

Long Island Rail Road

MTA LONG ISLAND RAIL ROAD
2007 Preliminary Budget
July 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 Preliminary 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.

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 Mid-Year Forecast

At mid-year, the LIRR is projecting an increase to its net cash deficit of \$(3.5) million over the 2006 adopted budget. On the accrued side, revenues are the major driver of unfavorable results. Capital reimbursable revenues and other operating revenues are the major sources of the projected shortfall, with a \$(14.2) million, or (9.7)%, and \$(1.4) million, or (3.5)%, forecasted shortfall respectively. The unfavorable other operating revenues is largely due to several parking fee initiatives identified as PEGs which are not progressing at the local level. Individual reviews of each location are underway to assess if any portion of this PEG can be restored.

The unfavorable revenue results are in part offset by favorable expense projections. While overall Labor expenses are within 1.1% of the February plan, non-reimbursable labor is above plan by \$(6.0) million, or (0.8)%. That is offset by Reimbursable labor projected to under run the plan by \$15.7 million. Total overtime is projected to be \$(5.5) million, or (6.8)% over plan, comprised of \$(4.5) million of non-reimbursable and \$(1.0) million of reimbursable overruns. By not hiring for reimbursable work that is delayed, total payroll, health and welfare and other fringes are forecast to be below plan by \$15.3 million or 1.8%.

Total Non-Labor expenses are on plan, with some significant swings in certain areas. For example, traction & propulsion power is projected to run 6.2% above plan due to higher fuel cost adjustments. By contrast, insurance is projected to be 6.5% favorable

to the accrued February plan, with some types of insurance costing less than projected. A 10.3% decrease in accrued legal claims is also projected.

The major cash adjustment from the February plan is a decrease in capital program material based upon the latest project schedules. One new project that the LIRR will begin supporting in 2006 is the Moynihan Station project, although costs incurred in 2006 will likely be minimal.

2007 Preliminary Budget - Baseline

The goals and objectives contained in the 2007 Preliminary 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 February Financial Plan.

The 2007 Revenue budget totals \$659.4 million; Non-reimbursable revenue makes up \$495.2 million of the total and Reimbursable revenues are \$164.2 million. The total expense budget is \$1.533 billion, of which \$1.241 billion is for operating expenses and the balance is associated with such non-cash items as depreciation. Non-reimbursable operating expenses total \$1.077 billion in 2007, while Reimbursable expenses are \$164.2 million in the accrued statements.

The cash budget for 2007 incorporates \$726.9 million in cash receipts and \$1.313 billion in cash disbursements. The baseline net cash requirement is \$(586.2) 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 Preliminary Budget are higher than in the 2006 Mid-Year Forecast. Total revenues of \$659.4 million are \$39.5 million higher than in the Mid-Year Forecast, with Non-reimbursable revenues rising by \$7.8 million and Reimbursable revenues up by \$31.7 million. Baseline Ridership in 2007 grows over the 2006 Mid-Year Forecast by 1.6 million rides, or 2.0%. Operating expenses before depreciation of \$1.241 billion reflect growth of \$92.0 million over the 2006 Mid-Year Forecast, \$60.3 million of which is in non-reimbursable expenses. While the resulting total operating baseline deficit rises \$68.6 million to \$(873.5) million in 2007, the projected baseline cash deficit (or subsidy requirement) of \$(586.2) million in 2007 is higher by \$54.0 million.

The LIRR will experience high cost growth in Traction and Propulsion Power. Some increases are associated with expected rate changes as a new contract is resolved with the Long Island Power Authority (LIPA). New York Power Authority (NYPA) power costs are rising at about 11%. The biggest growth factor, however, is the Fuel Cost Adjustments in LIPA billing.

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 6,547 in the 2007 Preliminary Budget, with 5,794 non-reimbursable positions and 753 reimbursable positions. Compared to the 2006 Mid-Year Forecast, this reflects a total increase of 48 positions, 9 non-reimbursable positions and 39 reimbursable positions, consistent with anticipated levels of capital funding in 2007.

The major New Needs identified in the 2007 Budget 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, the new Long Island City airshaft ventilation 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. Additional details on the New Needs identified for 2007 appear in attachments.

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. Between mid-2006 and the end of 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.

The baseline projections for 2008-2010 reflect these various impacts. Both non-reimbursable and reimbursable revenues rise steadily over the years, with higher rates of growth in 2009 and 2010. Non-reimbursable revenues grow less than 1.7% in any year, while Reimbursable revenues increase by less than 2.0% in 2008 and 2009, increasing to 4.4% growth in 2010. All of these growth rates except for 2010 fall below the rate of inflation over the period.

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 6.0% from \$1.077 billion in 2007 to \$1.142 billion in 2008. They continue to rise by 3.5% in 2009 and 3.5% in 2010, reaching \$1.223 billion. Total labor expenses are a significant driver of this increase. Reimbursable expenses grow by 1.5% (\$2.5 million) in 2008 over 2007, and by another 2.0% in 2009 and 4.4% in 2010, reaching \$177.4 million.

The baseline positions in these projections increase in 2008 by 28 positions over 2007, and then show a slight reduction of 12 positions in 2009, and remain flat in 2010. From 2006 mid-year baseline, there is an overall increase of 64 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 13.9%, or 99 positions, over 2006. For the same period, non-reimbursable positions decrease by 23 positions. Most of the reimbursable position increase is in the Engineering Department, where total positions increase by 46 over 2006. 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 reconciliation's to the February plan for the years through 2010.

GAP CLOSING MEASURES

2007 PEG Actions

For 2006, Programs to Eliminate the Gaps (PEGs) totaling \$2.6 million have been identified in a below-the-line section of the Preliminary Budget all 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 \$0.4 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 \$2.7 million in 2008, \$2.8 million in 2009 and \$2.8 million in 2010.

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

Non-Reimbursable						
	2005	2006	2007			
	Actuals	Mid-Year Forecast	Preliminary Budget	2008	2009	2010
Operating Revenue						
Farebox Revenue	\$442.3	\$448.8	\$457.1	\$463.4	\$471.7	\$477.6
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	26.8	38.7	38.1	38.5	38.6	38.6
Capital and Other Reimbursements	-	-	-	-	-	-
Total Revenue	\$469.1	\$487.4	\$495.2	\$501.9	\$510.3	\$516.1
Operating Expenses						
<u>Labor:</u>						
Payroll	\$354.0	\$370.0	\$383.6	\$397.3	\$407.5	\$420.7
Overtime	72.0	76.1	69.7	70.2	72.4	75.9
Health and Welfare	96.1	104.7	123.5	139.8	158.7	179.8
Pensions	120.3	117.1	112.3	111.0	109.0	107.4
Other Fringe Benefits	75.8	78.2	81.9	85.5	88.5	90.8
Reimbursable Overhead	(16.5)	(18.7)	(26.8)	(27.6)	(28.4)	(30.1)
Total Labor Expenses	\$701.6	\$727.3	\$744.1	\$776.3	\$807.7	\$844.4
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$68.6	\$75.5	\$80.7	\$81.0	\$80.7	\$80.7
Fuel for Buses and Trains	12.9	16.1	18.0	17.2	16.3	16.3
Insurance	15.5	15.7	16.1	17.7	19.5	21.4
Claims	23.5	12.1	14.8	15.1	15.4	15.8
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	55.1	68.6	68.5	63.6	65.6	66.2
Professional Service Contracts	17.8	22.9	26.0	25.0	23.6	23.9
Materials & Supplies	62.9	72.7	101.2	138.2	145.2	145.8
Other Business Expenses	4.5	6.0	7.8	7.9	8.1	8.3
Total Non-Labor Expenses	\$260.8	\$289.5	\$333.0	\$365.5	\$374.4	\$378.5
<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	\$1,016.9	\$1,077.2	\$1,141.8	\$1,182.1	\$1,223.0
Depreciation	246.7	275.4	291.6	279.4	293.7	309.2
Total Expenses	\$1,209.1	\$1,292.3	\$1,368.7	\$1,421.2	\$1,475.8	\$1,532.2
Baseline Surplus/(Deficit)	(\$740.0)	(\$804.9)	(\$873.5)	(\$919.3)	(\$965.5)	(\$1,016.1)
2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	2.6	2.7	2.8	2.8
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)	(\$804.9)	(\$870.9)	(\$916.6)	(\$962.8)	(\$1,013.3)

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

REIMBURSABLE						
	2005	2006	2007			
	Actuals	Mid-Year Forecast	Preliminary Budget	2008	2009	2010
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	132.4	164.2	166.6	169.9	177.4
Total Revenue	\$114.8	\$132.4	\$164.2	\$166.6	\$169.9	\$177.4
Expenses						
<u>Labor:</u>						
Payroll	\$49.0	\$53.0	\$66.2	\$67.9	\$68.5	\$70.7
Overtime	8.1	10.5	10.2	10.4	10.8	11.2
Health and Welfare	7.6	9.1	11.4	11.6	12.0	12.7
Pensions	10.8	17.3	22.4	21.2	22.9	25.0
Other Fringe Benefits	11.9	12.2	15.2	15.5	16.0	17.0
Reimbursable Overhead	16.5	18.7	26.8	27.6	28.4	30.1
Total Labor Expenses	\$104.0	\$120.7	\$152.1	\$154.3	\$158.4	\$166.8
<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	6.5	6.7	6.3	6.1
Professional Service Contracts	0.3	0.3	0.4	0.5	0.4	0.3
Materials & Supplies	3.8	3.9	4.1	4.1	3.8	3.4
Other Business Expenses	0.2	0.4	0.7	0.7	0.6	0.5
Total Non-Labor Expenses	\$10.8	\$11.7	\$12.0	\$12.3	\$11.4	\$10.7
<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	\$114.8	\$132.4	\$164.2	\$166.6	\$169.9	\$177.4
Depreciation	-	-	-	-	-	-
Total Expenses	\$114.8	\$132.4	\$164.2	\$166.6	\$169.9	\$177.4
Net Surplus/(Deficit)	(\$0.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

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

NON-REIMBURSABLE / REIMBURSABLE						
	2005	2006	2007			
	Actuals	Mid-Year	Preliminary	2008	2009	2010
		Forecast	Budget			
Revenue						
Farebox Revenue	\$442.3	\$448.8	\$457.1	\$463.4	\$471.7	\$477.6
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	26.8	38.7	38.1	38.5	38.6	38.6
Capital and Other Reimbursements	114.8	132.4	164.2	166.6	169.9	177.4
Total Revenue	\$583.9	\$619.9	\$659.4	\$668.5	\$680.2	\$693.6
Expenses						
<u>Labor:</u>						
Payroll	\$403.0	\$422.9	\$449.8	\$465.2	\$475.9	\$491.4
Overtime	80.1	86.6	79.8	80.7	83.1	87.1
Health and Welfare	103.6	113.8	134.8	151.4	170.7	192.5
Pensions	131.1	134.4	134.6	132.2	131.8	132.4
Other Fringe Benefits	87.7	90.3	97.1	101.1	104.5	107.8
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenses	\$805.6	\$848.1	\$896.2	\$930.5	\$966.2	\$1,011.2
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$68.7	\$75.5	\$80.7	\$81.0	\$80.7	\$80.7
Fuel for Buses and Trains	12.9	16.1	18.0	17.2	16.3	16.3
Insurance	15.7	16.0	16.5	18.0	19.8	21.8
Claims	23.5	12.1	14.8	15.1	15.4	15.8
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	61.2	75.3	75.0	70.3	71.9	72.3
Professional Service Contracts	18.1	23.2	26.4	25.5	24.0	24.2
Materials & Supplies	66.7	76.7	105.3	142.3	148.9	149.2
Other Business Expenses	4.7	6.4	8.5	8.6	8.7	8.9
Total Non-Labor Expenses	\$271.5	\$301.3	\$345.1	\$377.9	\$385.8	\$389.2
<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	\$1,149.3	\$1,241.3	\$1,308.4	\$1,352.0	\$1,400.4
Depreciation	246.7	275.4	291.6	279.4	293.7	309.2
Total Expenses	\$1,323.8	\$1,424.7	\$1,532.9	\$1,587.8	\$1,645.7	\$1,709.6
Baseline Surplus/(Deficit)	(\$740.0)	(\$804.9)	(\$873.5)	(\$919.3)	(\$965.5)	(\$1,016.1)
2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	2.6	2.7	2.8	2.8
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)	(\$804.9)	(\$870.9)	(\$916.6)	(\$962.8)	(\$1,013.3)

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

CASH RECEIPTS AND EXPENDITURES						
	2005	2006	2007			
	Actuals	Mid-Year	Preliminary	2008	2009	2010
		Forecast	Budget			
Receipts						
Farebox Revenue	\$470.6	\$477.3	\$485.6	\$491.9	\$500.2	\$506.1
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	24.1	49.7	39.4	39.8	40.0	40.0
Capital and Other Reimbursements	143.0	162.3	201.9	206.5	201.1	208.5
Total Receipts	\$637.7	\$689.3	\$726.9	\$738.2	\$741.2	\$754.5
Expenditures						
<u>Labor:</u>						
Payroll	\$402.1	\$423.2	\$448.9	\$464.3	\$475.1	\$490.6
Overtime	79.5	86.6	79.8	80.7	83.1	87.1
Health and Welfare	103.5	113.8	134.8	151.4	170.7	192.5
Pensions	101.1	134.0	134.2	131.7	131.4	131.9
Other Fringe Benefits	87.3	90.4	97.1	101.1	104.5	107.8
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	\$773.5	\$848.0	\$894.9	\$929.2	\$964.8	\$1,009.9
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$58.5	\$85.0	\$80.7	\$81.0	\$80.7	\$80.7
Fuel for Buses and Trains	11.3	16.1	18.0	17.2	16.3	16.3
Insurance	20.2	21.5	20.3	22.7	23.5	25.3
Claims	7.6	17.5	20.0	13.3	13.6	14.0
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	59.3	76.0	77.2	72.5	72.9	73.3
Professional Service Contracts	15.3	19.5	22.6	21.8	20.0	20.0
Materials & Supplies	99.6	108.6	142.9	180.3	179.6	178.9
Other Business Expenses	6.3	5.8	7.9	8.0	8.1	8.3
Total Non-Labor Expenditures	\$278.0	\$350.2	\$389.6	\$416.6	\$414.8	\$416.8
<u>Other Expenditure Adjustments:</u>						
Other	34.0	23.3	28.5	28.5	28.5	28.5
Total Other Expenditure Adjustments	\$34.0	\$23.3	\$28.5	\$28.5	\$28.5	\$28.5
Total Expenditures	\$1,085.4	\$1,221.4	\$1,313.1	\$1,374.3	\$1,408.2	\$1,455.2
Baseline Cash Deficit	(\$447.7)	(\$532.2)	(\$586.2)	(\$636.1)	(\$666.9)	(\$700.7)
2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	2.6	2.7	2.8	2.8
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)	(\$532.2)	(\$583.5)	(\$633.4)	(\$664.2)	(\$697.9)

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

CASH FLOW ADJUSTMENTS						
	2005	2006	2007			
	Actuals	Mid-Year Forecast	Preliminary 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	29.9	37.7	39.9	31.2	31.1
Total Receipts	\$53.8	\$69.4	\$67.5	\$69.7	\$61.0	\$61.0
Expenditures						
<u>Labor:</u>						
Payroll	\$0.9	(\$0.3)	\$0.9	\$0.9	\$0.9	\$0.9
Overtime	0.7	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Health and Welfare	0.1	0.0	(0.0)	(0.0)	0.0	(0.0)
Pensions	30.0	0.4	0.4	0.5	0.5	0.5
Other Fringe Benefits	0.4	(0.1)	0.0	(0.0)	0.0	(0.0)
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	\$32.1	\$0.0	\$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)	(5.5)	(3.9)	(4.6)	(3.7)	(3.6)
Claims	15.9	(5.4)	(5.2)	1.8	1.8	1.8
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	1.9	(0.7)	(2.2)	(2.2)	(1.0)	(1.0)
Professional Service Contracts	2.8	3.7	3.8	3.7	4.0	4.2
Materials & Supplies	(32.9)	(32.0)	(37.6)	(38.0)	(30.7)	(29.7)
Other Business Expenditures	(1.6)	0.6	0.6	0.6	0.6	0.6
Total Non-Labor Expenditures	(\$6.4)	(\$48.9)	(\$44.5)	(\$38.8)	(\$29.0)	(\$27.6)
<u>Other Expenditures Adjustments:</u>						
Other	(34.0)	(23.3)	(28.5)	(28.5)	(28.5)	(28.5)
Total Other Expenditures Adjustments	(\$34.0)	(\$23.3)	(\$28.5)	(\$28.5)	(\$28.5)	(\$28.5)
Total Cash Conversion Adjustments before Depreciation	\$45.5	(\$2.7)	(\$4.3)	\$3.8	\$4.9	\$6.2
Depreciation Adjustment	246.7	275.4	291.6	279.4	293.7	309.2
Baseline Total Cash Conversion Adjustments	\$292.2	\$272.7	\$287.3	\$283.2	\$298.6	\$315.4
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	\$272.7	\$287.3	\$283.2	\$298.6	\$315.4

**MTA Long Island Rail Road
July 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 82.1 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 than what was projected in the 2006 budget, which are adversely affecting revenue projections for the balance of 2006.
- 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 CPI increases for both represented and management employees of 2.56%, 2.91%, 3.07% and 3.20%, respectively.
- Headcount changes each year are associated with new needs, changes in programs and Capital Program activity.

Overtime

- 2006 - 2007 decrease is primarily associated with the change in the Concrete Tie Program (only Spring Program 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 latest actuarial valuation for each year.

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 March, which reflects higher fuel cost adjustments.
- 2007 - 2010 reflects price inflators provided by MTA and historical performance.

Fuel

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

Insurance

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

Claims

- 2006 reflects actual experience through March 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 favorable changes in the Concrete Tie Replacement Program (only Spring Program in 2007) and completion of M-1 decommissioning, which are partially offset by contract renewal increases (i.e., Penn station cleaning) and higher utility costs.
- 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 – 2009 reflects changes in System Initiative projects (change in need for outside consultants).
- 2008 - 2010 reflects price inflators.

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, partially offset in 2007 by the completion of the Concrete Tie Replacement Program.
- 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
July Financial Plan 2007 - 2010
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE

	Favorable/(Unfavorable)									
	2005	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<u>Revenue</u>										
Farebox Revenue	442.276	448.787	457.123	8.336	463.438	6.315	471.702	8.265	477.559	5.857
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	26.823	38.655	38.117	(0.538)	38.481	0.364	38.611	0.131	38.578	(0.034)
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	469.099	487.441	495.239	7.798	501.918	6.679	510.314	8.395	516.137	5.823
<u>Expenses</u>										
Labor:										
Payroll	353.971	369.977	383.574	(13.597)	397.256	(13.682)	407.483	(10.227)	420.664	(13.180)
Overtime	72.000	76.104	69.667	6.437	70.234	(0.566)	72.395	(2.162)	75.873	(3.478)
Health and Welfare	96.052	104.730	123.472	(18.742)	139.823	(16.351)	158.738	(18.914)	179.833	(21.096)
Pensions	120.296	117.112	112.261	4.852	110.966	1.295	108.961	2.005	107.391	1.570
Other Fringe Benefits	75.754	78.167	81.900	(3.732)	85.530	(3.630)	88.519	(2.989)	90.773	(2.254)
Reimbursable Overhead	(16.470)	(18.749)	(26.765)	8.016	(27.558)	0.792	(28.383)	0.825	(30.098)	1.715
Total Labor Expenses	701.603	727.342	744.108	(16.766)	776.251	(32.143)	807.713	(31.461)	844.435	(36.723)
Non-Labor:										
Traction and Propulsion Power	68.628	75.467	80.728	(5.261)	80.970	(0.242)	80.737	0.233	80.728	0.009
Fuel for Buses and Trains	12.856	16.139	17.996	(1.857)	17.158	0.838	16.312	0.845	16.312	0.000
Insurance	15.464	15.671	16.092	(0.421)	17.701	(1.609)	19.471	(1.770)	21.418	(1.947)
Claims	23.528	12.088	14.760	(2.672)	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	0.000
Maintenance and Other Operating Contracts	55.129	68.593	68.489	0.104	63.585	4.904	65.556	(1.971)	66.196	(0.640)
Professional Service Contracts	17.780	22.855	25.974	(3.119)	25.000	0.974	23.629	1.371	23.914	(0.285)
Materials & Supplies	62.880	72.738	101.222	(28.484)	138.182	(36.960)	145.165	(6.983)	145.815	(0.649)
Other Business Expenses	4.496	5.981	7.788	(1.807)	7.856	(0.067)	8.104	(0.248)	8.337	(0.233)
Total Non-Labor Expenses	260.761	289.532	333.049	(43.517)	365.529	(32.480)	374.407	(8.878)	378.534	(4.127)
Other Expenses Adjustments:										
Other	0.000	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	0.000
Total Expenses before Depreciation	962.364	1,016.875	1,077.157	(60.283)	1,141.781	(64.623)	1,182.119	(40.339)	1,222.969	(40.850)
Depreciation	246.695	275.418	291.579	(16.161)	279.426	12.153	293.705	(14.279)	309.247	(15.542)
Total Expenses	1,209.059	1,292.293	1,368.736	(76.444)	1,421.207	(52.470)	1,475.824	(54.618)	1,532.216	(56.392)
Baseline Net Surplus/(Deficit)	(739.960)	(804.851)	(873.497)	(68.646)	(919.288)	(45.791)	(965.511)	(46.223)	(1,016.079)	(50.569)
2007 PEG Program			2.638	2.638	2.699	0.061	2.760	0.061	2.821	0.061
Post 2007 PEGs			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	(739.960)	(804.851)	(870.859)	(66.008)	(916.589)	(45.730)	(962.751)	(46.162)	(1,013.258)	(50.508)

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

REIMBURSABLE

	Favorable/(Unfavorable)									
	2005	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<u>Revenue</u>										
Farebox Revenue	0.000	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	0.000
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	114.767	132.438	164.152	31.714	166.617	2.465	169.881	3.264	177.414	7.533
Total Revenue	114.767	132.438	164.152	31.714	166.617	2.465	169.881	3.264	177.414	7.533
<u>Expenses</u>										
Labor:										
Payroll	49.035	52.971	66.214	(13.244)	67.914	(1.700)	68.464	(0.551)	70.740	(2.276)
Overtime	8.125	10.450	10.161	0.289	10.431	(0.270)	10.753	(0.321)	11.227	(0.475)
Health and Welfare	7.592	9.074	11.370	(2.296)	11.611	(0.240)	11.966	(0.355)	12.708	(0.742)
Pensions	10.835	17.321	22.372	(5.052)	21.234	1.138	22.859	(1.625)	24.966	(2.107)
Other Fringe Benefits	11.931	12.151	15.226	(3.075)	15.547	(0.321)	16.019	(0.472)	17.016	(0.997)
Reimbursable Overhead	16.470	18.749	26.765	(8.016)	27.558	(0.792)	28.383	(0.825)	30.098	(1.715)
Total Labor Expenses	103.988	120.715	152.109	(31.393)	154.294	(2.185)	158.444	(4.150)	166.755	(8.312)
Non-Labor:										
Traction and Propulsion Power	0.102	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	0.000
Insurance	0.245	0.370	0.389	(0.019)	0.321	0.068	0.329	(0.008)	0.341	(0.011)
Claims	0.000	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	0.000
Maintenance and Other Operating Contracts	6.086	6.692	6.500	0.191	6.726	(0.226)	6.341	0.385	6.058	0.284
Professional Service Contracts	0.323	0.297	0.417	(0.120)	0.452	(0.036)	0.386	0.066	0.335	0.051
Materials & Supplies	3.839	3.938	4.074	(0.136)	4.100	(0.026)	3.764	0.336	3.390	0.374
Other Business Expenses	0.184	0.426	0.663	(0.237)	0.723	(0.060)	0.616	0.106	0.535	0.081
Total Non-Labor Expenses	10.779	11.723	12.043	(0.321)	12.323	(0.280)	11.438	0.885	10.659	0.779
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	0.000
Total Expenses before Depreciation	114.767	132.438	164.152	(31.714)	166.617	(2.465)	169.881	(3.264)	177.414	(7.533)
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	114.767	132.438	164.152	(31.714)	166.617	(2.465)	169.881	(3.264)	177.414	(7.533)
Baseline Net Surplus/(Deficit)	0.000	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
Post 2007 PEGs			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	0.000

