

MTA 2008 Adopted Budget February Financial Plan 2008 – 2011



February 2008



Metropolitan Transportation Authority

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I. Introduction

Introduction

This document includes the 2008 Adopted Budget approved by the Board in December and the 2008-2011 Financial Plan. The purpose of the February Plan is to fully incorporate Board-approved actions on a detailed basis into Agency budgets and forecasts. The approved Policy and Gap Closing actions that were presented below-the-baseline are now incorporated into the baseline, including raising fares and tolls that are expected to generate a 3.85% increase in revenue. Also, adjustments that were included on a consolidated basis only, are now properly allocated to the Agencies. The process also gives the Agencies the chance to make minor technical adjustments to their budgets and forecasts which will result in improved reporting. These adjustments are very minor and result in very little change to the bottom line. Unlike the July and November Plans, the February Plan does not include any new proposals.

This document contains schedules detailing the 12-month allocation of the 2008 Adopted Budget. These monthly allocations of the budget will be compared with monthly actuals and monthly variances will be analyzed and reported to the Board committees.

This report contains detailed Agency information regarding budgeted positions and scheduled 2008 PEG programs which are now captured within Agency forecasts. The post-2008 PEGs, the proposed 2010 fare/toll increase and post-2008 Policy Action proposals that have yet to be acted on by the Board remain below the line. As the 2009 budget process proceeds, these proposals and associated Agency targeted spending levels will be reassessed. The preliminary 2009 Budget is scheduled for presentation to the Board at the July 2008 meeting. The Final Proposed Budget for 2009 will be presented to the Board in November and adopted in December 2008. This process provides enough time so that public and elected officials can comment on the proposals before the Board action in December.

The February Plan includes closing cash balances of \$524 million in 2007 and \$368 million in 2008. Cash deficits for the years 2009-2011 are \$(215) million, \$(335) million and \$(416) million respectively. When compared with the November Plan, The closing cash balance has been increased by a net \$3 million in 2007 and decreased by \$9 million in 2008. The projected cash deficit will decrease by \$14 million in 2009, \$2 million in 2010 and \$5 million in 2011. These increases to the deficit are mainly the result of technical adjustments, including their impacts on subsidies.

The incorporation of the 2008 PEGs, technical adjustments and Policy Actions into the baseline increased positions by 267 in 2008, 277 in 2009, 269 in 2010, and 264 in 2011. The increase is due primarily to the inclusion of those service enhancements that were approved by the Board in December partially offset by the inclusion of PEGs.

BASELINE CHANGES

These items result in baseline changes between the November and February Plans:

Fare and Toll Changes

In December 2007, the MTA Board approved a set of fare and toll changes that are expected to yield an annualized 3.85% increase in farebox and toll revenues. These changes - effective March 1, 2008 for the Commuter Railroads, March 2, 2008 for LI Bus, MTA Bus, NYCT and SIR, and March 16, 2008 at B&T facilities – is projected to generate \$114 million in additional farebox revenue and \$51 million in additional toll revenue during 2008. The fare changes are expected to generate additional farebox revenue of \$141 million in 2009, \$142 million in 2010 and \$144 million in 2011, while the toll changes are projected to generate \$63 million in 2009, 2010 and 2011.

Incremental revenue from the fare increases, which was below the baseline in the November Plan but is incorporated into the baseline in the February Plan, is projected to be \$8.3 million less than was estimated in the November Plan, and is projected to be \$4.0 million less in 2009, \$4.1 million less in 2010 and \$5.1 million less in 2011.

Conversely, the incremental revenue from the toll increase is expected to exceed the forecasts included below the baseline in the November Plan. In 2008, incremental toll revenue from the toll increase is projected to be \$11.5 million greater, followed by \$10.3 million in 2009, \$9.4 million in 2010 and \$9.2 million in 2011.

These changes are the result of analyzing specific fare and toll policy changes that were developed to meet the November Financial Plan's revenue target and were approved by the MTA Board in December 2007. Those policy changes were not fully developed until after the November Plan was completed.

2008 Agency Program to Eliminate the Gap

The distribution of the 2008 PEGs into the baseline resulted in changes to each Agency's financials, but had virtually no effect on MTA Consolidated cash. This item is discussed later in the report. In addition, each Agency's section contains PEG Summaries of the 2008 and Post-2008 PEG Programs.

