million) and staffing for GCT extraordinary landmark maintenance. 2007 also includes additional labor resources for the new car inspection and maintenance facility at New Haven.
- 2008 - 2010 additional labor costs are added to support security improvements to systems and facilities, increase service levels and coverage on all lines, increase car cleaning staff and provide additional administrative oversight and quality assurance functions in key operating areas. These increases are partially offset by a reduction in maintenance forces of \$.3 million and \$.9 million in 2009 and 2010, due to the completion of the M3 CSR program.

Reimbursable

- Annual cost of living increases and wage contract increases for agreement employees follow the same rate assumptions as the non-reimbursable costs noted above

OVERTIME

Non-Reimbursable

- 2007 - 2010 include CPI-based wage increases of 2.6%, 2.9%, 3.1% and 3.2% respectively.
- In 2007 overtime cost reductions reflect completion of the emergency preparedness training program and the addition of car inspection staff at the new shop facility at New Haven.
- 2008-2010 includes additional on-board coverage requirements due to increases in service levels on all lines, and the resumption of the emergency preparedness training program

Reimbursable

- Annual cost of living increases and wage contract increases for agreement employees follow the same rate assumptions as the non-reimbursable costs noted above
- 2007 costs reflect a reduction of previously identified overtime needs for the Shell at Grade project due to scheduling refinements.

HEALTH AND WELFARE

Non-Reimbursable

- 2007 reflects carrier-specific rate increases (includes 14.7% for NYS Empire Plan) in health care and insurance premiums as well as changes in employee enrollment levels that result in a 16% increase in base costs.
- 2008-2010 include annual premium increases of 10.7% and changes in staffing levels associated with the programmatic changes that are incorporated into each year of the financial plan for Maintenance Improvements, Service Plan Enhancements, Customer Service Amenities, Security, and Administration.
- 2007-2010 base costs were adjusted to correct a calculation error made in the July Plan (rate applied to punitive portion of overtime costs) which resulted in cost reductions of \$3.2 million in 2007, \$ 3.6 million in 2008, \$ 4.1 million in 2009, and \$4.5 million in 2010.

Reimbursable

- Projected inflationary increases follow the same pattern as non-reimbursable costs noted above.

PENSIONS

Metro North Railroad's Pension costs for 2006 reflect current funding requirements for the Defined Benefit Plan (covering management staff and agreement staff that joined the Plan in 2004) and the Defined Contribution Plan (for all other agreement staff). The funding requirements for the Defined Benefit Plan is a calculation prepared by an actuarial consultant retained by the MTA, whose staff also calculates Metro-North's share of required annual costs. The Defined Contribution Plan cost represents a 4% wage- based contribution until an employee reaches 19 years of service, then, the contribution increases to 7% of earnings. Metro-North's effective contribution rate for 2006 is 6% of payroll costs.

The 2007-2010 pension costs assume a labor agreement that will result in the transfer of the remaining represented Metro-North employees in the Defined Contribution Plan to the MTA Defined Benefit Plan as of January, 2007. Metro-North's projected share of the incremental funding requirements is based on a draft projection prepared by the actuarial consultant three years ago adjusted for increases in employee levels. Future actuarial valuations are expected to reflect more accurate estimates of the pension liabilities on behalf of these employees.

OTHER FRINGE BENEFITS

Non-Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2007-2010 at 7.65% and 12.6%, respectively.
- Maximum earnings level for Tier I is estimated at \$98,100 in 2007, \$101,043 in 2008, \$104,074 in 2009 and \$107,196 in 2010.
- Maximum earnings level for Tier II is estimated at \$72,900 in 2007, \$75,087 in 2008, \$77,340 in 2009, and \$79,660 in 2010.
- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.
- 2007-2010 base costs were adjusted to correct a calculation error made in the July Plan (rate applied to punitive portion of overtime costs) which resulted in cost reductions of \$2.9 million in 2007, \$3.0 million in 2008, \$3.1 million in 2009, and \$3.2 million in 2010.

Reimbursable

- Railroad Retirement tax rates and earnings' maximums follow the same assumptions as the non-reimbursable costs noted above.

REIMBURSABLE OVERHEAD

Non-Reimbursable

- Overhead Cost Recoveries are derived from Reimbursable Capital Project Estimates. Assumptions are described in the Reimbursable section below.

Reimbursable

- Overhead costs for 2007 are based on a percentage share of direct labor costs charged to reimbursable projects. 2008-2010 overhead costs are based on the continuation of 2007 forecast levels, adjusted for changes in the M2 Critical System Replacement project, the Shell at Grade project, and inflation-based increases in labor costs.
- Projections in 2007-2009 include increased material handling cost in connection with the M2 Critical System Replacement project.
- Equipment recovery increases are predicated on CPI-based inflation rates from 2008-2010 at 1.9%, 1.7%, and 1.6% respectively.

TRACTION AND PROPULSION POWER

Non-Reimbursable

- 2007 reflects current consumption trends increased by new train service initiatives in 2007. Prices reflect a 14.7% increase in NYPA supplied power and a 10.0% increase in CL&P rates.

- In 2008-2010 cost increases reflect a weighted average of anticipated price increases from NYPA, CL&P and NYSEG. As a result, annual increases are estimated at 1.9% in 2008, 8.14% in 2009 and 5.0% in 2010.
- 2007-2010 incorporates the net effect of new car procurements and retirements and adds \$.7 million in 2007 to Harlem and Hudson Line costs, and \$.3.0 million in 2009 and \$2.9 million in 2010 to the New Haven Line costs in anticipation of the M8 car procurement.
- Service Plan enhancements increase costs by \$.4 million in 2007-2009 and by \$.6 million in 2010.

Reimbursable

- No Cost.

FUEL FOR BUSES AND TRAINS

Non-Reimbursable

- 2007 reflects current consumption increased by 3.6%, and fuel pricing projections (effective rate) 4% higher than 2006.
- 2008 and 2009 reflect price reductions of 2.0% and 2.5% respectively, and no change in price in 2010.
- 2008-2010 incorporates the cost for Service Plan enhancements and the effect of locomotive retirements.

Reimbursable

- No Cost.

INSURANCE

Non-Reimbursable

- Increases in 2007-2010 reflect revised insurance premium estimates.

Reimbursable

- Increases in 2007-2010 reflect revised insurance premium estimates.

CLAIMS

Non-Reimbursable

- 2007 and 2010 reflect current claims trends.

Reimbursable

- No Cost

MAINTENANCE AND OTHER CONTRACTS

Non-Reimbursable

- In 2007 CPI increases of 2.7% are selectively applied.

- CPI increases in 2008-2010 of 1.9%, 1.7% and 1.6%, respectively, are used.
- Equipment maintenance programs costs increase by \$6.5 million in 2007 and \$.5 million in 2008. These costs are reduced in 2010 by \$1.4 million with the completion of the West of Hudson locomotive overhaul program.
- 2007 includes \$.3 million increase for Extraordinary Landmark Maintenance costs and a decrease in car disposal costs (\$1.3 million).
- 2008 reflects the elimination of car disposal costs and an additional \$.3 million increase for Extraordinary Landmark Maintenance.
- 2007 reflects lower West of Hudson subsidies due to the elimination of a prior period charge related to the new contract that was included in 2006; 2008 – 2010 includes rising West of Hudson subsidy payments related to contract cost escalations and increases in service.
- 2007 reflects an increase in outlying facility security costs of \$1.5 million and occupancy costs required for the new Running Repair Shop in New Haven.
- 2008 includes a provision for office space renovations (\$1.0 million) and lower costs for GCT electricity due to the withdrawal of outside buildings from the power grid (\$.7 million)

Reimbursable

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.
- 2007 increase is due to the NHL Diesel Locomotive Acquisition project.
- 2008 decrease is due to completion of the NHL Diesel Locomotive Acquisition project.
- In 2010, expenditures reflect the completion of the Shell- At- Grade project.

PROFESSIONAL SERVICE CONTRACTS

Non-Reimbursable

- Reflect CPI increases in 2008-2010 of 1.9%, 1.7%, and 1.6%, respectively.
- 2008 includes the restoration of a cost provision for general advertising fees (\$.8 million).
- 2009 includes the restoration of the 2005 reduction of MTA police service charges for the NH Line (\$1.3 million).

Reimbursable

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.
- The minor increase in 2007 is due to the refinement in cost projections for the NHL – EMU Fleet Replacement and Rehab Overhead Bridges projects.

MATERIAL AND SUPPLIES

Non-Reimbursable

- In 2007, price increases of 2.7% are applied to standard stock material, 5.3% to metal-based material and 4.0% to transportation equipment.

- CPI increases in 2008-2010 of 1.9%, 1.7%, and 1.6% respectively, are used.
- 2007-2010 includes cost provisions for the expanding maintenance program on the M3 car fleet and cost savings related to M1 car retirements.
- 2009 and 2010 include incremental material cost provisions to support the anticipated acquisition of M-8 cars and cost savings associated with the scale down of the M3 maintenance program.

Reimbursable

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.
- In 2007 increased material requirements are due to the M2 Critical System Replacement project and the NHL Concrete Tie project.
- In 2008 reduced expenditures reflect the winding down of the NHL Concrete Tie project.

OTHER BUSINESS EXPENSES

Non-Reimbursable

- Reflect CPI increases in 2008-2010 of 1.9%, 1.7%, and 1.6% respectively
- 2008 and 2009 include provisions for maintenance initiatives (\$2.5 million in 2008 and \$2.0 million in 2009).

Reimbursable

- CPI increases in 2008-2010 follow the same pattern as non-reimbursable costs noted above.

DEPRECIATION

Non-Reimbursable

- 2007 increase reflects the completion of the M7 car acquisition, Corporate Data Network and Infrastructure improvements, Rolling Stock Overhauls and Track Upgrades.
- 2008-2010 reflects provisions for future capital program funded asset acquisitions.

Reimbursable

- Not applicable

MTA METRO-NORTH RAILROAD
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE									
	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
Revenue									
Farebox Revenue	\$451.605	\$463.132	\$11.527	\$473.076	\$9.944	\$484.266	\$11.190	\$491.641	\$7.375
Vehicle Toll Revenue									
Other Operating Revenue	34.497	31.970	(2.527)	30.117	(1.853)	36.459	6.342	37.423	0.964
Capital and Other Reimbursements									
Total Revenue	\$486.102	\$495.102	\$9.000	\$503.193	\$8.091	\$520.725	\$17.532	\$529.064	\$8.339
Expenses									
Labor:									
Payroll	\$343.067	\$358.625	(\$15.558)	\$371.209	(\$12.584)	\$386.312	(\$15.103)	\$397.292	(\$10.980)
Overtime	45.603	44.835	0.768	46.467	(1.632)	48.011	(1.544)	49.615	(1.604)
Health and Welfare	68.956	79.426	(10.470)	89.312	(9.886)	99.952	(10.639)	111.372	(11.420)
Pensions	32.031	43.113	(11.082)	43.428	(0.315)	44.867	(1.439)	46.367	(1.500)
Other Fringe Benefits	69.747	72.789	(3.042)	75.364	(2.575)	78.328	(2.964)	80.555	(2.227)
Reimbursable Overhead	(37.451)	(39.073)	1.622	(39.532)	0.459	(39.841)	0.309	(40.196)	0.355
Total Labor Expenses	\$521.953	\$559.715	(\$37.762)	\$586.249	(\$26.533)	\$617.629	(\$31.380)	\$645.004	(\$27.375)
Non-Labor:									
Traction and Propulsion Power	\$49.955	\$61.015	(\$11.060)	\$62.559	(\$1.544)	\$72.077	(\$9.518)	\$79.678	(\$7.601)
Fuel for Buses and Trains	14.436	15.581	(1.145)	15.180	0.401	14.649	0.531	14.736	(0.087)
Insurance	11.961	13.518	(1.557)	15.148	(1.630)	16.909	(1.761)	18.862	(1.953)
Claims	15.541	14.900	0.641	14.900	0.000	14.900	0.000	14.900	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other	79.049	90.419	(11.370)	95.101	(4.682)	98.985	(3.884)	102.116	(3.131)
Professional Service Contracts	22.153	23.919	(1.766)	25.325	(1.406)	27.265	(1.940)	27.893	(0.628)
Materials & Supplies	64.013	71.044	(7.031)	69.799	1.245	75.427	(5.628)	67.055	8.372
Other Business Expenses	16.281	10.355	5.926	12.594	(2.239)	14.561	(1.967)	14.720	(0.159)
Total Non-Labor Expenses	\$273.389	\$300.751	(\$27.362)	\$310.606	(\$9.855)	\$334.773	(\$24.167)	\$339.960	(\$5.187)
Other Expenses Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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	\$795.342	\$860.466	(\$65.124)	\$896.855	(\$36.388)	\$952.402	(\$55.547)	\$984.964	(\$32.562)
Depreciation	206.794	222.426	(15.632)	229.426	(7.000)	236.426	(7.000)	236.426	0.000
Total Expenses	\$1,002.136	\$1,082.892	(\$80.756)	\$1,126.281	(\$43.388)	\$1,188.828	(\$62.547)	\$1,221.390	(\$32.562)
Baseline Net Surplus/(Deficit)	(\$516.034)	(\$587.790)	(\$71.756)	(\$623.088)	(\$35.297)	(\$668.103)	(\$45.015)	(\$692.326)	(\$24.223)
2007 Agency Program to Eliminate the Gap (PEGs)	0.852	1.317	0.465	1.592	0.275	2.116	0.524	2.143	0.027
Total PEGS	0.852	1.317	0.465	1.592	0.275	2.116	0.524	2.143	0.027
Net Surplus/(Deficit)	(\$515.182)	(\$586.473)	(\$71.291)	(\$621.496)	(\$35.022)	(\$665.987)	(\$44.491)	(\$690.183)	(\$24.196)

MTA METRO-NORTH RAILROAD
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

REIMBURSABLE									
	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
Revenue									
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-	-	-	-
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	142.485	187.334	44.849	166.467	(20.867)	170.937	4.470	165.898	(5.039)
Total Revenue	\$142.485	\$187.334	\$44.849	\$166.467	(\$20.867)	\$170.937	\$4.470	\$165.898	(\$5.039)
Expenses									
Labor:									
Payroll	\$33.181	\$38.583	(\$5.402)	\$38.813	(\$0.230)	\$40.005	(\$1.192)	\$40.170	(\$0.166)
Overtime	10.654	8.558	2.095	8.529	0.029	8.791	(0.262)	9.072	(0.281)
Health and Welfare	7.242	8.669	(1.428)	9.394	(0.724)	10.425	(1.032)	11.313	(0.887)
Pensions	3.798	5.202	(1.404)	5.090	0.112	5.243	(0.153)	5.341	(0.098)
Other Fringe Benefits	7.481	8.141	(0.660)	8.163	(0.022)	8.407	(0.243)	8.452	(0.046)
Reimbursable Overhead	35.860	37.167	(1.306)	37.597	(0.430)	38.136	(0.539)	38.433	(0.297)
Total Labor Expenses	\$98.216	\$106.320	(\$8.104)	\$107.586	(\$1.266)	\$111.007	(\$3.421)	\$112.781	(\$1.774)
Non-Labor:									
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	3.459	3.373	0.086	3.471	(0.099)	3.595	(0.124)	3.618	(0.023)
Claims	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Operating Contracts	15.910	30.609	(14.700)	16.020	14.590	16.287	(0.268)	8.822	7.465
Professional Service Contracts	2.556	3.296	(0.739)	3.357	(0.062)	3.413	(0.056)	3.467	(0.054)
Materials & Supplies	23.119	43.737	(20.618)	36.034	7.703	36.635	(0.602)	37.211	(0.575)
Other Business Expenses	(0.775)	(0.001)	(0.774)	(0.001)	0.000	(0.001)	(0.000)	(0.001)	0.000
Total Non-Labor Expenses	\$44.268	\$81.014	(\$36.745)	\$58.881	\$22.133	\$59.930	(\$1.049)	\$53.117	\$6.813
Other Expenses Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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	\$142.485	\$187.334	(\$44.849)	\$166.467	\$20.867	\$170.937	(\$4.470)	\$165.898	\$5.039
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$142.485	\$187.334	(\$44.849)	\$166.467	\$20.867	\$170.937	(\$4.470)	\$165.898	\$5.039
Baseline Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	(\$0.000)	\$0.000	(\$0.000)
2007 Agency Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total PEGS	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	(\$0.000)	\$0.000	(\$0.000)

MTA METRO-NORTH RAILROAD
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
Revenue									
Farebox Revenue	\$451.605	\$463.132	\$11.527	\$473.076	\$9.944	\$484.266	\$11.190	\$491.641	\$7.375
Vehicle Toll Revenue	-	-	-	-	-	-	-	-	-
Other Operating Revenue	34.497	31.970	(2.527)	30.117	(1.853)	36.459	6.342	37.423	0.964
Capital and Other Reimbursements	142.485	187.334	44.849	166.467	(20.867)	170.937	4.470	165.898	(5.039)
Total Revenue	\$628.587	\$682.436	\$53.849	\$669.660	(\$12.776)	\$691.662	\$22.002	\$694.962	\$3.300
Expenses									
Labor:									
Payroll	\$376.248	\$397.208	(\$20.960)	\$410.022	(\$12.814)	\$426.317	(\$16.295)	\$437.462	(\$11.146)
Overtime	56.257	53.393	2.863	54.996	(1.603)	56.802	(1.806)	58.687	(1.885)
Health and Welfare	76.198	88.095	(11.897)	98.706	(10.610)	110.377	(11.671)	122.684	(12.307)
Pensions	35.829	48.315	(12.486)	48.518	(0.203)	50.111	(1.592)	51.708	(1.598)
Other Fringe Benefits	77.228	80.930	(3.702)	83.528	(2.597)	86.735	(3.207)	89.007	(2.272)
Reimbursable Overhead	(1.591)	(1.906)	0.316	(1.935)	0.029	(1.705)	(0.230)	(1.763)	0.058
Total Labor Expenses	\$620.169	\$666.035	(\$45.866)	\$693.834	(\$27.799)	\$728.636	(\$34.801)	\$757.785	(\$29.150)
Non-Labor:									
Traction and Propulsion Power	\$49.955	\$61.015	(\$11.060)	\$62.559	(\$1.544)	\$72.077	(\$9.518)	\$79.678	(\$7.601)
Fuel for Buses and Trains	14.436	15.581	(1.145)	15.180	0.401	14.649	0.531	14.736	(0.087)
Insurance	15.420	16.891	(1.471)	18.619	(1.729)	20.504	(1.885)	22.480	(1.976)
Claims	15.541	14.900	0.641	14.900	0.000	14.900	0.000	14.900	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Operating Contracts	94.959	121.028	(26.070)	111.121	9.908	115.272	(4.152)	110.938	4.334
Professional Service Contracts	24.709	27.215	(2.505)	28.682	(1.468)	30.678	(1.996)	31.360	(0.682)
Materials & Supplies	87.132	114.781	(27.649)	105.833	8.948	112.062	(6.230)	104.266	7.797
Other Business Expenses	15.506	10.354	5.152	12.593	(2.239)	14.560	(1.967)	14.719	(0.159)
Total Non-Labor Expenses	\$317.657	\$381.765	(\$64.107)	\$369.487	\$12.278	\$394.703	(\$25.216)	\$393.077	\$1.626
Other Expenses Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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	\$937.827	\$1,047.800	(\$109.974)	\$1,063.322	(\$15.521)	\$1,123.339	(\$60.017)	\$1,150.862	(\$27.523)
Depreciation	206.794	222.426	(15.632)	229.426	(7.000)	236.426	(7.000)	236.426	0.000
Total Expenses	\$1,144.621	\$1,270.226	(\$125.606)	\$1,292.748	(\$22.521)	\$1,359.765	(\$67.017)	\$1,387.288	(\$27.523)
Baseline Net Surplus/(Deficit)	(\$516.034)	(\$587.790)	(\$71.756)	(\$623.088)	(\$35.297)	(\$668.103)	(\$45.015)	(\$692.326)	(\$24.223)
2007 Agency Program to Eliminate the Gap (PEGs)	0.852	1.317	0.465	1.592	0.275	2.116	0.524	2.143	0.027
Total PEGS	\$0.852	\$1.317	\$0.465	\$1.592	\$0.275	\$2.116	\$0.524	\$2.143	\$0.027
Net Surplus/(Deficit)	(\$515.182)	(\$586.473)	(\$71.291)	(\$621.496)	(\$35.022)	(\$665.987)	(\$44.491)	(\$690.183)	(\$24.196)

**MTA METRO-NORTH RAILROAD
2007 FINAL PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2007-2010
YEAR-TO-YEAR CHANGES BY CATEGORY BASELINE NARRATIVE**

CASH

FAREBOX REVENUE

Non-Reimbursable

- Projected ridership growth of 2.0% in 2007, 2.1% in 2008, 1.9% in 2009 and 1.4% in 2010 is responsible for higher Farebox Revenue.