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

NON-REIMBURSABLE and REIMBURSABLE

	Favorable/(Unfavorable)									
	2005	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
Revenue										
Farebox Revenue	442.276	448.787	457.123	8.336	463.438	6.315	471.702	8.265	477.559	5.857
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	26.823	38.655	38.117	(0.538)	38.481	0.364	38.611	0.131	38.578	(0.034)
Capital and Other Reimbursements	114.767	132.438	164.152	31.714	166.617	2.465	169.881	3.264	177.414	7.533
Total Revenue	583.866	619.879	659.391	39.512	668.535	9.144	680.195	11.660	693.551	13.356
Expenses										
Labor:										
Payroll	403.006	422.947	449.788	(26.841)	465.170	(15.382)	475.948	(10.778)	491.404	(15.456)
Overtime	80.125	86.555	79.828	6.727	80.665	(0.837)	83.148	(2.483)	87.101	(3.953)
Health and Welfare	103.644	113.804	134.843	(21.038)	151.434	(16.591)	170.703	(19.269)	192.541	(21.838)
Pensions	131.131	134.433	134.633	(0.200)	132.200	2.433	131.820	0.380	132.357	(0.537)
Other Fringe Benefits	87.685	90.318	97.125	(6.807)	101.077	(3.951)	104.537	(3.461)	107.789	(3.251)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	805.591	848.058	896.217	(48.159)	930.545	(34.328)	966.156	(35.611)	1,011.191	(45.034)
Non-Labor:										
Traction and Propulsion Power	68.730	75.467	80.728	(5.261)	80.970	(0.242)	80.737	0.233	80.728	0.009
Fuel for Buses and Trains	12.856	16.139	17.996	(1.857)	17.158	0.838	16.312	0.845	16.312	0.000
Insurance	15.709	16.041	16.481	(0.440)	18.022	(1.541)	19.800	(1.778)	21.759	(1.958)
Claims	23.528	12.088	14.760	(2.672)	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	0.000
Maintenance and Other Operating Contracts	61.215	75.284	74.989	0.295	70.311	4.678	71.897	(1.586)	72.253	(0.357)
Professional Service Contracts	18.103	23.152	26.391	(3.239)	25.452	0.939	24.015	1.437	24.249	(0.234)
Materials & Supplies	66.719	76.676	105.296	(28.620)	142.282	(36.986)	148.930	(6.647)	149.205	(0.275)
Other Business Expenses	4.680	6.407	8.451	(2.044)	8.579	(0.128)	8.720	(0.142)	8.872	(0.152)
Total Non-Labor Expenses	271.540	301.255	345.092	(43.838)	377.852	(32.760)	385.844	(7.992)	389.193	(3.348)
Other Expenses Adjustments:										
Other	0.000	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	0.000
Total Expenses before Depreciation	1,077.131	1,149.312	1,241.309	(91.997)	1,308.397	(67.088)	1,352.001	(43.603)	1,400.383	(48.383)
Depreciation	246.695	275.418	291.579	(16.161)	279.426	12.153	293.705	(14.279)	309.247	(15.542)
Total Expenses	1,323.826	1,424.730	1,532.888	(108.158)	1,587.823	(54.935)	1,645.706	(57.882)	1,709.630	(63.925)
Baseline Net Surplus/(Deficit)	(739.960)	(804.851)	(873.497)	(68.646)	(919.288)	(45.791)	(965.511)	(46.223)	(1,016.079)	(50.569)
2007 PEG Program			2.638	2.638	2.699	0.061	2.760	0.061	2.821	0.061
Post 2007 PEGs				0.000		0.000		0.000		0.000
Net Surplus/(Deficit)	(739.960)	(804.851)	(870.859)	(66.008)	(916.589)	(45.730)	(962.751)	(46.162)	(1,013.258)	(50.508)

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

CASH RECEIPTS & EXPENDITURES

	Favorable/(Unfavorable)									
	2005	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<u>Receipts</u>										
Farebox Revenue	\$470.570	\$477.287	\$485.623	\$8.336	\$491.938	\$6.315	\$500.202	\$8.264	\$506.059	\$5.857
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	24.119	49.663	39.382	(10.281)	39.788	0.406	39.955	0.167	39.968	0.013
Capital and Other Reimbursements	143.004	162.344	201.865	39.521	206.518	4.653	201.064	(5.454)	208.479	7.415
Total Receipts	\$637.693	\$689.294	\$726.870	\$37.576	\$738.244	\$11.374	\$741.221	\$2.977	\$754.506	\$13.285
<u>Expenditures</u>										
Labor:										
Payroll	\$402.123	\$423.207	\$448.922	(\$25.715)	\$464.308	(\$15.386)	\$475.090	(\$10.782)	\$490.550	(\$15.460)
Overtime	79.457	86.555	79.828	6.727	80.665	(0.837)	83.148	(2.483)	87.101	(3.953)
Health and Welfare	103.501	113.804	134.843	(21.039)	151.434	(16.591)	170.703	(19.269)	192.541	(21.838)
Pensions	101.107	134.040	134.208	(0.168)	131.741	2.467	131.361	0.380	131.898	(0.537)
Other Fringe Benefits	87.307	90.405	97.125	(6.720)	101.077	(3.952)	104.537	(3.460)	107.789	(3.252)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$773.494	\$848.011	\$894.926	(\$46.915)	\$929.225	(\$34.299)	\$964.839	(\$35.614)	\$1,009.879	(\$45.040)
Non-Labor:										
Traction and Propulsion Power	\$58.451	\$85.033	\$80.728	\$4.305	\$80.970	(\$0.242)	\$80.737	\$0.233	\$80.728	\$0.009
Fuel for Buses and Trains	11.250	16.139	17.996	(1.857)	17.158	0.838	16.312	0.846	16.312	0.000
Insurance	20.190	21.545	20.346	1.199	22.667	(2.321)	23.493	(0.826)	25.310	(1.817)
Claims	7.613	17.522	19.985	(2.463)	13.285	6.700	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	0.000
Maintenance and Other Operating Contracts	59.265	76.034	77.189	(1.155)	72.511	4.678	72.897	(0.386)	73.253	(0.356)
Professional Service Contracts	15.327	19.452	22.591	(3.139)	21.752	0.839	20.015	1.737	20.049	(0.034)
Materials & Supplies	99.596	108.635	142.940	(34.305)	180.282	(37.342)	179.630	0.652	178.905	0.725
Other Business Expenses	6.278	5.801	7.851	(2.050)	7.979	(0.128)	8.120	(0.141)	8.272	(0.152)
Total Non-Labor Expenditures	\$277.971	\$350.161	\$389.626	(\$39.465)	\$416.604	(\$26.978)	\$414.823	\$1.781	\$416.808	(\$1.985)
Other Expenditure Adjustments:										
Other	33.950	23.273	28.500	(5.227)	28.500	0.000	28.500	0.000	28.500	0.000
Total Other Expenditure Adjustments	\$33.950	\$23.273	\$28.500	(\$5.227)	\$28.500	\$0.000	\$28.500	\$0.000	\$28.500	\$0.000
Total Expenditures	\$1,085.416	\$1,221.445	\$1,313.052	(\$91.607)	\$1,374.329	(\$61.277)	\$1,408.162	(\$33.833)	\$1,455.187	(\$47.025)
Baseline Net Cash Deficit	(\$447.723)	(\$532.151)	(\$586.182)	(\$54.031)	(\$636.085)	(\$49.903)	(\$666.941)	(\$30.856)	(\$700.681)	(\$33.740)
2007 PEG Program	0.000	0.000	2.638	2.638	2.699	0.061	2.760	0.061	2.821	0.061
Post 2007 PEGs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Cash Deficit	(\$447.723)	(\$532.151)	(\$583.544)	(\$51.393)	(\$633.386)	(\$49.842)	(\$664.181)	(\$30.795)	(\$697.860)	(\$33.679)

**MTA Long Island Rail Road
July Financial Plan 2007 - 2010
Summary of Changes between Financial Plans by Category**

2006: July Financial Plan vs. February Financial Plan

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

Revenue

- Ridership and average yield per passenger on plan.
- Lower station privileges, rental income, parking fees and Penn Station rent, partially offset by reimbursement of pension staff by pension plan, a one-time easement settlement, liquidation damages settlement and higher revenue from the Circus Train.
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity.

Expense

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

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

Revenue

- 2007 - 2009 decrease in average yield per passenger of (0.2)%, (0.4)%, (0.1)% respectively and no change in 2010.
- 2007 – 2009 increase in ridership of 0.2%, 0.4%, 0.1% respectively and no change in 2010.
- Lower station privileges, rental income, parking fees and Penn Station rent, partially offset by reimbursement of pension staff by pension plan and liquidation damages settlement.
- Capital and other reimbursements are slightly higher primarily resulting from changes in capital project activity.

Expense

- Payroll and benefits – increased from February Plan due to an increase in headcount, new needs, and capital program activity, partially offset by lower overtime.
- Traction Power and Fuel are higher primarily resulting from increased rates.
- Professional Services increases in 2007 & 2008 primarily related to PeopleSoft Human Resource and Payroll system implementation and increases in marketing and advertising initiatives.
- 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
July Financial Plan 2007 - 2010
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE

	2006	2007	2008	2009	2010
Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)	(\$523.628)	(\$556.430)	(\$612.963)	(\$642.234)	(\$677.140)
Baseline Changes					
Revenue					
Farebox Revenue	\$0.023	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	(1.402)	(2.637)	(2.814)	(2.888)	(3.405)
Capital and Other Reimbursement	0.000	0.000	0.000	0.000	0.000
Total Revenue Changes	(\$1.379)	(\$2.637)	(\$2.814)	(\$2.888)	(\$3.405)
Expenses					
Labor:					
Payroll and Overtime	(\$3.293)	\$1.810	\$2.836	\$1.990	(\$3.138)
Health and Welfare	1.701	(5.653)	(8.068)	(13.993)	(19.572)
Pensions	2.335	1.467	1.533	1.477	2.123
Other Fringe Benefits	1.196	(0.638)	(1.012)	(1.124)	3.359
Reimbursable Overhead	(7.915)	1.755	1.990	1.833	3.207
Total Labor Expense Changes	(\$5.976)	(\$1.259)	(\$2.721)	(\$9.817)	(\$14.021)
Non-Labor:					
Traction and Propulsion Power	(\$4.418)	(\$9.404)	(\$7.898)	(\$6.124)	(\$6.115)
Fuel for Buses and Trains	0.058	(4.111)	(4.193)	(3.378)	(3.378)
Insurance	1.106	2.298	2.479	2.710	1.348
Claims	1.394	(1.000)	(1.000)	(1.000)	(1.000)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	1.938	(3.557)	(0.832)	(1.113)	0.302
Professional Service Contracts	0.274	(3.847)	(2.860)	(1.481)	(1.138)
Materials & Supplies	0.533	(2.141)	(1.040)	0.587	3.134
Other Business Expenses	1.420	(0.464)	(0.528)	(0.621)	(0.576)
Total Non-Labor Expense Changes	\$2.305	(\$22.226)	(\$15.872)	(\$10.420)	(\$7.423)
Total Expense Changes	(\$3.671)	(\$23.485)	(\$18.593)	(\$20.237)	(\$21.444)
Cash Adjustment Changes					
Miscellaneous Revenue adjustment	(\$1.500)	(\$1.500)	(\$1.500)	(\$1.500)	(\$1.500)
Right of Way Lease	9.566	0.000	0.000	0.000	0.000
Payment of Union Contract Settlement	(1.216)	0.000	0.000	0.000	0.000
Traction and Propulsion Power	(9.566)	0.000	0.000	0.000	0.000
Insurance	(1.122)	0.706	1.007	1.119	3.009
Claims	(7.194)	0.000	0.000	0.000	0.022
Operating Funded Capital timing adjustments	0.200	(2.644)	0.000	0.000	0.000
Other material adjustments	2.800	(0.200)	(0.200)	(0.200)	(0.200)
Bad Debt Reserve	0.196	0.170	0.150	0.130	0.110
Cash Timing and Availability adjustment	5.227	0.000	0.000	0.000	0.000
Non-cash expense adjustments (Misc. charges & Credits)	(0.865)	(0.163)	(1.172)	(1.132)	(0.134)
All Other	0.001	0.001	0.000	0.001	0.001
Total Cash Adjustment Changes	(\$3.473)	(\$3.630)	(\$1.715)	(\$1.582)	\$1.308
Total Baseline Changes	(\$8.523)	(\$29.752)	(\$23.122)	(\$24.707)	(\$23.541)
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$532.151)	(\$586.182)	(\$636.085)	(\$666.941)	(\$700.681)

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

REIMBURSABLE

	2006	2007	2008	2009	2010
Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)	(\$5.000)	\$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	(14.193)	10.237	11.440	10.327	13.565
Total Revenue Changes	(\$14.193)	\$10.237	\$11.440	\$10.327	\$13.565
Expenses					
Labor:					
Payroll and Overtime	\$7.522	(\$4.507)	(\$5.145)	(\$4.571)	(\$5.362)
Health and Welfare	1.132	(0.705)	(0.797)	(0.711)	(0.790)
Pensions	(2.335)	(1.467)	(1.533)	(1.477)	(2.660)
Other Fringe Benefits	1.515	(0.944)	(1.068)	(0.952)	(1.057)
Reimbursable Overhead	7.915	(1.755)	(1.990)	(1.833)	(3.207)
Total Labor Expense Changes	\$15.749	(\$9.378)	(\$10.533)	(\$9.544)	(\$13.076)
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	0.000	(0.009)	(0.020)	(0.022)	(0.025)
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	(1.952)	(1.248)	(1.255)	(1.180)	(1.114)
Professional Service Contracts	0.010	(0.026)	(0.031)	(0.023)	(0.021)
Materials & Supplies	0.322	0.465	0.449	0.479	0.704
Other Business Expenses	0.064	(0.041)	(0.050)	(0.037)	(0.033)
Total Non-Labor Expense Changes	(\$1.556)	(\$0.859)	(\$0.907)	(\$0.783)	(\$0.489)
Total Expense Changes	\$14.193	(\$10.237)	(\$11.440)	(\$10.327)	(\$13.565)
Cash Adjustment Changes					
Capital rebalancing adjustment/timing	\$5.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Cash Adjustment Changes	\$5.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$5.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

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

**NON-REIMBURSABLE and
REIMBURSABLE**

	2006	2007	2008	2009	2010
Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)	(\$528.628)	(\$556.430)	(\$612.963)	(\$642.234)	(\$677.140)
Baseline Changes					
Revenue					
Farebox Revenue	\$0.023	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	(1.402)	(2.637)	(2.814)	(2.888)	(3.405)
Capital and Other Reimbursement	(14.193)	10.237	11.440	10.327	13.565
Total Revenue Changes	(\$15.572)	\$7.600	\$8.626	\$7.439	\$10.160
Expenses					
<i>Labor:</i>					
Payroll and Overtime	\$4.229	(\$2.697)	(\$2.309)	(\$2.581)	(\$8.500)
Health and Welfare	2.833	(6.358)	(8.865)	(14.704)	(20.362)
Pensions	0.000	0.000	0.000	0.000	(0.537)
Other Fringe Benefits	2.711	(1.582)	(2.080)	(2.076)	2.302
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
Total Labor Expense Changes	\$9.773	(\$10.637)	(\$13.254)	(\$19.361)	(\$27.097)
<i>Non-Labor:</i>					
Traction and Propulsion Power	(\$4.418)	(\$9.404)	(7.898)	(6.124)	(\$6.115)
Fuel for Buses and Trains	0.058	(4.111)	(4.193)	(3.378)	(3.378)
Insurance	1.106	2.289	2.459	2.688	1.323
Claims	1.394	(1.000)	(1.000)	(1.000)	(1.000)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(0.014)	(4.805)	(2.087)	(2.293)	(0.812)
Professional Service Contracts	0.284	(3.873)	(2.891)	(1.504)	(1.159)
Materials & Supplies	0.855	(1.676)	(0.591)	1.066	3.838
Other Business Expenses	1.484	(0.505)	(0.578)	(0.658)	(0.609)
Total Non-Labor Expense Changes	\$0.749	(\$23.085)	(\$16.779)	(\$11.203)	(\$7.912)
Total Expense Changes	\$10.522	(\$33.722)	(\$30.033)	(\$30.564)	(\$35.009)
Cash Adjustment Changes					
Capital rebalancing adjustment/timing	\$5.000	\$0.000	\$0.000	\$0.000	\$0.000
Miscellaneous Revenue adjustment	(1.500)	(1.500)	(1.500)	(1.500)	(1.500)
Right of Way Lease	9.566	0.000	0.000	0.000	0.000
Payment of Union Contract Settlement	(1.216)	0.000	0.000	0.000	0.000
Traction and Propulsion Power	(9.566)	0.000	0.000	0.000	0.000
Insurance	(1.122)	0.706	1.007	1.119	3.009
Claims	(7.194)	0.000	0.000	0.000	0.022
Operating Funded Capital timing adjustments	0.200	(2.644)	0.000	0.000	0.000
Other material adjustments	2.800	(0.200)	(0.200)	(0.200)	(0.200)
Bad Debt Reserve	0.196	0.170	0.150	0.130	0.110
Cash Timing and Availability adjustment	5.227	0.000	0.000	0.000	0.000
Non-cash expense adjustments (Misc. charges & Credits)	(0.865)	(0.163)	(1.172)	(1.132)	(0.134)
All Other	0.001	0.001	0.000	0.001	0.001
Total Cash Adjustment Changes	\$1.527	(\$3.630)	(\$1.715)	(\$1.582)	\$1.308
Total Baseline Changes	(\$3.523)	(\$29.752)	(\$23.122)	(\$24.707)	(\$23.541)
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$532.151)	(\$586.182)	(\$636.085)	(\$666.941)	(\$700.681)

MTA Long Island Rail Road
July 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 February Financial Plan - Operating Cash Income/(Deficit)	(\$528.628)	(\$556.430)	(\$612.963)	(\$642.234)	(\$677.140)
<i>Non-Reimbursable Major Changes</i>					
Revenue					
Farebox Revenue	\$0.023	\$0.000	\$0.000	\$0.000	\$0.000
Other Operating Revenue	(1.402)	(2.637)	(2.814)	(2.888)	(3.405)
Sub-Total Non-Reimbursable Revenue Changes	(\$1.379)	(\$2.637)	(\$2.814)	(\$2.888)	(\$3.405)
Expenses					
Pensions	2.335	1.467	1.533	1.477	2.123
Health & Welfare rate changes	1.701	(5.653)	(8.068)	(13.993)	(19.572)
Other Fringe Benefits (Railroad Retirement)	1.196	(0.638)	(1.012)	(1.124)	3.359
Energy rate & consumption increases (traction power, fuel, gas & electric)	(5.212)	(15.294)	(13.758)	(11.049)	(10.234)
Insurance	1.106	2.298	2.479	2.710	1.348
Claims reserve adjustment	1.394	(1.000)	(1.000)	(1.000)	(1.000)
Increased maintenance costs - vehicles/hi-lo's	(0.900)	(0.854)	(0.788)	(0.718)	(0.636)
Materials - Diesel C3 HVAC, Truck Rough Riders, BOM's	(3.218)	-	-	-	-
Signalization Babylon to Speonk maintenance	(0.562)	(1.124)	(1.154)	(1.186)	(1.211)
Facility maintenance	-	(0.718)	(0.742)	(0.768)	(0.789)
All Other (primarily headcount changes and change in overhead methodology)	(1.511)	(1.969)	3.918	5.414	5.168
Sub-Total Non-Reimbursable Expense Changes	(\$3.671)	(\$23.485)	(\$18.593)	(\$20.237)	(\$21.444)
Total Non-Reimbursable Major Changes	(\$5.050)	(\$26.122)	(\$21.407)	(\$23.125)	(\$24.849)
<i>Reimbursable Major Changes</i>					
Revenue					
Capital and Other Reimbursement	(14.193)	10.237	11.440	10.327	13.565
Sub-Total Reimbursable Revenue Changes	(\$14.193)	\$10.237	\$11.440	\$10.327	\$13.565
Expenses					
Pensions	(2.335)	(1.467)	(1.533)	(1.477)	(2.660)
Change in capital program activity and project headcount adjustment	8.613	(7.015)	(7.917)	(7.017)	(7.698)
Overhead rate and methodology change	7.915	(1.755)	(1.990)	(1.833)	(3.207)
Sub-Total Reimbursable Expense Changes	\$14.193	(\$10.237)	(\$11.440)	(\$10.327)	(\$13.565)
Total Reimbursable Major Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Accrual Changes	(\$5.050)	(\$26.122)	(\$21.407)	(\$23.125)	(\$24.849)
<i>Cash Adjustment Changes</i>					
Capital rebalancing adjustment	\$5.000	\$0.000	\$0.000	\$0.000	\$0.000
Miscellaneous Revenue adjustment	(1.500)	(1.500)	(1.500)	(1.500)	(1.500)
Right of Way Lease	9.566	0.000	0.000	0.000	0.000
Payment of Union Contract Settlement	(1.216)	0.000	0.000	0.000	0.000
Traction and Propulsion Power	(9.566)	0.000	0.000	0.000	0.000
Insurance	(1.122)	0.706	1.007	1.119	3.009
Claims	(7.194)	0.000	0.000	0.000	0.022
Operating Funded Capital timing adjustments	0.200	(2.644)	0.000	0.000	0.000
Other material adjustments	2.800	(0.200)	(0.200)	(0.200)	(0.200)
Bad Debt Reserve	0.196	0.170	0.150	0.130	0.110
Cash Timing and Availability adjustment	5.227	0.000	0.000	0.000	0.000
Non-cash expense adjustments (Misc. Chrgs & Credits)	(0.865)	(0.163)	(1.172)	(1.132)	(0.134)
All Other	0.001	0.001	0.000	0.001	0.001
Total Cash Adjustment Changes	\$1.527	(\$3.630)	(\$1.715)	(\$1.582)	\$1.308
Total Baseline Changes	(\$3.523)	(\$29.752)	(\$23.122)	(\$24.707)	(\$23.541)
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$532.151)	(\$586.182)	(\$636.085)	(\$666.941)	(\$700.681)

**MTA Long Island Rail Road
2007 Preliminary Budget
July Financial Plan 2007 – 2010**

RIDERSHIP/UTILIZATION PROJECTIONS

- 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
July Financial Plan 2007 - 2010
Ridership/Traffic Volume (Utilization)
(in millions)

	2005 Actuals	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
Baseline Total Ridership	80.131	80.439	82.056	83.343	84.626	85.619
<i>Impact of:</i> PEG Program						
Total Ridership	80.131	80.439	82.056	83.343	84.626	85.619

MTA Long Island Rail Road
July Financial Plan 2007 - 2010
Summary of the Programs to Eliminate the Gap (PEGs)
(\$ in millions)

	Favorable/(Unfavorable)							
	2007		2008		2009		2010	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of PROGRAMS								
Administration:								
Sub-Total Administration	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Customer Convenience & Amenities:								
Sub-Total Customer Convenience & Amenities	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Service:								
Sub-Total Service	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Maintenance:								
Contracted Services		2.200		2.256		2.314		2.372
Vehicle Elimination		0.138		0.142		0.146		0.149
Sub-Total Maintenance	0	\$2.338	0	\$2.398	0	\$2.460	0	\$2.521
Safety/Security:								
Sub-Total Safety/Security	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Revenue Enhancements:								
ADL 6009 Fare Collection		0.300		0.300		0.300		0.300
Sub-Total Revenue Enhancements	0	\$0.300	0	\$0.300	0	\$0.300	0	\$0.300
Total PEGS	0	\$2.638	0	\$2.698	0	\$2.760	0	\$2.821

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

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2007 - 2010
PEGs Worksheet

PEG Category

Operations

Program:

Savings in Contracted Services

Justification:

Based on an historical review of Consulting, Professional Services and Maintenance 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. This amount represents a 50% reduction over the historical savings.

PEG Description/Implementation Plan:

PEG Implementation Date:

Jan-07

When will costs begin? Jan-07

Other Issues:

Financial Impact (Operating)

Net Savings (in millions)

**2006
Mid-Year
Forecast**

**2007
Preliminary
Budget**

2008

2009

2010

\$0.000

\$2.200

\$2.256

\$2.314

\$2.371

Total Position Decrease

0

0

0

0

0

(List specific titles of positions)

Impact on Operations:

Ridership

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

List of Other Concerns:

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2007 - 2010
PEGs Worksheet

PEG Category

Operations

Program:

Reduction in Passenger Vehicle Fleet

Justification:

Reduce passenger vehicle fleet by 17 (maintenance and insurance expense).