Policy Actions Incorporated into the Baseline

These actions were approved by the Board in December as below-the-line items and are now captured within the February baseline financial plan:

- Service Enhancement Fund – As part of the Executive Director's goal to create opportunities to meet the rising demand for additional MTA service, \$27 million that had been set aside in 2008, with ongoing annual funds of \$60 million in subsequent years are now incorporated into Agency forecasts. This will increase headcount by 452 positions in 2008 and 476 positions thereafter. Actual implementation of the program will await review of revenues at the end of March, 2008. Most of the initiatives focus on increasing train and bus service in both the peak and off-peak. Also included is a pilot program for Long Island Rail Road to

introduce an “Island Ticket” to enable affordable intra-island travel on the weekends. In addition, funding is provided to advance a new “MTA-wide Regional Ticket” to develop a web-based means of selling joint tickets between MTA agencies, New Jersey Transit and the Port Authority of NY and NJ.

- Staten Island Service – The 2008 Budget includes additional NYCT service resulting from the Staten Island Bus Network Study, which includes the outgrowth of the Staten Island Transportation Task Force, express and local network studies and the takeover of X23/X24 express service from NYCDOT. Costs are projected to be \$5 million in 2008 and \$14 million annually, thereafter. Positions increase by 112 annually.
- Bus Rapid Transit – NYCT has identified five corridors (1st & 2nd Avenues and 5th & Madison Avenues in Manhattan, Fordham Road/Pelham Parkway in the Bronx, Nostrand Avenue in Brooklyn and Hyland Boulevard in Staten Island) to be used for BRT and will begin implementing service in 2008. The costs are estimated to be \$6 million in 2008 and \$12 million annually thereafter and include a positions increase of 42 annually.
- Fulton Street (\$56 million) – Current estimates for the Fulton Street project exceeds available FTA funds. As part of the MTA’s commitment to meet the project’s funding needs beyond available federal funds, \$56 million of 2007 operating funds was made available to the Fulton project in addition to the existing federal commitment of \$847 million. This money was shifted from NYCT operating subsidies to the Capital Program.
- Forward Energy Contracts – In the staff summary accompanying the July Financial Plan for 2008-2011, the Board authorized MTA staff to enter into pre-purchase agreements for fuel. Given the MTA’s high dependence on this commodity and the high risk in the area of price volatility, it was proposed that the MTA lock in pricing for a portion of its fuel purchases for 2008 and 2009. Due to complications in resolving the issues preliminary to executing such pre-purchase agreements, no fuel pre-purchase agreements were executed before fuel prices abruptly and dramatically rose to historically high levels. The February Plan is capturing the \$150 million as a reduction to 2007 subsidies, pending implementation of this initiative. Potential benefits from the transaction are being captured within subsidies in 2008 and 2009 in anticipation of future fuel savings.

Technical Adjustments

These adjustments are relatively minor and for the most part only involve changes between accounts with no impact on the bottom line. They also involve changes in the categorization and number of headcount. One significant change is that the LIRR is incorporating a recent labor settlement into its forecast which is resulting in a net increase in costs. The anticipated impacts of additional technical adjustments are detailed in Agency reconciliations to the November Plan.

OTHER POLICY AND GAP-CLOSING ACTIONS

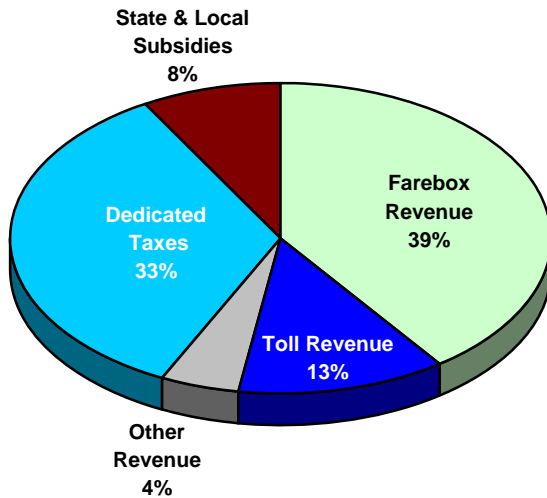
The following actions continue to be shown below the line and are described later in the report:

- Integrated Electronic Security Systems (IESS)
- Post-2008 Agency Program to Eliminate the Gap
- 2010 Increased Fare and Toll Yields – Alternate Year COLA
- Legislative Actions
- Downsizing
- New Government Aid
- New Contracts Labor Contribution

II. MTA Consolidated 2008-2011 Financial Plan

MTA 2008 Adopted Budget After Policy and Gap Closing Actions

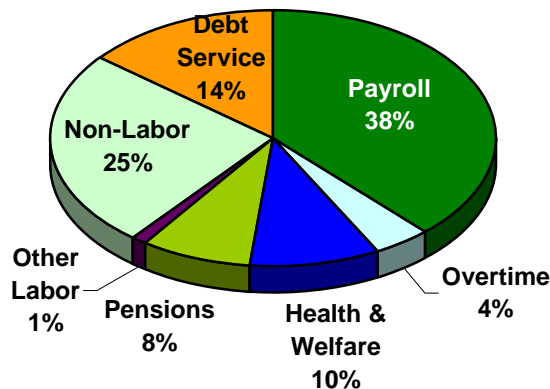
Where the Dollars Come From ...



By Revenue Source (\$ in millions)	
Farebox Revenue	\$4,165
Toll Revenue	1,302
Other Revenue	481
Dedicated Taxes	3,597
State & Local Subsidies	854
Total	\$10,399

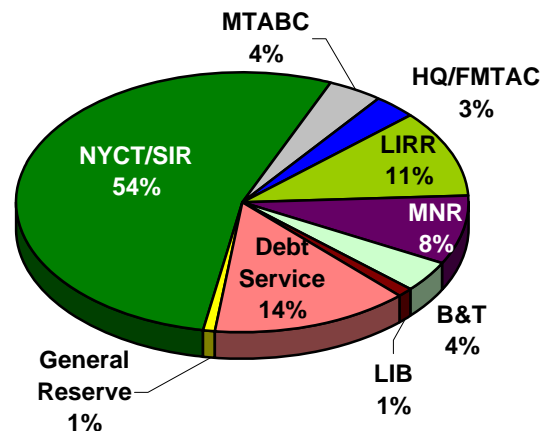
Where the Dollars Go ...

By Expense Category



By Expense Category (\$ in millions)	
Payroll	\$4,101
Overtime	442
Health & Welfare	1,037
Pensions	869
Other Labor	127
Non-Labor	2,684
Debt Service	1,529
Total	\$10,789
<i>Expenses exclude Depreciation and Other Post-Employment Benefits.</i>	

By MTA Agency



By MTA Agency (\$ in millions)	
NYCT/SIR	\$5,795
MTABC	405
HQ/FMTAC	338
LIRR	1,176
MNR	914
B&T	427
LIB	129
Debt Service	1,529
General Reserve	75
Total	\$10,789
<i>Expenses exclude Depreciation and Other Post-Employment Benefits.</i>	

The difference between revenues and expenses is (\$390) million. This is offset by cash flow timing adjustments, use of prior year cash balances, and below-the-line Policy and Gap Closing Actions, resulting in a closing cash balance of \$368 million.

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METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2008 - 2011
MTA Consolidated Statement Of Operations By Category
(\$ in millions)