Reimbursable

- Not applicable

Cash

- 2007-2010 cash adjustments include receipts from the sale of Metro Cards, Westchester County bus fares, and special event promotions, partially offset by credit card fees associated with the purchase of passenger tickets.

OTHER OPERATING REVENUE

Non-Reimbursable

- 2007 decrease reflects lower net retail GCT tenant revenues reflecting the impact of investments in GCT renovation projects (East Restroom and Vanderbilt Hall), necessary to preserve the GCT revenue stream.
- 2008 decrease reflects an increase in restoration project investments and the withdrawal of outside buildings from the GCT steam distribution network.
- 2009 increase assumes completion of restoration work on Vanderbilt Hall.
- 2007-2010 primarily incorporates the initiation of higher West of Hudson Parking fees and contractually based increases in GCT tenant fees and advertising revenues.

Reimbursable

- Not applicable

Cash

- 2006 cash adjustments include a projected \$0.4 million refund for overpayment of prior period force account insurance. 2006-2010 adjustments include the reclassification of Amtrak and other railroad reimbursements (from the Maintenance and Other Operating Contracts category), reimbursements from CDOT for station facilities and unitickets, the MTA for electricity charges, payments by former employees for health insurance coverage, reimbursements for claims settlements, scrap sale receipts, settlement for defective concrete ties, and other miscellaneous items.

CAPITAL AND OTHER REIMBURSEMENTS

Non-Reimbursable

- Not applicable

Reimbursable

- Capital project cost reimbursements in each year of the financial plan are based on recouping 100% of accrued project expenditures. 2007 accrued expenditures (and receipts) are based upon the latest projection of capital project activity. Higher reimbursements in 2007 are attributed to several New Haven Line projects, namely, the installation of Concrete Ties and the acquisition of Diesel Locomotives as well as increased project cost provisions for MTA-funded East Side Access and security-related MTA funded projects.
- 2008-2010 accrued expenditures (and receipts) are based on a continuation of 2007 project cost levels adjusted for the elimination of significant project changes and the impact of inflation:
 - 2008 decrease reflects completion of the NHL Diesel Locomotive Acquisition and the winding down of the NHL Concrete Tie project.
 - 2010 reimbursements reflect completion of the Shell-at-Grade project.

Cash

- 2006 cash adjustments include receipt of \$3.8 million from the MTA and NYSDOT for prior period Haverstraw-Ossining and Newburgh-Beacon ferry service. 2006-2007 also include RWA receipt billing adjustments.

PAYROLL

Non-Reimbursable

- Non Agreement salaries in 2007 and 2008 include cost of living increases of 3.0% each year. In 2009-2010 Non Agreement salaries include CPI-based increases of 1.5%, and 1.8% respectively.
- Agreement wages in 2007-2010 include CPI-based increases of 2.6%, 2.9%, 3.1% and 3.2% respectively.
- 2007 includes additional labor resources primarily for security- based initiatives in GCT (\$1.8 million), maintenance increases for M3 CSR program (\$1.0 million) and staffing for GCT extraordinary landmark maintenance. 2007 also includes additional labor resources for the new car inspection and maintenance facility at New Haven.
- 2008 - 2010 additional labor costs are added to support security improvements to systems and facilities, increase service levels and coverage on all lines, increase car cleaning staff and provide additional administrative oversight and quality assurance functions in key operating areas, partially offsetting is a reduction in

maintenance forces of \$.3 million and \$.9 million in 2009 and 2010, due to the completion of the M3 CSR program.

Reimbursable

- Annual cost of living increases and wage contract increases for agreement employees follow the same rate assumptions as the non-reimbursable costs noted above

Cash

- Cash includes payments of \$41.2 million in 2007 (excluding fringe) for prior period (2003-2006) accrued RWA for unsettled unions. 2006-2010 cash adjustments also include differences between expense accruals and cash disbursements for the number of days paid, vacation and sick day provisions, employee health club memberships, agreement employee allowance for tools and safety shoes, employee contribution to health care coverage, and agreement employee contributions to the Defined Benefit Pension Plan.

OVERTIME

Non-Reimbursable

- 2007 - 2010 include CPI-based wage increases of 2.6%, 2.9%, 3.1% and 3.2% respectively.
- In 2007 overtime cost reductions reflect completion of the emergency preparedness training program and the addition of car inspection staff at the new shop facility at New Haven.
- 2008-2010 includes additional on-board coverage requirements due to increases in service levels on all lines, and the resumption of the emergency preparedness training program

Reimbursable

- Annual cost of living increases and wage contract increases for agreement employees follow the same rate assumptions as the non-reimbursable costs noted above
- 2007 costs reflect a reduction of previously identified overtime needs for the Shell- At- Grade project due to scheduling refinements.

HEALTH AND WELFARE

Non-Reimbursable

- 2007 reflects carrier-specific rate increases (includes 14.7% for NYS Empire Plan) in health care and insurance premiums as well as changes in employee enrollment levels that result in a 16% increase in base costs.
- 2008-2010 include annual premium increases of 10.7% and changes in staffing levels associated with the programmatic changes that are incorporated into each year of the financial plan for Maintenance Improvements, Service Plan Enhancements, Customer Service Amenities, Security, and Administration.

- 2007-2010 base costs were adjusted to correct a calculation error made in the July Plan (rate applied to punitive portion of overtime costs) which resulted in cost reductions of \$3.2 million in 2007, \$ 3.6 million in 2008, \$ 4.1 million in 2009, and \$4.5 million in 2010.

Reimbursable

- Projected inflationary increases follow the same pattern as non-reimbursable costs noted above.

Cash

- 2006-2010 cash adjustments include current and former management employee contributions toward health insurance costs.

PENSIONS

Non-Reimbursable and Reimbursable

- Metro North Railroad's Pension costs for 2006 reflect current funding requirements for the Defined Benefit Plan (covering management staff and agreement staff that joined the Plan in 2004) and the Defined Contribution Plan (for all other agreement staff). The funding requirements for the Defined Benefit Plan is a calculation prepared by an actuarial consultant retained by the MTA, whose staff also calculates Metro-North's share of required annual costs. The Defined Contribution Plan cost represents a 4% wage- based contribution until an employee reaches 19 years of service, then, the contribution increases to 7% of earnings. Metro-North's effective contribution rate for 2006 is 6% of payroll costs.

The 2007-2010 pension costs assume a labor agreement that will result in the transfer of the remaining represented Metro-North employees in the Defined Contribution Plan to the MTA Defined Benefit Plan as of January, 2007. Metro-North's projected share of the incremental funding requirements is based on a draft projection prepared by the actuarial consultant three years ago adjusted for increases in employee levels. Future actuarial valuations are expected to reflect more accurate estimates of the pension liabilities on behalf of these employees.

Cash

- 2007-2010 adjustments include difference between expense accruals and cash disbursements, and agreement employee contribution to the Defined Benefit Pension Plan. 2006 reflects a non-recurring \$20 million cash reduction due to the prepayment of pension costs (paid in 2003). 2007 also includes employer contributions to the Defined Contribution Plan related to RWA settlements (\$2.4 million).

OTHER FRINGE BENEFITS

Non-Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2007-2010 at 7.65% and 12.6%, respectively.
- Maximum earnings level for Tier I is estimated at \$98,100 in 2007, \$101,043 in 2008, \$104,074 in 2009 and \$107,196 in 2010.
- Maximum earnings level for Tier II is estimated at \$72,900 in 2007, \$75,087 in 2008, \$77,340 in 2009, and \$79,660 in 2010.
- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.
- 2007-2010 base costs were adjusted to correct a calculation error made in the July Plan (rate applied to punitive portion of overtime costs) which resulted in cost reductions of \$2.9 million in 2007, \$3.0 million in 2008, \$3.1 million in 2009, and \$3.2 million in 2010.

Reimbursable

- Railroad Retirement tax rates and earnings' maximums follow the same assumptions as the non-reimbursable costs noted above.

Cash

- 2007 includes adjustments for railroad retirement taxes related to RWA settlements (\$8.0 million). 2007-2010 also includes adjustments between expense accruals and cash disbursements.

REIMBURSABLE OVERHEAD

Non-Reimbursable

- Overhead Cost Recoveries are derived from Reimbursable Capital Project Estimates. Assumptions are described in the Reimbursable section below.

Reimbursable

- Overhead costs for 2007 are based on a percentage share of direct labor costs charged to reimbursable projects. 2008-2010 overhead costs are based on the continuation of 2007 forecast levels, adjusted for changes in the M2 Critical System Replacement project, the Shell- at- Grade project, and inflation-based increases in labor costs.
- Projections in 2007-2009 include increased material handling cost in connection with the M2 Critical System Replacement project.
- Equipment recovery increases are predicated on CPI-based inflation rates from 2008-2010 at 1.9%, 1.7%, and 1.6% respectively.

TRACTION AND PROPULSION POWER

Non-Reimbursable

- 2007 reflects current consumption trends increased by new train service initiatives in 2007. Prices reflect a 14.7% increase in NYPA supplied power and a 10.0% increase in CL&P rates.
- In 2008-2010 cost increases reflect a weighted average of anticipated price increases from NYPA, CL&P and NYSEG. As a result, annual increases are estimated at 1.9% in 2008, 8.14% in 2009 and 5.0% in 2010.
- 2007-2010 incorporates the net effect of new car procurements and retirements and adds \$.7 million in 2007 to Harlem and Hudson Line costs, and \$.3.0 million in 2009 and \$2.9 million in 2010 to the New Haven Line costs in anticipation of the M8 car procurement.
- Service Plan enhancements increase costs by \$.4 million in 2007-2009 and by \$.6 million in 2010.

Reimbursable

- No Cost.

FUEL FOR BUSES AND TRAINS

Non-Reimbursable

- 2007 reflects current consumption increased by 3.6%, and fuel pricing projections (effective rate) 4% higher than 2006.
- 2008 and 2009 reflect price reductions of 2.0% and 2.5% respectively, and no change in price in 2010.
- 2008-2010 incorporates the cost for Service Plan enhancements and the effect of locomotive retirements.

Reimbursable

- No Cost.

INSURANCE

Non-Reimbursable

- Increases in 2006-2010 reflect revised insurance premium estimates.

Reimbursable

- Increases in 2006-2010 reflect revised insurance premium estimates.

Cash

- 2007-2010 reflects increase in force account payments as well as All-Agency insurance costs.

CLAIMS

Non-Reimbursable

- 2006 and 2010 reflect current claims trends.

Reimbursable

- No Cost

Cash

- 2007-2010 payments reflect no year over year changes.

MAINTENANCE AND OTHER CONTRACTS

Non-Reimbursable

- In 2007 CPI increases of 2.7% are selectively applied.
- CPI increases in 2008-2010 of 1.9%, 1.7% and 1.6%, respectively, are used.
- Equipment maintenance programs costs increase by \$6.5 million in 2007 and \$.5 million in 2008. These costs are reduced in 2010 by \$1.4 million with the completion of the West of Hudson locomotive overhaul program.
- 2007 includes \$.3 million increase for Extraordinary Landmark Maintenance costs and a decrease in car disposal costs (\$1.3 million).
- 2008 reflects the elimination of car disposal costs and an additional \$.3 million increase for Extraordinary Landmark Maintenance.
- 2007 reflects lower West of Hudson subsidies due to the elimination of a prior period charge related to the new contract that was included in 2006; 2008 – 2010 includes rising West of Hudson subsidy payments related to contract cost escalations and increases in service.
- 2007 reflects an increase in outlying facility security costs of \$1.5 million and occupancy costs required for the new Running Repair Shop in New Haven.
- 2008 includes a provision for office space renovations (\$1.0 million) and lower costs for GCT electricity due to the withdrawal of outside buildings from the power grid (\$.7 million)

Reimbursable

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.
- 2007 increase is due to the NHL Diesel Locomotive Acquisition project.
- 2008 decrease is due to completion of the NHL Diesel Locomotive Acquisition project.
- In 2010, expenditures reflect the completion of the Shell- At- Grade project.

Cash

- 2007-2010 includes the reclassification of Amtrak and other railroad reimbursements to Other Operating Revenue. Also included are payments on behalf of CDOT for station facilities and the MTA for electricity charges.

PROFESSIONAL SERVICE CONTRACTS

Non-Reimbursable

- Reflect CPI increases in 2008-2010 of 1.9%, 1.7%, and 1.6%, respectively.
- 2008 includes the restoration of a cost provision for general advertising fees (\$.8 million).
- 2009 includes the restoration of the 2005 reduction of MTA police service charges for the NH Line (\$1.3 million).

Reimbursable

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.
- The minor increase in 2007 is due to the refinement in cost projections for the NHL – EMU Fleet Replacement and Rehab Overhead Bridges projects.

MATERIAL AND SUPPLIES

Non-Reimbursable

- In 2007, price increases of 2.7% are applied to standard stock material, 5.3% to metal-based material and 4.0% to transportation equipment.
- CPI increases in 2008-2010 of 1.9%, 1.7%, and 1.6% respectively, are used.
- 2007-2010 includes cost provisions for the expanding maintenance program on the M3 car fleet and cost savings related to M1 car retirements.
- 2009 and 2010 include incremental material cost provisions to support the anticipated acquisition of M-8 cars and cost savings associated with the scale down of the M3 maintenance program.

Reimbursable

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.
- In 2007 increased material requirements were due to the M2 Critical System Replacement project and the NHL Concrete Tie project.
- In 2008 reduced expenditures reflect the winding down of the NHL Concrete Tie project.

Cash

- 2006-2010 cash adjustments reflect difference between expense accruals and cash requirements for M7 and M8 spare parts.

OTHER BUSINESS EXPENSES

Non-Reimbursable

- Reflect CPI increases in 2008-2010 of 1.9%, 1.7%, and 1.6% respectively
- 2008 and 2009 include provisions for maintenance initiatives (\$2.5 million in 2008 and \$2.0 million in 2009).

Reimbursable

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.

Cash

- 2006-2010 cash adjustments include payments for receipt of MetroCards, Westchester County bus fares, special promotions, and employee health club memberships, partially offset by the reclassification of credit card fees as an offset to Farebox Revenue and safety shoe and tool allowance to the Payroll category.

DEPRECIATION

Non-Reimbursable

- No change

Reimbursable

- No Cost

MTA METRO-NORTH RAILROAD
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

CASH RECEIPTS & EXPENDITURES									
	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<u>Receipts</u>									
Farebox Revenue	\$459.092	\$470.772	\$11.680	\$480.840	\$10.068	\$492.330	\$11.490	\$499.705	\$7.375
Vehicle Toll Revenue	-	-	-	-	-	-	-	-	-
Other Operating Revenue	51.626	47.325	(4.301)	46.992	(0.333)	53.634	6.642	54.598	0.964
Capital and Other Reimbursements	148.712	188.706	39.994	165.993	(22.713)	170.034	4.041	167.480	(2.554)
Total Receipts	\$659.430	\$706.803	\$47.373	\$693.825	(\$12.978)	\$715.998	\$22.173	\$721.783	\$5.785
<u>Expenditures</u>									
Labor:									
Payroll	\$356.472	\$427.752	(\$71.280)	\$402.424	\$25.328	\$411.205	(\$8.781)	\$421.965	(\$10.760)
Overtime	53.614	53.909	(0.295)	55.527	(1.618)	57.349	(1.822)	59.252	(1.903)
Health and Welfare	78.806	90.784	(11.978)	101.650	(10.866)	113.351	(11.701)	125.755	(12.404)
Pensions	17.902	61.649	(43.747)	59.789	1.860	61.836	(2.047)	63.769	(1.933)
Other Fringe Benefits	74.179	89.456	(15.277)	84.922	4.534	86.398	(1.476)	88.673	(2.275)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$580.973	\$723.550	(\$142.577)	\$704.312	\$19.238	\$730.139	(\$25.827)	\$759.414	(\$29.275)
Non-Labor:									
Traction and Propulsion Power	\$49.955	\$61.015	(\$11.060)	\$62.559	(\$1.544)	\$72.077	(\$9.518)	\$79.678	(\$7.601)
Fuel for Buses and Trains	14.436	15.581	(1.145)	15.180	0.401	14.649	0.531	14.736	(0.087)
Insurance	15.747	16.889	(1.142)	19.410	(2.521)	20.366	(0.956)	22.351	(1.985)
Claims	12.187	12.046	0.141	12.046	0.000	12.046	0.000	12.046	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	110.643	135.496	(24.853)	126.065	9.431	130.570	(4.505)	126.288	4.282
Professional Service Contracts	24.791	29.443	(4.652)	30.952	(1.509)	32.986	(2.034)	33.704	(0.718)
Materials & Supplies	98.746	121.705	(22.959)	112.357	9.348	123.447	(11.090)	119.899	3.548
Other Business Expenses	20.050	19.622	0.428	22.309	(2.687)	24.613	(2.304)	24.735	(0.122)
Total Non-Labor Expenditures	\$346.555	\$411.797	(\$65.242)	\$400.878	\$10.919	\$430.754	(\$29.876)	\$433.437	(\$2.683)
Other Expenditure Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expenditure Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenditures	\$927.528	\$1,135.347	(\$207.819)	\$1,105.190	\$30.157	\$1,160.893	(\$55.703)	\$1,192.851	(\$31.958)
Baseline Net Cash Deficit	(\$268.098)	(\$428.544)	(\$160.446)	(\$411.365)	\$17.179	(\$444.895)	(\$33.530)	(\$471.068)	(\$26.173)
<u>Subsidies</u>									
MTA	\$217.699	\$364.022	\$146.323	\$339.090	(\$24.932)	\$358.056	\$18.966	\$370.354	\$12.298
CDOT	\$50.399	\$64.522	\$14.123	\$72.275	\$7.753	\$86.839	\$14.564	\$100.714	\$13.875
Total Subsidies	\$268.098	\$428.544	\$160.446	\$411.365	(\$17.179)	\$444.895	\$33.530	\$471.068	\$26.173
2007 Agency Program to Eliminate the Gap (PEGs)	0.852	1.317	0.465	1.592	0.275	2.116	0.524	2.143	0.027
Total PEGs	\$0.852	\$1.317	\$0.465	\$1.592	\$0.275	\$2.116	\$0.524	\$2.143	\$0.027
Net Cash Deficit	(\$267.246)	(\$427.227)	(\$159.981)	(\$409.773)	\$17.454	(\$442.779)	(\$33.006)	(\$468.925)	(\$26.146)
MTA share of PEGS	0.631	0.975	0.344	1.179	0.204	1.566	0.387	1.587	0.021
CDOT share of PEGS	0.221	0.342	0.121	0.413	0.071	0.550	0.137	0.556	0.006
Total PEGS	\$0.852	\$1.317	\$0.465	\$1.592	\$0.275	\$2.116	\$0.524	\$2.143	\$0.027
<u>Subsidies</u>									
MTA	\$217.068	\$363.047	\$145.979	\$337.911	(\$25.136)	\$356.490	\$18.579	\$368.767	\$12.277
CDOT	\$50.178	\$64.180	\$14.002	\$71.862	\$7.682	\$86.289	\$14.427	\$100.158	\$13.869
Total Subsidies	\$267.246	\$427.227	\$159.981	\$409.773	(\$17.454)	\$442.779	\$33.006	\$468.925	\$26.146

**MTA METRO-NORTH RAILROAD
2007 FINAL PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2007-2010
SUMMARY OF MAJOR PLAN-TO-PLAN CHANGES**

Revisions to Metro-North's financial plan for the 2006-2010 period reflect adjustments resulting from evolving economic conditions, changing cost assumptions and resource allocations, as well as the impact of outstanding labor agreements for the 2003-2006 period.