PEG Description/Implementation Plan:

PEG Implementation Date:

Jan-07

When will costs begin? Jan-07

Other Issues:

Financial Impact (Operating)

Net Savings (in millions)

**2006
Mid-Year
Forecast**

**2007
Preliminary
Budget**

2008

2009

2010

\$0.000

\$0.138

\$0.142

\$0.146

\$0.149

Total Position Decrease

0

0

0

0

0

(List specific titles of positions)

Impact on Operations:

Ridership

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

List of Other Concerns:

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2007 - 2010
PEGs Worksheet

PEG Category

Operations

Program:

ADL 6009 Fare Collection

Justification:

Additional revenue associated with the ADL 6009 fare collection initiative.

PEG Description/Implementation Plan:

PEG Implementation Date:

Jan-07

When will costs begin? Jan-07

Other Issues:

Financial Impact (Operating)

Net Savings (in millions)

**2006
Mid-Year
Forecast**

**2007
Preliminary
Budget**

2008

2009

2010

\$0.000

\$0.300

\$0.300

\$0.300

\$0.300

Total Position Decrease

0

0

0

0

0

(List specific titles of positions)

Impact on Operations:

Ridership

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

List of Other Concerns:

**MTA Long Island Rail Road
2007 Preliminary Budget
July Financial Plan 2007 – 2010**

POSITION ASSUMPTIONS

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.

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MTA LONG ISLAND RAIL ROAD
July Financial Plan 2007 - 2010
Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2005 Actuals	2006 Mid-Year Forecast	2007 Preliminary 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	85	86	86	86	86
Human Resources	88	92	92	91	91	91
Strategic Investments	37	38	39	38	38	38
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	176	171	171	171	171
Market Dev. & Public Affairs	57	61	61	61	61	61
Gen. Counsel & Secretary	29	34	34	34	34	34
System Safety	19	22	22	22	22	22
VP Operations/Oper. Support & Analysis	22	25	25	25	25	25
Total Administration	601	662	661	659	659	658
Operations						
Transportation	1,803	1,875	1,857	1,857	1,857	1,857
Passenger Service (Ticket Clerks & Agents)	182	183	183	183	183	183
Total Operations	1,985	2,058	2,040	2,040	2,040	2,040
Maintenance						
Engineering	1,444	1,579	1,614	1,625	1,625	1,625
Equipment	1,724	1,817	1,847	1,868	1,868	1,868
Passenger Service (excl. Ticket Selling)	179	197	198	198	198	198
Procurement (Stores)	96	93	92	92	92	92
Total Maintenance	3,443	3,686	3,751	3,783	3,783	3,783
Engineering/Capital						
Capital Program Management	90	93	95	93	81	82
Total Baseline Positions	6,119	6,499	6,547	6,575	6,563	6,563
<i>Non-Reimbursable</i>	5,452	5,785	5,794	5,762	5,764	5,764
<i>Reimbursable</i>	667	714	753	813	799	799
<i>Total Full-Time</i>	6,119	6,499	6,547	6,575	6,563	6,563
<i>Total Full-Time Equivalents</i>	-	-	-	-	-	-

MTA LONG ISLAND RAILROAD
July 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 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
Administration						
	Managers/Supervisors	289	293	292	291	291
	Professional, Technical, Clerical	373	368	367	368	367
	Operational Hourlies	0	0	0	0	0
	Total Administration	662	661	659	659	658
Operations						
	Managers/Supervisors	249	257	257	257	257
	Professional, Technical, Clerical	177	174	174	174	174
	Operational Hourlies	1,632	1,609	1,609	1,609	1,609
	Total Operations	2,058	2,040	2,040	2,040	2,040
Maintenance						
	Managers/Supervisors	647	724	725	725	725
	Professional, Technical, Clerical	280	280	275	275	275
	Operational Hourlies	2,759	2,747	2,783	2,783	2,783
	Total Maintenance	3,686	3,751	3,783	3,783	3,783
Engineering/Capital						
	Managers/Supervisors	79	79	75	66	67
	Professional, Technical, Clerical	14	16	18	15	15
	Operational Hourlies	0	0	0	0	0
	Total Engineering/Capital	93	95	93	81	82
Public Safety						
	Managers/Supervisors	-	-	-	-	-
	Professional, Technical, Clerical	-	-	-	-	-
	Operational Hourlies	-	-	-	-	-
	Total Public Safety	-	-	-	-	-
Total Baseline Positions						
	Managers/Supervisors	1,264	1,353	1,349	1,339	1,340
	Professional, Technical, Clerical	844	838	834	832	831
	Operational Hourlies	4,391	4,356	4,392	4,392	4,392
	Total Baseline Positions	6,499	6,547	6,575	6,563	6,563
Impact of:						
2007 Program to Eliminate the Gap		0	0	0	0	0
Post 2007 Program to Eliminate the Gap		0	0	0	0	0
Total Positions						
	Managers/Supervisors					
	Professional, Technical, Clerical					
	Operational Hourlies					
	Total Positions	-	-	-	-	-

Metro-North Railroad

**MTA METRO-NORTH RAILROAD
2007 PRELIMINARY BUDGET
JULY 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 76.4 million customers in 2006 over 385 route miles, to and from 121 stations, operating 636 trains on an average weekday East of Hudson, and 49 trains on an average weekday West of the 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 July 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. These are primarily comprised of 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. Also, the July Financial Plan contains 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 July Financial Plan against GCT retail revenue. Concurrently, Metro-North is projecting higher ridership increases on the East of Hudson Service, resulting in higher farebox revenue.

2006 MID-YEAR FORECAST

The 2006 Mid-Year Non-Reimbursable Forecast reflects revenue projections totaling \$484.6 million, and expenses, including depreciation, of \$988.7 million that generate an operating deficit of \$504.1 million. Cash adjustments of \$179.2 million reduce that amount to a cash deficit of \$324.9 million, of which \$273.1 million represents MTA share and \$51.8 million ConnDOT share. The Mid-Year Reimbursable revenue and expense projections total \$147.6 million.

The Mid-Year Non-Reimbursable revenue projections reflect a \$1.2 million revenue increase vs. the adopted budget. It includes a \$.1 million decrease in Farebox Revenue reflecting the 2006 impact of the Holiday Fare program (estimated at \$2.6 million) offset by higher than budgeted ridership growth East of Hudson (\$2.5 million). The projections also reflect a \$1.3 million increase in Other Operating Revenue comprised of higher than budgeted net GCT retail revenue, interest income, and other miscellaneous revenue. Non-Reimbursable expenses reflect a \$1.3 million reduction in expenses. It is comprised primarily of a decrease generated by the rescheduling of the Genesis locomotive overhaul program and lower energy consumption, offset by increased West of Hudson subsidies that reflect the new operating contract with New Jersey Transit (including prior period costs since 7/2005). The Mid-Year Forecast of Operating/Capital expenditures reflects the addition of \$1.0 million for shop equipment procurements and payment of prior period costs related to the 2005 concrete tie replacement project. Other cash adjustments are \$4.4 million lower than the adopted February Plan primarily due to the delayed receipt of payments for prior period ferry service bills. Net cash requirements in the Mid-Year Forecast are \$5.9 million lower than the adopted budget.

2007 PRELIMINARY BUDGET-BASELINE

The 2007 Preliminary Non-Reimbursable Budget reflects revenue projections totaling \$493.4 million, and expenses, including depreciation, of \$1,054.8 million that generate an operating deficit of \$561.4 million. Cash adjustments of \$196.4 million reduce that amount to a cash deficit of \$365.0 million, of which \$302.5 million represents the MTA share and \$62.5 million the ConnDOT share. The 2006 Preliminary Reimbursable revenues and expenses total \$142.0 million.

The Non-Reimbursable revenue projections reflect current fares and current trends in both Farebox and Other Operating Revenue. Further, Other Operating Revenue has been adjusted to reflect the funding of GCT renovation projects totaling \$2.8 million. The Preliminary 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.

PEGs totaling \$2.8 million have been identified for 2007. Once implemented, the resulting 2007 cash deficit would decrease to \$362.1 million, of which \$300.4 million would represent MTA share and \$61.7 million ConnDOT share. The 2007 Preliminary Budget reflects a continuation of current train service levels and maintains MTA's commitment to safety and security. Major assumptions reflected in the 2007 Preliminary Budget and reconciliation to the February Plan are furnished later in this document.

2008-2010 PROJECTIONS

The Non-Reimbursable revenue projections total \$501.5 million in 2008, \$518.5 million in 2009, and \$525.8 million in 2010. Non-Reimbursable expense projections, including depreciation, total \$1,101.1 million in 2008, \$1,162.1 million in 2009, and \$1,194.0 million in 2010. These revenue and expense projections generate an operating deficit of \$599.6 million in 2008, \$643.7 million in 2009, and \$668.2 million in 2010. Cash adjustments of \$195.5 million in 2008, \$204.1 million in 2009, and \$196.8 million in 2010 reduce the amounts to a cash deficit projection of \$404.1 million in 2008, \$439.5 million in 2009, and \$471.4 million in 2010. The MTA share of the cash deficit totals \$331.8 million in 2008, \$352.8 million in 2009, and \$370.7 million in 2010, while the ConnDOT share totals \$72.3 million, \$86.7 million, and \$100.7 million, respectively. The Reimbursable revenues and expenses total \$145.5 million in 2008, \$143.8 million in 2009, and \$139.9 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 \$3.2 million, \$3.7 million for 2009 and \$3.8 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, favorable cash adjustments and rescheduling of contracted equipment overhauls), PEGs totaling \$2.8 million have been identified for 2007. Five 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. Another PEG stems from a review of change in step rate discounts and sick pay liability for Metro North's workforce over the last several years, as well as fluctuation of positions between operating and capital assignments. This review has resulted in an annual cost reduction of \$1.5 million.

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 \$3.2 million in 2008, \$3.7 million in 2009, and \$3.8 million in 2010.

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

Non-Reimbursable						
	2005 Actuals	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
Operating Revenue						
Farebox Revenue	\$437.7	\$451.2	\$463.2	\$473.1	\$484.2	\$491.6
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	32.5	33.4	30.3	28.4	34.2	34.2
Capital and Other Reimbursements	-	-	-	-	-	-
Total Revenue	\$470.2	\$484.6	\$493.5	\$501.5	\$518.5	\$525.8
Operating Expenses						
<u>Labor:</u>						
Payroll	\$329.5	\$345.0	\$358.6	\$372.3	\$388.6	\$400.8
Overtime	44.5	44.9	45.6	47.2	48.8	50.4
Health and Welfare	64.0	71.2	85.1	95.9	108.2	119.8
Pensions	28.3	31.9	34.2	34.8	36.1	37.2
Other Fringe Benefits	68.7	70.0	75.4	78.2	81.5	84.0
Reimbursable Overhead	(36.1)	(38.1)	(39.0)	(39.3)	(39.5)	(39.7)
Total Labor Expenses	\$498.9	\$524.9	\$559.8	\$589.1	\$623.6	\$652.5
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$45.6	\$51.3	\$57.6	\$59.0	\$64.0	\$68.6
Fuel for Buses and Trains	12.9	14.6	15.0	14.1	13.3	13.6
Insurance	11.2	12.0	13.7	15.4	17.2	19.2
Claims	9.5	14.9	14.9	14.9	14.9	14.9
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	71.4	82.1	89.3	94.6	98.5	101.9
Professional Service Contracts	20.6	22.1	23.4	24.8	26.8	27.4
Materials & Supplies	59.6	61.1	69.9	68.7	74.3	66.1
Other Business Expenses	21.4	10.8	11.3	13.5	15.5	15.7
Total Non-Labor	\$252.1	\$268.9	\$295.1	\$305.0	\$324.5	\$327.5
<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	\$793.8	\$854.8	\$894.1	\$948.1	\$980.0
Depreciation	187.3	195.0	200.0	207.0	214.0	214.0
Total Expenses	\$938.3	\$988.8	\$1,054.8	\$1,101.1	\$1,162.1	\$1,194.0
Baseline Surplus/(Deficit)	(\$468.1)	(\$504.1)	(\$561.4)	(\$599.6)	(\$643.7)	(\$668.2)
Cash Conversion Adjustments:						
Depreciation	187.3	195.0	200.0	207.0	214.0	214.0
Operating Capital	(15.8)	(15.8)	(6.7)	(12.0)	(15.0)	(17.0)
Other Cash Adjustments	24.8	(0.0)	3.1	0.5	5.1	(0.2)
Total Cash Conversion Adjustments	\$196.3	\$179.2	\$196.4	\$195.5	\$204.1	\$196.8
Baseline Cash Surplus/(Deficit)	(\$271.8)	(\$324.9)	(\$365.0)	(\$404.1)	(\$439.5)	(\$471.4)
2007 Agency Program to Eliminate the Gap	-	2.3	2.8	3.2	3.7	3.8
Post 2007 Agency Program to Eliminate the Gap	-	-	-	-	-	-
Net Surplus/(Deficit)	(\$271.8)	(\$322.6)	(\$362.1)	(\$400.9)	(\$435.8)	(\$467.6)

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

NON-REIMBURSABLE / REIMBURSABLE						
	2005	2006	2007			
	Actuals	Mid-Year Forecast	Preliminary Budget	2008	2009	2010
Revenue						
Farebox Revenue	\$437.7	\$451.2	\$463.2	\$473.1	\$484.2	\$491.6
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	32.5	33.4	30.3	28.4	34.2	34.2
MNR - MTA	75.6	94.8	97.4	97.2	101.3	101.3
MNR - CDOT	44.1	30.1	33.0	27.4	28.4	22.7
MNR - Other	33.3	22.7	11.6	20.9	14.1	16.0
Capital and Other Reimbursements	153.0	147.6	142.0	145.5	143.8	139.9
Total Revenue	\$623.2	\$632.3	\$635.5	\$647.0	\$662.3	\$665.8
Expenses						
<u>Labor:</u>						
Payroll	\$362.0	\$378.6	\$392.2	\$406.4	\$421.5	\$434.4
Overtime	56.2	54.7	54.6	56.5	58.4	60.3
Health and Welfare	71.2	78.5	93.1	104.7	117.4	129.9
Pensions	31.6	35.9	38.1	38.6	39.8	41.0
Other Fringe Benefits	76.3	77.4	82.6	85.6	88.6	91.3
Reimbursable Overhead	(2.3)	(1.9)	(2.0)	(2.0)	(2.1)	(2.2)
Total Labor	\$595.0	\$623.2	\$658.7	\$689.8	\$723.6	\$754.8
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$45.6	\$51.3	\$57.6	\$59.0	\$64.0	\$68.6
Fuel for Buses and Trains	12.9	14.6	15.0	14.1	13.3	13.6
Insurance	14.8	15.5	17.1	18.7	20.5	22.7
Claims	9.5	14.9	14.9	14.9	14.9	14.9
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	95.4	100.5	97.6	104.7	107.1	110.3
Professional Service Contracts	23.5	24.5	25.4	27.5	28.2	28.0
Materials & Supplies	85.5	85.8	99.0	97.0	104.5	90.9
Other Business Expenses	21.9	11.2	11.6	13.9	15.9	16.1
Total Non-Labor	\$309.0	\$318.2	\$338.2	\$349.8	\$368.4	\$365.1
<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	\$941.4	\$996.9	\$1,039.6	\$1,092.0	\$1,120.0
Depreciation	187.3	195.0	200.0	207.0	214.0	214.0
Total Expenses	\$1,091.3	\$1,136.4	\$1,196.9	\$1,246.6	\$1,306.0	\$1,334.0
Baseline Surplus/(Deficit)	(\$468.1)	(\$504.1)	(\$561.4)	(\$599.6)	(\$643.7)	(\$668.2)
Cash Conversion Adjustments:						
Depreciation	187.3	195.0	200.0	207.0	214.0	214.0
Operating Capital	(15.8)	(15.8)	(6.7)	(12.0)	(15.0)	(17.0)
Other Cash Adjustments	24.8	(0.0)	3.1	0.5	5.1	(0.2)
Total Cash Conversion Adjustments	\$196.3	\$179.2	\$196.4	\$195.5	\$204.1	\$196.8
Baseline Cash Surplus/(Deficit)	(\$271.8)	(\$324.9)	(\$365.0)	(\$404.1)	(\$439.5)	(\$471.4)
2007 Agency Program to Eliminate the Gap	-	2.3	2.8	3.2	3.7	3.8
Post 2007 Agency Program to Eliminate the Gap	-	-	-	-	-	-
Net Surplus/(Deficit)	(\$271.8)	(\$322.6)	(\$362.1)	(\$400.9)	(\$435.8)	(\$467.6)

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

CASH RECEIPTS AND EXPENDITURES						
	2005	2006	2007			
	<u>Actuals</u>	<u>Mid-Year Forecast</u>	<u>Preliminary Budget</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Receipts						
Farebox Revenue	\$446.7	\$458.7	\$470.6	\$480.6	\$491.8	\$499.2
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	49.1	51.4	48.5	47.6	49.6	49.6
MNR - MTA	79.0	92.5	96.4	97.2	100.2	101.3
MNR - CDOT	41.8	30.9	33.0	27.4	28.4	22.6
MNR - Other	<u>35.4</u>	<u>28.7</u>	<u>13.0</u>	<u>19.2</u>	<u>15.1</u>	<u>14.8</u>
Capital and Other Reimbursements	156.2	152.1	142.4	143.8	143.7	138.7
Total Revenue	\$652.0	\$662.2	\$661.5	\$672.0	\$685.1	\$687.5
Expenditures						
<u>Labor:</u>						
Payroll	\$346.1	\$396.1	\$387.9	\$405.2	\$413.3	\$426.0
Overtime	55.4	55.2	55.1	57.0	58.9	60.9
Health and Welfare	73.9	81.1	96.0	107.7	120.5	133.1
Pensions	35.1	20.4	41.3	41.9	43.3	44.7
Other Fringe Benefits	74.5	81.8	83.0	86.8	88.2	90.9
Reimbursable Overhead	-	-	-	-	-	-
Total Labor	\$585.0	\$634.6	\$663.3	\$698.7	\$724.2	\$755.6
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$45.5	\$51.3	\$57.6	\$59.0	\$64.0	\$68.6
Fuel for Buses and Trains	12.9	14.6	15.0	14.1	13.3	13.6
Insurance	16.0	15.9	17.0	19.4	20.4	22.7
Claims	11.7	13.0	13.0	13.0	13.0	13.0
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	111.0	115.8	111.1	118.3	120.7	123.9
Professional Service Contracts	22.8	24.8	26.2	28.3	29.0	28.8
Materials & Supplies	99.1	97.7	103.0	102.5	115.3	107.8
Other Business Expenditures	19.8	19.6	20.3	22.6	24.6	24.8
Total Non-Labor	\$338.8	\$352.6	\$363.2	\$377.3	\$400.4	\$403.3
<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	\$987.2	\$1,026.5	\$1,076.1	\$1,124.6	\$1,158.9
Baseline Cash Deficit	(\$271.8)	(\$324.9)	(\$365.0)	(\$404.1)	(\$439.5)	(\$471.4)
<u>Subsidies</u>						
MTA	\$223.6	\$273.1	\$302.5	\$331.8	\$352.8	\$370.7
CDOT	<u>50.3</u>	<u>51.8</u>	<u>62.5</u>	<u>72.3</u>	<u>86.7</u>	<u>100.7</u>
Total Subsidies	\$273.9	\$324.9	\$365.0	\$404.1	\$439.5	\$471.4
2007 Agency Program to Eliminate the Gap	-	2.3	2.8	3.2	3.7	3.8
Post 2007 Agency Program to Eliminate the Gap	-	-	-	-	-	-
Net Surplus/Deficit After PEG's	(\$271.8)	(\$322.6)	(\$362.1)	(\$400.9)	(\$435.8)	(\$467.6)
MTA Share of PEGS	-	1.7	2.1	2.3	2.8	2.8
CDOT Share of PEGS	-	0.6	0.7	0.8	1.0	1.0
<u>Subsidies</u>						
MTA	223.6	271.4	300.4	329.5	350.0	367.9
CDOT	<u>50.3</u>	<u>51.2</u>	<u>61.7</u>	<u>71.5</u>	<u>85.8</u>	<u>99.7</u>
Total Subsidies	\$273.9	\$322.6	\$362.1	\$400.9	\$435.8	\$467.6

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

CASH FLOW ADJUSTMENTS						
	2005	2006	2007			
	Actuals	Mid-Year Forecast	Preliminary Budget	2008	2009	2010
Receipts						
Farebox Revenue	\$9.0	\$7.5	\$7.5	\$7.6	\$7.6	\$7.6
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	16.6	18.0	18.2	19.2	15.4	15.4
<i>Capital and Other Reimbursements:</i>						
MTA	3.4	(2.3)	(1.0)	0.0	(1.1)	(0.1)
CDOT	(2.3)	0.8	(0.0)	(0.0)	(0.0)	(0.0)
Other	2.1	6.0	1.4	(1.8)	0.9	(1.1)
Total Capital and Other Reimbursements	3.2	4.5	0.3	(1.8)	(0.1)	(1.2)
Total Receipts	\$28.8	\$29.9	\$26.0	\$24.9	\$22.8	\$21.7
Expenditures						
<u>Labor:</u>						
Payroll	\$15.9	(\$17.5)	\$4.4	\$1.2	\$8.2	\$8.4
Overtime	0.8	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Health and Welfare	(2.7)	(2.7)	(2.9)	(3.0)	(3.1)	(3.2)
Pensions	(3.5)	15.5	(3.2)	(3.3)	(3.5)	(3.6)
Other Fringe Benefits	1.8	(4.4)	(0.4)	(1.3)	0.4	0.4
Reimbursable Overhead	(2.3)	(1.9)	(2.0)	(2.0)	(2.1)	(2.2)
Total Labor	\$10.0	(\$11.4)	(\$4.6)	(\$8.9)	(\$0.6)	(\$0.7)
<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	(1.2)	(0.3)	0.1	(0.8)	0.1	0.1
Claims	(2.3)	1.9	1.9	1.9	1.9	1.9
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	(15.6)	(15.3)	(13.5)	(13.5)	(13.6)	(13.6)
Professional Service Contracts	0.7	(0.3)	(0.8)	(0.8)	(0.8)	(0.8)
Materials & Supplies	(13.6)	(11.9)	(4.0)	(5.5)	(10.8)	(16.9)
Other Business Expenditures	2.1	(8.4)	(8.7)	(8.7)	(8.8)	(8.7)
Total Non-Labor	(\$29.8)	(\$34.3)	(\$25.0)	(\$27.5)	(\$32.0)	(\$38.2)
<u>Other Adjustments:</u>						
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	(\$15.8)	(\$3.6)	(\$11.5)	(\$9.9)	(\$17.2)
Depreciation Adjustment	187.3	195.0	200.0	207.0	214.0	214.0
Baseline Total Cash Conversion Adjustments	\$196.3	\$179.2	\$196.4	\$195.5	\$204.1	\$196.8
2007 Agency Program to Eliminate the Gap	-	-	-	-	-	-
Post 2007 Agency Program to Eliminate the Gap	-	-	-	-	-	-
Total Cash Conversion Adjustments	\$196.3	\$179.2	\$196.4	\$195.5	\$204.1	\$196.8

**MTA METRO-NORTH RAILROAD
2007 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2007-2010
YEAR-TO-YEAR CHANGES BY CATEGORY BASELINE NARRATIVE**

ACCRUAL (TOTAL)

FARE BOX REVENUE

Non-Reimbursable

- Projected ridership growth of 2.5% in 2006, 2.1% in 2007, 2.1% in 2008, 1.9% in 2009 and 1.4% in 2010 is responsible for higher Fare Box Revenue.

Reimbursable

- Not applicable

OTHER OPERATING REVENUE

Non-Reimbursable

- 2006 increase reflects higher net retail GCT tenant and miscellaneous event revenues and higher utility revenues due to the delayed withdrawal of all outside buildings from the GCT power grid now scheduled to be completed by January 1 2007
- 2007-2008 reflects the impact of investment in GCT restoration projects (East Restroom and Vanderbilt Hall) necessary to preserve the GCT revenue stream.
- 2008 reflects lower tenant revenue for (Holiday Market) due to restoration work on Vanderbilt Hall.
- 2009 assumes completion of restoration work on Vanderbilt Hall and resumption of Holiday Market.
- 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. 2006 accrued expenditures (and receipts) are based upon the latest projection of capital project activity

which includes peaking of the Shell-at-Grade and acceleration of the M2 Critical System Replacement project.