Line No.						
7		Non-Reimbursable				
8			2006	2007	2008	
9			Actual	Final Estimate	Adopted Budget	
10	Operating Revenue					
11	Farebox Revenue	\$3,840	\$3,974	\$4,165	\$4,242	\$4,336
12	Toll Revenue	1,242	1,249	1,302	1,309	1,314
13	Other Revenue	467	478	481	501	548
14	Capital and Other Reimbursements	0	0	0	0	0
15	Total Operating Revenue	\$5,548	\$5,702	\$5,948	\$6,051	\$6,120
16						
17	Operating Expense					
18	Labor Expenses:					
19	Payroll	\$3,676	\$3,852	\$4,101	\$4,225	\$4,334
20	Overtime	437	465	442	454	471
21	Health & Welfare	839	901	1,037	1,142	1,257
22	Pensions	600	779	869	870	844
23	Other-Fringe Benefits	398	415	430	446	474
24	Reimbursable Overhead	(260)	(283)	(304)	(305)	(302)
25	Sub-total Labor Expenses	\$5,690	\$6,130	\$6,576	\$6,833	\$7,059
26						
27	Non-Labor Expenses:					
28	Traction and Propulsion Power	278	315	319	343	419
29	Fuel for Buses and Trains	178	181	223	208	211
30	Insurance	45	54	52	59	76
31	Claims	80	154	151	155	161
32	Paratransit Service Contracts	184	225	271	308	432
33	Maintenance and Other Operating Contracts	534	556	641	640	674
34	Professional Service Contracts	179	222	227	226	225
35	Materials & Supplies	453	547	565	602	630
36	Other Business Expenses	157	157	171	170	176
37	Sub-total Non-Labor Expenses	\$2,087	\$2,411	\$2,619	\$2,710	\$3,005
38						
39	Other Expense Adjustments:					
40	Other	(\$16)	(\$19)	(\$10)	(\$14)	(\$10)
41	General Reserve	0	38	75	75	75
42	Sub-total Other Expense Adjustments	(\$16)	\$19	\$65	\$61	\$65
43						
44	Total Operating Expense before Depreciation and OPEB	\$7,761	\$8,559	\$9,260	\$9,604	\$10,338
45						
46	Depreciation	\$1,605	\$1,681	\$1,777	\$1,876	\$2,060
47	Other Post Employment Benefits	0	1,259	1,316	1,372	1,483
48						
49	Total Operating Expense	\$9,366	\$11,500	\$12,353	\$12,852	\$13,881
50						
51	Net Operating Deficit Before Subsidies and Debt Service	(\$3,818)	(\$5,798)	(\$6,405)	(\$6,801)	(\$7,683)
52						
53	Dedicated Taxes and State/Local Subsidies	\$4,634	\$4,901	\$4,790	\$4,627	\$4,844
54	Less: Interagency Subsidy and Surplus Transfers	(461)	(423)	(413)	(411)	(343)
55						
56	Dedicated Taxes and State/Local Subsidies	4,174	\$4,515	\$4,451	\$4,291	\$4,415
57	Debt Service (excludes Service Contract Bonds)	(1,310)	(1,714)	(1,529)	(1,432)	(2,006)
58						
59	Net Deficit After Subsidies and Debt Service	(\$954)	(\$2,997)	(\$3,483)	(\$3,942)	(\$5,114)
60						
61	Conversion to Cash Basis: Depreciation	\$1,605	\$1,681	\$1,777	\$1,876	\$2,060
62	Conversion to Cash Basis: OPEB	0	1,259	1,316	1,372	1,483
63	Conversion to Cash Basis: GASB Account	(234)	(79)	(59)	(62)	(68)
64	Conversion to Cash Basis: All Other	(62)	(278)	258	44	(21)
65	Net Cash Balance from Previous Year	582	937	524	333	0
66						
67	Baseline Net Cash Balance	\$937	\$524	\$333	(\$379)	(\$1,668)
68						
69	CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	\$355	(\$413)	(\$191)	(\$712)	(\$1,668)
70	MTA POLICY, GAP CLOSING & CASH MANAGEMENT ACTIONS	0	0	35	129	1,251
71	PRIOR-YEAR CARRY-OVER	582	937	524	368	0
72	NET CASH BALANCE	\$937	\$524	\$368	(\$216)	(\$416)

METROPOLITAN TRANSPORTATION AUTHORITY

February Financial Plan 2008 - 2011

Gap Closing and Policy Actions

(\$ in millions)

Line

No.