2006: NOVEMBER FINANCIAL PLAN VS. JULY FINANCIAL PLAN

The 2006 November Financial Plan subsidy requirements for non-reimbursable baseline operations are \$56.8 million lower than in the July Financial Plan. Of this amount, \$47.1 million represents deferral of payment of retroactive wage settlements for 2003-2006 period into 2007, \$6.5 million represents improvement in Capital Reimbursement receipts (primarily advances), and \$1.5 million, higher Other Operating Revenue. Higher expenditures for Material and Supplies (for both equipment maintenance parts and petroleum-based products), Claims, and lower overhead expense recoveries from capital projects, were offset by lower costs for energy, payroll, lower expenditures for Maintenance and Other Operating Contracts and other miscellaneous costs, resulting in an additional net reduction of \$1.7 million.

Reimbursable project costs (and receipts) are \$5.2 million lower than the July Plan. Lower costs reflect scheduling changes to the M2 Critical System Replacement, Mainline High Speed Turnouts, Automated Ticket Selling – Phase 3 and West of Hudson Track Improvement projects.

2007: NOVEMBER FINANCIAL PLAN VS. JULY FINANCIAL PLAN

The 2007 November Financial Plan baseline subsidy requirements are \$63.6 million higher than in the July Financial Plan. Of this amount, \$46.1 million represents a recalculated projection of retroactive wage settlements for 2003-2006 period deferred from 2006 into 2007. Balance of increase is primarily due to increased costs totaling \$7.9 million for capital projects funded by operating subsidies (\$7.5 million for replacement of concrete ties, part 3 of 7), a \$4.4 million reduction in Capital Reimbursement receipts, and the impact of increased inflation (\$4.1 million in higher energy prices, and \$1.1 million in additional costs for material and supplies), as well as higher fringe costs, partially offset by higher Other Operating Revenue.

Reimbursable project costs (and receipts) are \$45.3 million higher than the July Plan due to the following new projects - CDOT New Haven Line Diesel Locomotive Acquisition, CDOT New Haven Line Concrete Tie Program and 2005 ODP Grant for

CCTV/Fencing. Higher activity is also due to increased scope on East Side Access, Harmon Shop Replacement and CDOT C27 Track projects.

2008: NOVEMBER FINANCIAL PLAN VS. JULY FINANCIAL PLAN

The 2008 November Financial Plan baseline subsidy requirements are \$7.3 million higher than in the July Financial Plan. This increase reflects primarily the addition of \$6.9 million for capital projects funded by operating subsidies (\$9.5 million for the concrete tie replacement, part 4 of 7, offset by other project reductions and deferrals), and the impact of increased inflation (\$4.6 million in higher energy prices). These increases are partially offset by higher Other Operating Revenue, and miscellaneous cost adjustments.

Reimbursable project costs (and receipts) are \$20.9 million higher than the July Plan and reflect a continuation of 2007's projects (with the exception of CDOT New Haven Line Diesel Locomotive Acquisition and CDOT New Haven Line Concrete Tie Program scheduled for 2008 completion, and Shell- At- Grade which is beginning to ramp down) plus the impact of inflation.

2009 NOVEMBER FINANCIAL PLAN VS. JULY FINANCIAL PLAN

The 2009 November Financial Plan baseline subsidy requirements are \$5.4 million higher than in the July Financial Plan. This increase reflects primarily the impact of increased inflation (\$9.4 million in higher energy prices), and the addition of \$1.9 million for capital projects funded by operating subsidies (\$6.5 million for the concrete tie replacement, part 5 of 7, offset by other project reductions and deferrals). These increases are offset by lower payroll costs and higher overhead recoveries, as well as higher Other Operating Revenues.

Reimbursable project costs (and receipts) are \$27.1 million higher than the July Plan and reflect a continuation of 2008's projects plus the impact of inflation.

2010 NOVEMBER FINANCIAL PLAN VS. JULY FINANCIAL PLAN

The 2010 November Financial Plan baseline subsidy requirements are \$.3 million lower than in the July Financial Plan. The addition of a concrete tie replacement project, part 6 of 7, was offset by reductions and deferrals in other capital projects funded by operating subsidies. The impact of increased inflation (\$12.2 million in higher energy prices) is offset by lower payroll costs, higher overhead recoveries, and a \$2.8 million improvement in Capital Reimbursement receipts, as well as higher Other Operating Revenues.

Reimbursable project costs (and receipts) are \$26.0 million higher than the July Plan and reflect a continuation of 2009's projects (with the exception of the Shell- At- Grade project scheduled for 2009 completion) plus the impact of inflation.

MTA METRO-NORTH RAILROAD
November Financial Plan 2007 - 2010
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE					
	2006	2007	2008	2009	2010
Baseline 2006 July Financial Plan - Operating Cash	(\$324.947)	(\$364.989)	(\$404.101)	(\$439.536)	(\$471.385)
Baseline Changes					
Revenue					
Farebox Revenue	\$0.408	(\$0.018)	\$0.009	\$0.038	\$0.045
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.060	1.644	1.719	2.232	3.195
Capital and Other Reimbursement	0.000	0.000	0.000	0.000	0.000
Total Revenue Changes	1.468	1.626	1.728	2.270	3.240
Expenses					
Labor:					
Payroll	\$1.923	(\$0.044)	\$1.053	\$2.312	\$3.503
Overtime	(0.752)	0.721	0.743	0.763	0.786
Health and Welfare	2.290	5.647	6.568	8.238	8.451
Pensions	(0.137)	(8.881)	(8.648)	(8.774)	(9.159)
Other Fringe Benefits	0.223	2.564	2.843	3.161	3.432
Reimbursable Overhead	(0.622)	0.062	0.281	0.313	0.479
Total Labor Expense Changes	2.925	0.069	2.840	6.013	7.493
Non-Labor:					
Traction and Propulsion Power	\$1.305	(\$3.462)	(\$3.555)	(\$8.060)	(\$11.033)
Fuel for Buses and Trains	0.148	(0.615)	(1.063)	(1.365)	(1.135)
Insurance	0.052	0.214	0.235	0.272	0.342
Claims	(0.640)	0.001	0.001	0.001	0.001
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	3.061	(1.144)	(0.503)	(0.438)	(0.176)
Professional Service Contracts	(0.024)	(0.506)	(0.505)	(0.485)	(0.465)
Materials & Supplies	(2.956)	(1.105)	(1.113)	(1.136)	(0.925)
Other Business Expenses	(5.447)	0.922	0.916	0.930	0.945
Total Non-Labor Expense Changes	(4.501)	(5.695)	(5.587)	(10.281)	(12.446)
Total Expenses before Depreciation	(\$1.576)	(\$5.626)	(\$2.747)	(\$4.268)	(\$4.953)
Depreciation	(\$11.794)	(\$22.426)	(\$22.426)	(\$22.426)	(\$22.426)
Total Expense Changes after Depreciation	(\$13.370)	(\$28.052)	(\$25.173)	(\$26.694)	(\$27.379)
Baseline Net Surplus/(Deficit) Changes	(\$11.902)	(\$26.426)	(\$23.445)	(\$24.424)	(\$24.139)
Cash Conversion Adjustment Changes					
Depreciation	\$11.794	\$22.426	\$22.426	\$22.426	\$22.426
Operating/Capital	0.203	(7.904)	(6.905)	(1.900)	0.000
Other Cash Adjustments	56.754	(51.651)	0.660	(1.461)	2.031
Total Cash Conversion Adjustments	68.751	(37.129)	16.181	19.065	24.457
Total Baseline Changes	\$56.849	(\$63.555)	(\$7.264)	(\$5.359)	\$0.318
Baseline 2006 November Financial Plan - Operating Cash	(\$268.098)	(\$428.544)	(\$411.365)	(\$444.895)	(\$471.067)
July 2006 Financial Plan PEGs	\$2.343	\$2.846	\$3.165	\$3.737	\$3.816
Change to 2007 Agency Program to Eliminate the Gap (PEGs)	(1.491)	(1.529)	(1.573)	(1.621)	(1.673)
November 2006 Financial Plan PEGs	\$0.852	\$1.317	\$1.592	\$2.116	\$2.143
Net Surplus/(Deficit)	(\$267.246)	(\$427.227)	(\$409.773)	(\$442.779)	(\$468.924)

MTA METRO-NORTH RAILROAD
November Financial Plan 2007 - 2010
Changes Between Financial Plans by Generic Categories
(\$ in millions)

REIMBURSABLE					
	2006	2007	2008	2009	2010
Baseline 2006 July Financial Plan - Operating Cash	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes					
Revenue					
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursement	(5.162)	45.287	20.929	27.114	25.955
Total Revenue Changes	(\$5.162)	\$45.287	\$20.929	\$27.114	\$25.955
Expenses					
Labor:					
Payroll	\$0.423	(\$4.931)	(\$4.680)	(\$7.171)	(\$6.540)
Overtime	(0.810)	0.505	0.797	0.821	0.847
Health and Welfare	(0.027)	(0.629)	(0.556)	(1.228)	(1.189)
Pensions	0.189	(1.381)	(1.295)	(1.509)	(1.509)
Other Fringe Benefits	(0.069)	(0.877)	(0.789)	(1.263)	(1.133)
Reimbursable Overhead	0.363	(0.121)	(0.349)	(0.727)	(0.918)
Total Labor Expense Changes	\$0.069	(\$7.435)	(\$6.872)	(\$11.077)	(\$10.441)
Non-Labor:					
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000
Insurance	0.067	0.011	(0.195)	(0.249)	(0.083)
Claims	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	2.495	(22.299)	(5.889)	(7.722)	(0.453)
Professional Service Contracts	(0.231)	(1.284)	(0.672)	(2.041)	(2.945)
Materials & Supplies	1.617	(14.652)	(7.680)	(6.411)	(12.427)
Other Business Expenses	1.145	0.373	0.379	0.386	0.393
Total Non-Labor Expense Changes	\$5.093	(\$37.852)	(\$14.057)	(\$16.037)	(\$15.514)
Total Expenses before Depreciation	\$5.162	(\$45.287)	(\$20.929)	(\$27.114)	(\$25.955)
Depreciation	0.000	0.000	0.000	0.000	0.000
Total Expense Changes	\$5.162	(\$45.287)	(\$20.929)	(\$27.114)	(\$25.955)
Baseline Net Surplus/(Deficit) Changes	(\$0.000)	\$0.000	(\$0.000)	\$0.000	(\$0.000)
Cash Conversion Adjustment Changes					
Depreciation	0.000	0.000	0.000	0.000	0.000
Operating/Capital	0.000	0.000	0.000	0.000	0.000
Other Cash Adjustments	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	(\$0.000)	\$0.000	(\$0.000)	\$0.000	(\$0.000)
Baseline 2006 November Financial Plan - Operating Cash	(\$0.000)	\$0.000	(\$0.000)	\$0.000	(\$0.000)
July 2006 Financial Plan PEGs	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Change to 2007 Agency Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000
November 2006 Financial Plan PEGs	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Net Surplus/(Deficit)	(\$0.000)	\$0.000	(\$0.000)	\$0.000	(\$0.000)

MTA METRO-NORTH RAILROAD
November Financial Plan 2007 - 2010
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	2006	2007	2008	2009	2010
Baseline 2006 July Financial Plan - Operating Cash	(\$324.947)	(\$364.989)	(\$404.101)	(\$439.536)	(\$471.385)
Baseline Changes					
Revenue					
Farebox Revenue	\$0.408	(0.018)	0.009	0.038	0.045
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.060	1.644	1.719	2.232	3.195
Capital and Other Reimbursement	(5.162)	45.287	20.929	27.114	25.955
Total Revenue Changes	(\$3.694)	\$46.913	\$22.657	\$29.384	\$29.195
Expenses					
Labor:					
Payroll	\$2.346	(\$4.975)	(\$3.627)	(\$4.859)	(\$3.037)
Overtime	(1.562)	1.226	1.540	1.584	1.633
Health and Welfare	2.263	5.018	6.012	7.010	7.263
Pensions	0.052	(10.262)	(9.943)	(10.283)	(10.668)
Other Fringe Benefits	0.154	1.687	2.054	1.898	2.299
Reimbursable Overhead	(0.259)	(0.059)	(0.068)	(0.414)	(0.439)
Total Labor Expense Changes	\$2.994	(\$7.366)	(\$4.032)	(\$5.065)	(\$2.948)
Non-Labor:					
Traction and Propulsion Power	\$1.305	(\$3.462)	(\$3.555)	(\$8.060)	(\$11.033)
Fuel for Buses and Trains	0.148	(0.615)	(1.063)	(1.365)	(1.135)
Insurance	0.119	0.225	0.040	0.023	0.259
Claims	(0.640)	0.001	0.001	0.001	0.001
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	5.556	(23.443)	(6.392)	(8.160)	(0.629)
Professional Service Contracts	(0.255)	(1.790)	(1.177)	(2.526)	(3.410)
Materials & Supplies	(1.339)	(15.757)	(8.793)	(7.547)	(13.352)
Other Business Expenses	(4.302)	1.295	1.295	1.316	1.338
Total Non-Labor Expense Changes	\$592	(\$43.547)	(\$19.644)	(\$26.318)	(\$27.960)
Total Expenses before Depreciation	\$3.586	(\$50.913)	(\$23.676)	(\$31.382)	(\$30.909)
Depreciation	(\$11.794)	(\$22.426)	(\$22.426)	(\$22.426)	(\$22.426)
Total Expense Changes	(\$8.208)	(\$73.339)	(\$46.102)	(\$53.808)	(\$53.335)
Baseline Net Surplus/(Deficit) Changes	(\$11.902)	(\$26.426)	(\$23.445)	(\$24.424)	(\$24.139)
Cash Conversion Adjustment Changes					
Depreciation	\$11.794	\$22.426	\$22.426	\$22.426	\$22.426
Operating/Capital	0.203	(7.904)	(6.905)	(1.900)	0.000
Other Cash Adjustments	56.754	(51.651)	0.660	(1.461)	2.031
Total Cash Conversion Adjustments	\$68.751	(\$37.129)	\$16.181	\$19.065	\$24.457
Total Baseline Changes	\$56.849	(\$63.555)	(\$7.264)	(\$5.359)	\$0.318
Baseline 2006 November Financial Plan - Operating Cash	(\$268.098)	(\$428.544)	(\$411.365)	(\$444.895)	(\$471.067)
July 2006 Financial Plan PEGs	\$2.343	\$2.846	\$3.165	\$3.737	\$3.816
Change to 2007 Agency Program to Eliminate the Gap (PEGs)	(\$1.491)	(\$1.529)	(\$1.573)	(\$1.621)	(\$1.673)
November 2006 Financial Plan PEGs	\$0.852	\$1.317	\$1.592	\$2.116	\$2.143
Net Surplus/(Deficit)	(\$267.246)	(\$427.227)	(\$409.773)	(\$442.779)	(\$468.924)

MTA METRO-NORTH RAILROAD
November Financial Plan 2007 - 2010
Summary of Major Programmatic Changes Between Financial Plans
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	2006	2007	2008	2009	2010
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$324.947)	(\$364.989)	(\$404.101)	(\$439.536)	(\$471.385)
Non-Reimbursable Major Changes					
Revenue					
Passenger Revenue - Ridership Growth	0.408	(0.018)	0.009	0.038	0.045
Non Passenger Revenue - Rents, Concessions & Utilities	0.966	1.537	1.719	2.231	3.195
- Commissary Operations	0.038	(0.001)	0.000	0.001	0.000
- Interest & Miscellaneous Income	0.056	0.108	0.000	0.000	0.000
Sub-Total Non-Reimbursable Revenue Changes	\$1.468	\$1.626	\$1.728	\$2.270	\$3.240
Expenses					
Changes in non- represented salary inflators	\$0.000	(\$0.327)	(\$0.409)	\$0.816	\$1.960
Lower Health & Welfare Premiums & Employee Contribution Offsets	2.064	5.414	6.329	7.992	8.197
Pension Costs - Agreement Employees Conversion to DB Plan	(0.199)	(8.943)	(8.713)	(8.841)	(9.228)
Railroad Retirement Tax Estimates	0.020	2.356	2.629	2.941	3.205
Electric Traction & Propulsion Rates	1.305	(3.462)	(3.555)	(8.060)	(11.033)
Prices for Fuel For Buses and Trains	0.148	(0.615)	(1.063)	(1.365)	(1.135)
Fuel Price Increase for Highway Vehicles	(0.705)	(0.350)	(0.350)	(0.350)	(0.350)
Amtrak Recoveries	0.800	0.500	0.500	0.500	0.500
NJT Subsidy - Improved Revenue Estimate	0.462	0.000	0.000	0.000	0.000
GCT Steam Costs	0.000	(0.680)	0.000	0.000	0.000
Material & Supplies Usage	(2.251)	(0.755)	(0.763)	(0.786)	(0.575)
Depreciation	(11.794)	(22.426)	(22.426)	(22.426)	(22.426)
Write-off Defective Concrete Ties	(6.000)	0.000	0.000	0.000	0.000
All Other	2.780	1.236	2.648	2.885	3.506
Sub-Total Non-Reimbursable Expense Changes	(13.370)	(28.052)	(25.173)	(26.694)	(27.379)
Total Non-Reimbursable Major Changes	(\$11.902)	(\$26.426)	(\$23.445)	(\$24.424)	(\$24.139)
Reimbursable Major Changes					
Revenue					
Projections for 2007-2010 assume capital project activity levels similar to 2006 MYF	(\$5.162)	\$45.287	\$20.929	\$27.114	\$25.955
Sub-Total Reimbursable Revenue Changes	(\$5.162)	\$45.287	\$20.929	\$27.114	\$25.955
Expenses					
Projections for 2007-2010 assume capital project activity levels similar to 2006 MYF	\$5.162	(\$45.287)	(\$20.929)	(\$27.114)	(\$25.955)
Sub-Total Reimbursable Expense Changes	\$5.162	(\$45.287)	(\$20.929)	(\$27.114)	(\$25.955)
Total Reimbursable Major Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Accrual Changes	(\$11.902)	(\$26.426)	(\$23.445)	(\$24.424)	(\$24.139)
Cash Adjustment Changes					
Operating Capital	0.203	(7.904)	(6.905)	(1.900)	0.000
Change in Force Account Receipts	6.547	(4.413)	1.303	(0.768)	2.775
Deferred Wage Provision	46.804	(46.062)	0.000	0.000	0.000
Write-off Defective Concrete Ties	6.000	0.000	0.000	0.000	0.000
Depreciation	11.794	22.426	22.426	22.426	22.426
Force Account Insurance Refund	(2.600)	0.000	0.000	0.000	0.000
All Other	0.004	(1.176)	(0.643)	(0.693)	(0.744)
Total Cash Adjustment Changes	\$68.751	(\$37.129)	\$16.181	\$19.065	\$24.457
Total Baseline Changes	\$56.849	(\$63.555)	(\$7.264)	(\$5.359)	\$0.318
Baseline 2006 November Financial Plan - Operating Cash Income/(Deficit)	(\$268.098)	(\$428.544)	(\$411.365)	(\$444.895)	(\$471.067)
July 2006 Financial Plan PEGs	\$2.343	\$2.846	\$3.165	\$3.737	\$3.816
Change to 2007 Agency Program to Eliminate the Gap (PEGs)	(1.491)	(1.529)	(1.573)	(1.621)	(1.673)
November 2006 Financial Plan PEGs	0.852	1.317	1.592	2.116	2.143
2006 November Financial Plan - Operating Cash Income/(Deficit)	(\$267.246)	(\$427.227)	(\$409.773)	(\$442.779)	(\$468.924)

**MTA METRO-NORTH RAILROAD
2007 FINAL PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2007-2010**

OTHER ASSUMPTIONS: RIDERSHIP/UTILIZATION PROJECTIONS

Ridership projections are developed primarily by the application of line segment ridership forecasting models that incorporate current trends and the impact of economic and demographic factors and government-supported mass transit initiatives. In addition, internal programs that affect service, customer awareness, and access to Metro-North are also incorporated into ridership forecasts.