- 2007-2010 accrued expenditures (and receipts) are based on a continuation of 2006 forecasted project cost levels adjusted for significant project changes and the impact of inflation:
 - In 2007 and 2008 decreasing levels of maintenance and professional service contracts for the Shell-at-Grade project are offset by increased material requirements for the M2 Critical System Replacement project.
 - In 2009 completion of the Shell-at-Grade project reduces reimbursement levels.
 - In 2010 the M2 Critical System Replacement project is completed, further reducing overall reimbursement levels.

PAYROLL

Non-Reimbursable

- Non Agreement salaries in 2006 include a cost of living increase of 3.0% for the year. In 2007-2010 Non Agreement salaries include CPI-based increases of 2.6%, 2.9%, 3.0%, and 3.2% respectively.
- Agreement wages in 2006 include annual wage increases of 3.0% based on the current trend of labor contract settlements. In 2007-2010 Agreement salaries include CPI-based increases of 2.6%, 2.9%, 3.0% and 3.2% respectively
- 2007 includes additional labor resources primarily for security based initiatives in GCT \$1.6 million, maintenance increases for M3 CSR program \$1.0 million and staff to perform GCT extraordinary landmark maintenance. 2006 also includes additional labor resources for Service Plan improvements \$.3 million.
- 2007 - 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

OVERTIME

Non-Reimbursable

- 2006 costs include annual wage increases of 3.0% and emergency coverage.
- 2007 - 2010 include CPI-based wage increases of 2.6%, 2.9%, 3.0% and 3.2% respectively.
- 2007-2010 includes additional on-board coverage requirements due to increases in service levels on all lines and emergency preparedness training and

emergency coverage and reductions in 2007 due to the completion of the New Haven Shop.

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

- Projected inflationary increases of 10.0% in 2006, 14.8% in 2007, and 10.7% in 2009-2010.
- Other Cost adjustments for 2006-2010 are the result of 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.

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 increasing to 7% of earnings. Metro-North's effective contribution rate for 2005 is 6% of payroll costs.

The 2007-2010 pension costs reflect Metro-North's share of funding requirements projected by the actuarial consultant for the Defined Benefit Plan participants, and an effective contribution rate of 6 % of payroll costs for staff covered by the Defined Contribution Plan.

The MNR July Financial Plan assumes that members of Metro-North's Defined Contribution Pension Plan are still in the DC Plan. However, pending the outcome of current, on-going labor negotiations, these employees may transfer to the MTA Defined Benefit Plan. If that occurs, pension payment adjustments would be included in a

subsequent Financial Plan update, after final estimates are determined by Actuarial Valuation.

OTHER FRINGE BENEFITS

Non-Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2006-2010 at 7.65% and 12.6%, respectively.
- Maximum earnings level for Tier I is estimated at \$94,200 in 2006, \$97,026 in 2007, \$99,937 in 2008, \$102,935 in 2009 and \$106,023 in 2010.
- Maximum earnings level for Tier II is estimated at \$69,900 in 2006, \$71,997 in 2007, \$74,157 in 2008, \$76,382 in 2009, and \$78,673 in 2010.
- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.

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 2006 are based on a percentage share of direct labor costs charged to reimbursable projects. 2007-2010 overhead costs are based on the continuation of 2006 forecast levels, adjusted for changes in the M2 Critical System Replacement project, the Shell at Grade project and inflation-based increases in labor costs.
- Increased material handling cost on the M2 Critical System Replacement project from 2007-2009 is also driving the increased levels in these years.
- Equipment recovery increases are predicated on CPI-based inflation rates from 2006-2010 at 1.6%, 1.8%, 1.7%, and 1.8% respectively.

TRACTION AND PROPULSION POWER

Non-Reimbursable

- 2006 cost decrease of \$.6 million reflects the re-classification of equipment maintenance and inspection costs (labor and material) that were erroneously included in the 2006 Propulsion Budget as part of the 2006 Service Plan enhancements.
- 2007 prices reflect a 10.2% increase based on escalating rates.
- CPI increases in 2008-2010 of 1.8%, 1.7%, and 1.8% respectively.

- 2006-2010 incorporates the net effect of new car procurements and retirements and adds \$.7 million in 2006 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 \$.3 million in 2007 and 2008 and by \$.5 million in 2009.

Reimbursable

- No Cost.

FUEL FOR BUSES AND TRAINS

Non-Reimbursable

- 2006 costs reflect a \$.3 million decrease to re-classify equipment maintenance and inspection costs (labor and material) that were erroneously included in the 2006 Fuel Budget as part of the 2006 Service Plan enhancements.
- 2006 costs reflect current fuel prices and consumption.
- 2007 includes a CPI increases of 1.6%, and 2008 and 2009 reflect reductions in prices of 5.1% and 4.9% respectively and current consumption trends.
- 2010 includes a CPI increase of 1.8%.
- 2007, 2008, and 2010 include Service Plan enhancements of \$.1 million respectively.

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.

CLAIMS

Non-Reimbursable

- 2006 and 2010 reflect current claims trends.

Reimbursable

- No Cost

MAINTENANCE AND OTHER CONTRACTS

Non-Reimbursable

- CPI increases in 2007-2010 of 1.6%, 1.8%, 1.7% and 1.8%, respectively.

- Equipment maintenance programs costs increase by \$6.5 million in 2007, \$.5 million in 2008 and \$.2 million in 2010 for additional overhaul costs for East and West of Hudson locomotives. 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.
- 2008 reflects a decrease in 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 2006 one- time contract settlement payment; 2008 – 2010 includes rising West of Hudson subsidy payments related to contract cost escalations and increases in service.
- 2007 includes lower costs for GCT electricity due to the withdrawal of outside buildings from the power grid (\$.7 million), partially offset by the Occupancy costs required for the new Running Repair Shop in New Haven.
- 2007 reflects an increase in outlying facility security costs of \$1.5 million.
- 2008 includes a provision for office space renovations (\$1.0 million).

Reimbursable

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.
- The significant reduction in 2007 is due to the gradual completion of the Shell at Grade project offset by minor increases in the M2 project. The increase in 2008 is due to the expanding requirements of the M2 project. The 2009 to 2010 decrease reflects the reduced needs/completion of both projects.

PROFESSIONAL SERVICE CONTRACTS

Non-Reimbursable

- CPI increases in 2007-2010 of 1.6%, 1.8%, 1.7%, and 1.8% 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 reduction in 2007 is due to the refinement in cost projections for the Shell at Grade project. The 2008 increase is generated also by Shell due to peaking work requirements. Remaining projections for 2009 to 2010 reflect reduced needs as the Shell project winds down to completion.

MATERIAL AND SUPPLIES

Non-Reimbursable

- CPI increases in 2006-2010 of 1.6%, 1.8%, 1.7%, and 1.8% respectively.
- 2007-2010 includes cost provisions for the expanding maintenance program on the M3 car fleet and cost savings related to M1 car retirements.
- 2008 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.
- Generally increased material levels in 2007-2010 are due to peaking of the M2 Critical System Replacement project with a minor reduction in 2008 on the Shell at Grade project.

OTHER BUSINESS EXPENSES

Non-Reimbursable

- CPI increases in 2006-2009 of 1.6%, 1.8%, 1.7%, and 1.8% 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.

DEPRECIATION

Non-Reimbursable

- No significant changes

Reimbursable

- No significant changes

MTA METRO-NORTH RAILROAD
July 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
<u>Revenue</u>									
Farebox Revenue	\$451.197	\$463.150	\$11.953	\$473.067	\$9.917	\$484.228	\$11.161	\$491.596	\$7.368
Vehicle Toll Revenue									
Other Operating Revenue	33.437	30.326	(\$3.111)	28.398	(\$1.928)	34.227	\$5.829	34.228	\$0.001
Capital and Other Reimbursements									
Total Revenue	\$484.634	\$493.476	\$8.842	\$501.465	\$7.989	\$518.455	\$16.990	\$525.824	\$7.369
<u>Expenses</u>									
Labor:									
Payroll	\$344.990	\$358.581	(\$13.591)	\$372.262	(\$13.681)	\$388.624	(\$16.362)	\$400.795	(\$12.171)
Overtime	44.851	45.556	(0.705)	47.210	(1.654)	48.774	(1.564)	50.401	(1.627)
Health and Welfare	71.246	85.073	(13.827)	95.880	(10.807)	108.190	(12.310)	119.823	(11.633)
Pensions	31.894	34.232	(2.338)	34.780	(0.548)	36.093	(1.313)	37.208	(1.115)
Other Fringe Benefits	69.970	75.354	(5.384)	78.207	(2.854)	81.489	(3.282)	83.987	(2.498)
Reimbursable Overhead	(38.073)	(39.011)	0.938	(39.251)	0.240	(39.528)	0.277	(39.717)	0.189
Total Labor Expenses	\$524.878	\$559.784	(\$34.906)	\$589.088	(\$29.304)	\$623.642	(\$34.553)	\$652.497	(\$28.855)
Non-Labor:									
Traction and Propulsion Power	\$51.260	\$57.553	(\$6.293)	\$59.004	(\$1.451)	\$64.017	(\$5.013)	\$68.645	(\$4.628)
Fuel for Buses and Trains	14.584	14.966	(0.382)	14.117	0.849	13.284	0.833	13.601	(0.317)
Insurance	12.013	13.732	(1.719)	15.383	(1.651)	17.181	(1.798)	19.204	(2.023)
Claims	14.901	14.901	0.000	14.901	0.000	14.901	0.000	14.901	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	82.110	89.275	(7.165)	94.598	(5.323)	98.547	(3.949)	101.940	(3.393)
Professional Service Contracts	22.129	23.413	(1.284)	24.820	(1.407)	26.780	(1.960)	27.428	(0.648)
Materials & Supplies	61.057	69.939	(8.882)	68.686	1.253	74.291	(5.605)	66.130	8.161
Other Business Expenses	10.834	11.277	(0.443)	13.510	(2.233)	15.491	(1.981)	15.665	(0.174)
Total Non-Labor Expenses	\$268.888	\$295.056	(\$26.168)	\$305.019	(\$9.963)	\$324.492	(\$19.473)	\$327.514	(\$3.022)
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	\$793.766	\$854.840	(\$61.074)	\$894.107	(\$39.267)	\$948.134	(\$54.026)	\$980.011	(\$31.877)
Depreciation	195.000	200.000	(5.000)	207.000	(7.000)	214.000	(7.000)	214.000	0.000
Total Expenses	\$988.766	\$1,054.840	(\$66.074)	\$1,101.107	(\$46.267)	\$1,162.134	(\$61.026)	\$1,194.011	(\$31.877)
Baseline Net Surplus/(Deficit)	(\$504.132)	(\$561.364)	(\$57.232)	(\$599.642)	(\$38.278)	(\$643.679)	(\$44.036)	(\$668.187)	(\$24.508)
2007 Agency Program to Eliminate the Gap (PEGs)	2.343	2.846	0.503	3.165	0.319	3.737	0.572	3.816	0.079
Total PEGS	2.343	2.846	0.503	3.165	0.319	3.737	0.572	3.816	0.079
Net Surplus/(Deficit)	(\$501.789)	(\$558.518)	(\$56.729)	(\$596.477)	(\$37.959)	(\$639.942)	(\$43.464)	(\$664.371)	(\$24.429)

MTA METRO-NORTH RAILROAD
July 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
<u>Revenue</u>									
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	147.646	142.047	(\$5.599)	145.538	3.491	143.823	(1.715)	139.943	(3.880)
Total Revenue	\$147.646	\$142.047	(\$5.599)	\$145.538	\$3.491	\$143.823	(\$1.715)	\$139.943	(\$3.880)
<u>Expenses</u>									
Labor:									
Payroll	\$33.604	\$33.651	(0.047)	\$34.133	(\$0.482)	\$32.834	\$1.299	\$33.631	(\$0.797)
Overtime	9.844	9.063	0.781	9.326	(\$0.263)	9.611	(\$0.286)	9.919	(\$0.308)
Health and Welfare	7.215	8.040	(0.825)	8.838	(\$0.798)	9.197	(\$0.359)	10.124	(\$0.927)
Pensions	3.987	3.821	0.166	3.796	\$0.026	3.734	\$0.062	3.832	(\$0.098)
Other Fringe Benefits	7.412	7.264	0.148	7.375	(\$0.110)	7.144	\$0.231	7.319	(\$0.176)
Reimbursable Overhead	36.223	37.046	(0.823)	37.248	(\$0.202)	37.410	(\$0.162)	37.515	(\$0.105)
Total Labor Expenses	\$98.285	\$98.885	(\$0.600)	\$100.714	(\$1.829)	\$99.929	\$0.785	\$102.340	(\$2.411)
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	3.526	3.383	0.143	3.276	0.107	3.346	(0.070)	3.536	(0.189)
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	18.405	8.311	10.094	10.130	(1.819)	8.565	1.565	8.369	0.196
Professional Service Contracts	2.325	2.011	0.314	2.685	(0.674)	1.373	1.313	0.522	0.850
Materials & Supplies	24.736	29.085	(4.349)	28.353	0.732	30.224	(1.871)	24.784	5.441
Other Business Expenses	0.370	0.372	(0.002)	0.379	(0.007)	0.385	(0.007)	0.392	(0.007)
Total Non-Labor Expenses	\$49.361	\$43.162	\$6.199	\$44.824	(\$1.662)	\$43.894	\$0.931	\$37.603	\$6.291
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	\$147.646	\$142.047	\$5.599	\$145.538	(\$3.491)	\$143.823	\$1.715	\$139.943	\$3.880
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$147.646	\$142.047	\$5.599	\$145.538	(\$3.491)	\$143.823	\$1.715	\$139.943	\$3.880
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
July 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	\$451.197	\$463.150	\$11.953	\$473.067	\$9.917	\$484.228	\$11.161	\$491.596	\$7.368
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	33.437	30.326	(3.111)	28.398	(1.928)	34.227	5.829	34.228	0.001
Capital and Other Reimbursements	147.646	142.047	(5.599)	145.538	3.491	143.823	(1.715)	139.943	(3.880)
Total Revenue	\$632.280	\$635.523	\$3.243	\$647.003	\$11.480	\$662.278	\$15.275	\$665.767	\$3.489
Expenses									
Labor:									
Payroll	\$378.594	\$392.232	(\$13.638)	\$406.395	(\$14.163)	\$421.458	(\$15.063)	\$434.426	(\$12.968)
Overtime	54.695	54.619	0.076	56.536	(1.917)	58.385	(1.850)	60.320	(1.935)
Health and Welfare	78.461	93.113	(14.652)	104.718	(11.605)	117.386	(12.668)	129.947	(12.561)
Pensions	35.881	38.053	(2.172)	38.576	(0.523)	39.827	(1.252)	41.040	(1.213)
Other Fringe Benefits	77.382	82.618	(5.236)	85.582	(2.964)	88.632	(3.051)	91.306	(2.674)
Reimbursable Overhead	(1.850)	(1.965)	0.115	(2.003)	0.038	(2.118)	0.115	(2.202)	0.084
Total Labor Expenses	\$623.163	\$658.669	(\$35.506)	\$689.803	(\$31.133)	\$723.571	(\$33.768)	\$754.837	(\$31.266)
Non-Labor:									
Traction and Propulsion Power	\$51.260	\$57.553	(\$6.293)	\$59.004	(\$1.451)	\$64.017	(\$5.013)	\$68.645	(\$4.628)
Fuel for Buses and Trains	14.584	14.966	(0.382)	14.117	0.849	13.284	0.833	13.601	(0.317)
Insurance	15.539	17.115	(1.576)	18.659	(1.544)	20.527	(1.868)	22.740	(2.212)
Claims	14.901	14.901	0.000	14.901	0.000	14.901	0.000	14.901	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	100.515	97.586	2.929	104.728	(7.142)	107.112	(2.384)	110.309	(3.197)
Professional Service Contracts	24.454	25.424	(0.970)	27.505	(2.081)	28.153	(0.647)	27.950	0.202
Materials & Supplies	85.793	99.024	(13.231)	97.039	1.985	104.515	(7.476)	90.914	13.602
Other Business Expenses	11.204	11.649	(0.445)	13.889	(2.240)	15.876	(1.988)	16.057	(0.181)
Total Non-Labor Expenses	\$318.249	\$338.218	(\$19.969)	\$349.843	(\$11.625)	\$368.386	(\$18.542)	\$365.117	\$3.269
Other Expenses Adjustments:	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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	\$941.412	\$996.887	(\$55.475)	\$1,039.646	(\$42.758)	\$1,091.957	(\$52.311)	\$1,119.953	(\$27.997)
Depreciation	195.000	200.000	(5.000)	207.000	(7.000)	214.000	(7.000)	214.000	0.000
Total Expenses	\$1,136.412	\$1,196.887	(\$60.475)	\$1,246.646	(\$49.758)	\$1,305.957	(\$59.311)	\$1,333.953	(\$27.997)
Baseline Net Surplus/(Deficit)	(\$504.132)	(\$561.364)	(\$57.232)	(\$599.642)	(\$38.278)	(\$643.679)	(\$44.036)	(\$668.187)	(\$24.508)
2007 Agency Program to Eliminate the Gap (PEGs)									
Total PEGS	2.343	2.846	0.503	3.165	0.319	3.737	0.572	3.816	0.079
Net Surplus/(Deficit)	(\$501.789)	(\$558.518)	(\$56.729)	(\$596.477)	(\$37.959)	(\$639.942)	(\$43.464)	(\$664.371)	(\$24.429)

**MTA METRO-NORTH RAILROAD
2007 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2007-2010
YEAR-TO-YEAR CHANGES BY CATEGORY BASELINE NARRATIVE**

CASH

FARE BOX REVENUE

Non-Reimbursable

- Projected ridership growth of 2.5% in 2006, 2.1% in 2007, 2.1% in 2008, 1.9% in 2009 and 1.4% in 2010 is responsible for higher Fare Box Revenue.

Reimbursable

- Not applicable

Cash

- 2006-2010 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

- 2006 increase reflects higher net retail GCT tenant and miscellaneous event revenues and higher utility revenues due to the delayed withdrawal of all outside buildings from the GCT power grid now scheduled to be completed by January 1 2007
- 2007-2008 reflects the impact of investment in GCT restoration projects (East Restroom and Vanderbilt Hall) necessary to preserve the GCT revenue stream
- 2008 reflects lower tenant revenue for (Holiday Market) due to restoration work on Vanderbilt Hall.
- 2009 assumes completion of restoration work on Vanderbilt Hall and resumption of Holiday Market.
- 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 \$2.2 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, 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. 2006 accrued expenditures (and receipts) are based upon the latest projection of capital project activity which includes peaking of the Shell-at-Grade and acceleration of the M2 Critical System Replacement project.
- 2007-2010 accrued expenditures (and receipts) are based on a continuation of 2006 forecasted project cost levels adjusted for significant project changes and the impact of inflation:
 - In 2007 and 2008 decreasing levels of maintenance and professional service contracts for the Shell-at-Grade project are offset by increased material requirements for the M2 Critical System Replacement project.
 - In 2009 completion of the Shell-at-Grade project reduces reimbursement levels.
 - In 2010 the M2 Critical System Replacement project is completed, further reducing overall reimbursement levels.

PAYROLL

Non-Reimbursable

- Non Agreement salaries in 2006 include a cost of living increase of 3.0% for the year. In 2007-2010 Non Agreement salaries include CPI-based increases of 2.6%, 2.9%, 3.0%, and 3.2% respectively.
- Agreement wages in 2006 include annual wage increases of 3.0% based on the current trend of labor contract settlements. In 2007-2010 Agreement salaries include CPI-based increases of 2.6%, 2.9%, 3.0% and 3.2% respectively
- 2007 includes additional labor resources primarily for security based initiatives in GCT \$1.6 million, maintenance increases for M3 CSR program \$1.0 million and staff to perform GCT extraordinary landmark maintenance. 2006 also includes additional labor resources for Service Plan improvements \$.3 million.
- 2007 - 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 \$23.4 million in 2006 (excluding fringe) for prior period 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

- 2006 costs include annual wage increases of 3.0% and emergency coverage.
- 2007 - 2010 include CPI-based wage increases of 2.6%, 2.9%, 3.0% and 3.2% respectively.
- 2007-2010 includes additional on-board coverage requirements due to increases in service levels on all lines and emergency preparedness training and emergency coverage and reductions in 2007 due to the completion of the New Haven Shop.

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

- Projected inflationary increases of 10.0% in 2006 14.8% in 2007 and 10.7% in 2009-2010.
- Other Cost adjustments for 2006-2010 are the result of 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.

Reimbursable

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

Cash

- 2006-2010 cash adjustments include current and former 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 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 increasing to 7% of earnings. Metro-North's effective contribution rate for 2005 is 6% of payroll costs.

The 2006-2010 pension costs reflect Metro-North's share of funding requirements projected by the actuarial consultant for the Defined Benefit Plan participants, and an effective contribution rate of 6 % of payroll costs for staff covered by the Defined Contribution Plan.

The MNR July Financial Plan assumes that members of Metro-North's Defined Contribution Pension Plan are still in the DC Plan. However, pending the outcome of current, on-going labor negotiations, these employees may transfer to the MTA Defined Benefit Plan. If that occurs, pension payment adjustments would be included in a subsequent Financial Plan update, after final estimates are determined by Actuarial Valuation.

Cash

- 2006-2010 adjustments include difference between expense accruals and cash disbursements, and agreement employee contribution to the Defined Benefit Pension Plan. 2006 reflects a \$20 million cash reduction due to the prepayment of pension costs (paid in 2003). 2006 also includes employer contributions to the Defined Contribution Plan related to RWA settlements (\$1.3 million).

OTHER FRINGE BENEFITS

Non-Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2006-2010 at 7.65% and 12.6%, respectively.
- Maximum earnings level for Tier I is estimated at \$94,200 in 2006, \$97,026 in 2007, \$99,937 in 2008, \$102,935 in 2009 and \$106,023 in 2010.
- Maximum earnings level for Tier II is estimated at \$69,900 in 2006, \$71,997 in 2007, \$74,157 in 2008, \$76,382 in 2009, and \$78,673 in 2010.

- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.

Reimbursable

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

Cash

- 2006 includes adjustments for railroad retirement taxes related to RWA settlements (\$4.4 million). 2005-2009 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 2006–2010 are based on a percentage share of direct labor costs charged to reimbursable projects. 2007-2010 overhead costs are based on the continuation of 2006 forecast levels, adjusted for changes in the M2 Critical System Replacement project, the Shell at Grade project and inflation-based increases in labor costs.
- Increased material handling cost on the M2 Critical System Replacement project from 2007-2009 is also driving the increased levels in these years.
- Equipment recover increases are predicated on CPI-based inflation rates from 2006-2010 at 1.6%, 1.8%, 1.7%, and 1.8% respectively.

TRACTION AND PROPULSION POWER

Non-Reimbursable

- 2006 cost decrease of \$.6 million reflects the re-classification of equipment maintenance and inspection costs (labor and material) that were erroneously included in the 2006 Propulsion Budget as part of the 2006 Service Plan enhancements.
- 2007 prices reflect a 10.2% increase based on escalating rates.
- CPI increases in 2008-2010 of 1.8%, 1.7%, and 1.8% respectively.
- 2006-2010 incorporates the net effect of new car procurements and retirements and adds \$.7 million in 2006 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 \$.3 million in 2007 and 2008 and by \$.5 million in 2009.

Reimbursable

- No Cost.

FUEL FOR BUSES AND TRAINS

Non-Reimbursable

- 2006 costs reflect a \$.3 million decrease to re-classify equipment maintenance and inspection costs (labor and material) that were erroneously included in the 2006 Fuel Budget as part of the 2006 Service Plan enhancements.
- 2006 costs reflect current fuel prices and consumption.
- 2007 includes a CPI increases of 1.6%, and 2008 and 2009 reflect reductions in prices of 5.1% and 4.9% respectively and current consumption trends.
- 2010 includes a CPI increase of 1.8%.
- 2007, 2008, and 2010 include Service Plan enhancements of \$.1 million respectively.

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

- CPI increases in 2007-2010 of 1.6%, 1.8%, 1.7% and 1.8%, respectively.
- Equipment maintenance programs costs increase by \$6.5 million in 2007, \$.5 million in 2008 and \$.2 million in 2010 for additional overhaul costs for East and West of Hudson locomotives. 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.
- 2008 reflects a decrease in 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 2006 one-time contract settlement payment; 2008 – 2010 includes rising West of Hudson subsidy payments related to contract cost escalations and increases in service.
- 2007 includes lower costs for GCT electricity due to the withdrawal of outside buildings from the power grid (\$.7 million), partially offset by the Occupancy costs required for the new Running Repair Shop in New Haven.
- 2007 reflects an increase in outlying facility security costs of \$1.5 million.
- 2008 includes a provision for office space renovations (\$1.0 million).