		2007 Final Estimate	2008 Adopted Budget	2009	2010	2011
11	February Cash Balance Before Prior-Year Carry-Over	(\$413)	(\$191)	(\$712)	(\$1,432)	(\$1,668)
12						
13	<u>MTA POLICY ACTIONS:</u>					
14	IESS Operations/Maintenance	0	(15)	(25)	(30)	(31)
15						
16	<u>GAP CLOSING 2007 - 2009:</u>					
17	Post-2008 Agency Program to Eliminate the Gap	0	0	91	182	274
18	Legislative Actions	0	50	50	50	50
19	Downsizing	0	0	(41)	(41)	0
20	Sub-Total	0	50	100	191	324
21	<u>GAP CLOSING Post 2009:</u>					
22	2010 Increased Fare and Toll Yields - Alternate Year COLA	0	0	0	253	262
23	New Governmental Aid	0	0	0	600	612
24	New Contracts Labor Contribution	0	0	53	82	85
25	Sub-Total	0	0	53	935	959
26						
27	TOTAL GAP CLOSING and POLICY ACTIONS	0	35	129	1,096	1,251
28						
29	Prior-Year Carry-Over	937	524	368	0	0
30						
31	Net Cash Surplus/(Deficit)	\$524	\$368	(\$216)	(\$335)	(\$416)

METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2008 - 2011
MTA Consolidated Accrued Statement of Operations By Agency
(\$ in millions)

Line Number	Non-Reimbursable	2006 Actual	2007 Final Estimate	2008 Adopted Budget	2009	2010	2011
8							
9	<u>Total Operating Revenue</u>						
10	New York City Transit	\$3,041	\$3,140	\$3,286	\$3,347	\$3,392	\$3,442
11	Bridges and Tunnels	1,259	1,260	1,311	1,319	1,321	1,324
12	Metro-North Railroad	490	509	525	542	554	567
13	Long Island Rail Road	499	522	545	554	560	566
14	MTA Bus Company	142	153	160	165	168	172
15	MTA Headquarters	50	52	52	53	54	56
16	Long Island Bus	45	43	44	45	45	45
17	Staten Island Railway	6	6	6	7	7	7
18	First Mutual Transportation Assurance Company	15	16	19	19	19	20
20	Total	\$5,548	\$5,702	\$5,948	\$6,051	\$6,120	\$6,198
21							
22	<u>Total Operating Expenses before Depreciation¹</u>						
23	New York City Transit	\$4,859	\$5,351	\$5,755	\$6,007	\$6,277	\$6,507
24	Bridges and Tunnels	353	386	427	435	465	470
25	Metro-North Railroad	788	843	914	963	1,019	1,062
26	Long Island Rail Road	993	1,060	1,176	1,204	1,236	1,261
27	MTA Bus Company	340	390	405	418	430	443
28	MTA Headquarters	279	354	348	344	347	355
29	Long Island Bus	117	122	129	132	136	141
30	Staten Island Railway	28	31	40	39	36	37
31	First Mutual Transportation Assurance Company	6	2	1	1	0	(3)
33	Other	(1)	19	65	61	66	65
34	Total	\$7,761	\$8,559	\$9,260	\$9,604	\$10,011	\$10,338
35							
36	<u>Depreciation</u>						
37	New York City Transit	\$1,012	\$1,065	\$1,134	\$1,204	\$1,274	\$1,344
38	Bridges and Tunnels	58	62	67	71	76	82
39	Metro-North Railroad	199	214	223	233	243	253
40	Long Island Rail Road	286	274	277	287	303	301
41	MTA Bus Company	15	26	36	39	42	44
42	MTA Headquarters	29	28	30	31	28	26
43	Long Island Bus	0	0	0	0	0	0
44	Staten Island Railway	7	10	10	10	10	10
45	First Mutual Transportation Assurance Company	0	0	0	0	0	0
46	Capital Construction Company	0	0	0	0	0	0
47	Total	\$1,605	\$1,681	\$1,777	\$1,876	\$1,976	\$2,060
48							
49	<u>Other Post Employment Benefits</u>						
50	New York City Transit	\$0	\$963	\$1,010	\$1,055	\$1,099	\$1,145
51	Bridges and Tunnels	0	60	63	66	69	72
52	Metro-North Railroad	0	49	51	53	55	56
53	Long Island Rail Road	0	74	74	75	75	76
54	MTA Bus Company	0	48	50	52	54	56
55	MTA Headquarters	0	58	61	64	67	70
56	Long Island Bus	0	5	5	5	5	5
57	Staten Island Railway	0	2	3	3	3	3
58	Total	\$0	\$1,259	\$1,316	\$1,372	\$1,427	\$1,483
59							
60	<u>Net Operating Income/(Deficit)</u>						
61	New York City Transit	(\$2,830)	(\$4,239)	(\$4,613)	(\$4,919)	(\$5,258)	(\$5,555)
62	Bridges and Tunnels	848	752	755	747	711	700
63	Metro-North Railroad	(496)	(598)	(663)	(707)	(763)	(804)
64	Long Island Rail Road	(779)	(887)	(983)	(1,011)	(1,054)	(1,072)
65	MTA Bus Company	(213)	(311)	(331)	(344)	(357)	(371)
66	MTA Headquarters	(257)	(389)	(387)	(386)	(388)	(395)
67	Long Island Bus	(72)	(84)	(90)	(92)	(96)	(101)
68	Staten Island Railway	(29)	(38)	(47)	(46)	(42)	(44)
69	First Mutual Transportation Assurance Company	10	14	18	18	19	23
71	Other	1	(19)	(65)	(61)	(66)	(65)
72	Total	(\$3,818)	(\$5,798)	(\$6,405)	(\$6,801)	(\$7,295)	(\$7,683)