The November Forecast incorporates slightly higher (0.5%) customer growth rate for East of Hudson Service than the July Plan. This increase reflects current general growth trend which is incorporated into the 2007-2010 ridership base. Concurrently, 2006 Farebox Revenue in the November Financial Plan has been increased slightly from the July Plan (\$.4 million) to reflect current trends.

The 2006 November Forecast reflects East of Hudson service ridership that is 0.5% higher than the July Plan, and 3.0% higher than 2005 actual results. In 2007, 2008, 2009 and 2010, ridership is projected to grow 2.0%, 2.1%, 1.9% and 1.4% respectively.

West of Hudson utilization reflects reduced (0.8%) customer levels than included in the July Plan, and 6.4% higher than 2005 actual results. The increase reflects ridership growth from new service, the operation of the Secaucus transfer and PATH Service in lower Manhattan, as well as the impact of capital program improvements and service expansions through the period.

In 2007, 2008, 2009 and 2010, West of Hudson ridership is projected to grow 6.4%, 8.4%, 7.1% and 3.9%, respectively.

MTA Metro-North Railroad
November Financial Plan 2007 - 2010
Ridership/Traffic Volume (Utilization)
(in millions)

	2005	2006	2007			
	Actuals	November	Final	2008	2009	2010
		Forecast	Proposed			
			Budget			
<u>Farebox Revenue</u>						
Harlem Line	\$127.640	\$131.353	\$135.087	\$138.249	\$141.985	\$144.593
Hudson Line	88.981	93.760	97.613	100.411	103.088	105.273
New Haven Line	220.300	225.720	229.614	233.536	238.251	240.797
West of Hudson Mail & Ride	0.754	0.772	0.818	0.880	0.942	0.978
Total Farebox Revenue	\$437.675	\$451.605	\$463.132	\$473.076	\$484.266	\$491.641
 <u>Ridership</u>						
Harlem Line	24.742	25.401	25.947	26.515	27.092	27.527
Hudson Line	14.131	14.755	15.248	15.659	16.001	16.324
New Haven Line	33.878	34.835	35.271	35.879	36.475	36.868
Baseline Total Ridership	72.751	74.991	76.466	78.053	79.568	80.719
 <i>Impact of:</i>						
PEG Program	0	0	0	0	0	0
Total Ridership	72.751	74.991	76.466	78.053	79.568	80.719

Metro North Railroad
November Plan 2007-2010
Summary of 2007 Program to Eliminate the Gap(PEGs)
(\$ in millions)

		2006		2007		2008		2009		2010	
		<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
Administration											
IT - Evaluation Equipment & Technology		0	0.000	0	0.104	0	0.107	0	0.109	0	0.112
PeopleSoft Implementation - Controller Savings		5	0.252	5	0.354	5	0.364	5	0.376	5	0.388
PeopleSoft Implementation - Data Processing Impact		0	0.600	0	0.609	0	0.621	0	0.631	0	0.643
Process Review for Productivity Savings		0	0.000	0	0.250	0	0.500	0	1.000	0	1.000
Sub-Total	Administration	<u>5</u>	<u>\$ 0.852</u>	<u>5</u>	<u>\$ 1.317</u>	<u>5</u>	<u>\$ 1.592</u>	<u>5</u>	<u>\$ 2.116</u>	<u>5</u>	<u>\$ 2.143</u>
Total Programs		<u>5</u>	<u>\$ 0.852</u>	<u>5</u>	<u>\$ 1.317</u>	<u>5</u>	<u>\$ 1.592</u>	<u>5</u>	<u>\$ 2.116</u>	<u>5</u>	<u>\$ 2.143</u>

Metro North Railroad
November Plan 2007-2010
Summary of 2007 Program to Eliminate the Gap(PEGs)
(\$ in Millions)

Business Unit	MNRRD	Financial Plan Category	PEG	Implementation Date	1/1/2007
Budget Reference	FINAL06	Category	Administration	Savings Date	1/1/2007
PEG / New Need ID	0000000024	Current Budget Year	2006	Status	Open
				Agency Status	Pending

Program:

IT - Evaluation Equipment & Technology

Design and Implementation Plan

Research and evaluation of new technologies and products to ensure secure IT services.

Background Details

The Information Technology Department must perform research and evaluation of new technologies and products to ensure that MNR IT services are both secure and efficient while at the same time meeting current and future industry standards. This program was to start in 2005 but due to funding constraints was deferred to 2007.

				2006	2007	2008	2009	2010
Total Headcount								
Financial Impact	MNRRD	0000000024	FINAL06	\$ 0.000	\$ 0.104	\$ 0.107	\$ 0.109	\$ 0.112

Metro North Railroad

November Plan 2007-2010

Summary of 2007 Program to Eliminate the Gap(PEGs)

(\$ in Millions)

Business Unit	MNRRD	Financial Plan Category	PEG	Implementation Date	1/1/2006
Budget Reference	FINAL06	Category	Administration	Savings Date	1/1/2006
PEG / New Need ID	0000000021	Current Budget Year	2006	Status	Open
				Agency Status	Pending

Program:

PeopleSoft Implementation - Controller Savings

Design and Implementation Plan

Staffing reductions of 7 agreement positions will be offset by the addition of 2 management positions. This results in a net headcount reduction of 5 positions.

Background Details

Implementation of the PeopleSoft Payroll Module has resulted in administrative efficiencies in the Controller's Department.

				2006	2007	2008	2009	2010
Total Headcount	MNRRD	0000000021	FINAL06	5	5	5	5	5
Financial Impact	MNRRD	0000000021	FINAL06	\$ 0.252	\$ 0.354	\$ 0.364	\$ 0.376	\$ 0.388

Metro North Railroad

November Plan 2007-2010

Summary of 2007 Program to Eliminate the Gap(PEGs)

(\$ in Millions)

Business Unit	MNRRD	Financial Plan Category	PEG	Implementation Date	1/1/2006
Budget Reference	FINAL06	Category	Administration	Savings Date	1/1/2006
PEG / New Need ID	0000000020	Current Budget Year	2006	Status	Open
				Agency Status	Pending
Program:		PeopleSoft Implementation - Data Processing Impact			
Design and Implementation Plan		Reduce Data Center fees by \$600,000 starting in 2006			

Background Details

PeopleSoft Financial System applications are supported by server technology rather than mainframe computers. Consequently, outside data center vendor support fees can be reduced.

				2006	2007	2008	2009	2010
Total Headcount								
Financial Impact	MNRRD	0000000020	FINAL06	\$ 0.600	\$ 0.609	\$ 0.621	\$ 0.631	\$ 0.643

<p>Metro North Railroad</p> <p>November Plan 2007-2010</p> <p>Summary of 2007 Program to Eliminate the Gap(PEGs)</p> <p>(\$ in Millions)</p>
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Business Unit	MNRRD	Financial Plan Category	PEG	Implementation Date	1/1/2007
Budget Reference	FINAL06	Category	Administration	Savings Date	1/1/2007
PEG / New Need ID	0000000023	Current Budget Year	2006	Status	Open
				Agency Status	Pending

Program:	Process Review for Productivity Savings
Design and Implementation Plan	Update the status of the Process Review Program with each Financial Plan update.

Background Details	<p>The recently implemented PeopleSoft Financial and Human Resource Systems, other new and upgraded systems developed in-house, as well as the ongoing replacement of old, difficult to maintain rolling stock with M7s, and the scheduled addition of new shop space in NH, afford the railroad an opportunity for a program of process reviews that is likely to yield productivity savings. MNR recently began just such a Process Review Program that will target several functions across departmental lines.</p> <p>In its early stage, the program was started with the preliminary identification of target functions and review focus. The next steps include the establishment of review teams, assignment of priorities, and settlement of schedules and timeframes. A number of these reviews are likely to take a few weeks, some will take months. The current plan is to update the status of this Process Review Program with each Financial Plan update.</p>
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				2006	2007	2008	2009	2010
Total Headcount								
Financial Impact	MNRRD	0000000023	FINAL06	\$ 0.000	\$ 0.250	\$ 0.500	\$ 1.000	\$ 1.000

**MTA METRO-NORTH RAILROAD
2007 FINAL PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2007-2010**

OTHER ASSUMPTIONS: POSITIONS

NON-REIMBURSABLE POSITIONS

Positions are stated as of December 31 of each year and reflect the estimated number of paid employees. Consequently, position totals incorporate existing vacancy and turnover estimates.

Annual staffing levels include the impact of program deferrals, eliminations, or re-estimates, consistent with the associated cost changes incorporated into the financial plan.

REIMBURSABLE POSITIONS

Positions are stated as of December 31 of each year and reflect employees estimated to be paid. Consequently, position totals incorporate existing vacancy and turnover estimates, as well as reflect the seasonally- adjusted staffing requirements for the capital projects.

2006 and 2007 staffing levels reflect changes in project requirements. The 2008-2010 staffing levels assume a continuation of 2007 project activity levels.

MTA METRO NORTH RAILROAD
November Financial Plan 2007 - 2010
Non-Reimbursable - Reimbursable Positions by Function and Department
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2005 Actuals	2006 November Forecast	2007 Final Proposed Budget	2008	2009	2010
Administration						
President	6	6	6	6	6	6
Labor Relations	11	13	13	13	13	13
Safety	14	14	15	15	15	15
Corporate & Media Relations	15	15	15	15	15	15
Legal	15	16	16	16	16	16
Claims Services	19	20	22	22	22	22
Environmental Compliance & Serv	6	6	6	6	6	6
VP Human Resources	3	3	3	3	3	3
Human Resources	45	47	47	47	47	47
Training	29	29	31	31	31	31
Workforce Diversity	4	4	4	4	4	4
VP Planning & Development	3	3	3	3	3	3
Operations Planning	13	13	13	13	13	13
Capital Planning	14	14	14	14	14	14
Business Development & Facilities	12	14	14	14	14	14
Marketing	10	10	10	10	10	10
Industrial Engineering	11	11	11	11	11	11
Executive Vice President	1	1	1	1	1	1
Controller	122	124	129	129	129	129
Information Technology	120	124	128	128	128	128
Budget	14	16	16	16	16	16
Customer Service	66	65	66	67	67	67
Corporate	0	(35)	(45)	(45)	(45)	(45)
Total Administration	553	533	538	539	539	539
Operations						
VP Operations	36	54	54	67	67	67
Operations Services	1,815	1,888	1,909	1,923	1,970	1,997
Metro-North West	30	27	27	27	27	27
Total Operations	1,881	1,969	1,990	2,017	2,064	2,091
Maintenance						
GCT	341	360	359	385	405	405
Maintenance of Equipment	1,256	1,267	1,309	1,309	1,286	1,286
Maintenance of Way	1,505	1,515	1,573	1,587	1,604	1,607
Procurement & Material Management	167	172	174	174	174	174
Total Maintenance	3,269	3,314	3,415	3,455	3,469	3,472
Engineering/Capital						
Project Budget	13	13	13	13	13	13
Construction Management	37	39	39	39	39	39
Engineering & Design	59	62	62	62	62	62
Total Engineering/Capital	109	114	114	114	114	114
Total Baseline Positions	5,812	5,930	6,057	6,125	6,186	6,216
<i>Non-Reimbursable</i>	5,294	5,351	5,455	5,523	5,584	5,614
<i>Reimbursable</i>	518	579	602	602	602	602
<i>Total Full-Time</i>	5,807	5,925	6,052	6,120	6,181	6,211
<i>Total Full-Time-Equivalents</i>	5	5	5	5	5	5
<hr/>						
Impact of:						
2007 Program to Eliminate the Gap	-	(5)	(5)	(5)	(5)	(5)
Post 2007 Program to Eliminate the Gap	-	0	0	0	0	0
Total Positions	5,812	5,925	6,052	6,120	6,181	6,211
<i>Non-Reimbursable</i>	5,294	5,346	5,450	5,518	5,579	5,609
<i>Reimbursable</i>	518	579	602	602	602	602
<i>Total Full-Time</i>	5,807	5,920	6,047	6,115	6,176	6,206
<i>Total Full-Time Equivalents</i>	5	5	5	5	5	5

MTA METRO-NORTH RAILROAD
November Financial Plan 2007 - 2010
Total Full-time Positions and Full-time Equivalents by Function and Occupational Group

FUNCTION/OCCUPATIONAL GROUP		2006 November Forecast	2007 Final Proposed Budget	2008	2009	2010
Administration						
	Managers/Supervisors	41	41	41	41	41
	Professional, Technical, Clerical	492	497	498	498	498
	Operational Hourlies	-	-	-	-	-
	Total Administration	533	538	539	539	539
Operations						
	Managers/Supervisors	28	28	39	40	40
	Professional, Technical, Clerical	481	488	488	488	488
	Operational Hourlies	1,460	1,474	1,490	1,536	1,563
	Total Operations	1,969	1,990	2,017	2,064	2,091
Maintenance						
	Managers/Supervisors	39	40	51	53	53
	Professional, Technical, Clerical	1,050	1,058	1,058	1,058	1,058
	Operational Hourlies	2,225	2,317	2,346	2,358	2,361
	Total Maintenance	3,314	3,415	3,455	3,469	3,472
Engineering/Capital						
	Managers/Supervisors	27	28	28	28	28
	Professional, Technical, Clerical	87	86	86	86	86
	Operational Hourlies	-	-	-	-	-
	Total Engineering/Capital	114	114	114	114	114
Public Safety						
	Managers/Supervisors	-	-	-	-	-
	Professional, Technical, Clerical	-	-	-	-	-
	Operational Hourlies	-	-	-	-	-
	Total Public Safety	-	-	-	-	-
Total Baseline Positions						
	Managers/Supervisors	135	137	159	162	162
	Professional, Technical, Clerical	2,110	2,129	2,130	2,130	2,130
	Operational Hourlies	3,685	3,791	3,836	3,894	3,924
	Total Baseline Positions	5,930	6,057	6,125	6,186	6,216

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**MTA Headquarters, First Mutual
Transportation Assurance Co. (FMTAC),
and Inspector General**

**MTA Headquarters
2007 Final Proposed Budget
November Financial Plan 2007 – 2010**

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

The greater New York economy continues to show strength as it recovers from low points brought about by terrorist activities and an erosion in business confidence resulting from financial improprieties and burgeoning costs, including health and welfare. Much of this recovery can be attributed to the willingness of successful US organizations to strengthen its operations and restores integrity in the way they conduct business.

The MTA has participated and undergone a remarkable transformation in during this period. In light of the terrorist attacks in New York and throughout the world the MTA has taken extraordinary measures to enhance safety and security for a system that spans the five boroughs, several upstate counties, Long Island, and Southern Connecticut. Since 2001 it has added over 200 uniformed personnel accompanied by enhanced training and equipment. The 2005-2009 Capital Program builds on prior capital programs with additional investments in security, as well as state of good repair, and expansion projects. Emergency exit bars in subway stations are being installed to allow rapid evacuation if necessary, and a pilot program is testing the use of cameras at various stations. In addition, an Office of Interagency Preparedness has been established to coordinate interagency issues, security, grants and funding from all sources and levels of government.

Significant progress has also been made towards the goal of providing accurate, timely, and transparent financial reporting. In order to enhance public confidence, the Budget process has been revamped and, in addition to the annual budget adopted by the board, the MTA now prepares a Four-Year Financial Plan. This process identifies problems early and allows for timely solutions with input from the public and elected officials. In addition, the MTA now prepares quarterly Financial Statements that are reviewed by private auditors and released to the general public as well as the financial community.

To consolidate and access the data needed to achieve financial transparency MTA Headquarters has invested in an Enterprise Performance Management system for human resource and financial information. Training has been provided to create a more knowledgeable workforce capable of taking advantage of new technologies.

MTA Headquarters has also established an Office of Internal Controls in order to strengthen corporate guidelines and policies and to improve corporate governance.

While maintaining a strong commitment to safety and security for its customers, employees, and facilities, MTA Headquarters has embarked on another round of aggressive programs to reduce costs and to achieve savings through 2010 while not compromising its support to the Agencies and ultimately, the MTA's customers. 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, PEG headcount savings will begin in 2008 with the reduction of 18 positions as well as utilizing delayed hiring to achieve higher vacancy savings. Also, with increased management oversight and detailed, almost real-time reporting of overtime usage, MTA Police will provide additional PEG savings in overtime expenses beginning in 2006.

Savings from programs to eliminate the gap have already begun and will reduce overtime expenses by \$0.829 million beginning in 2006 and \$0.834 million in 2007. Thereafter, this program, in conjunction with headcount reductions, will result in savings of \$2.226 million, \$2.340 million, and \$2.447 million in 2008, 2009 and 2010 respectively.

2006 November Forecast

MTA Headquarters projects a Baseline Deficit of \$254.478 million in the 2006 November Forecast before PEGs. For 2006, the November Forecast reflects some significant changes from the 2006 Mid-Year Forecast. Higher personnel costs resulting from increased straight-time and benefits costs are somewhat off-set by lower overtime expenditures by the MTA Police Department. Non-personnel costs decrease for the November Forecast primarily due to re-estimates of Insurance and litigation reserves and the reallocation of shared services costs. However some off-setting increases were required, such as higher support for the Cross Bay Toll and increased advertising and appraisal fees. The 2006 November Forecast also incorporates \$1.495 million of New Needs as originally included in the July 2006 Financial Plan.

The baseline assumes headcount levels of 668 employees at MTA Headquarters and 755 employees in Public Safety, totaling 1,423 employees. Changes in headcount levels and mix from the July Plan include the reinstatement of two positions assigned to the Office of Civil Rights and the reclassification of the Office of Preparedness (six

positions) from Public Safety to Administration. These changes remain in effect throughout the plan period.

2007 Final Proposed Budget- Baseline

MTA Headquarters projects a Baseline Net Deficit of \$278.857 million in the 2007 Final Proposed Budget before PEGs. The deficit is \$24.380 million higher than the 2006 November Forecast of \$254.478 million prior to PEGs. This increase is primarily a result of the \$40.000 million pension valuation provision, reallocated \$7.750 million shared services funding from 2006 to 2007, continuing increase in Headquarters costs relating to Cross Bay Tolls and higher estimates in fuel costs and overtime expenses for the MTA Police. Offsetting the Agency wide pension provision, are Non-NYCT pension pre-payment savings of \$30.370 million. The baseline also includes \$3.744 million of New Needs that were originally incorporated into the July 2006 Financial Plan.

The baseline also assumes headcount levels of 665 employees at MTA Headquarters and 768 employees in Public Safety, totaling 1,433 employees. The below-the-line 2006 PEG program is discussed below.

2008-2010 Projections - Baseline

The baseline Net Deficit for 2008 is \$281.693 million which incorporates \$3.731 million in continuing New Needs, originally incorporated in the July 2006 Plan and which are included in the 2006 November Forecast and the 2007 Final Proposed Budget. The baseline reflects level staffing at MTA Headquarters from the 2007 Baseline of 1,433 employees.

The baseline Net Deficit for 2009 decreases from 2008 by \$0.716 million to \$280.977 million, which incorporates \$3.951 million in continuing New Needs, originally incorporated in the July 2006 Plan and which are included in the 2006 November Forecast and the 2007 Final Proposed Budget. The baseline reflects level staffing at MTA Headquarters from the 2008 Baseline of 1,433 employees.

The baseline Net Deficit for 2010 increases over the 2009 baseline by \$9.158 million to \$290.135 million, which includes \$4.167 million in continuing New Needs, originally incorporated in the July 2006 Plan and which are included in the 2006 November Forecast and the 2007 Final Proposed Budget. The baseline reflects level staffing at MTA Headquarters from the 2009 Baseline of 1,433 employees

Gap Closing Measures

MTA Headquarters has identified two additional new PEGs, on top of existing and ongoing PEGs from prior years.