Reimbursable

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.
- The significant reduction in 2007 is due to the gradual completion of the Shell at Grade project offset by minor increases in the M2 project. The increase in 2008 is due to the expanding requirements of the M2 project. The 2009 to 2010 decrease reflects the reduced needs/completion of both projects.

Cash

- 2006-2010 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.
- 2006 Operating Capital provision includes prior period miscellaneous expense accruals for Operating Capital projects.

PROFESSIONAL SERVICE CONTRACTS

Non-Reimbursable

- CPI increases in 2007-2010 of 1.6%, 1.8%, 1.7%, and 1.8% 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 reduction in 2007 is due to the refinement in cost projections for the Shell at Grade project. The 2008 increase is generated also by Shell due to peaking work requirements. Remaining projections for 2009 to 2010 reflect reduced needs as the Shell project winds down to completion.

MATERIAL AND SUPPLIES

Non-Reimbursable

- CPI increases in 2006-2010 of 1.6%, 1.8%, 1.7%, and 1.8% respectively.
- 2007-2010 includes cost provisions for the expanding maintenance program on the M3 car fleet and cost savings related to M1 car retirements.
- 2008 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.
- Generally increased material levels in 2007-2010 are due to peaking of the M2 Critical System Replacement project with a minor reduction in 2008 on the Shell at Grade 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

- CPI increases in 2006-2009 of 1.6%, 1.8%, 1.7%, and 1.8% 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
July 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	\$458.650	\$470.614	\$11.964	\$480.631	\$10.017	\$491.792	\$11.161	\$499.160	\$7.368
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	51.438	48.524	(2.914)	47.557	(0.967)	49.602	2.045	49.603	0.001
Capital and Other Reimbursements	152.122	142.355	(9.767)	143.762	1.407	143.680	(0.082)	138.741	(4.939)
Total Receipts	\$662.210	\$661.493	(\$0.717)	\$671.950	\$10.457	\$685.074	\$13.124	\$687.504	\$2.430
<u>Expenditures</u>									
Labor:									
Payroll	\$396.094	\$387.879	\$8.215	\$405.239	(\$17.360)	\$413.303	(\$8.064)	\$426.046	(\$12.743)
Overtime	55.166	55.102	0.064	57.033	(1.931)	58.898	(1.865)	60.850	(1.952)
Health and Welfare	81.116	95.987	(14.871)	107.689	(11.702)	120.461	(12.772)	133.129	(12.668)
Pensions	20.399	41.275	(20.876)	41.902	(0.627)	43.328	(1.426)	44.677	(1.349)
Other Fringe Benefits	81.815	83.031	(1.216)	86.842	(3.811)	88.208	(1.366)	90.883	(2.675)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$634.590	\$663.274	(\$28.684)	\$698.705	(\$35.431)	\$724.198	(\$25.493)	\$755.585	(\$31.387)
Non-Labor:									
Traction and Propulsion Power	\$51.260	\$57.553	(\$6.293)	\$59.004	(\$1.451)	\$64.017	(\$5.013)	\$68.645	(\$4.628)
Fuel for Buses and Trains	14.584	14.966	(0.382)	14.117	0.849	13.284	0.833	13.601	(0.317)
Insurance	15.876	17.036	(1.160)	19.448	(2.412)	20.444	(0.996)	22.671	(2.227)
Claims	13.047	13.047	0.000	13.047	0.000	13.047	0.000	13.047	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	115.767	111.082	4.685	118.268	(7.186)	120.694	(2.426)	123.936	(3.242)
Professional Service Contracts	24.765	26.222	(1.457)	28.326	(2.104)	28.979	(0.653)	28.791	0.188
Materials & Supplies	97.684	102.993	(5.309)	102.522	0.471	115.309	(12.787)	107.830	7.479
Other Business Expenses	19.584	20.310	(0.726)	22.614	(2.304)	24.638	(2.024)	24.783	(0.145)
Total Non-Labor Expenditures	\$352.567	\$363.209	(\$10.642)	\$377.346	(\$14.137)	\$400.412	(\$23.066)	\$403.304	(\$2.892)
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	\$987.157	\$1,026.483	(\$39.326)	\$1,076.051	(\$49.568)	\$1,124.610	(\$48.559)	\$1,158.889	(\$34.279)
Baseline Net Cash Deficit	(\$324.947)	(\$364.990)	(\$40.043)	(\$404.101)	(\$39.111)	(\$439.536)	(\$35.435)	(\$471.385)	(\$31.849)
<u>Subsidies</u>									
MTA	(\$273.113)	(\$302.533)	(\$29.420)	(\$331.813)	(\$29.280)	(\$352.814)	(\$21.000)	(\$370.717)	(\$17.903)
CDOT	(\$51.834)	(\$62.456)	(\$10.622)	(\$72.288)	(\$9.832)	(\$86.722)	(\$14.434)	(\$100.668)	(\$13.946)
Total Subsidies	(\$324.947)	(\$364.989)	(\$40.042)	(\$404.101)	(\$39.112)	(\$439.536)	(\$35.434)	(\$471.385)	(\$31.849)
2007 Agency Program to Eliminate the Gap (PEGs)	2.343	2.846	0.503	3.165	0.319	3.737	0.572	3.816	0.079
Total PEGs	\$2.343	\$2.846	\$0.503	\$3.165	\$0.319	\$3.737	\$0.572	\$3.816	\$0.079
Net Cash Deficit	(\$322.604)	(\$362.143)	(\$39.539)	(\$400.936)	(\$38.793)	(\$435.799)	(\$34.862)	(\$467.569)	(\$31.770)
MTA share of PEGS	1.735	2.107	0.372	2.343	0.236	2.767	0.424	2.825	0.058
CDOT share of PEGS	0.608	0.739	0.131	0.822	0.083	0.970	0.148	0.991	0.021
Total PEGS	\$2.343	\$2.846	\$0.503	\$3.165	\$0.319	\$3.737	\$0.572	\$3.816	\$0.079
<u>Subsidies</u>									
MTA	(\$271.378)	(\$300.426)	(\$29.048)	(\$329.470)	(\$29.044)	(\$350.047)	(\$20.576)	(\$367.892)	(\$17.845)
CDOT	(\$51.226)	(\$61.717)	(\$10.491)	(\$71.466)	(\$9.749)	(\$85.752)	(\$14.286)	(\$99.677)	(\$13.925)
Total Subsidies	(\$322.604)	(\$362.143)	(\$39.539)	(\$400.936)	(\$38.793)	(\$435.799)	(\$34.862)	(\$467.569)	(\$31.770)

**MTA METRO-NORTH RAILROAD
2007 PRELIMINARY BUDGET
JULY 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: JULY FINANCIAL PLAN VS. FEBRUARY FINANCIAL PLAN

The 2006 July Financial Plan subsidy requirements for non-reimbursable operations are \$8.3 million lower (including PEGs) than in the February Financial Plan. The reduction reflects higher revenues of \$1.2 million, the rescheduling of the Genesis locomotive overhaul project, lower energy consumption, and the receipt of payments for prior period ferry service bills (\$3.3 million). These favorable results were partially offset by increased West of Hudson subsidies that reflect the new operating contract with New Jersey Transit, lower overhead expense recoveries from capital projects, and higher material expenditures for equipment maintenance and the establishment a parts inventory for new M7 cars.

Reimbursable project costs (and receipts) are \$6.7 million lower than the February Plan. Lower costs reflect scheduling changes to the Shell-at-Grade, M2 Critical System Replacement, Turnouts – Mainline/High Speed and CDOT Track, Interlocking and Drainage projects.

2007: JULY FINANCIAL PLAN VS. FEBRUARY FINANCIAL PLAN

The 2007 July Financial Plan subsidy requirements are \$27.0 million higher than in the February Financial Plan (including PEGs). This increase reflects additional West of Hudson subsidies that reflect the new operating contract with New Jersey Transit, investments to support GCT retail revenue stream, equipment overhaul programs, and the establishment of a parts inventory for new M7 cars. These increases are partially offset by higher passenger fares associated with an increase in ridership.

Reimbursable project costs (and receipts) are \$20.6 million lower than the February Plan and reflect a continuation of project levels similar to the 2006 Mid-Year Forecast.

2008: JULY FINANCIAL PLAN VS. FEBRUARY FINANCIAL

The 2008 July Financial Plan subsidy requirements are \$21.4 million higher than in the February Financial Plan (including PEGs). This increase reflects additional West of

Hudson subsidies that reflect the new operating contract with New Jersey Transit, investments to support GCT retail revenue stream and perform extraordinary landmark maintenance, and equipment overhaul programs. These increases are partially offset by higher passenger fares associated with an increase in ridership.

Reimbursable project costs (and receipts) are \$26.8 million lower than the February Plan and reflect a continuation of project levels similar to the 2006 Mid-Year Forecast.

2009 JULY FINANCIAL PLAN VS. FEBRUARY FINANCIAL

The 2009 July Financial Plan subsidy requirements are \$24.6 million higher than in the February Financial Plan (including PEGs). This increase reflects additional West of Hudson subsidies that reflect the new operating contract with New Jersey Transit, investment to perform GCT extraordinary landmark maintenance and equipment overhaul programs, and the establishment of a parts inventory for new M8 cars. These increases are partially offset by higher passenger fares associated with an increase in ridership.

Reimbursable project costs (and receipts) are \$19.7 million lower than the February Plan and reflect a continuation of project levels similar to the 2006 Mid-Year Forecast.

2010 NOVEMBER FINANCIAL PLAN VS. JULY FINANCIAL PLAN

The 2010 July Financial Plan subsidy requirements are \$16.0 million higher than in the February Financial Plan (including PEGs). This increase reflects additional West of Hudson subsidies that reflect the new operating contract with New Jersey Transit, investment to perform GCT extraordinary landmark maintenance and equipment overhaul programs, and the establishment of a parts inventory for new M8 cars. These increases are partially offset by higher passenger fares associated with an increase in ridership.

Reimbursable project costs (and receipts) are \$18.9 million lower than the February Plan and reflect a continuation of project levels similar to the 2006 Mid-Year Forecast.

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

NON-REIMBURSABLE					
	2006	2007	2008	2009	2010
Baseline 2006 February Financial Plan -	(\$330.911)	(\$335.142)	(\$379.527)	(\$411.159)	(\$451.589)
Baseline Changes					
Revenue					
Farebox Revenue	(\$0.102)	\$2.168	\$4.298	\$8.699	\$10.673
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.336	(2.674)	(5.357)	(0.285)	(1.088)
Capital and Other Reimbursement	0.000	0.000	0.000	0.000	0.000
Total Revenue Changes	1.234	(0.506)	(1.059)	8.414	9.585
Expenses					
Labor:					
Payroll	\$0.580	(\$1.385)	(\$0.837)	(\$0.994)	(\$0.166)
Overtime	(0.929)	(0.660)	(0.673)	(0.687)	(0.705)
Health and Welfare	(0.440)	(6.029)	(7.638)	(9.619)	(10.741)
Pensions	(0.461)	(1.423)	(1.440)	(1.499)	(1.423)
Other Fringe Benefits	(0.860)	(3.385)	(3.439)	(3.602)	(3.505)
Reimbursable Overhead	(1.819)	0.011	0.001	0.028	(1.385)
Total Labor Expense Changes	(3.929)	(12.871)	(14.026)	(16.373)	(17.925)
Non-Labor:					
Traction and Propulsion Power	\$0.931	(\$2.998)	(\$2.805)	(\$2.506)	(\$2.361)
Fuel for Buses and Trains	2.669	2.759	4.006	5.191	5.415
Insurance	0.133	(0.101)	(0.079)	0.083	0.285
Claims	(0.001)	(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	1.710	(6.331)	(7.399)	(7.265)	(7.198)
Professional Service Contracts	1.440	0.660	0.703	0.808	0.899
Materials & Supplies	(1.303)	(8.631)	(6.024)	(11.103)	(0.565)
Other Business Expenses	(0.386)	(0.022)	(0.028)	0.001	0.055
Total Non-Labor Expense Changes	5.193	(14.665)	(11.627)	(14.792)	(3.471)
Total Expenses before Depreciation	\$1.264	(\$27.536)	(\$25.653)	(\$31.165)	(\$21.396)
Depreciation	0.000	0.000	0.000	0.000	0.000
Total Expense Changes after Depreciation	\$1.264	(\$27.536)	(\$25.653)	(\$31.165)	(\$21.396)
Baseline Net Surplus/(Deficit) Changes	\$2.498	(\$28.042)	(\$26.712)	(\$22.751)	(\$11.811)
Cash Conversion Adjustment Changes					
Depreciation	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Operating/Capital	(0.962)	(0.678)	(0.995)	0.000	0.000
Other Cash Adjustments	4.428	(0.774)	3.740	(4.517)	(6.873)
Total Cash Conversion Adjustments	3.466	(1.452)	2.745	(4.517)	(6.873)
Total Baseline Changes	\$5.964	(\$29.494)	(\$23.967)	(\$27.268)	(\$18.684)
Baseline 2006 July Financial Plan - Operating	(\$324.947)	(\$364.636)	(\$403.494)	(\$438.427)	(\$470.273)
2007 Agency Program to Eliminate the Gap (PE	\$2.343	\$2.492	\$2.558	\$2.628	\$2.704
Total PEGs	\$2.343	\$2.492	\$2.558	\$2.628	\$2.704
Net Surplus/(Deficit)	(\$322.604)	(\$362.144)	(\$400.936)	(\$435.799)	(\$467.569)

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

REIMBURSABLE					
	2006	2007	2008	2009	2010
Baseline 2006 February Financial Plan -	\$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	(6.672)	(20.559)	(26.757)	(19.734)	(18.863)
Total Revenue Changes	(\$6.672)	(\$20.559)	(\$26.757)	(\$19.734)	(\$18.863)
Expenses					
Labor:					
Payroll	\$2.937	\$7.301	\$10.885	\$6.416	\$4.830
Overtime	1.442	1.479	1.522	1.569	1.619
Health and Welfare	0.890	1.672	2.643	1.503	1.098
Pensions	0.038	0.444	0.618	0.401	0.329
Other Fringe Benefits	0.597	1.571	2.279	1.400	1.097
Reimbursable Overhead	1.641	1.451	1.531	1.532	2.952
Total Labor Expense Changes	\$7.547	\$13.917	\$19.478	\$12.822	\$11.925
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	0.669	1.352	1.882	1.259	1.013
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	(4.729)	(1.425)	(0.808)	(1.596)	(2.474)
Professional Service Contracts	(1.113)	(0.778)	(1.434)	(0.658)	0.209
Materials & Supplies	4.516	7.714	7.863	8.135	8.422
Other Business Expenses	(0.218)	(0.221)	(0.225)	(0.228)	(0.231)
Total Non-Labor Expense Changes	(\$.875)	\$6.642	\$7.279	\$6.912	\$6.938
Total Expenses before Depreciation	\$6.672	\$20.559	\$26.757	\$19.734	\$18.863
Depreciation	0.000	0.000	0.000	0.000	0.000
Total Expense Changes	\$6.672	\$20.559	\$26.757	\$19.734	\$18.863
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 July Financial Plan - Operating	(\$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
Total 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
July Financial Plan 2007 - 2010
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	2006	2007	2008	2009	2010
Baseline 2006 February Financial Plan -	(\$330.911)	(\$335.142)	(\$379.527)	(\$411.159)	(\$451.589)
Baseline Changes					
Revenue					
Farebox Revenue	(\$0.102)	\$2.168	\$4.298	\$8.699	\$10.673
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.336	(2.674)	(5.357)	(0.285)	(1.088)
Capital and Other Reimbursement	(6.672)	(20.559)	(26.757)	(19.734)	(18.863)
Total Revenue Changes	(\$5.438)	(\$21.065)	(\$27.816)	(\$11.320)	(\$9.278)
Expenses					
Labor:					
Payroll	\$3.517	\$5.916	\$10.048	\$5.422	\$4.664
Overtime	0.513	0.819	0.849	0.882	0.914
Health and Welfare	0.450	(4.357)	(4.995)	(8.116)	(9.643)
Pensions	(0.423)	(0.979)	(0.822)	(1.098)	(1.094)
Other Fringe Benefits	(0.263)	(1.814)	(1.160)	(2.202)	(2.408)
Reimbursable Overhead	(0.178)	1.462	1.532	1.560	1.567
Total Labor Expense Changes	\$3.618	\$1.046	\$5.452	(\$3.551)	(\$6.000)
Non-Labor:					
Traction and Propulsion Power	\$0.931	(\$2.998)	(\$2.805)	(\$2.506)	(\$2.361)
Fuel for Buses and Trains	2.669	2.759	4.006	5.191	5.415
Insurance	0.802	1.251	1.803	1.342	1.298
Claims	(0.001)	(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	(3.019)	(7.756)	(8.207)	(8.861)	(9.672)
Professional Service Contracts	0.327	(0.118)	(0.731)	0.150	1.108
Materials & Supplies	3.213	(0.917)	1.839	(2.968)	7.857
Other Business Expenses	(0.604)	(0.243)	(0.253)	(0.227)	(0.176)
Total Non-Labor Expense Changes	\$4.318	(\$8.023)	(\$4.348)	(\$7.880)	\$3.467
Total Expenses before Depreciation	\$7.936	(\$6.977)	\$1.104	(\$11.431)	(\$2.533)
Depreciation	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expense Changes	\$7.936	(\$6.977)	\$1.104	(\$11.431)	(\$2.533)
Baseline Net Surplus/(Deficit) Changes	\$2.498	(\$28.042)	(\$26.712)	(\$22.751)	(\$11.811)
Cash Conversion Adjustment Changes					
Depreciation	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Operating/Capital	(0.962)	(0.678)	(0.995)	0.000	0.000
Other Cash Adjustments	4.428	(0.774)	3.740	(4.517)	(6.873)
Total Cash Conversion Adjustments	\$3.466	(\$1.452)	\$2.745	(\$4.517)	(\$6.873)
Total Baseline Changes	\$5.964	(\$29.494)	(\$23.967)	(\$27.268)	(\$18.684)
Baseline 2006 July Financial Plan - Operating	(\$324.947)	(\$364.636)	(\$403.494)	(\$438.427)	(\$470.273)
2007 Agency Program to Eliminate the Gap (PE)	\$2.343	\$2.492	\$2.558	\$2.628	\$2.704
Total PEGS	\$2.343	\$2.492	\$2.558	\$2.628	\$2.704
Net Surplus/(Deficit)	(\$322.604)	(\$362.144)	(\$400.936)	(\$435.799)	(\$467.569)

MTA METRO-NORTH RAILROAD
July 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 February Financial Plan - Operating Cash Income/(Deficit)	(\$330.911)	(\$335.142)	(\$379.527)	(\$411.159)	(\$451.589)
Non-Reimbursable Major Changes					
Revenue					
Passenger Revenue - Ridership Growth	2.497	2.168	4.298	8.699	10.673
- Holiday Fare Impact	(2.599)	0.000	0.000	0.000	0.000
Non Passenger Revenue - Rents, Concessions & Utilities	0.656	(2.966)	(5.681)	(0.638)	(1.472)
- Commissary Operations	0.093	0.161	0.208	0.254	0.303
- Interest & Miscellaneous Income	0.587	0.131	0.116	0.100	0.082
Sub-Total Non-Reimbursable Revenue Changes	\$1.234	(\$.506)	(\$1.059)	\$8.415	\$9.586
Expenses					
M3 CSR - Increase program to entire fleet	1.187	(4.654)	(4.636)	(6.295)	0.000
GCT - Extraordinary Landmark Maintenance	(0.248)	(0.853)	(1.639)	(1.682)	(1.728)
M1 Car Retention (30 car CSR requirement for Yankee Stadium Svc)	0.000	0.000	0.000	(5.440)	0.000
New Haven Shop	0.000	(0.586)	(0.605)	(0.622)	(0.643)
M7 Car Spare Parts	(6.500)	(6.500)	0.000	0.000	0.000
M8 Car Spare Parts	0.000	0.000	0.000	(4.400)	(8.800)
NJT Subsidy Requirements for Renegotiated Contract	(4.176)	(3.059)	(4.360)	(5.655)	(7.096)
Additional WoffH Locomotive Overhaul Funding	(0.233)	(2.120)	(2.983)	(1.400)	0.000
M1 Car Disposal Cost	0.572	(0.790)	(1.114)	0.000	0.000
Equipment Replacement Plan	0.000	(1.705)	(1.354)	0.506	0.515
Genesis Locomotive Overhaul Program	5.560	(0.369)	1.055	0.842	0.615
All Other	5.102	(6.901)	(10.018)	(7.019)	(4.259)
Sub-Total Non-Reimbursable Expense Changes	1.264	(27.536)	(25.653)	(31.165)	(21.396)
Total Non-Reimbursable Major Changes	\$2.498	(\$28.042)	(\$26.712)	(\$22.750)	(\$11.810)
Reimbursable Major Changes					
Revenue					
Projections for 2007-2010 assume capital project activity levels similar to 2006 MYF	(\$6.672)	(\$20.559)	(\$26.757)	(\$19.734)	(\$18.863)
Sub-Total Reimbursable Revenue Changes					
Expenses					
Projections for 2007-2010 assume capital project activity levels similar to 2006 MYF	6.672	20.559	26.757	19.734	18.863
Sub-Total Reimbursable Expense Changes	\$6.672	\$20.559	\$26.757	\$19.734	\$18.863
Total Reimbursable Major Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Accrual Changes	\$2.498	(\$28.042)	(\$26.712)	(\$22.750)	(\$11.810)
Cash Adjustment Changes					
Operating Capital	(0.962)	0.678	0.995	0.000	0.000
Change in Force Account Receipts	2.907	1.673	0.334	(1.753)	0.198
Deferred Wage Provision	0.584	0.000	0.000	0.000	0.000
Prior Period Payments for Ferry Service Project	3.325	(1.464)	0.000	0.000	0.000
M7 Spare Parts	(4.500)	(2.500)	2.000	0.000	0.000
M8 Spare Parts	0.000	0.000	0.000	(4.400)	(8.800)
All Other	2.112	0.161	(0.584)	1.636	1.729
Total Cash Adjustment Changes	\$3.466	(\$1.452)	\$2.745	(\$4.517)	(\$6.873)
Total Baseline Changes	\$5.964	(\$29.494)	(\$23.967)	(\$27.267)	(\$18.683)
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$324.947)	(\$364.636)	(\$403.494)	(\$438.426)	(\$470.272)
2007 Agency Program to Eliminate the Gap (PEGs)	2.343	2.492	2.558	2.628	2.704
2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$322.604)	(\$362.144)	(\$400.936)	(\$435.798)	(\$467.568)

**MTA METRO-NORTH RAILROAD
2007 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2007-2010**

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 July Forecast incorporates higher customer growth rates for East of Hudson Service than the February Financial Plan. This increase reflects current general growth trend, which is incorporated into the 2007-2010 ridership base.

The 2006 July Forecast reflects East of Hudson service ridership that is 0.5% higher than the adopted (February Plan) budget, and 2.5% higher than 2005 actual results. In 2007, 2008, 2009 and 2010, ridership is projected to grow 2.1%, 2.1%, 1.9% and 1.4% respectively.

West of Hudson utilization reflects higher customer levels than included in the February Plan. This increase reflects higher than previously projected 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.

The 2006 July Forecast reflects West of Hudson ridership that is 5.1%% higher than the adopted (February Plan) budget, and 7.3%% higher than 2005 actual results. In 2007, 2008, 2009 and 2010, ridership is projected to grow 6.3%, 8.3%, 7.0% and 3.9%, respectively.