Note: ¹ Excludes Debt Service

METROPOLITAN TRANSPORTATION AUTHORITY

February Financial Plan 2008 - 2011

MTA Consolidated Cash Receipts and Expenditures

(\$ in millions)

Line Number	CASH RECEIPTS AND EXPENDITURES	2006 Actual	2007 Final Estimate	2008 Adopted Budget	2009	2010	2011
9							
10							
11	Receipts						
12	Farebox Revenue	\$3,880	\$4,024	\$4,208	\$4,280	\$4,323	\$4,371
13	Other Operating Revenue	466	555	502	519	540	567
14	Capital and Other Reimbursements	1,130	1,267	1,419	1,386	1,336	1,352
15	Total Receipts	\$5,476	\$5,846	\$6,129	\$6,185	\$6,199	\$6,290
16							
17	Expenditures						
18	<u>Labor:</u>						
19	Payroll	\$3,927	\$4,195	\$4,463	\$4,568	\$4,661	\$4,749
20	Overtime	500	541	508	517	525	536
21	Health and Welfare	848	914	1,048	1,155	1,271	1,390
22	Pensions	646	874	660	906	890	870
23	Other Fringe Benefits	486	513	532	544	557	569
24	Contribution to GASB Fund	234	79	59	62	65	68
25	Total Labor Expenditures	\$6,640	\$7,117	\$7,271	\$7,753	\$7,969	\$8,182
26							
27	<u>Non-Labor:</u>						
28	Traction and Propulsion Power	\$254	\$347	\$319	\$343	\$396	\$419
29	Fuel for Buses and Trains	177	185	222	208	209	210
30	Insurance	48	43	56	59	67	79
31	Claims	129	134	138	134	139	142
32	Paratransit Service Contracts	163	234	271	308	357	432
33	Maintenance and Other Operating Contracts	470	506	589	589	605	618
34	Professional Service Contracts	178	241	270	239	238	236
35	Materials & Supplies	590	689	685	705	708	714
36	Other Business Expenditures	167	167	176	179	181	185
37	Total Non-Labor Expenditures	\$2,176	\$2,545	\$2,727	\$2,763	\$2,901	\$3,036
38							
39	<u>Other Expenditure Adjustments:</u>						
40	Other	\$47	\$62	\$75	\$70	\$71	\$74
41	General Reserve	0	38	75	75	75	75
42	Total Other Expenditure Adjustments	\$47	\$100	\$150	\$145	\$146	\$149
43							
44	Total Expenditures	\$8,863	\$9,762	\$10,147	\$10,661	\$11,016	\$11,367
45							
46	Net Cash Deficit Before Subsidies and Debt Service	(\$3,387)	(\$3,916)	(\$4,018)	(\$4,475)	(\$4,817)	(5,077)
47							
48	Dedicated Taxes and State/Local Subsidies	\$4,603	\$4,647	\$4,872	\$4,772	\$4,729	\$4,876
49	Debt Service (excludes Service Contract Bonds)	(860)	(1,145)	(1,044)	(1,009)	(1,344)	(1,467)
50							
51	Net Cash Balance from Previous Year	582	937	524	333	0	0
52							
53	Baseline Net Cash Surplus/(Deficit)	\$937	\$524	\$333	(\$379)	(\$1,432)	(\$1,668)
54							
51	CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	\$355	(\$413)	(\$191)	(\$712)	(\$1,432)	(\$1,668)
52	MTA POLICY, GAP CLOSING & CASH MANAGEMENT ACTIONS	0	0	35	129	1,096	1,251
53	PRIOR-YEAR CARRY-OVER	582	937	524	368	0	0
54	NET CASH BALANCE	\$937	\$524	\$368	(\$216)	(\$335)	(\$416)

METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2008 - 2011
MTA Consolidated Cash Statement of Operations By Agency
(\$ in millions)

Line Number		2006 Actual	2007 Final Estimate	2008 Adopted Budget	2009	2010	2011
8							
9	<u>Total Receipts</u>						
10	New York City Transit	\$3,810	\$4,012	\$4,177	\$4,232	\$4,232	\$4,280
11	Metro-North Railroad	673	712	768	748	759	781
12	Long Island Rail Road	686	761	785	788	793	806
13	MTA Bus Company	142	163	184	197	192	195
14	MTA Headquarters	78	98	105	106	108	110
15	Long Island Bus	51	49	50	52	51	52
16	Staten Island Railway	6	7	7	8	8	8
17	Capital Construction Company	15	29	34	36	36	38
18	First Mutual Transportation Assurance Company	15	16	19	19	19	20
19	Total	\$5,476	\$5,846	\$6,129	\$6,185	\$6,199	\$6,290
20							
21	<u>Total Expenditures</u>						
22	New York City Transit	\$5,821	\$6,254	\$6,486	\$6,855	\$7,118	\$7,351
23	Metro-North Railroad	947	1,134	1,163	1,185	1,240	1,296
24	Long Island Rail Road	1,199	1,315	1,368	1,449	1,479	1,511
25	MTA Bus Company	341	395	432	454	457	470
26	MTA Headquarters	306	419	398	408	412	420
27	Long Island Bus	117	137	133	140	142	147
28	Staten Island Railway	28	33	39	41	37	39
29	Capital Construction Company	15	29	34	36	36	38
30	First Mutual Transportation Assurance Company	15	16	19	19	19	20
31	Other	(6)	30	75	75	75	75
32	Total	\$8,783	\$9,762	\$10,147	\$10,661	\$11,016	\$11,367
33							
34	<u>Net Operating Surplus/(Deficit)</u>						
35	New York City Transit	(2,011)	(2,242)	(2,309)	(2,623)	(2,886)	(3,071)
36	Metro-North Railroad	(273)	(423)	(395)	(436)	(481)	(516)
37	Long Island Rail Road	(514)	(555)	(583)	(660)	(686)	(705)
38	MTA Bus Company	(199)	(232)	(248)	(257)	(265)	(275)
39	MTA Headquarters	(227)	(321)	(292)	(302)	(304)	(310)
40	Long Island Bus	(66)	(88)	(83)	(89)	(91)	(95)
41	Staten Island Railway	(22)	(26)	(32)	(33)	(29)	(31)
42	Capital Construction Company	0	0	0	0	0	0
43	First Mutual Transportation Assurance Company	0	0	0	0	0	0
44	Other	6	(30)	(75)	(75)	(75)	(75)
45	Total	(\$3,307)	(\$3,916)	(\$4,018)	(\$4,475)	(\$4,817)	(\$5,077)
46							
47	Additional Contribution to GASB Fund	(80)	0	0	0	0	0
48							
49	Total	(\$3,387)	(\$3,916)	(\$4,018)	(\$4,475)	(\$4,817)	(\$5,077)

Metropolitan Transportation Authority
February Financial Plan 2008 - 2011
MTA Consolidated February Financial Plan Compared with December Financial Plan
Cash Reconciliation
(\$ in millions)