2007 Programs to Eliminate the Gap

The MTA Police will achieve savings in overtime while maintaining its enhanced presence throughout the MTA system providing protection for the MTA's customers, employees and infrastructure at critical locations. This category of PEG savings begins in 2006, providing reduced overtime of \$0.829 million and increases each year throughout the plan period.

Post-2007 Programs to Eliminate the Gap

Headquarters has also made a commitment to reduce personnel expenses beginning in 2008 by eliminating 18 positions through attrition that are no longer required as a result of increased workforce productivity. In addition, savings will be achieved by delaying hiring on vacant positions. These actions will result in \$1.330 million savings in 2008 and increasing in subsequent plan years.

2007 Final Proposed Budget

The Net Deficit for the 2007 Final Proposed Budget of \$278.023 million is \$24.375 million higher than the 2006 November Forecast Net Deficit of \$253.649 million. The 2007 Net Deficit shows a decrease from the 2007 baseline as a result of savings from MTA Headquarters' Program to Eliminate the Gap. This PEGs will result in overtime cost reductions in 2007 of \$0.834 million, following the \$0.829 million in savings that are already expected for 2006.

2008-2010 Projections

The 2008 Net Deficit is projected at \$279.467 million. Representing a decrease from the 2008 baseline, cost reductions of \$2.226 million are attributable to the PEGs described above and will result in the elimination of 18 positions from the baseline headcount of 1,433.

The 2009 Net Deficit is projected at \$278.637 million. Inclusion of PEG savings described above, results in the decrease from the 2009 baseline of \$2.340 million. Of this amount, \$0.902 million is attributable to the overtime savings PEG, while the remaining \$1.438 million results from the reduced headcount and hiring actions at MTA Headquarters.

The 2010 Net Deficit is projected at \$287.688 million. Inclusion of PEG savings described above, results in the decrease from the 2008 baseline of \$2.447 million. Again, of this amount, \$0.910 million is attributable to the overtime reductions PEG, and \$1.537 million in savings results from the reduced headcount and hiring actions at MTA Headquarters.

MTA HEADQUARTERS
November Financial Plan 2007 - 2010
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE						
	2005	2006	2007			
	Actuals	November Forecast	Final Proposed Budget	2008	2009	2010
Operating Revenue						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
<u>Other Operating Revenue</u>						
Rental Income	45.443	46.906	47.104	47.867	48.599	49.494
Other	2.469	4.169	4.290	4.360	4.427	4.508
Total Other Operating Revenue	47.912	51.075	51.394	52.227	53.026	54.002
Capital and Other Reimbursements	-	-	-	-	-	-
Total Revenue	\$47.912	\$51.075	\$51.394	\$52.227	\$53.026	\$54.002
Operating Expenses						
<u>Labor:</u>						
Payroll	\$104.646	\$118.440	\$118.447	\$121.955	\$124.933	\$127.954
Overtime	11.454	7.849	10.094	10.388	10.772	11.117
Health and Welfare	12.782	19.197	19.903	22.491	25.521	28.963
Pensions	19.145	14.104	32.229	30.359	31.121	31.930
Other Fringe Benefits	14.026	12.982	10.634	11.187	11.767	12.360
Reimbursable Overhead	(33.597)	(43.827)	(45.726)	(46.421)	(47.102)	(47.938)
Total Labor Expenses	\$128.456	\$128.743	\$145.581	\$149.960	\$157.013	\$164.386
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	9.056	8.406	3.930	4.366	4.755	5.229
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	12.661	14.848	14.211	14.442	14.497	14.766
Professional Service Contracts	75.366	42.248	52.533	45.652	45.069	44.856
Materials & Supplies	1.009	0.929	1.096	1.114	1.131	1.152
<u>Other Business Expenses</u>						
MTA Internal Subsidy	34.719	30.541	32.766	40.492	34.918	36.060
Other	52.646	54.161	55.472	56.148	57.077	58.145
Total Other Business Expenses	87.365	84.702	88.238	96.640	91.995	94.205
Total Non-Labor Expenses	\$185.457	\$151.134	\$160.008	\$162.215	\$157.447	\$160.208
<u>Other Expenses Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$313.913	\$279.877	\$305.590	\$312.175	\$314.461	\$324.594
Depreciation	23.206	25.675	24.662	21.745	19.542	19.542
Total Expenses	\$337.119	\$305.552	\$330.252	\$333.920	\$334.003	\$344.136
Baseline Surplus/(Deficit)	(\$289.207)	(\$254.478)	(\$278.857)	(\$281.693)	(\$280.977)	(\$290.135)
2007 Program to Eliminate the Gap (PEGs)		0.829	0.834	0.896	0.902	0.910
Post 2007 Program to Eliminate the Gap (PEGs)		0.000	0.000	1.330	1.438	1.537
Net Surplus/(Deficit)	(\$289.207)	(\$253.649)	(\$278.023)	(\$279.467)	(\$278.637)	(\$287.688)

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MTA HEADQUARTERS
November Financial Plan 2007 - 2010
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE / REIMBURSABLE						
	2005	2006	2007			
	Actuals	November Forecast	Final Proposed Budget	2008	2009	2010
Revenue						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
<u>Other Operating Revenue</u>						
Rental Income	45.443	46.906	47.104	47.867	48.599	49.494
Data Center Billings	-	-	-	-	-	-
Other	2.469	4.169	4.290	4.360	4.427	4.508
Total Other Operating Revenue	47.912	51.075	51.394	52.227	53.026	54.002
Capital and Other Reimbursements	37.938	46.951	49.869	50.704	51.487	52.440
Total Revenue	\$85.850	\$98.025	\$101.263	\$102.931	\$104.513	\$106.442
Expenses						
<u>Labor:</u>						
Payroll	\$106.115	\$119.642	\$120.120	\$123.677	\$126.681	\$129.734
Overtime	11.454	7.849	10.094	10.388	10.772	11.117
Health and Welfare	12.872	19.351	20.171	22.788	25.850	29.326
Pensions	19.217	14.284	32.461	30.597	31.369	32.188
Other Fringe Benefits	14.393	13.092	10.776	11.334	11.918	12.515
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor expenses	\$164.051	\$174.218	\$193.622	\$198.783	\$206.590	\$214.882
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	9.056	8.406	3.930	4.366	4.755	5.229
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	12.661	14.848	14.211	14.442	14.497	14.766
Professional Service Contracts	77.650	43.632	54.289	47.459	46.904	46.724
Materials & Supplies	1.009	0.929	1.096	1.114	1.131	1.152
<u>Other Business Expenses</u>						
MTA Internal Subsidy	34.719	30.541	32.766	40.492	34.918	36.060
Other Business Expenses	52.705	54.254	55.545	56.223	57.153	58.222
Total Other Business Expenses	87.424	84.795	88.311	96.715	92.071	94.282
Total Non-Labor expenses	\$187.800	\$152.611	\$161.836	\$164.096	\$159.357	\$162.153
<u>Other Expenses Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$351.851	\$326.828	\$355.459	\$362.879	\$365.947	\$377.035
Depreciation	23.206	25.675	24.662	21.745	19.542	19.542
Total Expenses	\$375.057	\$352.503	\$380.121	\$384.624	\$385.489	\$396.577
Baseline Surplus/(Deficit)	(\$289.207)	(\$254.478)	(\$278.857)	(\$281.693)	(\$280.977)	(\$290.135)
2007 Program to Eliminate the Gap (PEGs)	0.000	0.829	0.834	0.896	0.902	0.910
Post 2007 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	1.330	1.438	1.537
Net Surplus/(Deficit)	(\$289.207)	(\$253.649)	(\$278.023)	(\$279.467)	(\$278.637)	(\$287.688)

MTA HEADQUARTERS
November Financial Plan 2007 - 2010
Cash Receipts & Expenditures
(\$ in millions)

CASH RECEIPTS AND EXPENDITURES						
	2005	2006	2007			
	Actuals	November Forecast	Final Proposed Budget	2008	2009	2010
Receipts						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
<u>Other Operating Revenue</u>						
Rental Income	42.534	46.906	47.104	47.867	48.599	49.494
Data Center Billings	-	-	-	-	-	-
Other	5.358	4.169	4.290	4.360	4.427	4.508
Total Other Operating Revenue	47.892	51.075	51.394	52.227	53.026	54.002
Capital and Other Reimbursements	38.866	44.698	49.139	50.495	51.291	52.202
Total Receipts	\$86.758	\$95.772	\$100.533	\$102.722	\$104.317	\$106.204
Expenditures						
<u>Labor:</u>						
Payroll	\$114.761	\$116.642	\$117.046	\$120.541	\$123.497	\$126.492
Overtime	11.454	7.849	10.094	10.388	10.772	11.117
Health and Welfare	13.234	18.811	20.103	22.570	25.595	29.036
Pensions	20.002	13.549	32.293	30.512	31.176	31.983
Other Fringe Benefits	9.236	13.200	10.969	11.288	11.869	12.465
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$168.687	\$170.051	\$190.505	\$195.298	\$202.909	\$211.095
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	0.677	10.179	7.014	3.727	4.051	4.456
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	5.843	14.848	14.211	14.442	14.497	14.766
Professional Service Contracts	73.358	41.632	54.289	47.459	46.904	46.724
Materials & Supplies	0.459	0.929	1.096	1.114	1.131	1.152
<u>Other Business Expenses</u>						
MTA Internal Subsidy	33.900	31.012	32.766	40.492	34.918	36.060
Other Business Expenses	102.811	52.407	53.630	54.283	55.182	56.214
Total Other Business Expenses	136.711	83.419	86.396	94.775	90.100	92.274
Total Non-Labor Expenditures	\$217.048	\$151.008	\$163.005	\$161.517	\$156.682	\$159.372
<u>Other Expenditure Adjustments:</u>						
Capital	\$16.336	\$21.518	\$21.339	\$21.339	\$20.800	\$20.800
Unallocated Service Enhancement Policy Action	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expenditure Adjustments	\$16.336	\$21.518	\$21.339	\$21.339	\$20.800	\$20.800
Total Expenditures	\$402.071	\$342.576	\$374.850	\$378.154	\$380.391	\$391.267
Baseline Cash Deficit	(\$315.313)	(\$246.804)	(\$274.316)	(\$275.432)	(\$276.075)	(\$285.063)
2007 Program to Eliminate the Gap (PEGs)		0.829	0.834	0.896	0.902	0.910
Post-2007 Program to Eliminate the Gap (PEGs)		0.000	0.000	1.330	1.438	1.537
Net Cash Deficit	(\$315.313)	(\$245.975)	(\$273.482)	(\$273.206)	(\$273.735)	(\$282.616)

MTA HEADQUARTERS
November Financial Plan 2007 - 2010
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

CASH FLOW ADJUSTMENTS						
	2005	2006	2007			
	Actuals	November Forecast	Final Proposed Budget	2008	2009	2010
Receipts						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	(0.020)	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	0.928	(2.253)	(0.730)	(0.209)	(0.196)	(0.238)
Total Receipts	\$0.908	(\$2.253)	(\$0.730)	(\$0.209)	(\$0.196)	(\$0.238)
Expenditures						
<u>Labor:</u>						
Payroll	(\$8.646)	\$3.000	\$3.074	\$3.136	\$3.184	\$3.242
Overtime	-	-	-	-	-	-
Health and Welfare	(0.362)	0.540	0.068	0.218	0.255	0.290
Pensions	(0.785)	0.735	0.168	0.085	0.193	0.205
Other Fringe Benefits	5.157	(0.108)	(0.193)	0.046	0.049	0.050
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	(\$4.636)	\$4.167	\$3.117	\$3.485	\$3.681	\$3.787
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	8.379	(1.773)	(3.084)	0.639	0.704	0.773
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	6.818	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	4.292	2.000	0.000	0.000	0.000	0.000
Materials & Supplies	0.550	0.000	0.000	0.000	0.000	0.000
<u>Other Business Expenses:</u>						
MTA Internal Subsidy	0.819	(0.471)	0.000	0.000	0.000	0.000
Other Business Expenses	(50.106)	1.847	1.915	1.940	1.971	2.008
Total Other Business Expenses	(49.287)	1.376	1.915	1.940	1.971	2.008
Total Non-Labor Expenditures	(\$29.248)	\$1.603	(\$1.169)	\$2.579	\$2.675	\$2.781
<u>Other Expenditure Adjustments:</u>						
Capital	(\$16.336)	(\$21.518)	(\$21.339)	(\$21.339)	(\$20.800)	(\$20.800)
Unallocated Service Enhancement Policy Action	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expenditure Adjustments	(\$16.336)	(\$21.518)	(\$21.339)	(\$21.339)	(\$20.800)	(\$20.800)
Total Cash Conversion Adjustments before Depreciation	(\$49.312)	(\$18.001)	(\$20.121)	(\$15.484)	(\$14.640)	(\$14.470)
Depreciation Adjustment	23.206	25.675	24.662	21.745	19.542	19.542
Baseline Total Cash Conversion Adjustments	(\$26.106)	\$7.674	\$4.541	\$6.261	\$4.902	\$5.072
2007 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000	0.000
Post 2007 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	(\$26.106)	\$7.674	\$4.541	\$6.261	\$4.902	\$5.072

**MTA Headquarters
November Financial Plan 2007-2010
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 November Financial Plan 2007-2010:

Receipts:

Rental Income, Data Center Billings, and Other

- The 2007 Final Proposed Budget reflects a decrease in Data Center revenues from the 2006 November Forecast. This is a result of the Data Center lease buy-out and a corresponding reduction in charges to the agencies. As in 2006, to remain consistent with the accounting treatment, remaining Data Center revenues are netted expenses in Other Expenses.
- Rental Income and Other Revenues for 2008, 2009 and 2010 are inflated by 1.62%, 1.53%, and 1.84%, respectively.

Expenditures:

Payroll

- Increases in the 2007 Final Proposed Budget from the 2006 represents MTA Headquarters full year staffing levels.
- Thereafter, MTA Headquarters non-represented salaries are inflated by 3.00%, 1.53%, and 1.84% in 2008, 2009 and 2010 respectively. Represented salaries are inflated by rates reflective of pattern bargaining.

Overtime

- The 2007 Final Proposed Budget primarily reflects an increase from the 2006 November Forecast. Increased overtime controls and 12-hour tours have resulted in lower spending in 2006.
- Thereafter 2008, 2009 and 2010 are inflated by 2.91%, 3.07% and 3.20% respectively.

Health and Welfare

- Increases in the 2007 Final Proposed Budget are projected at 14.78% over 2006 November Forecast rate due to projected increases in Empire Plan costs for employers. Subsequently, the same percentage increase of 10.68% is reflected in 2008, 2009 and 2010.

Pensions

- The increase in the 2007 Final Proposed Budget reflects a growth over the 2006 November Forecast, as a result of higher MTA salaries combined with the effect from higher police wages.
- Thereafter, MTA Headquarters and Police pension requirements are based on the latest actuarial calculations.
- Beginning in 2006, the favorable effect of pre-payment benefits for Non-NYCT pension liabilities is included.
- Beginning in 2007, MTA Headquarters financials reflect an additional pension valuation provision of \$40 million annually. This amount is currently estimated and will be finalized and distributed among the Agencies in the February, 2007 Financial Plan.

Other Fringe Benefits

- A decrease in Other Benefits between the 2006 November Forecast and 2007 Final Proposed Budget represents higher than expected retiree payments in 2006.
- In all subsequent years of the plan, 2008, 2009 and 2010 are inflated by 2.91%, 3.07% and 3.20%, respectively

Insurance

- Increases in the 2007 Preliminary Budget generally reflect increased general liability premiums. Thereafter 2008, 2009, and 2010 are inflated at 10% annually with some off-setting adjustments.
- Adjustments have also been made in levels for litigation and insurance reserves.

Maintenance and Other Operating Contracts

- A slight decrease of \$0.637 million from the 2006 November Forecast for the 2007 Final Proposed Budget reflects a lower New Need levels in 2007 offset by an inflationary increase.
- Thereafter 2008, 2009 and 2010 are inflated by 1.62%, 1.53%, and 1.84%, respectively.

Professional Service Contracts

- Increases from the 2006 November Forecast for the 2007 Final Proposed Budget of \$10.657 million primarily reflect a re-allocation of funding for Shared Services expenses from 2006 to 2007.
- Thereafter 2008, 2009 and 2010 are inflated by 1.62%, 1.53%, and 1.84%, respectively, with adjustments made to reflect the inclusion of New Need programs approved in the July Financial Plan.

Materials & Supplies

- Increases of \$0.167 million from the 2006 November Forecast to the 2007 Final Proposed Budget reflect anticipated under-spending in 2006 from the mid-year plan as well as inflationary growth for 2007.

- Thereafter 2008, 2009 and 2010 are inflated by 1.62%, 1.53%, and 1.84%, respectively, with adjustments made to reflect the inclusion of New Need programs approved in the July Financial Plan.

MTA Internal Subsidy

- All years reflect MTA support requirements for SIRT OA and Long Island Bus based on projected revenue and support shortfalls from state and local governments.

Other Business Expenses

- Increases from the 2006 November Forecast for the 2007 Final Proposed Budget of \$1.291 million primarily reflects the effect of inflation.
- Expenses for 2008, 2009 and 2010 are inflated by 1.62%, 1.53%, and 1.84%, respectively, with adjustments made to reflect the inclusion of New Need programs approved in the July Financial Plan.

Other Expenditure Adjustments:

Capital Expenditures

- 2007 expenditures anticipate a slight decrease of \$0.179 million, reflecting expected project levels.
- Expenditures for 2008 remain constant at \$21.339 million and thereafter at \$20.800 million in 2009 and 2010.