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

	2005	2006	2007			
	Actuals	Mid-Year	Preliminary	2008	2009	2010
		Forecast	Budget			
<u>Farebox Revenue</u>						
Harlem Line	\$127.640	\$130.924	\$134.629	\$137.777	\$141.493	\$144.074
Hudson Line	88.981	93.672	97.510	100.305	102.982	105.166
New Haven Line	220.300	225.801	230.111	234.035	238.753	241.306
West of Hudson Mail & Ride	0.750	0.800	0.900	0.950	1.000	1.050
Total Farebox Revenue	\$437.671	\$451.197	\$463.150	\$473.067	\$484.228	\$491.596
 <u>Ridership</u>						
Harlem Line	24.742	25.219	25.759	26.322	26.893	27.324
Hudson Line	14.131	14.680	15.169	15.577	15.918	16.238
New Haven Line	33.878	34.664	35.192	35.798	36.391	36.784
Baseline Total Ridership	72.751	74.563	76.120	77.697	79.202	80.346
 <i>Impact of:</i>						
PEG Program	0	0	0	0	0	0
Total Ridership	72.751	74.563	76.120	77.697	79.202	80.346

MTA Metro-North Railroad
July Financial Plan 2007 - 2010
Summary of 2007 PEGs
(\$ in millions)

Favorable/(Unfavorable)										
2006		2007		2008		2009		2010		
Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	
LIST of PROGRAMS										
Administration:										
Process Review for Productivity Savings	0	\$.000	0	\$.250	0	\$.500	0	\$ 1.000	0	\$ 1.000
IT - Evaluation Equipment & Technology	0	.000	0	.104	0	.107	0	.109	0	.112
PS Implementation Data Processing Impact	0	.600	0	.609	0	.621	0	.631	0	.643
PS Implementation Controller	5	.252	5	.354	5	.364	5	.376	5	.388
Review Payroll Discounts	0	1.491	0	1.529	0	1.573	0	1.621	0	1.673
Sub-Total Administration	5	\$2.343	5	\$2.846	5	\$3.165	5	\$3.737	5	\$3.816
Customer Convenience & Amenities:										
Sub-Total Customer Convenience & Amenities	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Service:										
Sub-Total Service	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Maintenance:										
Sub-Total Maintenance	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Revenue Enhancements:										
Sub-Total Revenue Enhancements	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Other:										
Sub-Total Other	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Total 2007 PEGs	5	\$2.343	5	\$2.846	5	\$3.165	5	\$3.737	5	\$3.816

**MTA Metro-North Railroad
July 2007-2010
PEG Financial Impact Worksheet**

PEG Program Category: ADMINISTRATION
Program: PROCESS REVIEW FOR PRODUCTIVITY SAVINGS

Background Details: 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.

PEG Description/Implementation Plan: 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.

PEG Implementation Date: When will PEG savings begin?:

Other Issues:

	2006 Mid Year Forecast	2007 Preliminary Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.250	\$0.500	\$1.000	\$1.000
<i>Total Reduction in Positions Required</i>					
<i>(List Title of Positions)</i>					
Current Vacancies	0	0	0	0	0
<i>(List title of vacant positions)</i>					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other					
(Identify Appropriate Indicator)					
<i>List of Other Concerns:</i>					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

**MTA Metro-North Railroad
July 2007-2010
PEG Financial Impact Worksheet**

PEG Program Category: ADMINISTRATION
Program: IT - EVALUATION EQUIPMENT & TECHNOLOGY

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.

PEG Description/Implementation Plan The provision is being eliminated for the duration of the plan.

PEG Implementation Date: January 2007 **When will PEG savings begin?:**

Other Issues:

	2006 Mid Year Forecast	2007 Preliminary Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.104	\$0.107	\$0.109	\$0.112

Total Reduction in Positions Required

(List Title of Positions)

Current Vacancies	0	0	0	0	0
<i>(List title of vacant positions)</i>					

Impact on Operations:

Ridership Per Week (in thousands)
Mean Distance Between Failure
On-Time Performance

Other
(Identify Appropriate Indicator)

List of Other Concerns:

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2007- 2010
PEG Financial Impact Worksheet**

PEG Category:

Administration

Program:

PeopleSoft Implementation-Data Processing Impact

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.		
PEG Description/Implementation Plan:	Reduce Data Center fees by \$600,000 starting in 2006.		
PEG Implementation Date:	1/2006	When will PEG savings begin?: 1/2006	
Other Issues:			

	2006 Mid Year Forecast	2007 Preliminary Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.600	\$0.609	\$0.621	\$0.631	\$0.643

<i>Total Reduction in Positions Required</i>	0	0	0	0	0
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(List Title of Positions)

Current Vacancies	0	0	0	0	0
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(List title of vacant positions)

Impact on Operations:
Ridership Per Week (in thousands)
Mean Distance Between Failure
On-Time Performance

Other
(Identify Appropriate Indicator)

List of Other Concerns:

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2007- 2010
PEG Financial Impact Worksheet**

PEG Category:

Administration

Program:

PeopleSoft Implementation-Controller Savings

Background Details:

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

PEG Description/Implementation Plan:

Staffing reductions of seven agreement positions will be offset by the addition of two management positions by the end of 2006. This results in a net headcount reduction of five positions.

PEG Implementation Date:

1/2006

When will PEG savings begin?: 1/2006

Other Issues:

	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.252	\$0.354	\$0.364	\$0.376	\$0.388
<i>Total Reduction in Positions Required</i>	5	5	5	5	5
<i>(List Title of Positions)</i>					
Current Vacancies <i>(List title of vacant positions)</i>	5	5	5	5	5
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other <i>(Identify Appropriate Indicator)</i>					
<i>List of Other Concerns:</i>					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2007- 2010
PEG Financial Impact Worksheet**

PEG Category: Administration
Program: Review of Payroll Discounts

Background Details: Changes in the nature of Metro North's staffing over the last several years prompted an evaluation of payroll adjustments for step rate discounts, sick pay liability and the fluctuation of positions between operating and capital assignments to ensure that

PEG Description/Implementation Plan: Payroll adjustment analysis will result in a reduction of \$1.0 million dollars, excluding fringe, starting in 2006.

PEG Implementation Date: 1/2006 **When will PEG savings begin?:** 1/2006

Other Issues:

	2006 Mid Year Forecast	2007 Preliminary Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$1.491	\$1.529	\$1.573	\$1.621	\$1.673

<i>Total Reduction in Positions Required</i>	0	0	0	0	0
--	---	---	---	---	---

(List Title of Positions)

Current Vacancies	0	0	0	0	0
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(List title of vacant positions)

Impact on Operations:
Ridership Per Week (in thousands)
Mean Distance Between Failure
On-Time Performance

Other
(Identify Appropriate Indicator)

List of Other Concerns:

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

**MTA METRO-NORTH RAILROAD
2007 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2007-2010**

POSITION ASSUMPTIONS

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

MTA METRO NORTH RAILROAD
July Financial Plan 2007- 2010
Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2005 Actuals	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
Administration						
President	6	6	6	6	6	6
Labor Relations	11	13	13	13	13	13
Safety	14	14	14	14	14	14
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	125	125	125	125	125
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	534	533	534	534	534
Operations						
VP Operations	36	56	56	69	69	69
Operations Services	1,815	1,876	1,879	1,890	1,936	1,943
Metro-North West	30	27	27	27	27	27
Total Operations	1,881	1,959	1,962	1,986	2,032	2,039
Maintenance						
GCT	341	363	374	393	413	413
Maintenance of Equipment	1,256	1,267	1,300	1,300	1,277	1,277
Maintenance of Way	1,505	1,515	1,541	1,545	1,562	1,565
Procurement & Material Management	167	172	171	171	171	171
Total Maintenance	3,269	3,317	3,386	3,409	3,423	3,426
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	5,924	5,995	6,043	6,103	6,113
<i>Non-Reimbursable</i>	5,294	5,336	5,407	5,455	5,515	5,525
<i>Reimbursable</i>	518	588	588	588	588	588
Total Full-Time	5,807	5,919	5,990	6,038	6,098	6,108
<i>Total Full-Time-Equivalents</i>	5	5	5	5	5	5
<hr/>						
Impact of:						
2007 Program to Eliminate the Gap	-	0	0	0	0	0
Post 2007 Program to Eliminate the Gap	-	0	0	0	0	0
Total Positions	5,812	5,924	5,995	6,043	6,103	6,113
<i>Non-Reimbursable</i>	5,294	5,336	5,407	5,455	5,515	5,525
<i>Reimbursable</i>	518	588	588	588	588	588
Total Full-Time	5,807	5,919	5,990	6,038	6,098	6,108
<i>Total Full-Time Equivalents</i>	5	5	5	5	5	5

MTA METRO-NORTH RAILROAD
July 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 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
Administration						
	Managers/Supervisors	41	41	41	41	41
	Professional, Technical, Clerical	493	492	493	493	493
	Operational Hourlies	0	0	0	0	0
	Total Administration	534	533	534	534	534
Operations						
	Managers/Supervisors	28	28	28	28	28
	Professional, Technical, Clerical	478	478	491	491	491
	Operational Hourlies	1,453	1,456	1,467	1,513	1,520
	Total Operations	1,959	1,962	1,986	2,032	2,039
Maintenance						
	Managers/Supervisors	39	40	40	40	40
	Professional, Technical, Clerical	1,050	1,068	1,095	1,110	1,111
	Operational Hourlies	2,228	2,278	2,274	2,273	2,275
	Total Maintenance	3,317	3,386	3,409	3,423	3,426
Engineering/Capital						
	Managers/Supervisors	27	27	27	27	27
	Professional, Technical, Clerical	87	87	87	87	87
	Operational Hourlies	0	0	0	0	0
	Total Engineering/Capital	114	114	114	114	114
Public Safety						
	Managers/Supervisors	0	0	0	0	0
	Professional, Technical, Clerical	0	0	0	0	0
	Operational Hourlies	0	0	0	0	0
	Total Public Safety	0	0	0	0	0
Total Baseline Positions						
	Managers/Supervisors	135	136	136	136	136
	Professional, Technical, Clerical	2,108	2,125	2,166	2,181	2,182
	Operational Hourlies	3,681	3,734	3,741	3,786	3,795
	Total Baseline Positions	5,924	5,995	6,043	6,103	6,113

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MTA Headquarters

**MTA Headquarters
2007 Preliminary Budget
July 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

Terrorist activities, corporate financial improprieties, exploding costs for health and welfare and pensions, and an eroding infrastructure are some of the many problems that have plagued the U. S. economy as a whole. To address these issues all major U.S. organizations including the MTA have been challenged with the mandate to strengthen operations and to restore confidence in the way America conducts its business.

The MTA has undergone a remarkable transformation in meeting that challenge. 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 the MTA has made significant improvements in its operations it continues to seek opportunities to downsize and maximize efficiencies. One opportunity for savings involves achieving overtime reductions within the MTA Police through increased command management and the analysis of detailed overtime reporting now available through the PeopleSoft system. Another productivity initiative included in the this budget is a program to identify those positions whose functions are no longer needed and can be eliminated through attrition or re-assignment over the next two years. Combined savings from these programs to eliminate the gap have already begun and will reduce expenses by \$0.829 million beginning in 2006 and \$0.834 million in 2007. Thereafter, these programs result in expense reductions of \$2.226 million, \$2.340 million, and \$2.247 million per year in 2008, 2009, and 2010, respectively.

2006 Mid-Year Forecast

The MTA Headquarters Mid-Year Forecast reflects some significant changes from the 2006 Adopted Budget. The Forecast includes a decrease in professional services as a result of transferring ongoing NYCT and B&T security costs into each agency's baseline. In 2006, \$33.111 million of funding originally included in Headquarters, to provide for security reimbursements to the agencies for these continuing programs, now resides within the agencies budgets. As an offset, the Forecast includes \$9.0 million to fund an MTA-wide Shared Services study. This study will promote efficiencies and reduce duplication of efforts primarily in the area of financial management throughout the MTA. Salaries have been increased by \$4.0 million for leave balance accruals to reflect the growth of staff vacation and sick leave balances. Similarly, fringe benefits include an accrual of \$2.5 million for the growth in ongoing liabilities for post employment benefits. Professional services has been increased mainly as a result of increases in the State Public Work Enforcement Fund assessment to reimburse the State Department of Labor for oversight of the prevailing wage law; and for potential additional PeopleSoft maintenance and support for the Treasury/Cash, and Accounts Payables functions, service packs, and upgrades. Maintenance and repairs has also been increased to give effect to negotiated increases in the mid-town building facilities long-term maintenance and building security contracts that expired in 2006.

In addition, certain strategic new needs have been included in the 2006 Mid-Year Forecast to reinforce the strides the MTA has made in promoting transparency. Headquarters will increase headcount by 11 positions, an increase of \$0.508 million, in the areas of Human Resources (6), Treasury (2), and Finance (3). In addition, eight new positions at a 2006 cost of \$0.697 million will be added in the area of Corporate

Compliance to increase oversight and to maintain a high standard of corporate governance. Also, \$0.162 million will be added in 2006 for technology equipment costs. Finally, 6 positions will be internally funded to staff an Office of Preparedness to coordinate interagency security issues, grants, and funding from various levels of government.

2007 Preliminary Budget- Baseline

MTA Headquarters projects a Baseline Net Deficit of \$267.863 million in the 2007 Preliminary Budget before PEGs. The Net Deficit is \$21.506 million below the February Financial Plan of \$289.369 million. Decreases in professional services as a result of transferring ongoing NYCT and B&T security costs into each agency's baseline are offset, in part, by higher re-estimated State Public Work Enforcement Fund assessment costs to reimburse the State Department of Labor for oversight of the prevailing wage law; strategic funding to develop the PeopleSoft Enterprise Internal Controls Enforcer which is designed to automate monitoring and diagnostic capabilities of Internal Controls in order to strengthen the MTA's Corporate Governance oversight; and potential additional PeopleSoft maintenance and support enhancements for additional functions, service packs, and upgrades in order to continue to promote efficiency and transparency. Increased salaries result mainly from higher leave balance accruals to reflect the growth of staff vacation and sick leave balances. Fringe benefits include higher accruals to reflect the growth in ongoing liabilities for post employment benefits. The baseline also assumes headcount levels of 657 employees at MTA Headquarters and 774 employees in Public Safety, totaling 1,431 employees. Included in this baseline budget deficit are a total of \$1.987 million in new needs related to strategic deployment of new and existing personnel within new MTA Police Department facilities. The remaining \$1.757 million is a continuation of new needs from 2006. The below-the-line 2007 PEG and Post-2007 PEG actions are discussed in Gap Closing Measures.

2008-2010 Projections

The baseline Net Deficit for 2008 is \$281.991 million which incorporates \$3.731 million in continuing New Needs over and above the February Financial Plan. The baseline reflects the strategic staff additions at MTA Headquarters increasing from the February Financial Plan of 1,385 employees to 1,431 employees.

The baseline Net Deficit for 2009 increases from 2008 by \$1.964 million to \$283.955 million, and includes \$3.951 million in continuing New Needs from the February Financial Plan. The baseline reflects the strategic staff additions at MTA Headquarters increasing from the February Financial Plan of 1,385 employees to 1,431 employees.

The baseline Net Deficit for 2010 increases over the 2009 baseline by \$11.365 million to \$295.320 million, which includes \$4.169 million in continuing New Needs from the February Financial Plan. The baseline reflects strategic staff additions at MTA Headquarters increasing from the February Financial Plan of 1,385 employees to 1,431 employees.

Gap Closing Measures

2007 Programs to Eliminate the Gap

Public Safety, which includes the MTA Police, will achieve savings while maintaining its enhanced presence throughout the MTA system providing protection for the MTA's customers, employees and infrastructure at critical locations including railroad facilities, bridges and tunnels, and on trains and buses. However, due to enhanced command oversight of overtime usage, further reductions to the budgeted levels of overtime will be achieved. This category of PEG savings begins in 2006, providing reduced overtime of \$0.829 million and increasing through out the plan period.

Post-2007 Programs to Eliminate the Gap

As a result of its strategic hires MTA Headquarters will examine its organizational structure to achieve savings in salaries and fringe benefits by reducing 18 positions through attrition. Departments will be required to identify the positions to be eliminated and will be responsible to achieve additional savings through vacancy control and delayed hiring until attrition takes place. The full headcount reduction will take place by 2008. PEG savings are expected to be \$1.330 million in 2008 and increase through out the plan period.

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

NON-REIMBURSABLE						
	2005	2006	2007			
	Actuals	Mid-Year Forecast	Preliminary 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	46.243	46.902	48.108	49.334	50.563
Data Center Billings	0.000	0.000	0.000	0.000	0.000	0.000
Other	2.469	4.169	4.272	4.382	4.493	4.605
Total Other Operating Revenue	47.912	50.412	51.174	52.490	53.827	55.168
Capital and Other Reimbursements	-	-	-	-	-	-
Total Revenue	\$47.912	\$50.412	\$51.174	\$52.490	\$53.827	\$55.168
Operating Expenses						
<u>Labor:</u>						
Payroll	\$104.646	\$116.959	\$117.792	\$121.231	\$124.997	\$129.050
Overtime	11.454	9.792	10.094	10.388	10.707	11.050
Health and Welfare	12.782	19.371	19.886	22.462	25.480	28.904
Pensions	19.145	21.919	22.513	22.844	23.604	24.411
Other Fringe Benefits	14.026	10.107	10.582	11.129	11.703	12.288
Reimbursable Overhead	(33.597)	(43.494)	(45.172)	(46.223)	(47.429)	(48.600)
Total Labor Expenses	\$128.456	\$134.654	\$135.695	\$141.831	\$149.062	\$157.103
<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	11.067	12.148	13.406	14.699	16.167
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	12.661	15.208	14.354	14.726	14.920	15.297
Professional Service Contracts	75.366	49.854	43.593	45.170	45.401	45.728
Materials & Supplies	1.009	0.995	1.091	1.119	1.148	1.176
<u>Other Business Expenses</u>						
MTA Internal Subsidy	34.719	30.623	32.862	40.574	34.775	35.776
Other	52.646	52.960	54.632	55.910	58.235	59.699
Total Other Business Expenses	87.365	83.583	87.494	96.484	93.010	95.475
Total Non-Labor Expenses	\$185.457	\$160.707	\$158.680	\$170.905	\$169.178	\$173.843
<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	\$295.361	\$294.375	\$312.736	\$318.240	\$330.946
Depreciation	23.206	25.375	24.662	21.745	19.542	19.542
Total Expenses	\$337.119	\$320.736	\$319.037	\$334.481	\$337.782	\$350.488
Baseline Surplus/(Deficit)	(\$289.207)	(\$270.324)	(\$267.863)	(\$281.991)	(\$283.955)	(\$295.320)
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)	(\$269.495)	(\$267.029)	(\$279.765)	(\$281.615)	(\$292.873)

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

NON-REIMBURSABLE / REIMBURSABLE						
	2005	2006	2007			
	Actuals	Mid-Year Forecast	Preliminary 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	46.243	46.902	48.108	49.334	50.563
Data Center Billings	-	-	-	-	-	-
Other	2.469	4.169	4.272	4.382	4.493	4.605
Total Other Operating Revenue	47.912	50.412	51.174	52.490	53.827	55.168
Capital and Other Reimbursements	37.938	47.669	49.307	50.507	51.872	53.218
Total Revenue	\$85.850	\$98.081	\$100.481	\$102.997	\$105.699	\$108.386
Expenses						
<u>Labor:</u>						
Payroll	\$106.115	\$118.481	\$119.465	\$122.953	\$126.772	\$130.881
Overtime	11.454	9.792	10.094	10.388	10.707	11.050
Health and Welfare	12.872	19.584	20.154	22.768	25.827	29.301
Pensions	19.217	22.137	22.745	23.082	23.852	24.669
Other Fringe Benefits	14.393	10.234	10.724	11.279	11.861	12.455
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor expenses	\$164.051	\$180.228	\$183.182	\$190.470	\$199.019	\$208.356
<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	11.067	12.148	13.406	14.699	16.167
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	12.661	15.208	14.354	14.726	14.920	15.297
Professional Service Contracts	77.650	51.844	45.341	46.964	47.241	47.616
Materials & Supplies	1.009	0.995	1.091	1.119	1.148	1.176
<u>Other Business Expenses</u>						
MTA Internal Subsidy	34.719	30.623	32.862	40.574	34.775	35.776
Other Business Expenses	52.705	53.065	54.704	55.984	58.310	59.776
Total Other Business Expenses	87.424	83.688	87.566	96.558	93.085	95.552
Total Non-Labor expenses	\$187.800	\$162.802	\$160.500	\$172.773	\$171.093	\$175.808
<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	\$343.030	\$343.682	\$363.243	\$370.112	\$384.164
Depreciation	23.206	25.375	24.662	21.745	19.542	19.542
Total Expenses	\$375.057	\$368.405	\$368.344	\$384.988	\$389.654	\$403.706
Baseline Surplus/(Deficit)	(\$289.207)	(\$270.324)	(\$267.863)	(\$281.991)	(\$283.955)	(\$295.320)
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)	(\$269.495)	(\$267.029)	(\$279.765)	(\$281.615)	(\$292.873)

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

CASH RECEIPTS AND EXPENDITURES						
	2005	2006	2007			
	Actuals	Mid-Year Forecast	Preliminary 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	46.243	46.902	48.108	49.334	50.563
Data Center Billings	0.000	0.000	0.000	0.000	0.000	0.000
Other	5.358	4.169	4.272	4.382	4.493	4.605
Total Other Operating Revenue	47.892	50.412	51.174	52.490	53.827	55.168
Capital and Other Reimbursements	38.866	45.236	48.897	50.207	51.531	52.881
Total Receipts	\$86.758	\$95.648	\$100.071	\$102.697	\$105.358	\$108.049
Expenditures						
<u>Labor:</u>						
Payroll	\$114.761	\$115.481	\$116.391	\$119.800	\$123.538	\$127.567
Overtime	11.454	9.792	10.094	10.388	10.707	11.050
Health and Welfare	13.234	19.025	20.107	22.550	25.572	29.012
Pensions	20.002	21.407	22.593	22.998	23.660	24.465
Other Fringe Benefits	9.236	10.581	10.683	11.233	11.812	12.405
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$168.687	\$176.286	\$179.868	\$186.969	\$195.289	\$204.499
<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	11.871	13.028	14.374	15.764	17.339
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	5.843	15.208	14.354	14.726	14.920	15.297
Professional Service Contracts	73.358	45.844	45.341	46.964	47.241	47.616
Materials & Supplies	0.459	0.995	1.091	1.119	1.148	1.176
<u>Other Business Expenses</u>						
MTA Internal Subsidy	33.900	31.094	32.862	40.574	34.775	35.776
Other Business Expenses	102.811	51.473	53.147	54.391	56.649	58.073
Total Other Business Expenses	136.711	82.567	86.009	94.965	91.424	93.849
Total Non-Labor Expenditures	\$217.048	\$156.485	\$159.823	\$172.148	\$170.497	\$175.277
<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	\$354.289	\$361.030	\$380.456	\$386.586	\$400.576
Baseline Cash Deficit	(\$315.313)	(\$258.641)	(\$260.959)	(\$277.759)	(\$281.228)	(\$292.527)
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)	(\$257.812)	(\$260.125)	(\$275.533)	(\$278.888)	(\$290.080)

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

CASH FLOW ADJUSTMENTS						
	2005	2006	2007			
	Actuals	Mid-Year Forecast	Preliminary 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	(2.433)	(0.410)	(0.300)	(0.341)	(0.337)
Total Receipts	\$0.908	(\$2.433)	(\$0.410)	(\$0.300)	(\$0.341)	(\$0.337)
Expenditures						
<u>Labor:</u>						
Payroll	(\$8.646)	\$3.000	\$3.074	\$3.153	\$3.234	\$3.314
Overtime	-	-	-	-	-	-
Health and Welfare	(0.362)	0.559	0.047	0.218	0.255	0.289
Pensions	(0.785)	0.730	0.152	0.084	0.192	0.204
Other Fringe Benefits	5.157	(0.347)	0.041	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)	\$3.942	\$3.314	\$3.501	\$3.730	\$3.857
<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	(0.804)	(0.880)	(0.968)	(1.065)	(1.172)
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	6.000	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)	1.592	1.557	1.593	1.661	1.703
Total Other Business Expenses	(49.287)	1.121	1.557	1.593	1.661	1.703
Total Non-Labor Expenditures	(\$29.248)	\$6.317	\$0.677	\$0.625	\$0.596	\$0.531
<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)	(\$13.692)	(\$17.758)	(\$17.513)	(\$16.815)	(\$16.749)
Depreciation Adjustment	23.206	25.375	24.662	21.745	19.542	19.542
Baseline Total Cash Conversion Adjustments	(\$26.106)	\$11.683	\$6.904	\$4.232	\$2.727	\$2.793
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)	\$11.683	\$6.904	\$4.232	\$2.727	\$2.793

**MTA Headquarters
July 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 July Financial Plan 2006-2010:

Receipts:

Rental Income, Data Center Billings, and Other

- The 2006 July Financial Plan reflects an adjustment in Data Center revenues which are netted against expenses in order to more fully comply with GAAP requirements. All other revenues for 2007, 2008, 2009, and 2010 are inflated by 2.47%, 2.57%, 2.55%, and 2.49%, respectively.

Expenditures:

Payroll

- Increases in the July Financial Plan from the February Financial Plan primarily reflect the impact of increasing vacation accruals.
- Thereafter 2007, 2008, 2009, and 2010 are inflated by 2.56%, 2.91%, 3.07%, and 3.20%, respectively.