	Favorable/(Unfavorable)				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
DECEMBER PLAN NET CASH SURPLUS/(DEFICIT)	\$521	\$377	(\$201)	(\$333)	(\$411)
Technical Changes:					
Farebox/Toll Increase	0	3	6	5	4
Other Agency Adjustments:	<u>4</u>	<u>(11)</u>	<u>(13)</u>	<u>(13)</u>	<u>(20)</u>
<i>New York City Transit</i>	<i>4</i>	<i>(0)</i>	<i>(1)</i>	<i>(3)</i>	<i>(5)</i>
<i>Long Island Rail Road</i>	<i>0</i>	<i>(7)</i>	<i>(13)</i>	<i>(11)</i>	<i>(16)</i>
<i>Metro-North Railroad</i>	<i>0</i>	<i>(0)</i>	<i>1</i>	<i>2</i>	<i>1</i>
<i>Bridges and Tunnels</i>	<i>0</i>	<i>(1)</i>	<i>(1)</i>	<i>(1)</i>	<i>(1)</i>
<i>Staten Island Railway</i>	<i>0</i>	<i>(2)</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Post-2008 Agency Program to Eliminate the Gap</i>	<i>0</i>	<i>0</i>	<i>4</i>	<i>9</i>	<i>14</i>
Total Technical Changes	4	(7)	(3)	2	(3)
Subsidies					
<i>CDOT</i>	<i>(0)</i>	<i>1</i>	<i>(2)</i>	<i>(7)</i>	<i>(6)</i>
Other	(1)	(5)	(0)	3	3
Total Changes	3	(12)	(6)	(2)	(6)
Adjusted Net Cash Balance from Previous Year	0	3	(9)	0	0
FEBRUARY PLAN NET CASH SURPLUS/(DEFICIT)	\$524	\$368	(\$215)	(\$335)	(\$416)

**METROPOLITAN TRANSPORTATION AUTHORITY
FEBRUARY FINANCIAL PLAN 2008-2011
FAREBOX RECOVERY AND FAREBOX OPERATING RATIOS - BASELINE**

FAREBOX RECOVERY RATIOS

	2007 Final Estimate	2008 Adopted Budget	2009 Forecast	2010 Forecast	2011 Forecast
New York City Transit	41.1%	40.7%	39.8%	37.7%	37.3%
Staten Island Railway	11.0%	9.4%	11.9%	13.0%	12.7%
Long Island Rail Road	29.8%	30.1%	31.0%	29.7%	30.1%
Metro-North Railroad	38.8%	38.1%	38.8%	37.1%	37.1%
Long Island Bus	32.2%	31.5%	31.3%	30.5%	29.6%
Bus Company	<u>33.0%</u>	<u>32.7%</u>	<u>32.5%</u>	<u>32.2%</u>	<u>31.8%</u>
MTA Total Agency Average	38.5%	38.3%	37.9%	36.1%	35.8%

FAREBOX OPERATING RATIOS

	2007 Final Estimate	2008 Adopted Budget	2009 Forecast	2010 Forecast	2011 Forecast
New York City Transit	55.0%	53.7%	52.2%	50.4%	49.0%
Staten Island Railway	17.2%	13.5%	15.4%	17.1%	16.5%
Long Island Rail Road	41.7%	41.7%	42.0%	41.2%	40.8%
Metro-North Railroad	55.9%	53.1%	52.1%	50.7%	49.8%
Long Island Bus	33.1%	32.3%	32.0%	31.2%	30.3%
Bus Company	<u>35.2%</u>	<u>35.6%</u>	<u>35.5%</u>	<u>35.3%</u>	<u>35.0%</u>
MTA Total Agency Average	51.7%	53.1%	49.5%	48.1%	47.0%

Farebox recovery ratio has a long-term focus. It includes costs that are not funded in the current year, except in an accounting-ledger sense, but are, in effect, passed on to future years. Those costs include depreciation and interest on long-term debt. Approximately 10% (and sometimes more) of MTA costs are not recovered in the current year from farebox revenues, other operating revenues or subsidies. That is why MTA operating statements generally show deficits. In addition, the recovery ratio allocates centralized MTA services to the Agencies, such as Security, the costs of the Inspector General, Civil Rights, Audit, Risk Management and Legal.

Farebox operating ratio focuses on Agency operating financial performance. It reflects the way MTA meets its statutory and bond-covenant budget-balancing requirements, and it excludes certain costs that are not subject to Agency control, but are provided centrally by MTA.

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