MTA HEADQUARTERS
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE

	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
Revenue									
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue									
Other Operating Revenue:									
Rental Income	46.906	47.104	0.198	47.867	0.763	48.599	0.732	49.494	0.894
Data Center Billings	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other	4.169	4.290	0.121	4.360	0.070	4.427	0.067	4.508	0.081
Total Other Operating Revenue	51.075	51.394	0.320	52.227	0.833	53.026	0.799	54.002	0.976
Capital and Other Reimbursements	-	-	-	-	-	-	-	-	-
Total Revenue	\$51.075	\$51.394	\$0.320	\$52.227	\$0.833	\$53.026	\$0.799	\$54.002	\$0.976
Expenses									
Labor:									
Payroll	\$118.440	\$118.447	(\$0.007)	\$121.955	(\$3.508)	\$124.933	(\$2.978)	\$127.954	(\$3.021)
Overtime	7.849	10.094	(2.245)	10.388	(0.294)	10.772	(0.384)	11.117	(0.345)
Health and Welfare	19.197	19.903	(0.707)	22.491	(2.588)	25.521	(3.030)	28.963	(3.442)
Pensions	14.104	32.229	(18.125)	30.359	1.870	31.121	(0.762)	31.930	(0.810)
Other Fringe Benefits	12.982	10.634	2.347	11.187	(0.553)	11.767	(0.580)	12.360	(0.592)
Reimbursable Overhead	(43.827)	(45.726)	1.899	(46.421)	0.695	(47.102)	0.681	(47.938)	0.837
Total Labor Expenses	\$128.743	\$145.581	(\$16.838)	\$149.960	(\$4.378)	\$157.013	(\$7.054)	\$164.386	(\$7.373)
Non-Labor:									
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-	-	-	-	-
Insurance	8.406	3.930	4.476	4.366	(0.437)	4.755	(0.388)	5.229	(\$0.475)
Claims	-	-	-	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Contracts	14.848	14.211	0.637	14.442	(0.231)	14.497	(0.055)	14.766	(0.269)
Professional Service Contracts	42.248	52.533	(10.285)	45.652	6.881	45.069	0.583	44.856	0.213
Materials & Supplies	0.929	1.096	(0.167)	1.114	(0.017)	1.131	(0.018)	1.152	(0.021)
MTA Internal Subsidy	30.541	32.766	(2.225)	40.492	(7.726)	34.918	5.574	36.060	(1.142)
Other Business Expenses	54.161	55.472	(1.311)	56.148	(0.676)	57.077	(0.929)	58.145	(1.068)
Total Non-Labor Expenses	\$151.134	\$160.008	(\$8.874)	\$162.215	(\$2.207)	\$157.447	\$4.768	\$160.208	(\$2.761)
Other Expenses Adjustments:									
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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	\$279.877	\$305.590	(\$25.712)	\$312.175	(\$6.585)	\$314.461	(\$2.286)	\$324.594	(\$10.134)
Depreciation	25.675	24.662	1.013	21.745	2.917	19.542	2.203	19.542	0.000
Total Expenses	\$305.552	\$330.252	(\$24.699)	\$333.920	(\$3.668)	\$334.003	(\$0.083)	\$344.136	(\$10.134)
Baseline Net Surplus/(Deficit)	(\$254.478)	(\$278.857)	(\$24.380)	(\$281.693)	(\$2.835)	(\$280.977)	\$0.716	(\$290.135)	(\$9.158)
2007 Program to Eliminate the Gap	0.829	0.834	0.005	0.896	0.062	0.902	0.006	0.910	0.008
Post 2007 Program to Eliminate the Gap	0.000	0.000	0.000	1.330	1.330	1.438	0.108	1.537	0.099
Net Surplus/(Deficit)	(\$253.649)	(\$278.023)	(\$24.375)	(\$279.467)	(\$1.443)	(\$278.637)	\$0.830	(\$287.688)	(\$9.051)

REIMBURSABLE

	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
Revenue									
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-	-	-	-
Other Operating Revenue									
Rental Income			-		-		-		-
Data Center Billings			-		-		-		-
Other			-		-		-		-
Total Other Operating Revenue	-	-	-	-	-	-	-	-	-
Capital and Other Reimbursements	46.951	49.869	2.918	50.704	0.835	51.487	0.782	52.440	0.954
Total Revenue	\$46.951	\$49.869	\$2.918	\$50.704	\$0.835	\$51.487	\$0.782	\$52.440	\$0.954
Expenses									
Labor:									
Payroll	\$1.203	\$1.673	(\$0.470)	\$1.722	(\$0.049)	\$1.748	(\$0.026)	\$1.780	(\$0.032)
Overtime	-	-	-	-	-	-	-	-	-
Health and Welfare	0.154	0.268	(0.114)	0.297	(0.029)	0.328	(0.032)	0.363	(0.035)
Pensions	0.180	0.232	(0.052)	0.238	(0.006)	0.248	(0.010)	0.258	(0.010)
Other Fringe Benefits	0.110	0.142	(0.032)	0.146	(0.004)	0.151	(0.004)	0.155	(0.005)
Reimbursable Overhead	43.827	45.726	(1.899)	46.421	(0.695)	47.102	(0.681)	47.938	(0.837)
Total Labor Expenses	\$45.474	\$48.041	(\$2.567)	\$48.823	(\$0.782)	\$49.577	(\$0.754)	\$50.495	(\$0.919)
Non-Labor:									
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Claims	-	-	-	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	1.384	1.756	(0.372)	1.807	(0.051)	1.834	(0.028)	1.868	(0.034)
Materials & Supplies	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
MTA Internal Subsidy	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Business Expenses	0.093	0.072	0.020	0.074	(0.002)	0.076	(0.001)	0.077	(0.001)
Total Non-Labor Expenses	\$1.477	\$1.828	(\$0.351)	\$1.881	(\$0.053)	\$1.910	(\$0.029)	\$1.945	(\$0.035)
Other Expenses Adjustments:									
Other	\$0.000	\$0.000	\$0.000	0.000	\$0.000	0.000	\$0.000	\$0.000	\$0.000
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	\$46.951	\$49.869	(\$2.918)	\$50.704	(\$0.835)	\$51.487	(\$0.782)	\$52.440	(\$0.954)
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$46.951	\$49.869	(\$2.918)	\$50.704	(\$0.835)	\$51.487	(\$0.782)	\$52.440	(\$0.954)
Baseline Net Surplus/(Deficit)	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2007 Program to Eliminate the Gap	0.000	0.000	\$0.000	0.000	\$0.000	0.000	\$0.000	0.000	\$0.000
Post 2007 Program to Eliminate the Gap	0.000	0.000	\$0.000	0.000	\$0.000	0.000	\$0.000	0.000	\$0.000
Net Surplus/(Deficit)	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA HEADQUARTERS
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
Revenue									
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-	-	-	-
Other Operating Revenue:									
Rental Income	46.906	47.104	0.198	47.867	0.763	48.599	0.732	49.494	0.894
Data Center Billings	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other	4.169	4.290	0.121	4.360	0.070	4.427	0.067	4.508	0.081
Total Other Operating Revenue	51.075	51.394	0.320	52.227	0.833	53.026	0.799	54.002	0.976
Capital and Other Reimbursements	46.951	49.869	2.918	50.704	0.835	51.487	0.782	52.440	0.954
Total Revenue	\$98.025	\$101.263	\$3.238	\$102.931	\$1.668	\$104.513	\$1.581	\$106.442	\$1.929
Expenses									
Labor:									
Payroll	\$119.642	\$120.120	(\$0.477)	\$123.677	(\$3.557)	\$126.681	(\$3.005)	\$129.734	(\$3.053)
Overtime	7.849	10.094	(2.245)	10.388	(0.294)	10.772	(0.384)	11.117	(0.345)
Health and Welfare	19.351	20.171	(0.821)	22.788	(2.616)	25.850	(3.062)	29.326	(3.477)
Pensions	14.284	32.461	(18.177)	30.597	1.864	31.369	(0.772)	32.188	(0.820)
Other Fringe Benefits	13.092	10.776	2.315	11.334	(0.557)	11.918	(0.584)	12.515	(0.597)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$174.218	\$193.622	(\$19.405)	\$198.783	(\$5.160)	\$206.590	(\$7.807)	\$214.882	(\$8.291)
Non-Labor:									
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-	-	-	-	-
Insurance	8.406	3.930	4.476	4.366	(0.437)	4.755	(0.388)	5.229	(0.475)
Claims	-	-	-	-	-	0.000	-	-	-
Paratransit Service Contracts	-	-	-	-	-	0.000	-	-	-
Maintenance and Other Operating Contracts	14.848	14.211	0.637	14.442	(0.231)	14.497	(0.055)	14.766	(0.269)
Professional Service Contracts	43.632	54.289	(10.656)	47.459	6.830	46.904	0.555	46.724	0.180
Materials & Supplies	0.929	1.096	(0.167)	1.114	(0.017)	1.131	(0.018)	1.152	(0.021)
MTA Internal Subsidy	30.541	32.766	(2.225)	40.492	(7.726)	34.918	5.574	36.060	(1.142)
Other Business Expenses	54.254	55.545	(1.291)	56.223	(0.678)	57.153	(0.930)	58.222	(1.070)
Total Non-Labor Expenses	\$152.611	\$161.836	(\$9.226)	\$164.096	(\$2.260)	\$159.357	\$4.739	\$162.153	(\$2.796)
Other Expenses Adjustments:									
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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	\$326.828	\$355.459	(\$28.631)	\$362.879	(\$7.420)	\$365.947	(\$3.068)	\$377.035	(\$11.088)
Depreciation	25.675	24.662	1.013	21.745	2.917	19.542	2.203	19.542	0.000
Total Expenses	\$352.503	\$380.121	(\$27.618)	\$384.624	(\$4.503)	\$385.489	(\$0.865)	\$396.577	(\$11.088)
Baseline Net Surplus/(Deficit)	(\$254.478)	(\$278.857)	(\$24.380)	(\$281.693)	(\$2.835)	(\$280.977)	\$0.716	(\$290.135)	(\$9.158)
2007 Program to Eliminate the Gap	0.829	0.834	0.005	0.896	0.062	0.902	0.006	0.910	\$0.008
Post 2007 Program to Eliminate the Gap	0.000	0.000	0.000	1.330	1.330	1.438	0.108	1.537	\$0.099
Net Surplus/(Deficit)	(\$253.649)	(\$278.023)	(\$24.375)	(\$279.467)	(\$1.443)	(\$278.637)	\$0.830	(\$287.688)	(\$9.051)

MTA HEADQUARTERS
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

CASH RECEIPTS & EXPENDITURES

	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<u>Receipts</u>									
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-	-	-	-
Other Operating Revenue:									
Rental Income	46.906	47.104	0.198	47.867	0.763	48.599	0.732	49.494	0.894
Data Center Billings	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other	4.169	4.290	0.121	4.360	0.070	4.427	0.067	4.508	0.081
Total Other Operating Revenue	51.075	51.394	0.320	52.227	0.833	53.026	0.799	54.002	0.976
Capital and Other Reimbursements	44.698	49.139	4.441	50.495	1.356	51.291	0.795	52.202	0.912
Total Receipts	\$95.772	\$100.533	\$4.761	\$102.722	\$2.189	\$104.317	\$1.594	\$106.204	\$1.887
<u>Expenditures</u>									
Labor:									
Payroll	\$116.642	\$117.046	(\$0.403)	\$120.541	(\$3.495)	\$123.497	(\$2.957)	\$126.492	(\$2.995)
Overtime	7.849	10.094	(2.245)	10.388	(0.294)	10.772	(0.384)	11.117	(0.345)
Health and Welfare	18.811	20.103	(1.293)	22.570	(2.466)	25.595	(3.025)	29.036	(3.442)
Pensions	13.549	32.293	(18.744)	30.512	1.781	31.176	(0.664)	31.983	(0.808)
Other Fringe Benefits	13.200	10.969	2.230	11.288	(0.318)	11.869	(0.581)	12.465	(0.596)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$170.051	\$190.505	(\$20.455)	\$195.298	(\$4.792)	\$202.909	(\$7.611)	\$211.095	(\$8.185)
Non-Labor:									
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-	-	-	-	-
Insurance	10.179	7.014	3.165	3.727	3.286	4.051	(0.323)	4.456	(0.406)
Claims	-	-	-	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Contracts	14.848	14.211	0.637	14.442	(0.231)	14.497	(0.055)	14.766	(0.269)
Professional Service Contracts	41.632	54.289	(12.656)	47.459	6.830	46.904	0.555	46.724	0.180
Materials & Supplies	0.929	1.096	(0.167)	1.114	(0.017)	1.131	(0.018)	1.152	(0.021)
MTA Internal Subsidy	31.012	32.766	(1.754)	40.492	(7.726)	34.918	5.574	36.060	(1.142)
Other Business Expenses	52.407	53.630	(1.223)	54.283	(0.653)	55.182	(0.899)	56.214	(1.033)
Total Non-Labor Expenditures	\$151.008	\$163.005	(\$11.998)	\$161.517	\$1.488	\$156.682	\$4.835	\$159.372	(\$2.690)
Other Expenditure Adjustments:									
Other	21.518	21.339	0.179	21.339	0.000	20.800	0.539	20.800	0.000
Total Other Expenditure Adjustments	\$21.518	\$21.339	\$0.179	\$21.339	\$0.000	\$20.800	\$0.539	\$20.800	\$0.000
Total Expenditures	\$342.576	\$374.850	(\$32.274)	\$378.154	(\$3.304)	\$380.391	(\$2.237)	\$391.267	(\$10.876)
Baseline Net Cash Deficit	(\$246.804)	(\$274.316)	(\$27.513)	(\$275.432)	(\$1.115)	(\$276.075)	(\$0.643)	(\$285.063)	(\$8.988)
2007 Program to Eliminate the Gap	0.829	0.834	\$0.005	0.896	\$0.062	0.902	\$0.006	0.910	\$0.008
Post 2007 Program to Eliminate the Gap	0.000	0.000	\$0.000	1.330	\$1.330	1.438	\$0.108	1.537	\$0.099
Net Cash Deficit	(\$245.975)	(\$273.482)	(\$27.508)	(\$273.206)	(\$1.053)	(\$273.735)	(\$0.637)	(\$282.616)	(\$8.980)

**MTA Headquarters
November Financial Plan 2007-2010
Summary of Major Plan-to-Plan Changes**

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

2006: November Financial Plan vs. July Financial Plan

The Net Cash Deficit in the 2006 November Forecast of \$245.975 million is lower than the July Forecast of \$257.812 million, a decrease of \$11.837 million. The favorable impact results primarily from the reallocation of \$7.750 million of MTA Shared Services funding to the 2007 Final Proposed Budget. Reduced levels of overtime usage compared to the July Forecast are somewhat offset by higher MTA Headquarters payroll expenses. Additionally, re-estimates of insurance and litigation reserves reduce cash expenditures by \$0.922 million. However, MTA Headquarters has identified additional financial requirements that partially offset these reductions. These include \$0.835 million in additional Cross Bay Toll support, higher payroll of \$0.196 million resulting from non-represented salary adjustments and \$2.800 million in higher retiree health and welfare payments.

2007: November Financial Plan vs. July Financial Plan

The Net Cash Deficit in the November Financial Plan for 2007 is \$273.482 million. This is \$13.357 million higher than the July Financial Plan of \$260.125. The predominant causes of this increase include the \$40.000 million pension valuation provision, as well as the reallocation of MTA Shared Services costs of \$7.750 million, higher support for the Cross Bay Toll of \$0.859 million, higher personnel costs of \$0.616 million as a result of non-represented salary adjustments and re-estimated fuel costs for police vehicles of \$0.300 million. Partly offsetting these increases are the favorable impact of the Non-NYCT pension pre-payment savings of \$30.370 million and re-estimates of insurance and litigation reserves of \$6.014 million.

Also, the effect of a higher inflation rate for 2007 has been taken into account for the November Financial Plan. This adjustment adds a marginal increase of \$0.188 million in expenses.

2008: November Financial Plan vs. July Financial Plan

The Net Cash Deficit in the November Financial Plan for 2008 is \$273.206 million. This is \$2.328 million lower than the July Financial Plan of \$275.533. The decrease is primarily due to the impact of the Non-NYCT pension pre-payment savings effect of \$32.573 million, insurance and litigation reserve re-estimates of \$10.008 million, and the favorable effect of \$0.289 million from lower inflation rates. Partially off-setting this is

the \$40.000 million pension valuation provision, combined with the continuing effects of higher fuel costs, Cross Bay Toll support and increased salary costs.

2009: November Financial Plan vs. July Financial Plan

The Net Cash Deficit in the November Financial Plan for 2009 is \$273.735 million. This is \$5.153 million lower than the July Financial Plan of \$278.888. Again, the major causes of the decrease include the impacts of the Non-NYCT pension pre-payment savings effect of \$32.573 million, insurance and litigation reserve re-estimates of \$11.009 million and the favorable effect of \$2.970 million from lower inflation rates. Partially off-setting this decrease is the \$40.000 million pension valuation provision combined with the continuing effects of higher fuel costs, Cross Bay Toll support and increased salary costs.

2010: November Financial Plan vs. July Financial Plan

The Net Cash Deficit in the November Financial Plan for 2010 is \$282.616 million. This is \$7.464 million lower than the July Financial Plan of \$290.080. The major reasons for the decrease include the continued effects of the Non-NYCT pension pre-payment savings of \$32.573 million, insurance and litigation reserve re-estimates of \$12.109 million, and the favorable effect of \$4.524 million from lower inflation rates. Partially off-setting this decrease is the \$40.000 million pension valuation provision as well as higher fuel costs, Cross Bay Toll support and increased salary costs.

MTA HEADQUARTERS
November Financial Plan 2007 - 2010
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE					
	2006	2007	2008	2009	2010
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$258.641)	(\$260.959)	(\$277.759)	(\$281.228)	(\$292.527)
Baseline Changes					
Revenue					
Farebox Revenue					
Vehicle Toll Revenue					
Rental Income	0.663	0.202	(0.241)	(0.735)	(1.069)
Data Center Billings					
Other	0.000	0.018	(0.022)	(0.066)	(0.097)
Capital and Other Reimbursement					
Total Revenue Changes	\$0.663	\$0.220	(\$0.263)	(\$0.801)	(\$1.166)
Expenses					
Labor:					
Payroll	(\$1.481)	(\$0.655)	(\$0.724)	\$0.064	\$1.096
Overtime	1.943	(0.000)	(0.000)	(0.065)	(0.067)
Health and Welfare	0.174	(0.017)	(0.029)	(0.041)	(0.059)
Pensions	7.815	(9.716)	(7.515)	(7.517)	(7.519)
Other Fringe Benefits	(2.875)	(0.052)	(0.058)	(0.064)	(0.072)
Reimbursable Overhead	0.333	0.554	0.198	(0.327)	(0.662)
Total Labor Expense Changes	\$5.911	(\$9.886)	(\$8.129)	(\$7.951)	(\$7.283)
Non-Labor:					
Traction and Propulsion Power					
Fuel for Buses and Trains					
Insurance	2.661	8.218	9.040	9.944	10.938
Claims					
Paratransit Service Contracts					
Maintenance and Other Operating Contracts	0.360	0.143	0.284	0.423	0.531
Professional Service Contracts	7.606	(8.940)	(0.482)	0.332	0.872
Materials & Supplies	0.066	(0.005)	0.005	0.017	0.024
MTA Internal Subsidy	0.082	0.096	0.082	(0.143)	(0.284)
Other Business Expenses	(1.201)	(0.840)	(0.238)	1.158	1.554
Total Non-Labor Expense Changes	\$9.573	(\$1.328)	\$8.690	\$11.731	\$13.635
Depreciation	(0.300)	0.000	0.000	0.000	0.000
Total Expense Changes	\$15.184	(\$11.215)	\$0.561	\$3.779	\$6.352
Cash Adjustment Changes					
Litigation reserve	(\$1.739)	(\$2.204)	\$0.968	\$1.065	\$1.171
All other	(\$2.270)	(\$0.159)	\$1.061	\$1.110	\$1.108
Total Cash Adjustment Changes	(\$4.009)	(\$2.363)	\$2.029	\$2.175	\$2.279
Total Baseline Changes	\$11.837	(\$13.357)	\$2.327	\$5.153	\$7.464
Baseline 2006 November Financial Plan - Operating Cash Income/(Deficit)	(\$246.804)	(\$274.316)	(\$275.432)	(\$276.075)	(\$285.063)

MTA HEADQUARTERS
November Financial Plan 2007 - 2010
Changes Between Financial Plans by Generic Categories
(\$ in millions)

REIMBURSABLE					
	2006	2007	2008	2009	2010
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes					
Revenue					
Farebox Revenue					
Vehicle Toll Revenue					
Rental Income					
Data Center Billings					
Other					
Capital and Other Reimbursement	(0.718)	0.562	0.197	(0.385)	(0.778)
Total Revenue Changes	(\$0.718)	\$0.562	\$0.197	(\$0.385)	(\$0.778)
Expenses					
Labor:					
Payroll	\$0.319	\$0.000	\$0.000	\$0.027	\$0.051
Overtime					
Health and Welfare	0.059	0.000	0.009	0.019	0.034
Pensions	0.038	0.000	0.000	0.000	0.000
Other Fringe Benefits	0.017	0.000	0.004	0.007	0.012
Reimbursable Overhead	(0.333)	(0.554)	(0.198)	0.327	0.662
Total Labor Expense Changes	\$0.100	(\$0.554)	(\$0.184)	\$0.380	\$0.758
Non-Labor:					
Traction and Propulsion Power					
Fuel for Buses and Trains					
Insurance					
Claims					
Paratransit Service Contracts					
Maintenance and Other Operating Contracts					
Professional Services	0.606	(0.008)	(0.013)	0.006	0.020
Materials & Supplies					
MTA Internal Subsidy					
Other Business Expenses	0.012	(0.000)	(0.000)	(0.001)	0.000
Total Non-Labor Expense Changes	\$0.618	(\$0.008)	(\$0.013)	\$0.005	\$0.020
Depreciation					
Total Expense Changes	\$0.718	(\$0.562)	(\$0.197)	\$0.385	\$0.778
Cash Adjustment Changes					
Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2006 November Financial Plan - Operating Cash Income/(Deficit)	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000