Overtime

- The July Financial Plan is essentially unchanged from the February Financial Plan.
- 2007-2010 inflation assumptions consistent with payroll rate increase assumptions.

Health and Welfare

- Increases in the July Financial Plan for 2006 result from an increased accrual for growing costs for headquarters' retirees and a projected rise of 9.48% over the February Financial Plan rate due to projected increases in Empire Plan costs for employers. The percentage increase reflected in 2007 is 14.78%, and 10.68% in each year thereafter.

Pensions

- The July Financial Plan is unchanged for the February Financial Plan for all years.

Other Fringe Benefits

- 2007-2010 inflation assumptions consistent with payroll rate increase assumptions.

Insurance

- Decreases in the July Financial Plan reflect most recent estimates of liability premiums.
- Thereafter 2007, 2008, 2009, and 2010 are inflated at approximately 10% annually with some off-setting adjustments.

Maintenance and Other Operating Contracts

- The July Financial Plan primarily reflects increases in contracts that were renegotiated in 2006 for maintenance and repair work for MTA Headquarters facilities.
- Thereafter 2007, 2008, 2009 and 2010 are inflated by 2.47%, 2.57%, 2.55%, and 2.49%, respectively.

Professional Service Contracts

- Decreases in professional services result from a transfer of ongoing NYCT and B&T security costs into each agency's baseline in all years of the plan.
- Increases in the July Financial Plan reflect the inclusion of certain re-estimated services as well as one time expenses that were required in 2006.
- Thereafter 2007, 2008, 2009 and 2010 are inflated by 2.47%, 2.57%, 2.55%, and 2.49%, respectively, with adjustments made to reflect the conclusion of some currently contracted services.

Materials & Supplies

- The July Financial Plan is based on anticipated levels of expenses for MTA Headquarters operations.
- Thereafter 2007, 2008, 2009 and 2010 are inflated by 2.47%, 2.57%, 2.55%, and 2.49%, respectively.

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 in all years of the plan for 2007, 2008, 2009 and 2010 are inflated by 2.47%, 2.57%, 2.55%, and 2.49%, respectively.
- Data Center revenues are now netted against this category of expense.

Other Expenditure Adjustments:**Capital Expenditures**

- 2006 expenditures remain unchanged from the February Financial Plan at \$21.518 million.
- Capital expenditures in 2007-2008 are \$21.339 million.
- Thereafter, expenditures for 2009-2010 remain constant at \$20.800 million.

MTA HEADQUARTERS
July 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									
Vehicle Toll Revenue									
Other Operating Revenue									
Rental Income	46.243	46.902	0.659	48.108	1.206	49.334	1.226	50.563	1.229
Data Center Billings			0.000		0.000		0.000		0.000
Other	4.169	4.272	0.103	4.382	0.110	4.493	0.111	4.605	0.112
Capital and Other Reimbursements	47.669	49.307	1.638	50.507	1.200	51.872	1.365	53.218	1.346
Total Revenue	\$98.081	\$100.481	\$2.400	\$102.997	\$2.516	\$105.699	\$2.702	\$108.386	\$2.687
Expenses									
Labor:									
Payroll	118.481	\$119.465	(\$0.984)	122.953	(\$3.488)	126.772	(\$3.819)	130.881	(\$4.109)
Overtime	9.792	\$10.094	(0.302)	10.388	(0.294)	10.707	(0.319)	11.050	(0.343)
Health and Welfare	19.584	\$20.154	(0.570)	22.768	(2.614)	25.827	(3.059)	29.301	(3.474)
Pensions	22.137	\$22.745	(0.608)	23.082	(0.337)	23.852	(0.770)	24.669	(0.817)
Other Fringe Benefits	10.234	\$10.724	(0.490)	11.279	(0.555)	11.861	(0.582)	12.455	(0.594)
Reimbursable Overhead			0.000		0.000		0.000		0.000
Total Labor Expenses	\$180.228	\$183.182	(\$2.954)	\$190.470	(\$7.288)	\$199.019	(\$8.549)	\$208.356	(\$9.337)
Non-Labor:									
Traction and Propulsion Power			0.000		0.000		0.000		0.000
Fuel for Buses and Trains									
Insurance	11.067	12.148	(1.081)	13.406	(1.258)	14.699	(1.293)	16.167	(1.468)
Claims									
Paratransit Service Contracts									
Maintenance and Other Operating Contracts	15.208	14.354	0.854	14.726	(0.372)	14.920	(0.194)	15.297	(0.377)
Professional Service Contracts	51.844	45.341	6.503	46.964	(1.623)	47.241	(0.277)	47.616	(0.375)
Materials & Supplies	0.995	1.091	(0.096)	1.119	(0.028)	1.148	(0.029)	1.176	(0.028)
MTA Internal Subsidy	30.623	32.862	(2.239)	40.574	(7.712)	34.775	5.799	35.776	(1.001)
Other Business Expenses	53.065	54.704	(1.639)	55.984	(1.280)	58.310	(2.326)	59.776	(1.466)
Total Non-Labor Expenses	\$162.802	\$160.500	\$2.302	\$172.773	(\$12.273)	\$171.093	\$1.680	\$175.808	(\$4.715)
Other Expenses Adjustments:									
Other			\$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	\$343.030	\$343.682	(\$0.652)	\$363.243	(\$19.561)	\$370.112	(\$6.869)	\$384.164	(\$14.052)
Depreciation	25.375	24.662	0.713	21.745	2.917	19.542	2.203	19.542	0.000
Total Expenses	\$368.405	\$368.344	\$0.061	\$384.988	(\$16.644)	\$389.654	(\$4.666)	\$403.706	(\$14.052)
Baseline Net Surplus/(Deficit)	(\$270.324)	(\$267.863)	\$2.461	(\$281.991)	(\$14.128)	(\$283.955)	(\$1.964)	(\$295.320)	(\$11.365)
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)	(\$269.495)	(\$267.029)	\$2.466	(\$279.765)	(\$12.736)	(\$281.615)	(\$1.850)	(\$292.873)	(\$11.258)

MTA HEADQUARTERS
July 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
Receipts									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Rental Income	46.243	46.902	0.659	48.108	1.206	49.334	1.226	50.563	1.229
Data Center Billings	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other	4.169	4.272	0.103	4.382	0.110	4.493	0.111	4.605	0.112
Capital and Other Reimbursements	45.236	48.897	3.661	50.207	1.310	51.531	1.324	52.881	1.350
Total Receipts	\$95.648	\$100.071	\$4.423	\$102.697	\$2.626	\$105.358	\$2.661	\$108.049	\$2.691
Expenditures									
Labor:									
Payroll	\$115.481	\$116.391	(\$0.910)	\$119.800	(\$3.409)	\$123.538	(\$3.739)	\$127.567	(\$4.028)
Overtime	\$9.792	\$10.094	(0.302)	\$10.388	(0.294)	\$10.707	(0.319)	\$11.050	(0.343)
Health and Welfare	\$19.025	\$20.107	(1.082)	\$22.550	(2.444)	\$25.572	(3.022)	\$29.012	(3.439)
Pensions	\$21.407	\$22.593	(1.186)	\$22.998	(0.405)	\$23.660	(0.662)	\$24.465	(0.805)
Other Fringe Benefits	\$10.581	\$10.683	(0.103)	\$11.233	(0.550)	\$11.812	(0.580)	\$12.405	(0.593)
Reimbursable Overhead	\$0.000	\$0.000	0.000	\$0.000	0.000	\$0.000	0.000	\$0.000	0.000
Total Labor Expenditures	\$176.285	\$179.868	(\$3.582)	\$186.969	(\$7.101)	\$195.290	(\$8.321)	\$204.499	(\$9.209)
Non-Labor:									
Traction and Propulsion Power									\$0.000
Fuel for Buses and Trains									0.000
Insurance	11.871	13.028	(1.158)	14.374	(1.346)	15.764	(1.390)	17.339	(1.575)
Claims									0.000
Paratransit Service Contracts									0.000
Maintenance and Other Operating Contracts	15.208	14.354	0.854	14.726	(0.372)	14.920	(0.194)	15.297	(0.377)
Professional Service Contracts	45.844	45.341	0.503	46.964	(1.623)	47.241	(0.277)	47.616	(0.375)
Materials & Supplies	0.995	1.091	(0.096)	1.119	(0.028)	1.148	(0.029)	1.176	(0.028)
MTA Internal Subsidy	31.094	32.862	(1.768)	40.574	(7.712)	34.775	5.799	35.776	(1.001)
Other Business Expenses	51.473	53.147	(1.674)	54.391	(1.244)	56.649	(2.258)	58.073	(1.424)
Total Non-Labor Expenditures	\$156.485	\$159.823	(\$3.339)	\$172.148	(\$12.325)	\$170.497	\$1.651	\$175.278	(\$4.780)
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	\$354.288	\$361.030	(\$6.742)	\$380.456	(\$19.426)	\$386.587	(\$6.131)	\$400.576	(\$13.989)
Baseline Net Cash Deficit	(\$258.639)	(\$260.958)	(\$2.319)	(\$277.759)	(\$16.800)	(\$281.229)	(\$3.470)	(\$292.527)	(\$11.298)
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	(\$257.810)	(\$260.124)	(\$2.314)	(\$275.533)	(\$16.738)	(\$278.889)	(\$3.464)	(\$290.080)	(\$11.290)

MTA Headquarters
July Financial Plan 2007-2010
Summary of Changes Between Financial Plans by Category

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

2006: July Financial Plan vs. February Financial Plan

The Net Cash Deficit in the 2006 July Financial Plan of \$257.810 million is below the February Plan of \$284.950 million, a decrease of \$27.140 million. Decreases in professional services as a result of transferring ongoing NYCT and B&T security costs into each agency's baseline, and productivity savings, offset, in part, by the unfavorable impact of higher professional services primarily to fund an MTA-wide Shared Services study to promote efficiencies and reduce duplication of efforts primarily in the area of financial management throughout the MTA, as well as other strategic investments in new needs, are the primary reasons for the reduction.

2007: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2006 July Financial Plan of \$260.124 million is below the February Plan of \$286.666 million, a decrease of \$26.542 million. Decreases in professional services as a result of transferring ongoing NYCT and B&T security costs into each agency's baseline, and productivity savings, partially offset by higher salaries and fringe benefits based on the funding for strategic new initiatives are the major reasons for the reduction.

2008: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2006 July Financial Plan of \$275.533 million is below the February Plan of \$301.687 million, a decrease of \$26.154 million. Decreases in professional services as a result of transferring ongoing NYCT and B&T security costs into each agency's baseline, and productivity savings, partially offset by higher salaries and fringe benefits based on the funding for strategic new initiatives are the major reasons for the reduction.

2009: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2006 July Financial Plan of \$278.889 million is below the February Plan of \$313.337 million, a decrease of \$34.448 million. Decreases in professional services as a result of transferring ongoing NYCT and B&T security costs into each agency's baseline, and productivity savings, partially offset by higher salaries and fringe benefits based on the funding for strategic new initiatives are the major reasons for the reduction.

2010: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2006 July Financial Plan of \$290.080 million is below the February Plan of \$317.049 million, a decrease of \$26.969 million. Decreases in professional services as a result of transferring ongoing NYCT and B&T security costs into each agency's baseline, and productivity savings, partially offset by higher salaries and fringe benefits based on the funding for strategic new initiatives are the major reasons for the reduction.

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

NON-REIMBURSABLE

	2006	2007	2008	2009	2010
Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)	(\$284.950)	(\$286.666)	(\$301.687)	(\$313.337)	(\$317.049)
Baseline Changes					
Revenue					
Farebox Revenue					
Vehicle Toll Revenue					
Rental Income	\$.516	(\$.179)	(\$.380)	(\$.625)	(\$.935)
Data Center Billings	(\$2.753)	(\$2.801)	(\$2.853)	(\$1.963)	(\$2.030)
Other	\$.001	(\$.013)	(\$.028)	(\$.058)	(\$.102)
Capital and Other Reimbursement	\$.000	\$.000	\$.000	\$.000	\$.000
Total Revenue Changes	(\$2.236)	(\$2.993)	(\$3.261)	(\$2.646)	(\$3.067)
Expenses					
Labor:					
Payroll	(\$4.384)	(\$2.942)	(\$2.955)	(\$2.941)	(\$2.928)
Overtime	\$.050	(\$.064)	(\$.058)	(\$.070)	(\$.100)
Health and Welfare	(\$3.986)	(\$2.775)	(\$3.200)	(\$3.777)	(\$4.386)
Pensions	\$.146	(\$.128)	(\$.186)	(\$.240)	(\$.307)
Other Fringe Benefits	(\$.291)	(\$.314)	(\$.562)	(\$.802)	(\$1.016)
Reimbursable Overhead	\$4.716	\$5.375	\$5.279	\$5.239	\$5.074
Total Labor Expense Changes	(\$3.749)	(\$.848)	(\$1.682)	(\$2.591)	(\$3.663)
Non-Labor:					
Traction and Propulsion Power					
Fuel for Buses and Trains					
Insurance	\$.533	\$.542	\$.486	\$.514	\$.498
Claims					
Paratransit Service Contracts					
Maintenance and Other Operating Contracts	(\$1.548)	(\$.357)	(\$.321)	(\$.073)	\$.025
Professional Service Contracts	\$19.449	\$27.988	\$27.168	\$29.300	\$31.617
Materials & Supplies	(\$.123)	(\$.356)	(\$.363)	(\$.369)	(\$.373)
MTA Internal Subsidy	\$1.700	(\$.023)	(\$6.833)	\$.144	\$.170
Other Business Expenses	(\$.951)	(\$2.447)	(\$2.870)	(\$4.263)	(\$4.726)
Total Non-Labor Expense Changes	\$19.060	\$25.347	\$17.267	\$25.253	\$27.211
Total Expense Changes	\$15.311	\$24.501	\$15.585	\$22.662	\$23.548
Cash Adjustment Changes					
Cash Adjustments	8.375	4.202	4.621	4.868	4.041
MTA Service Enhancement Policy Actions	4.863	.000	6.983	7.225	.000
Total Cash Adjustment Changes	\$13.238	\$4.202	\$11.604	\$12.093	\$4.041
Total Baseline Changes	\$26.313	\$25.710	\$23.928	\$32.109	\$24.522
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$258.637)	(\$260.956)	(\$277.759)	(\$281.228)	(\$292.527)

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

REIMBURSABLE

	2006	2007	2008	2009	2010
Baseline 2006 February 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	\$5.295	\$5.835	\$5.756	\$5.731	\$5.585
Total Revenue Changes	\$5.295	\$5.835	\$5.756	\$5.731	\$5.585
Expenses					
Labor:					
Payroll	\$.017	(\$.095)	(\$.098)	(\$.101)	(\$.103)
Overtime					
Health and Welfare	\$.025	(\$.025)	(\$.032)	(\$.038)	(\$.049)
Pensions	(\$.016)	(\$.038)	(\$.038)	(\$.042)	(\$.045)
Other Fringe Benefits	\$.005	(\$.005)	(\$.009)	(\$.012)	(\$.016)
Reimbursable Overhead	(\$4.716)	(\$5.375)	(\$5.279)	(\$5.239)	(\$5.074)
Total Labor Expense Changes	(\$4.685)	(\$5.538)	(\$5.456)	(\$5.432)	(\$5.287)
Non-Labor:					
Traction and Propulsion Power					
Fuel for Buses and Trains					
Insurance					
Claims					
Paratransit Service Contracts					
Maintenance and Other Operating Contracts	\$.002	\$.002	\$.002	\$.002	\$.002
Professional Services	(\$.547)	(\$.268)	(\$.271)	(\$.270)	(\$.268)
Materials & Supplies	\$.011	\$.011	\$.012	\$.012	\$.012
MTA Internal Subsidy					
Other Business Expenses	(\$.076)	(\$.042)	(\$.043)	(\$.043)	(\$.044)
Total Non-Labor Expense Changes	(\$.610)	(\$.297)	(\$.300)	(\$.299)	(\$.298)
Total Expense Changes	(\$5.295)	(\$5.835)	(\$5.756)	(\$5.731)	(\$5.585)
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 July 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**

	2006	2007	2008	2009	2010
Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)	(\$284.950)	(\$286.666)	(\$301.687)	(\$313.337)	(\$317.049)
Baseline Changes					
Revenue					
Farebox Revenue					
Vehicle Toll Revenue					
Rental Income	.516	(.179)	(.380)	(.625)	(.935)
Data Center Billings	(2.753)	(2.801)	(2.853)	(1.963)	(2.030)
Other	.001	(.013)	(.028)	(.058)	(.102)
Capital and Other Reimbursement	5.295	5.835	5.756	5.731	5.585
Total Revenue Changes	\$3.059	\$2.842	\$2.495	\$3.085	\$2.518
Expenses					
Labor:					
Payroll	(\$4.367)	(\$3.037)	(\$3.053)	(\$3.042)	(\$3.031)
Overtime	\$.050	(\$.064)	(\$.058)	(\$.070)	(\$.100)
Health and Welfare	(\$3.961)	(\$2.800)	(\$3.232)	(\$3.815)	(\$4.435)
Pensions	\$.130	(\$.166)	(\$.224)	(\$.282)	(\$.352)
Other Fringe Benefits	(\$.286)	(\$.319)	(\$.571)	(\$.814)	(\$1.032)
Reimbursable Overhead	\$.000	\$.000	\$.000	\$.000	\$.000
Total Labor Expense Changes	(\$8.434)	(\$6.386)	(\$7.138)	(\$8.023)	(\$8.950)
Non-Labor:					
Traction and Propulsion Power	\$.000	\$.000	\$.000	\$.000	\$.000
Fuel for Buses and Trains	\$.000	\$.000	\$.000	\$.000	\$.000
Insurance	\$.533	\$.542	\$.486	\$.514	\$.498
Claims	\$.000	\$.000	\$.000	\$.000	\$.000
Paratransit Service Contracts	\$.000	\$.000	\$.000	\$.000	\$.000
Maintenance and Other Operating Contracts	(\$1.546)	(\$.355)	(\$.319)	(\$.071)	\$.027
Professional Services	\$18.902	\$27.720	\$26.897	\$29.030	\$31.349
Materials & Supplies	(\$.112)	(\$.345)	(\$.351)	(\$.357)	(\$.361)
MTA Internal Subsidy	\$1.700	(\$.023)	(\$6.833)	\$.144	\$.170
Other Business Expenses	(\$1.027)	(\$2.489)	(\$2.913)	(\$4.306)	(\$4.770)
Total Non-Labor Expense Changes	\$18.450	\$25.050	\$16.967	\$24.954	\$26.913
Total Expense Changes	\$10.016	\$18.664	\$9.829	\$16.931	\$17.963
Cash Adjustment Changes					
Cash Adjustments	8.375	4.202	4.621	4.868	4.041
MTA Service Enhancement Policy Actions	4.863	.000	6.983	7.225	.000
	.000	.000	.000	.000	.000
Total Cash Adjustment Changes	\$13.238	\$4.202	\$11.604	\$12.093	\$4.041
Total Baseline Changes	\$26.313	\$25.708	\$23.928	\$32.109	\$24.522
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$258.637)	(\$260.958)	(\$277.759)	(\$281.228)	(\$292.527)

MTA HEADQUARTERS
July 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 February Financial Plan - Operating Cash Income/(Deficit)	(\$284.950)	(\$286.666)	(\$301.687)	(\$313.337)	(\$317.049)
<i>Non-Reimbursable Major Changes</i>					
Revenue					
Data Center Revenue Offset Against Expense	(2.753)	(2.801)	(2.853)	(1.963)	(2.030)
Sub-Total Non-Reimbursable Revenue Changes	(\$2.753)	(\$2.801)	(\$2.853)	(\$1.963)	(\$2.030)
Expenses					
Increase in vacation accrual	(4.000)	(4.099)	(4.204)	(4.311)	(4.419)
Shared Services Study	(9.000)	0.000	0.000	0.000	0.000
Increase Compliance and Oversight	(0.697)	(0.640)	(0.666)	(0.694)	(0.724)
Office of Interagency Preparedness	(0.652)	(0.914)	(0.948)	(0.987)	(1.029)
Increased MTA Police Personnel & Facility Costs	(0.129)	(3.737)	(3.849)	(4.045)	(4.231)
Increased Costs for Studies and updated reports	(0.713)	(0.200)	0.000	0.000	0.000
PeopleSoft Internal Controls Enforcer	0.000	(0.772)	(0.699)	(0.390)	(0.404)
Increased Office and Technology Needs	(0.162)	(0.222)	(0.076)	(0.079)	(0.081)
Increased HQ Administrative needs (primarily strategic staff additions)	(0.508)	(0.895)	(0.934)	(0.974)	(1.018)
Higher Fringe Benefits	(4.117)	(3.285)	(4.027)	(4.911)	(5.819)
Data Center Revenue Offset	2.753	2.801	2.853	1.963	2.030
Transfer of Security Funding to Agencies' Baselines	33.111	35.144	35.158	36.692	38.438
Change in levels of Support for Subsidiaries	1.700	(0.023)	(6.833)	0.144	0.170
Other changes	(1.760)	1.149	(0.598)	(0.431)	(0.403)
Sub-Total Non-Reimbursable Expense Changes	\$15.826	\$24.307	\$15.177	\$21.977	\$22.510
Total Non-Reimbursable Major Changes	\$13.073	\$21.506	\$12.324	\$20.014	\$20.480
<i>Reimbursable Major Changes</i>					
Revenue					
Increased Expense Recovery	\$5.295	\$5.835	\$5.756	\$5.731	\$5.585
Sub-Total Reimbursable Revenue Changes	\$5.295	\$5.835	\$5.756	\$5.731	\$5.585
Expenses					
Increased Services provided by MTA Real Estate and Risk Mgmt	(\$5.295)	(\$5.835)	(\$5.756)	(\$5.731)	(\$5.585)
Sub-Total Reimbursable Expense Changes	(\$5.295)	(\$5.835)	(\$5.756)	(\$5.731)	(\$5.585)
Total Reimbursable Major Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Accrual Changes	\$13.073	\$21.506	\$12.324	\$20.014	\$20.480
<i>Cash Adjustment Changes</i>					
	\$13.238	\$4.202	\$11.604	\$12.093	\$4.041
Total Cash Adjustment Changes	\$13.238	\$4.202	\$11.604	\$12.093	\$4.041
Total Baseline Changes	\$26.311	\$25.708	\$23.928	\$32.107	\$24.521
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	(\$258.639)	(\$260.958)	(\$277.759)	(\$281.230)	(\$292.528)

MTA HEADQUARTERS
July Financial Plan 2007-2010
2007 Summary of PEGs
(\$ in millions)

	Favorable/(Unfavorable)									
	2006		2007							
	Mid-Year Forecast		Preliminary Budget		2008		2009		2010	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
Administration:										
MTA Police Overtime	0	0.829	0	0.834	0	0.896	0	0.902	0	0.910
Sub-Total Administration	0	0.829	0	0.834	0	0.896	0	0.902	0	0.910
 Customer Convenience & Amenities:										
<i>None</i>										
Sub-Total Customer Convenience & Amenities	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
 Security:										
<i>None</i>										
Sub-Total Security	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
 Maintenance:										
<i>None</i>										
Sub-Total Maintenance	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
 Revenue Enhancements:										
<i>None</i>										
Sub-Total Revenue Enhancements	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
 Other:										
<i>None</i>										
Sub-Total Other	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
 Total 2007 PEGs	0	\$0.829	0	\$0.834	0	\$0.896	0	\$0.902	0	\$0.910

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

MTA HEADQUARTERS
July Financial Plan 2007 - 2010
Program to Eliminate the Gap Worksheet
(\$ in millions)

PEG Program Category: Administrative
Program: MTA Police Overtime

Background Details:	Additional experience with the Department's move to 12 hour tours, combined with continued Command oversight of overtime usage will allow further reductions to the budgeted levels of overtime for MTA PD.
PEG Description and Implementation Plan:	Reduction in overtime usage.
PEG Implementation Date:	05/30/06
	When will PEG savings begin?: 05/30/06

	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.829	\$0.834	\$0.896	\$0.902	\$0.910
Total Reduction in Positions Required	0	0	0	0	0
<i>(List title of positions)</i>					
<i>To Be Determined</i>					

Impact on Operations:
Ridership Per Week (in thousands)
Mean Distance Between Failure
On-Time Performance

Other
(Identify Appropriate Indicator)

List of Other Concerns:

MTA HEADQUARTERS
July Financial Plan 2007 - 2010
PEG Financial Impact Worksheet
(\$ in millions)

PEG Program Category:

Administrative

Program:

MTA Police Overtime

			Favorable/(Unfavorable)		
	2006	2007			
	Mid-Year	Preliminary			
	Forecast	Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Revenue					
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	0.625	0.625	0.680	0.680	0.680
Pensions	0.153	0.158	0.162	0.167	0.173
Health and Welfare	0.000	0.000	0.000	0.000	0.000
Other Fringe Benefits	<u>0.051</u>	<u>0.052</u>	<u>0.053</u>	<u>0.055</u>	<u>0.057</u>
Total Labor Expenses	\$0.829	\$0.834	\$0.896	\$0.902	\$0.910
Traction and Propulsion Power					
Fuel for Buses and Trains					
Insurance					
Claims					
Paratransit Service Contract					
Maintenance and Other Operating Contracts					
Professional Service Contracts					
Materials & Supplies					
Other Business Expenses					
Total Non-Labor Expenses	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses	\$0.829	\$0.834	\$0.896	\$0.902	\$0.910
<i>Net Financial Impact</i>	<i>\$0.829</i>	<i>\$0.834</i>	<i>\$0.896</i>	<i>\$0.902</i>	<i>\$0.910</i>

MTA HEADQUARTERS
July Financial Plan 2007-2010
Post-2007 Summary of PEGs
(\$ in millions)

	Favorable/(Unfavorable)									
	2006		2007		2008		2009		2010	
	Mid-Year Forecast		Preliminary Budget							
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
Administration:										
MTA Headquarters Reduction	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
Customer Convenience & Amenities:										
<i>None</i>										
Sub-Total Customer Convenience & Amenities	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Security:										
<i>None</i>										
Sub-Total Security	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Maintenance:										
<i>None</i>										
Sub-Total Maintenance	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Revenue Enhancements:										
<i>None</i>										
Sub-Total Revenue Enhancements	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Other:										
<i>None</i>										
Sub-Total Other	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Total Post-2007 PEGs	0	\$0.000	0	\$0.000	18	\$1.330	18	\$1.439	18	\$1.538

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

MTA HEADQUARTERS
July Financial Plan 2007 - 2010
Program to Eliminate the Gap Worksheet
(\$ in millions)

PEG Program Category: Administrative

Program: Headcount Reduction Program

Background Details:	MTA Headquarters will achieve savings in salaries and fringe benefits by reducing 18 positions through attrition between now and the end of 2008. These reductions will be sought through productivity efficiencies in each department. In order to achieve the target savings 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.	
PEG Description and Implementation Plan:	Eliminate 18 positions.	
PEG Implementation Date:	01/01/08	When will PEG savings begin?: 01/01/08

	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$1.330	\$1.439	\$1.538
Total Reduction in Positions Required	18	18	18	18	18
<i>(List title of positions)</i>					
<i>To Be Determined</i>					

Impact on Operations:
Ridership Per Week (in thousands)
Mean Distance Between Failure
On-Time Performance

Other
(Identify Appropriate Indicator)

List of Other Concerns:

MTA HEADQUARTERS
July Financial Plan 2007 - 2010
PEG Financial Impact Worksheet
(\$ in millions)

PEG Program Category:

Administrative

Program:

Headcount Reduction Program

			Favorable/(Unfavorable)		
	2006	2007			
	Mid-Year	Preliminary			
	Forecast	Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Revenue					
Payroll	\$0.000	\$0.000	\$0.965	\$1.038	\$1.100
Overtime	0.000	0.000	0.000	0.000	0.000
Pensions	0.000	0.000	0.163	0.191	0.222
Health and Welfare	0.000	0.000	0.119	0.122	0.127
Other Fringe Benefits	<u>0.000</u>	<u>0.000</u>	<u>0.084</u>	<u>0.087</u>	<u>0.090</u>
Total Labor Expenses	\$0.000	\$0.000	\$1.330	\$1.439	\$1.538
Traction and Propulsion Power					
Fuel for Buses and Trains					
Insurance					
Claims					
Paratransit Service Contract					
Maintenance and Other Operating Contracts					
Professional Service Contracts					
Materials & Supplies					
Other Business Expenses					
Total Non-Labor Expenses	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses	\$0.000	\$0.000	\$1.330	\$1.439	\$1.538
<i>Net Financial Impact</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$1.330</i>	<i>\$1.439</i>	<i>\$1.538</i>

**MTA Headquarters
July Financial Plan 2007-2010
Other Assumptions**

POSITION TABLE

A baseline headcount of 1,421 positions is forecasted for 2006, an increase of 36 positions from the February Financial Plan. The level of employees will increase to 1,431 in 2007 and remain constant throughout the plan. Post 2007 PEG savings will result in the reduction of 18 positions at MTA Headquarters.

MTA HEADQUARTERS
July Financial Plan 2007 - 2010
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full-Time Equivalents

FUNCTION/DEPARTMENT	2005 Actuals	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
Administration						
Executive	5	6	6	6	6	6
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	77	77	77	77	77
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	660	657	657	657	657
Public Safety	692	761	774	774	774	774
Baseline Total Positions	1,263	1,421	1,431	1,431	1,431	1,431
<i>Non-Reimbursable</i>	1,240	1,385	1,395	1,395	1,395	1,395
<i>Reimbursable</i>	23	36	36	36	36	36
<i>Full-Time</i>	1,263	1,421	1,431	1,431	1,431	1,431
<i>Full-Time Equivalents</i>	-	-	-	-	-	-
<hr/>						
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	1,421	1,431	1,413	1,413	1,413
<i>Non-Reimbursable</i>	1,240	1,385	1,395	1,377	1,377	1,377
<i>Reimbursable</i>	23	36	36	36	36	36
<i>Total Full-Time</i>	1,263	1,421	1,431	1,413	1,413	1,413
<i>Total Full-Time Equivalents</i>	-	-	-	-	-	-

MTA HEADQUARTERS
July 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 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
Administration						
	Managers/Supervisors	399	399	399	399	399
	Professional, Technical, Clerical	261	258	258	258	258
	Operational Hourlies	0	0	0	0	0
	Total Administration	660	657	657	657	657
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	32	32	32	32	32
	Professional, Technical, Clerical	54	56	56	56	56
	Operational Hourlies (Uniformed)	675	686	686	686	686
	Total Public Safety	761	774	774	774	774
Total Baseline Positions						
	Managers/Supervisors	431	431	431	431	431
	Professional, Technical, Clerical	315	314	314	314	314
	Operational Hourlies	675	686	686	686	686
	Total Baseline Positions	1,421	1,431	1,431	1,431	1,431
Impact of:						
2007 Program to Eliminate the Gap		-	-	-	-	-
Post 2007 Program to Eliminate the Gap		0	0	18	18	18
Total Positions						
	Managers/Supervisors	431	431	431	431	431
	Professional, Technical, Clerical	315	314	296	296	296
	Operational Hourlies	675	686	686	686	686
	Total Baseline Positions	1,421	1,431	1,413	1,413	1,413

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First Mutual Transportation Assurance Company
2007 Preliminary Budget
July 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 Mid-Year Forecast

In the 2006 Mid-Year Forecast, a total of \$7.490 million is projected in Net Surplus compared to \$0.469 million in the 2006 Adopted Budget. This consists of \$8.241 million in higher revenues, partially offset by \$0.751 million in higher expenses. This favorable outcome is primarily due to favorable developments in estimated Claims expense based on actuarial estimates and actual results through April. Favorable All-Urban Consumers Price Index (CPI) projections applied to Revenue and Other Business Expenses also contributed to the positive change to the February Plan. Partially offsetting this favorable development was a reduction in credits to Insurance expenses.

Investment Income is a new budget item in the 2006 Mid-Year Forecast. This item was previously budgeted as part of Other Operating Revenue in the February Plan. The

portion representing Investment Income was taken out of Other Operating Revenue to more accurately reflect activity in actuals. The net impact of this change is zero since it merely represents a re-class of revenue. The change between the July and February Plans in revenue is attributable to favorable CPI projections on Investment Income and Other Operating Revenue.

2007 Preliminary Budget – Baseline

In the 2007 Preliminary Budget, a total of \$3.032 million is projected in Net Surplus. This consists of \$8.371 million in revenues, less \$5.339 million in expenses. The favorable outcome is due primarily to favorable CPI rates applied to revenues. 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.

2008 – 2010 Projections

2008 – 2010 projections are representative of 2006 projections with market increases. Investment Income and Other Operating Revenue are estimated to increase over 2006 projections at a rate equal to the CPI. Insurance is estimated to increase over 2006 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.

MTA FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
July Financial Plan 2007 - 2010
Accrual Statement of Operations by Category
(\$ in millions)

Non-Reimbursable						
	2005	2006	2007			
	Actuals	Mid-Year Forecast	Preliminary 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	7.849	7.973	8.099	8.248	8.391
Investment Income	-	0.392	0.398	0.404	0.412	0.419
Capital and Other Reimbursements	-	-	-	-	-	-
Total Revenue	\$8.033	\$8.241	\$8.371	\$8.503	\$8.660	\$8.810
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	8.445	8.867	9.311	9.776	10.265
Total Non-Labor Expenses	(\$2.379)	\$0.751	\$5.339	\$1.960	(\$1.860)	(\$6.160)
<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)	\$0.751	\$5.339	\$1.960	(\$1.860)	(\$6.160)
Depreciation	-	-	-	-	-	-
Total Expenses	(\$2.379)	\$0.751	\$5.339	\$1.960	(\$1.860)	(\$6.160)
Net Surplus/(Deficit)	\$10.412	\$7.490	\$3.032	\$6.543	\$10.520	\$14.970

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MTA FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
July Financial Plan 2007 - 2010
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

CASH FLOW ADJUSTMENTS						
	2005	2006	2007			
	Actuals	Mid-Year Forecast	Preliminary 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	19.069	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	\$19.069	\$21.289	\$20.916
<u>Other Expenditures Adjustments:</u>						
Other	\$10.412	(\$11.850)	(\$22.543)	(\$25.612)	(\$31.809)	(\$35.886)
Total Other Expenditures Adjustments	\$10.412	(\$11.850)	(\$22.543)	(\$25.612)	(\$31.809)	(\$35.886)
Total Cash Conversion Adjustments before Depreciation	\$10.412	(\$7.490)	(\$3.032)	(\$6.543)	(\$10.520)	(\$14.970)
Depreciation Adjustment	-	-	-	-	-	-
Total Cash Conversion Adjustments	\$10.412	(\$7.490)	(\$3.032)	(\$6.543)	(\$10.520)	(\$14.970)

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

Revenue

Investment Income

- Investment income is derived through FMTAC based on the investments held with Brown Brothers Harriman.
- Investment income is projected based on the All Urban Consumer CPI inflation rates as provided in the Economic & Demographic Forecasts April 2006.

Expenses

Insurance

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

Claims

- Claims expense is determined by actuarial projection for 2006 – 2010 of the actual claims expense paid and any adjustments either favorable or unfavorable to reserves.

Other Business Expenses

- Costs increase 5% for 2006 through 2010 and are representative of general increases for the services provided and expenses not directly related to claims.

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

NON-REIMBURSABLE and REIMBURSABLE

	Favorable/(Unfavorable)								
	2006 Mid-Year Forecast	2007 Preliminary Budget	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	\$0.392	\$0.398	\$0.006	\$0.404	\$0.006	\$0.412	\$0.007	\$0.419	0.007
Other Operating Revenue	\$7.849	\$7.973	\$0.124	\$8.099	\$0.126	\$8.248	\$0.149	\$8.391	0.143
Capital and Other Reimbursements	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Total Revenue	\$8.241	\$8.371	\$0.130	\$8.504	\$0.132	\$8.660	\$0.156	\$8.810	\$0.150
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)	(\$4.991)	(\$60.386)	(\$5.490)	(\$66.425)	\$6.039
Claims	\$37.675	\$46.378	\$8.703	\$47.545	\$1.167	\$48.750	\$1.206	\$50.000	(\$1.249)
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	\$8.445	\$8.867	\$0.422	\$9.311	\$0.443	\$9.776	\$0.466	\$10.265	(\$0.489)
Total Non-Labor Expenses	\$0.751	\$5.339	\$4.588	\$1.959	(\$3.381)	(\$1.860)	(\$3.818)	(\$6.160)	\$4.300
Other Expenses Adjustments:									
Other			\$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	\$0.751	\$5.339	\$4.588	\$1.959	(\$3.381)	(\$1.860)	(\$3.818)	(\$6.160)	\$4.300
Depreciation			0.000		0.000		0.000		0.000
Total Expenses	\$0.751	\$5.339	\$4.588	\$1.959	(\$3.381)	(\$1.860)	(\$3.818)	(\$6.160)	\$4.300
Baseline Net Surplus/(Deficit)	\$7.490	\$3.032	(\$4.458)	\$6.545	\$3.513	\$10.520	\$3.975	\$14.970	\$4.450
2007 Agency Program to Eliminate the Gap (PEGs)									
Post - 2007 Agency Program to Eliminate the Gap (PEGs)	-	-	-	-	-	-	-	-	-
Total PEGs	-	-	-	-	-	-	-	-	-
Net Surplus/(Deficit)	\$7.490	\$3.032	(\$4.458)	\$6.545	\$3.513	\$10.520	\$3.975	\$14.970	\$4.450

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

CASH RECEIPTS & EXPENDITURES

	Favorable/(Unfavorable)								
	2006 Mid-Year Forecast	2007 Preliminary Budget	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	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Investment Income	\$0.392	\$0.398	\$0.006	\$0.404	\$0.006	\$0.412	\$0.007	\$0.419	0.007
Other Operating Revenue	\$7.849	\$7.973	\$0.124	\$8.099	\$0.126	\$8.248	\$0.149	\$8.391	0.143
Capital and Other Reimbursements	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Total Receipts	\$8.241	\$8.371	\$0.130	\$8.504	\$0.132	\$8.660	\$0.156	\$8.810	\$0.150
<u>Expenditures</u>									
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 Expenditures	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:									
Traction and Propulsion Power	\$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)	(\$4.991)	(\$60.386)	(\$5.490)	(\$66.425)	(6.039)
Claims	\$33.315	\$26.867	(\$6.448)	\$28.478	\$1.611	\$27.461	(\$1.017)	\$29.084	1.623
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	\$8.445	\$8.867	\$0.422	\$9.311	\$0.443	\$9.776	\$0.466	\$10.265	0.489
Total Non-Labor Expenditures	(\$3.609)	(\$14.172)	(\$10.563)	(\$17.108)	(\$2.936)	(\$23.149)	(\$6.041)	(\$27.076)	(\$3.927)
Other Expenditure Adjustments:									
Other - Restricted Cash Adjustment	\$11.850	\$22.543	\$10.693	\$25.612	\$3.069	\$31.809	\$6.197	\$35.886	4.077
Total Other Expenditure Adjustments	\$11.850	\$22.543	\$10.693	\$25.612	\$3.069	\$31.809	\$6.197	\$35.886	\$4.077
Total Expenditures	\$8.241	\$8.371	\$0.130	\$8.504	\$0.133	\$8.660	\$0.156	\$8.810	\$0.150
Baseline Net Cash 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)	-	-	-	-	-	-	-	-	-
Post - 2007 Agency Program to Eliminate the Gap (PEGs)	-	-	-	-	-	-	-	-	-
Total PEGs	-	-	-	-	-	-	-	-	-
Net Cash Deficit	\$0.000	\$0.000	(\$0.000)	(\$0.000)	(\$0.000)	(\$0.000)	\$0.000	\$0.000	\$0.000

First Mutual Transportation Assurance Company
July Financial Plan 2007- 2010
Summary of Changes Between Financial Plans
Non-Reimbursable

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

Revenue

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

- An increase in the All Urban Consumers Price Index (CPI) from 2.20% for the February Plan to 2.59% for the July Plan.
 - \$0.947 million in 2006
 - \$0.953 million in 2007
 - \$0.948 million in 2008
 - \$0.946 million in 2009
 - \$0.926 million in 2010

Expense

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

- A reduction in credits to Insurance expense due to a decrease in estimates based on 2006 estimated premium decreases.
 - (\$2.109) million in 2006
 - (\$2.320) million in 2007
 - (\$2.552) million in 2008
 - (\$2.807) million in 2009
 - (\$3.088) million in 2010
- A reduction in Claims expense based on actuarial estimates and actual results through April.
 - \$7.575 million in 2006
 - \$1.100 million in 2007
 - \$2.311 million in 2008
 - \$3.641 million in 2009
 - \$5.105 million in 2010
- A reduction in Other Business Expenses due to revised estimates based on actual results through April.
 - \$0.608 million in 2006
 - \$0.639 million in 2007
 - \$0.670 million in 2008
 - \$0.704 million in 2009
 - \$0.739 million in 2010

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

**NON-REIMBURSABLE and
REIMBURSABLE**

	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
Baseline 2006 February 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	.392	.398	.404	.412	.419
Other Operating Revenue	.555	.555	.543	.534	.507
Total Revenue Changes	\$.947	\$.953	\$.948	\$.946	\$.926
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	(2.109)	(2.320)	(2.552)	(2.807)	(3.088)
Claims	7.575	1.100	2.311	3.641	5.105
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	.608	.639	.670	.704	.739
Total Non-Labor Expense Changes	\$6.074	(\$.581)	\$.429	\$1.538	\$2.756
Total Expense Changes	\$6.074	(\$.581)	\$.429	\$1.538	\$2.756
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	(18.941)	(3.705)	(5.455)	(3.669)	(5.902)
Other Business Expenses	.000	.000	.000	.000	.000
Total Expense Changes	(18.941)	(3.705)	(5.455)	(3.669)	(5.902)
Restricted Cash Adjustment	11.920	3.333	4.078	1.185	2.220
Total Cash Adjustment Changes	(\$7.021)	(\$0.372)	(\$1.377)	(\$2.484)	(\$3.682)
Total Baseline Changes	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000

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

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NON-REIMBURSABLE and REIMBURSABLE

	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<i>Non-Reimbursable Major Changes</i>					
Revenue	\$.947	\$.953	\$.948	\$.946	\$.926
Sub-Total Non-Reimbursable Revenue Changes	\$.947	\$.953	\$.948	\$.946	\$.926
Expenses	\$6.074	(\$.581)	\$.429	\$1.538	\$2.756
Sub-Total Non-Reimbursable Expense Changes	\$6.074	(\$.581)	\$.429	\$1.538	\$2.756
<i>Total Non-Reimbursable Major Changes</i>	\$7.021	\$.372	\$1.377	\$2.484	\$3.682
<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>	\$7.021	\$0.372	\$1.377	\$2.484	\$3.682
<i>Cash Adjustment Changes</i>					
Total Cash Adjustments	(\$7.021)	(\$0.372)	(\$1.377)	(\$2.484)	(\$3.682)
<i>Total Cash Adjustment Changes</i>	(\$7.021)	(\$0.372)	(\$1.377)	(\$2.484)	(\$3.682)
<i>Total Baseline Changes</i>	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000
Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000

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**Inspector General
2007 Preliminary Budget
July 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 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 Preliminary 2007 Budget and the years 2008 - 2010 are consistent with the guidelines and growth assumptions that were used by MTA Headquarters.

During 2006, the OIG 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 reports, already delivered, the OIG identified a plumbing and heating vendor who engaged in a \$2 million prevailing wage and Disadvantage Business Enterprise fraud. 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.

2006 saw the continuation of the work of the Contract Wage Compliance Group. This new OIG initiative was started in 2005 and has already borne fruit. The OIG released seven reports so far in 2006 related to a single debarred vendor who repeatedly engaged in business with MTA agencies without notifying them of their debarment.

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

Line
Number

1	REIMBURSABLE						
2		ACTUAL	FORECAST				
3		2005	2006	2007	2008	2009	2010
4	Revenue						
5	Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
6	Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
7	Other Operating Revenue	0.000	0.000	0.000	0.000	0.000	0.000
8	Capital and Other Reimbursements	10.665	12.544	12.944	13.434	13.983	14.590
9	Total Revenue	\$10.665	\$12.544	\$12.944	\$13.434	\$13.983	\$14.590
10							
11	Expenses						
12	<u>Labor:</u>						
13	Payroll	\$6.354	\$7.076	\$7.181	\$7.390	\$7.617	\$7.861
14	Overtime	0.000	0.000	0.000	0.000	0.000	0.000
15	Health and Welfare	1.019	0.991	1.156	1.315	1.501	1.714
16	Pensions	0.566	0.913	1.005	1.035	1.074	1.116
17	Other Fringe Benefits	0.415	0.587	0.610	0.643	0.678	0.723
18	Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
19	Total Labor Expenses	\$8.354	\$9.567	\$9.953	\$10.383	\$10.869	\$11.414
20							
21	<u>Non-Labor:</u>						
22	Traction and Propulsion Power	\$0.000	\$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	0.000
24	Insurance	0.012	0.025	0.047	0.048	0.049	0.051
25	Claims	0.000	0.000	0.000	0.000	0.000	0.000
26	Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
27	Mtce. and Other Operating Contracts	0.095	0.104	0.119	0.122	0.125	0.128
28	Professional Service Contracts	0.078	0.015	0.015	0.015	0.016	0.016
29	Materials & Supplies	0.032	0.026	0.043	0.044	0.045	0.046
30	Other Business Expenses	1.513	2.198	2.158	2.213	2.270	2.326
31	Total Non-Labor Expenses	\$1.730	\$2.368	\$2.382	\$2.442	\$2.505	\$2.567
32							
33	<u>Other Expenses Adjustments:</u>						
34	Other	\$0.000	\$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	\$0.000
36							
37	Total Expenses Before Depreciation	\$10.084	\$11.935	\$12.335	\$12.825	\$13.374	\$13.981
38							
39	Depreciation	0.575	0.609	0.609	0.609	0.609	0.609
40							
41	Total Expenses	\$10.659	\$12.544	\$12.944	\$13.434	\$13.983	\$14.590
42							
43	Baseline Net Surplus/(Deficit)	\$0.006	\$0.000	\$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	0.000
46							
47	Net Surplus/(Deficit)	\$0.006	\$0.000	\$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	11.763	12.253	12.802	13.409
Total Receipts	\$9.937	\$11.183	\$11.763	\$12.253	\$12.802	\$13.409
Expenditures						
<u>Labor:</u>						
Payroll	\$6.354	\$7.076	\$7.181	\$7.390	\$7.617	\$7.861
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	\$10.383	\$10.869	\$11.414
<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	0.051
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	0.119	0.122	0.125	0.128
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	0.046
Other Business Expenditures	1.513	2.198	2.158	2.213	2.270	2.326
Total Non-Labor Expenditures	\$1.730	\$2.368	\$2.382	\$2.442	\$2.505	\$2.567
<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	\$11.763	\$12.253	\$12.802	\$13.409
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]

[illegible]

MTA INSPECTOR GENERAL
July 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	\$	0.818	\$	0.917	\$	1.048	\$	1.188	\$	1.337
Sub-Total Revenue Changes	\$	0.818	\$	0.917	\$	1.048	\$	1.188	\$	1.337
Expenses										
Payroll	\$	(0.263)	\$	(0.271)	\$	(0.305)	\$	(0.326)	\$	(0.337)
Overtime	\$	-	\$	-			\$	-		
Health and Welfare	\$	(0.205)	\$	(0.303)	\$	(0.383)	\$	(0.482)	\$	(0.601)
Pensions	\$	(0.239)	\$	(0.323)	\$	(0.333)	\$	(0.349)	\$	(0.367)
Other Fringe Benefits	\$	(0.110)	\$	(0.123)	\$	(0.142)	\$	(0.161)	\$	(0.188)
Reimbursable Overhead	\$	-	\$	-			\$	-		
Insurance	\$	0.011	\$	(0.010)	\$	(0.010)	\$	(0.009)	\$	(0.011)
Claims	\$	-	\$	-						
Paratransit Service Contracts	\$	-	\$	-						
Maintenance and Other										
Operating Contracts	\$	-	\$	(0.012)	\$	(0.012)	\$	(0.012)	\$	(0.011)
Professional Service Contracts	\$	-	\$	0.000	\$	0.001	\$	0.000	\$	0.001
MTA Internal Subsidy	\$	-	\$	-						
Materials & Supplies	\$	-	\$	(0.002)	\$	(0.002)	\$	(0.001)	\$	(0.001)
Other Business Expenses	\$	(0.012)	\$	0.127	\$	0.138	\$	0.152	\$	0.178
Depreciation	\$	-	\$	-			\$	-	\$	-
Sub-Total Expense Changes	\$	(0.818)	\$	(0.917)	\$	(1.048)	\$	(1.188)	\$	(1.337)
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
July Financial Plan 2007 - 2010
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2006 Mid-Year Forecast	2007 Preliminary 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>					