MTA HEADQUARTERS
July Financial Plan 2007 - 2010
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$258.641)	(\$260.959)	(\$277.759)	(\$281.228)	(\$292.527)
Baseline Changes					
Revenue					
Farebox Revenue					
Vehicle Toll Revenue					
Rental Income	0.663	0.202	(0.241)	(0.735)	(1.069)
Data Center Billings	0.000	0.000	0.000	0.000	0.000
Other	0.000	0.018	(0.022)	(0.066)	(0.097)
Capital and Other Reimbursement	(0.718)	0.562	0.197	(0.385)	(0.778)
Total Revenue Changes	(\$0.056)	\$0.782	(\$0.066)	(\$1.186)	(\$1.944)
Expenses					
Labor:					
Payroll	(\$1.161)	(\$0.655)	(\$0.724)	\$0.091	\$1.147
Overtime	1.943	(0.000)	(0.000)	(0.065)	(0.067)
Health and Welfare	0.233	(0.017)	(0.020)	(0.023)	(0.025)
Pensions	7.853	(9.716)	(7.515)	(7.517)	(7.519)
Other Fringe Benefits	(2.858)	(0.052)	(0.055)	(0.057)	(0.060)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
Total Labor Expense Changes	\$6.010	(\$10.441)	(\$8.313)	(\$7.571)	(\$6.526)
Non-Labor:					
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000
Insurance	2.661	8.218	9.040	9.944	10.938
Claims	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	0.360	0.143	0.284	0.423	0.531
Professional Services	8.212	(8.948)	(0.495)	0.337	0.892
Materials & Supplies	0.066	(0.005)	0.005	0.017	0.024
MTA Internal Subsidy	0.082	0.096	0.082	(0.143)	(0.284)
Other Business Expenses	(1.189)	(0.841)	(0.239)	1.157	1.554
Total Non-Labor Expense Changes	\$10.191	(\$1.336)	\$8.677	\$11.736	\$13.655
Total Expense Changes	\$16.202	(\$11.777)	\$0.364	\$4.165	\$7.129
Depreciation	(\$0.300)	\$0.000	\$0.000	\$0.000	\$0.000
Cash Adjustment Changes					
Litigation reserve	(\$1.739)	(\$2.204)	\$0.968	\$1.065	\$1.171
All other	(2.270)	(0.159)	1.061	1.110	1.108
Total Cash Adjustment Changes	(\$4.009)	(\$2.363)	\$2.029	\$2.175	\$2.279
Total Baseline Changes	\$11.837	(\$13.357)	\$2.327	\$5.153	\$7.464
Baseline 2006 November Financial Plan - Operating Cash Income/(Deficit)	(\$246.804)	(\$274.316)	(\$275.432)	(\$276.075)	(\$285.063)

MTA HEADQUARTERS
November Financial Plan 2007 - 2010
Summary of Major Programmatic Changes Between Financial Plans
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE					
	2006	2007	2008	2009	2010
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$258.641)	(\$260.959)	(\$277.759)	(\$281.228)	(\$292.527)
<i>Non-Reimbursable Major Changes</i>					
Reduced Data Center Revenue	0.000	(\$1.330)	(\$1.352)	(\$1.372)	(\$1.397)
Changes in Rental Income	0.663	0.202	(0.241)	(0.735)	(1.069)
Sub-Total Non-Reimbursable Revenue Changes	\$0.663	(\$1.128)	(\$1.592)	(\$2.107)	(\$2.467)
Expenses					
Adjustment of litigation and insurance reserve levels	\$3.431	\$8.218	\$9.040	\$9.944	\$10.938
Lower Police Overtime	\$1.943	\$0.000	\$0.000	\$0.000	\$0.000
Pension Valuation Provision (Agency-wide)	\$0.000	(\$40.000)	(\$40.000)	(\$40.000)	(\$40.000)
Savings from Pension Pre-Payments (Agency-wide)	\$7.875	\$30.370	\$32.573	\$32.573	\$32.573
Increased Cross Bay Toll Payments	(\$0.835)	(\$0.859)	(\$0.873)	(\$0.887)	(\$0.903)
Shared Services re-allocation	\$7.750	(\$7.750)	0.000	0.000	0.000
Reinstatement of Civil Rights headcount	(\$0.012)	(\$0.152)	(\$0.159)	(\$0.164)	(\$0.170)
Increased Police Fuel Costs	\$0.000	(\$0.300)	(\$0.305)	(\$0.310)	(\$0.315)
Non-Represented Salary Adjustment	(\$0.196)	(\$0.616)	(\$0.635)	(\$0.646)	(\$0.660)
Increased Advertising and Appraisal fees	(\$0.125)	\$0.000	\$0.000	\$0.000	\$0.000
Shift in funding of Web Accessibility	\$0.100	(\$0.100)	\$0.000	\$0.000	\$0.000
Reduced Data Center Costs	\$0.000	\$1.330	\$1.352	\$1.372	\$1.397
Effect of Inflation	\$0.000	(\$0.188)	\$0.289	\$2.970	\$4.524
Depreciation	(\$0.300)	\$0.000	\$0.000	\$0.000	\$0.000
Health and Welfare Higher Retiree payments	(\$2.800)	\$0.000	\$0.000	\$0.000	\$0.000
Change in MTA Internal Subsidy levels	\$0.082	\$0.096	\$0.082	(\$0.143)	(\$0.284)
All other	(\$1.011)	(\$0.477)	\$0.330	\$0.760	\$1.329
Sub-Total Non-Reimbursable Expense Changes	\$15.902	(\$10.428)	\$1.694	\$5.470	\$8.430
Total Non-Reimbursable Major Changes	\$16.564	(\$11.556)	\$0.101	\$3.364	\$5.963
<i>Reimbursable Major Changes</i>					
Revenue					
Capital and Other Reimbursement	(\$0.718)	\$0.562	\$0.197	(\$0.385)	(\$0.778)
Sub-Total Reimbursable Revenue Changes	(\$0.718)	\$0.562	\$0.197	(\$0.385)	(\$0.778)
Expenses					
Sub-Total Reimbursable Expense Changes					
Total Reimbursable Major Changes	(\$0.718)	\$0.562	\$0.197	(\$0.385)	(\$0.778)
Total Accrual Changes	\$15.846	(\$10.994)	\$0.299	\$2.978	\$5.185
<i>Cash Adjustment Changes</i>					
Litigation and Insurance Reserve	(\$1.739)	(\$2.204)	\$0.968	\$1.065	\$1.171
Other Cash adj	(\$2.270)	(\$0.159)	\$1.061	\$1.110	\$1.108
Total Cash Adjustment Changes	(\$4.009)	(\$2.363)	\$2.029	\$2.175	\$2.279
Total Baseline Changes	\$11.837	(\$13.357)	\$2.328	\$5.153	\$7.464
Baseline 2006 November Financial Plan - Operating Cash Income/(Deficit)	(\$246.804)	(\$274.316)	(\$275.431)	(\$276.075)	(\$285.063)

MTA Headquarters
November Plan 2007-2010
Summary of 2007 Program to Eliminate the Gap(PEGs)
(\$ in millions)

		2006		2007		2008		2009		2010	
		<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
Administration											
MTA Police Overtime		0	0.829	0	0.834	0	0.896	0	0.902	0	0.910
Sub-Total	Administration	<u>0</u>	<u>\$ 0.829</u>	<u>0</u>	<u>\$ 0.834</u>	<u>0</u>	<u>\$ 0.896</u>	<u>0</u>	<u>\$ 0.902</u>	<u>0</u>	<u>\$ 0.910</u>
Total Programs		<u>0</u>	<u>\$ 0.829</u>	<u>0</u>	<u>\$ 0.834</u>	<u>0</u>	<u>\$ 0.896</u>	<u>0</u>	<u>\$ 0.902</u>	<u>0</u>	<u>\$ 0.910</u>

MTA Headquarters
November Plan 2007-2010
Summary of 2007 Program to Eliminate the Gap(PEGs)
(\$ in Millions)

Business Unit	MTAHQ	Financial Plan Category	PEG	Implementation Date	5/30/2006
Budget Reference	FINAL06	Category	Administration	Savings Date	5/30/2006
PEG / New Need ID	0000000010	Current Budget Year	2006	Status	Open
				Agency Status	Pending
Program:		MTA Police Overtime			
Design and Implementation Plan		Reduction in overtime usage.			

Background Details

Additional experience with the Department's move to 12 hour tours, combined with continued Command oversight of overtime usage will allow futher reductions to the budgeted levels of overtime for MTA PD.

				2006	2007	2008	2009	2010
Total Headcount								
Financial Impact	MTAHQ	0000000010	FINAL06	\$ 0.829	\$ 0.834	\$ 0.896	\$ 0.902	\$ 0.910

MTA Headquarters
November Plan 2007-2010
Summary of Post 2007 PEGs
(\$ in millions)

		2006		2007		2008		2009		2010	
		<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
Administration											
Headcount Reduction Program		0	0.000	0	0.000	18	1.330	18	1.439	18	1.538
Sub-Total	Administration	0	\$ 0.000	0	\$ 0.000	18	\$ 1.330	18	\$ 1.439	18	\$ 1.538
Total Programs		0	\$ 0.000	0	\$ 0.000	18	\$ 1.330	18	\$ 1.439	18	\$ 1.538

<div>MTA Headquarters</div> <div>November Plan 2007-2010</div> <div>Summary of Post 2007 PEGs</div> <div>(\$ in Millions)</div>					
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Business Unit	MTAHQ	Financial Plan Category	Post PEG	Implementation Date	1/1/2008
Budget Reference	FINAL06	Category	Administration	Savings Date	1/1/2008
PEG / New Need ID	0000000001	Current Budget Year	2006	Status	Open
				Agency Status	Pending

Program: Headcount Reduction Program

Design and Implementation Plan Eliminate 18 positions.

Background Details MTA Headquarters will achieve savings in salaries and fringe benefits by reducing 18 position through attrition between now and the end of 2008. These reductions will be sought through productitvty efficiencies in each department. In order to achieve the target saving through attrition., departments will be required to identify the positions to be eliminated and will be responsible to achieve savings through vacancy control and delayed hiring until the attrition takes place. It is assumed that the full headcount reduction will occur prior to the end of 2008.

				2006	2007	2008	2009	2010
Total Headcount	MTAHQ	0000000001	FINAL06	0	0	18	18	18
Financial Impact	MTAHQ	0000000001	FINAL06	\$ 0.000	\$ 0.000	\$ 1.330	\$ 1.439	\$ 1.538

**MTA Headquarters
2007 Final Proposed Budget
November Financial Plan 2007 – 2010**

Other Assumptions

Positions

A baseline headcount of 1,423 positions is forecasted for 2006, with this level of employees increasing by ten additional positions in 2007, for a total of 1,433 positions. This then remains constant throughout the remainder of the plan. Offsetting the additional personnel are PEG Savings reductions. Beginning in 2008 PEG reductions lower the total headcount by 18 positions to 1,415 and remains constant throughout the remaining years in the plan period.

MTA HEADQUARTERS
November Financial Plan 2007 - 2010
Non-Reimbursable - Reimbursable Positions by Function/Department
Full-Time Positions and Full-Time Equivalents

FUNCTION/DEPARTMENT	2005 Actuals	2006 November Forecast	2007 Final Proposed Budget	2008	2009	2010
Administration						
Executive	5	12	12	12	12	12
Administration	195	224	223	223	223	223
Audit	92	98	98	98	98	98
Budget and Financial Mana	106	127	125	125	125	125
DED Corporate Affiars	44	51	51	51	51	51
Dir. of Communications/Pr	4	4	4	4	4	4
DED General Counsel	68	79	79	79	79	79
Chief of Staff/Senior Pol	6	6	6	6	6	6
Spec. Project Develop/Pla	7	9	9	9	9	9
Labor Relations	31	39	39	39	39	39
PCAC	1	1	1	1	1	1
Safety Programs	0	0	0	0	0	0
Vending Fare Media	6	7	7	7	7	7
Corporate Account	6	11	11	11	11	11
Total Administration	571	668	665	665	665	665
Public Safety	692	755	768	768	768	768
Baseline Total Positions	1,263	1,423	1,433	1,433	1,433	1,433
<i>Non-Reimbursable</i>	1,240	1,387	1,397	1,397	1,397	1,397
<i>Reimbursable</i>	23	36	36	36	36	36
<i>Full-Time</i>	1,263	1,423	1,433	1,433	1,433	1,433
<i>Full-Time Equivalents</i>	-	-	-	-	-	-
Impact of:						
2007 Program to Eliminate the Gap	-	0	0	0	0	0
Post 2007 Program to Eliminate the Gap	-	0	0	(18)	(18)	(18)
Total Positions	1,263	1,423	1,433	1,415	1,415	1,415
<i>Non-Reimbursable</i>	1,240	1,387	1,397	1,379	1,379	1,379
<i>Reimbursable</i>	23	36	36	36	36	36
<i>Total Full-Time</i>	1,263	1,423	1,433	1,415	1,415	1,415
<i>Total Full-Time Equivalents</i>	-	-	-	-	-	-

MTA HEADQUARTERS
November Financial Plan 2007 - 2010
Total Full-time Positions and Full-time Equivalents by Function and Occupational Group
Non-Reimbursable and Reimbursable

FUNCTION/OCCUPATIONAL GROUP		2006 November Forecast	2007 Final Proposed Budget	2008	2009	2010
Administration						
	Managers/Supervisors	402	402	402	402	402
	Professional, Technical, Clerical	266	263	263	263	263
	Operational Hourlies	-	-	-	-	-
	Total Administration	668	665	665	665	665
Operations						
	Managers/Supervisors	-	-	-	-	-
	Professional, Technical, Clerical	-	-	-	-	-
	Operational Hourlies	-	-	-	-	-
	Total Operations	-	-	-	-	-
Maintenance						
	Managers/Supervisors	-	-	-	-	-
	Professional, Technical, Clerical	-	-	-	-	-
	Operational Hourlies	-	-	-	-	-
	Total Maintenance	-	-	-	-	-
Engineering/Capital						
	Managers/Supervisors	-	-	-	-	-
	Professional, Technical, Clerical	-	-	-	-	-
	Operational Hourlies	-	-	-	-	-
	Total Engineering/Capital	-	-	-	-	-
Public Safety						
	Managers/Supervisors	29	29	29	29	29
	Professional, Technical, Clerical	51	53	53	53	53
	Operational Hourlies (Uniformed)	675	686	686	686	686
	Total Public Safety	755	768	768	768	768
Total Baseline Positions						
	Managers/Supervisors	431	431	431	431	431
	Professional, Technical, Clerical	317	316	316	316	316
	Operational Hourlies	675	686	686	686	686
	Total Baseline Positions	1,423	1,433	1,433	1,433	1,433

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MTA First Mutual Transportation Assurance Company
2007 Final Proposed Budget
November Financial Plan 2007 - 2010

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. This is reflected in the current budget proposal.

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.

Costs for FMTAC are comprised of insurance premiums (credit to Insurance expenses), Claims expenses, and Other Business Expenses. Insurance revenues result in an offset to expenses.

2006 November Forecast

In the 2006 November Forecast, a total of \$7.417 million is projected in Net Surplus compared to \$7.490 million in the 2006 Mid-Year Forecast. This consists of \$8.324 million in higher revenues, offset by \$0.907 million in higher expenses. This unfavorable outcome is primarily due to unfavorable developments in Other Business Expenses based on actual results through July 2006. Favorable All-Urban Consumers Price Index (CPI) projections applied to Revenue partially offset the unfavorable developments in Other Business Expenses.

2007 Final Proposed Budget – Baseline

In the 2007 Final Proposed Budget, a total of \$3.064 million is projected in Net Surplus compared to \$3.032 million in the 2006 Mid-Year Forecast. This consists of \$8.567 million in revenues, less \$5.503 million in expenses. The favorable outcome is due primarily to favorable CPI rates applied to revenues, which is partially offset by unfavorable developments in Other Business Expenses based on actual results through July 2006. Insurance is based on 2006 estimates with an increase of 10%. Claims are based on actuarial analysis of claims activity on a cash flow basis. Insurance and Claims projections did not result in any variances to the July Financial Plan since there was no significant development between budgets. Other Business Expenses are based on 2006 estimates with an increase of 5%.

2008 – 2010 Projections

2008 – 2010 Projections are representative of 2007 projections with market increases. Investment Income and Other Operating Revenue are estimated to increase over 2007 projections at a rate equal to the CPI. Insurance is estimated to increase over 2007 estimates at a rate of 10% each year. Claims are based on actuarial analysis of projected claims activity and adjustments, whether favorable or unfavorable in required reserves. Other Business Expenses are estimated to increase over 2007 at a rate of 5% each year.

MTA FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY

November Financial Plan 2007 - 2010

Accrual Statement of Operations by Category

(\$ in millions)

NON-REIMBURSABLE

	2005	2006	2007			
	Actuals	November Forecast	Final Proposed Budget	2008	2009	2010
Operating Revenue						
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	8.033	7.928	8.159	8.291	8.418	8.573
Investment Income	-	0.396	0.408	0.415	0.421	0.429
Capital and Other Reimbursements	-	-	-	-	-	-
Total Revenue	\$8.033	\$8.324	\$8.567	\$8.706	\$8.839	\$9.002
Operating Expenses						
<u>Labor:</u>						
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	(11.943)	(45.369)	(49.906)	(54.896)	(60.386)	(66.425)
Claims	1.566	37.675	46.378	47.545	48.750	50.000
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	-	-	-	-	-	-
Professional Service Contracts	-	-	-	-	-	-
Materials & Supplies	-	-	-	-	-	-
Other Business Expenses	7.998	8.601	9.031	9.483	9.957	10.455
Total Non-Labor Expenses	(\$2.379)	\$0.907	\$5.503	\$2.132	(\$1.679)	(\$5.970)
<u>Other Expenses Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	(\$2.379)	\$0.907	\$5.503	\$2.132	(\$1.679)	(\$5.970)
Depreciation	-	-	-	-	-	-
Total Expenses	(\$2.379)	\$0.907	\$5.503	\$2.132	(\$1.679)	(\$5.970)
Net Surplus/(Deficit)	\$10.412	\$7.417	\$3.064	\$6.574	\$10.518	\$14.972

CASH RECEIPTS AND EXPENDITURES	
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MTA FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
November Financial Plan 2007 - 2010
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

CASH FLOW ADJUSTMENTS

	2005	2006	2007			
	Actuals	November Forecast	Final Proposed Budget	2008	2009	2010
Receipts						
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Investment Income	0.000	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	-	-	-	-	-	-
Total Receipts	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Expenditures						
<u>Labor:</u>						
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	0.000	0.000	0.000	0.000	0.000	0.000
Claims	0.000	4.360	19.511	19.067	21.289	20.916
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	-	-	-	-	-	-
Professional Service Contracts	-	-	-	-	-	-
Materials & Supplies	-	-	-	-	-	-
Other Business Expenditures	-	-	-	-	-	-
Total Non-Labor Expenditures	\$0.000	\$4.360	\$19.511	\$19.067	\$21.289	\$20.916
<u>Other Expenditures Adjustments:</u>						
Other	\$10.412	(\$11.777)	(\$22.575)	(\$25.641)	(\$31.807)	(\$35.888)
Total Other Expenditures Adjustments	\$10.412	(\$11.777)	(\$22.575)	(\$25.641)	(\$31.807)	(\$35.888)
Total Cash Conversion Adjustments before Depreciation	\$10.412	(\$7.417)	(\$3.064)	(\$6.574)	(\$10.518)	(\$14.972)
Depreciation Adjustment	-	-	-	-	-	-
Total Cash Conversion Adjustments	\$10.412	(\$7.417)	(\$3.064)	(\$6.574)	(\$10.518)	(\$14.972)

MTA First Mutual Transportation Assurance Company
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category 2006-2010
Non-Reimbursable

Revenue

Investment Income

- Investment income is derived through FMTAC based on the investments held with Dwight Asset Management.
- Investment income is projected based on the All Urban Consumer CPI inflation rates as provided in the Economic & Demographic Forecasts September 2006.

Expenses

Insurance

- Insurance (premiums) is based on increases in the market as well as increases in the claims expenses and reserve adjustments.
- Insurance Premiums are estimated to increase 10% each year for 2007 - 2010

Claims

- Claims expenses are determined by actuarial projection for 2007 – 2010 of the actual claims expense paid and any adjustments either favorable or unfavorable to reserves.

Other Business Expenses

- Costs increase 5% for 2007 through 2010 and are representative of general increases for the services provided and expenses not directly related to claims.

MTA First Mutual Transportation Assurance Company
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
Revenue									
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Investment Income	0.396	0.408	0.012	0.415	0.007	0.421	0.006	0.429	0.008
Other Operating Revenue	7.928	8.159	0.231	8.291	0.132	8.418	0.127	8.573	0.155
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$8.324	\$8.567	\$0.243	\$8.706	\$0.139	\$8.839	\$0.133	\$9.002	\$0.163
Expenses									
Labor:									
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Pensions	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Fringe Benefits	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	(45.369)	(49.906)	(4.537)	(54.896)	(4.990)	(60.386)	(5.490)	(66.425)	6.039
Claims	37.675	46.378	8.703	47.545	1.167	48.750	1.205	50.000	(1.250)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Materials & Supplies	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Business Expenses	8.601	9.031	0.430	9.483	0.452	9.957	0.474	10.455	(0.498)
Total Non-Labor Expenses	\$0.907	\$5.503	\$4.596	\$2.132	(\$3.371)	(\$1.679)	(\$3.811)	(\$5.970)	\$4.291
Other Expenses Adjustments:									
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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	\$0.907	\$5.503	\$4.596	\$2.132	(\$3.371)	(\$1.679)	(\$3.811)	(\$5.970)	\$4.291
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$0.907	\$5.503	\$4.596	\$2.132	(\$3.371)	(\$1.679)	(\$3.811)	(\$5.970)	\$4.291
Baseline Net Surplus/(Deficit)	\$7.417	\$3.064	(\$4.353)	\$6.574	\$3.510	\$10.518	\$3.944	\$14.972	\$4.454
2007 Agency Program to Eliminate the Gap (PEGs)	-	-	-	-	-	-	-	-	-
Post - 2007 Agency Program to Eliminate the Gap (PEGs)	-	-	-	-	-	-	-	-	-
Total PEGs	-	-	-	-	-	-	-	-	-
Net Surplus/(Deficit)	\$7.417	\$3.064	(\$4.353)	\$6.574	\$3.510	\$10.518	\$3.944	\$14.972	\$4.454

MTA First Mutual Transportation Assurance Company
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

CASH RECEIPTS & EXPENDITURES

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First Mutual Transportation Assurance Company
November Financial Plan 2007-2010
Summary of Major Plan-to-Plan Changes

2006-2010: November Financial Plan vs. July Financial Plan

Revenue

Revenue changes from the July Plan over the 2006 to 2010 period include:

- An increase in the All Urban Consumers Price Index (CPI) for each year from the July Plan to the November Plan.
 - \$0.083 million in 2006
 - \$0.196 million in 2007
 - \$0.203 million in 2008
 - \$0.179 million in 2009
 - \$0.192 million in 2010

Expense

Expense changes from the July Plan over the 2006 to 2010 period include:

- No changes to Insurance since there has been no significant activity in actual insurance premiums since the July Plan.
- No changes in Claims expense since there has been no significant activity in actual claims development since the July Plan.
- An increase in Other Business Expense due to revised estimates based on actual results through July.
 - \$0.156 million in 2006
 - \$0.164 million in 2007
 - \$0.172 million in 2008
 - \$0.181 million in 2009
 - \$0.190 million in 2010

First Mutual Transportation Assurance Company
November Financial Plan 2007 - 2010
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE					
	2006	2007	2008	2009	2010
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes					
Revenue					
Farebox Revenue	\$.000	\$.000	\$.000	\$.000	\$.000
Vehicle Toll Revenue	.000	.000	.000	.000	.000
Investment Income	.004	.010	.011	.009	.010
Other Operating Revenue	.079	.186	.192	.170	.182
Total Revenue Changes	\$.083	\$.196	\$.203	\$.179	\$.192
Expenses					
Labor:					
Payroll	\$.000	\$.000	\$.000	\$.000	\$.000
Health and Welfare	.000	.000	.000	.000	.000
Pensions	.000	.000	.000	.000	.000
Other Fringe Benefits	.000	.000	.000	.000	.000
Reimbursable Overhead	.000	.000	.000	.000	.000
Total Labor Expense Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Non-Labor:					
Traction and Propulsion Power	\$.000	\$.000	\$.000	\$.000	\$.000
Fuel for Buses and Trains	.000	.000	.000	.000	.000
Insurance	.000	.000	.000	.000	.000
Claims	.000	.000	.000	.000	.000
Paratransit Service Contracts	.000	.000	.000	.000	.000
Maintenance and Other Operating Contracts	.000	.000	.000	.000	.000
Materials & Supplies	.000	.000	.000	.000	.000
Other Business Expenses	(.156)	(.164)	(.172)	(.181)	(.190)
Total Non-Labor Expense Changes	(\$.156)	(\$.164)	(\$.172)	(\$.181)	(\$.190)
Total Expense Changes	(\$.156)	(\$.164)	(\$.172)	(\$.181)	(\$.190)
Cash Adjustment Changes					
Revenue:					
Investment Income	.000	.000	.000	.000	.000
Other Operating Revenue	.000	.000	.000	.000	.000
Expenses:					
Insurance	.000	.000	.000	.000	.000
Claims	.000	.000	.000	.000	.000
Other Business Expenses	.000	.000	.000	.000	.000
Total Expense Changes	.000	.000	.000	.000	.000
Restricted Cash Adjustment	.073	(.032)	(.031)	.002	(.002)
Total Cash Adjustment Changes	\$0.073	(\$0.032)	(\$0.031)	\$0.002	(\$0.002)
Total Baseline Changes	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000
Baseline 2006 November Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000

First Mutual Transportation Assurance Company
November Financial Plan 2007 - 2010
Summary of Major Programmatic Changes Between Financial Plans
(\$ in millions)

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NON-REIMBURSABLE and REIMBURSABLE

	2006	2007	2008	2009	2010
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<i>Non-Reimbursable Major Changes</i>					
Revenue	\$.083	\$.196	\$.203	\$.179	\$.192
Sub-Total Non-Reimbursable Revenue Changes	\$.083	\$.196	\$.203	\$.179	\$.192
Expenses	(\$.156)	(\$.164)	(\$.172)	(\$.181)	(\$.190)
Sub-Total Non-Reimbursable Expense Changes	(\$.156)	(\$.164)	(\$.172)	(\$.181)	(\$.190)
<i>Total Non-Reimbursable Major Changes</i>	(\$.073)	\$.032	\$.031	(\$.002)	\$.002
<i>Reimbursable Major Changes</i>					
Revenue					
Sub-Total Reimbursable Revenue Changes					
Expenses					
Sub-Total Reimbursable Expense Changes					
<i>Total Reimbursable Major Changes</i>	\$.000	\$.000	\$.000	\$.000	\$.000
<i>Total Accrual Changes</i>	(\$0.073)	\$0.032	\$0.031	(\$0.002)	\$0.002
<i>Cash Adjustment Changes</i>					
Total Cash Adjustments	\$0.073	(\$0.032)	(\$0.031)	\$0.002	(\$0.002)
<i>Total Cash Adjustment Changes</i>	\$0.073	(\$0.032)	(\$0.031)	\$0.002	(\$0.002)
<i>Total Baseline Changes</i>	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000
Baseline 2006 November Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000

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**Inspector General
2007 Final Proposed Budget
November Financial Plan 2007 – 2010**

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 Office of the Inspector General (OIG) seeks to enhance the efficiency, effectiveness, safety, and quality of MTA operations.

Financial Overview

Aware of its obligations to enhance the efficiency, effectiveness, safety and quality of MTA agencies operations, while remaining fiscally prudent, the MTA OIG Final Proposed 2007 Budget and the Forecast for 2008 - 2010 are consistent with the guidelines and growth assumptions that were used by MTA Headquarters.

During 2006, the Office of the Inspector General has exceeded the record pace set last year and plans to deliver over 80 investigative and audit reports to the MTA and its constituent agencies. Among those reports, already delivered, are a few worth mentioning. Specifically, the office identified a plumbing and heating vendor who engaged in a \$2 million prevailing wage and Disadvantage Business Enterprise fraud. A new group, the Contract Wage and Compliance Group, also reported that a building maintenance vendor contracted with an MTA agency after he was debarred by NYC from public works contracts. In addition, a recent OIG report clarified the causes and circumstances surrounding a subway flood that crippled the subway system in 2004. The report also made a number of recommendations to ensure that such catastrophic circumstances are handled more appropriately in the future. When implemented, this should lessen the negative impact that such storms cause to the NYC subway system in the years to come.

INSPECTOR GENERAL
MULTI-YEAR FINANCIAL PLAN
2007 - 2010
(\$ in millions)

Line
Number

1	REIMBURSABLE					
2		ACTUAL	FORECAST			
3		2005	2006	2007	2008	2009
4	Revenue					
5	Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
6	Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
7	Other Operating Revenue	0.000	0.000	0.000	0.000	0.000
8	Capital and Other Reimbursements	10.665	12.544	12.954	13.644	14.059
9	Total Revenue	\$10.665	\$12.544	\$12.954	\$13.644	\$14.059
10						
11	Expenses					
12	<u>Labor:</u>					
13	Payroll	\$6.354	\$7.076	\$7.181	\$7.612	\$7.728
14	Overtime	0.000	0.000	0.000	0.000	0.000
15	Health and Welfare	1.019	0.991	1.156	1.315	1.501
16	Pensions	0.566	0.913	1.005	1.035	1.074
17	Other Fringe Benefits	0.415	0.587	0.610	0.643	0.678
18	Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
19	Total Labor Expenses	\$8.354	\$9.567	\$9.953	\$10.605	\$10.981
20						
21	<u>Non-Labor:</u>					
22	Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
23	Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000
24	Insurance	0.012	0.025	0.047	0.048	0.049
25	Claims	0.000	0.000	0.000	0.000	0.000
26	Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
27	Mtce. and Other Operating Contracts	0.095	0.104	0.120	0.121	0.123
28	Professional Service Contracts	0.078	0.015	0.015	0.015	0.016
29	Materials & Supplies	0.032	0.026	0.043	0.044	0.045
30	Other Business Expenses	1.513	2.198	2.167	2.202	2.236
31	Total Non-Labor Expenses	\$1.730	\$2.368	\$2.392	\$2.430	\$2.469
32						
33	<u>Other Expenses Adjustments:</u>					
34	Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
35	Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
36						
37	Total Expenses Before Depreciation	\$10.084	\$11.935	\$12.345	\$13.035	\$13.450
38						
39	Depreciation	0.575	0.609	0.609	0.609	0.609
40						
41	Total Expenses	\$10.659	\$12.544	\$12.954	\$13.644	\$14.059
42						
43	Baseline Net Surplus/(Deficit)	\$0.006	\$0.000	\$0.000	\$0.000	\$0.000
44						
45	2007 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000
46						
47	Net Surplus/(Deficit)	\$0.006	\$0.000	\$0.000	\$0.000	\$0.000

CASH RECEIPTS AND EXPENDITURES

	ACTUAL	FORECAST				
	2005	2006	2007	2008	2009	2010
Receipts						
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	9.937	11.183	11.773	12.463	12.878	13.365
Total Receipts	\$9.937	\$11.183	\$11.773	\$12.463	\$12.878	\$13.365
Expenditures						
<u>Labor:</u>						
Payroll	\$6.354	\$7.076	\$7.181	\$7.612	\$7.728	\$7.870
Overtime	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	1.019	0.991	1.156	1.315	1.501	1.714
Pensions	0.566	0.913	1.005	1.035	1.074	1.116
Other Fringe Benefits	0.415	0.587	0.610	0.643	0.678	0.723
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$8.354	\$9.567	\$9.953	\$10.605	\$10.981	\$11.423
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.012	0.025	0.047	0.048	0.049	0.050
Claims	0.000	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Mtce. and Other Operating Contracts	0.095	0.104	0.120	0.121	0.123	0.126
Professional Service Contracts	0.078	0.015	0.015	0.015	0.016	0.016
Materials & Supplies	0.032	0.026	0.043	0.044	0.045	0.045
Other Business Expenditures	1.513	2.198	2.167	2.202	2.236	2.277
Total Non-Labor Expenditures	\$1.730	\$2.368	\$2.392	\$2.430	\$2.469	\$2.514
<u>Other Expenditure Adjustments:</u>						
Other	(\$0.153)	(\$0.752)	(\$0.572)	(\$0.572)	(\$0.572)	(\$0.572)
Total Other Expenditure Adjustments	(\$0.153)	(\$0.752)	(\$0.572)	(\$0.572)	(\$0.572)	(\$0.572)
Total Expenditures	\$9.931	\$11.183	\$11.773	\$12.463	\$12.878	\$13.365
Net Surplus/(Deficit)	\$0.006	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2006 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000	0.000
Net Cash Surplus/(Deficit)	\$0.006	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

CASH FLOW ADJUSTMENTS

	ACTUAL	FORECAST				
	2005	2006	2007	2008	2009	2010
Receipts						
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	(0.728)	(1.361)	(1.181)	(1.181)	(1.181)	(1.181)
Total Receipts	(\$0.728)	(\$1.361)	(\$1.181)	(\$1.181)	(\$1.181)	(\$1.181)
Expenditures						
<u>Labor:</u>						
Payroll	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.000	0.000	0.000	0.000	0.000	0.000
Pensions	0.000	0.000	0.000	0.000	0.000	0.000
Other Fringe Benefits	0.000	0.000	0.000	0.000	0.000	0.000
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.000	0.000	0.000	0.000	0.000	0.000
Claims	0.000	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Mtce. and Other Operating Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Materials & Supplies	0.000	0.000	0.000	0.000	0.000	0.000
Other Business Expenditures	0.000	0.000	0.000	0.000	0.000	0.000
Total Non-Labor Expenditures	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Other Expenditures Adjustments:</u>						
Other	\$0.153	\$0.752	\$0.572	\$0.572	\$0.572	\$0.572
Total Other Expenditures Adjustments	\$0.153	\$0.752	\$0.572	\$0.572	\$0.572	\$0.572
Total Cash Conversion Adjustments before Depreciation	(\$0.575)	(\$0.609)	(\$0.609)	(\$0.609)	(\$0.609)	(\$0.609)
Depreciation Adjustment	0.575	0.609	0.609	0.609	0.609	0.609
Total Cash Conversion Adjustments	(\$0.000)	\$0.000	(\$0.000)	\$0.000	\$0.000	\$0.000

REIMBURSABLE

[illegible]

MTA Inspector General
November Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Capital and Other Reimbursements	\$11.183	\$11.773	\$0.590	\$12.463	\$0.690	\$12.878	\$0.415	\$13.365	\$0.487
Total Receipts	\$11.183	\$11.773	\$0.590	\$12.463	\$0.690	\$12.878	\$0.415	\$13.365	\$0.487
<u>Expenditures</u>									
Labor:									
Payroll	7.076	7.181	(0.105)	7.612	(0.431)	7.728	(0.116)	7.870	(0.142)
Overtime									
Health and Welfare	0.991	1.156	(0.165)	1.315	(0.159)	1.501	(0.186)	1.714	(0.213)
Pensions	0.913	1.005	(0.092)	1.035	(0.030)	1.074	(0.039)	1.116	(0.042)
Other Fringe Benefits	0.587	0.610	(0.023)	0.643	(0.033)	0.678	(0.035)	0.723	(0.045)
Reimbursable Overhead									
Total Labor Expenditures	\$9.567	\$9.952	(\$0.385)	\$10.605	(\$0.653)	\$10.981	(\$0.376)	\$11.423	(\$0.442)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	0.025	0.047	(0.022)	0.048	(0.001)	0.049	(0.001)	0.050	(0.001)
Claims									
Paratransit Service Contracts									
Maintenance and Other									
Operating Contracts	0.104	0.120	(0.016)	0.121	(0.001)	0.123	(0.002)	0.126	(0.003)
Professional Service Contracts	0.015	0.015	0.000	0.015	0.000	0.016	(0.001)	0.016	0.000
Materials & Supplies	0.026	0.043	(0.017)	0.044	(0.001)	0.045	(0.001)	0.045	0.000
MTA Internal Subsidy									
Other Business Expenses	2.198	2.167	0.031	2.202	(0.035)	2.236	(0.034)	2.277	(0.041)
Total Non-Labor Expenditures	\$2.368	\$2.392	(\$0.024)	\$2.430	(\$0.038)	\$2.469	(\$0.039)	\$2.514	(\$0.045)
Other Expenditure Adjustments:									
Other	(0.752)	(0.571)	(0.181)	(0.572)	0.001	(0.572)	0.000	(0.572)	0.000
Total Other Expenditure Adjustments	(\$0.752)	(\$0.571)	\$0.000	(\$0.572)	\$0.000	(\$0.572)	\$0.000	(\$0.572)	\$0.000
Total Expenditures	\$11.183	\$11.773	(\$0.409)	\$12.463	(\$0.691)	\$12.878	(\$0.415)	\$13.365	(\$0.487)
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

MTA INSPECTOR GENERAL
November Financial Plan 2007 - 2010
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2006	2007	2008	2009	2010
2006 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Add Back: July Plan Unspecified PEG's					
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)					
Baseline:					
Changes					
Revenue					
Capital and Other Reimbursements	(\$0.000)	\$0.010	\$0.210	\$0.076	(\$0.044)
Sub-Total Revenue Changes	(\$0.000)	\$0.010	\$0.210	\$0.076	(\$0.044)
Expenses					
Payroll	\$0.000	\$0.000	(\$0.222)	(\$0.111)	(\$0.009)
Overtime					
Health and Welfare	0.000	(0.000)	0.000	0.000	0.000
Pensions	0.000	(0.000)	0.000	0.000	0.000
Other Fringe Benefits	(0.000)	(0.000)	0.000	0.000	0.000
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
Insurance	0.000	0.000	0.000	(0.001)	0.001
Claims	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other					
Operating Contracts	0.000	(0.001)	0.001	0.002	0.002
Professional Service Contracts	0.000	0.000	0.000	0.000	0.000
MTA Internal Subsidy	0.000	0.000	0.000	0.000	0.001
Materials & Supplies	0.000	0.000	0.000	0.000	0.000
Other Business Expenses	0.000	(0.008)	0.011	0.034	0.049
Depreciation					
Sub-Total Expense Changes	\$0.000	(\$0.010)	(\$0.210)	(\$0.076)	\$0.044
Cash Adjustments:					
Revenue					
Expense					
Sub-Total Cash Adjustment Changes	\$ -	\$ -	\$ -	\$ -	\$ -
Total Baseline Changes	\$ (0.000)	\$ 0.000	\$ 0.000	\$ (0.000)	\$ (0.000)
Programmatic New Needs					
PEG Program	\$ -	\$ -	\$ -	\$ -	\$ -
Total Changes	\$ (0.000)	\$ 0.000	\$ 0.000	\$ (0.000)	\$ (0.000)
2006 July Financial Plan - Operating Cash Income/(Deficit)	\$ (0.000)	\$ 0.000	\$ 0.000	\$ (0.000)	\$ (0.000)

MTA INSPECTOR GENERAL
November Financial Plan 2007 - 2010
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2006 November Forecast	2007 Final Proposed Budget	2008	2009	2010
Administration					
<i>Office of Inspector General</i>	93	93	91	91	91
<i>Baseline Total Positions</i>	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-Equivalents</i>					
Impact of:					
PEG Program					
<i>Total Positions</i>	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-Equivalents</i>					