

MTA Headquarters

**MTA Headquarters
2010 Preliminary Budget
July Financial Plan 2010 – 2013**

Highlights of Operations

The MTA Headquarters Preliminary Budget continues expense reduction efforts that were begun in previous budgets. The July Financial Plan includes all the non-service related Additional Actions for Budget Balance (AABBs), totaling \$8.6 million of the \$10.8 million that were recommended in the February Plan. Since none of the \$8.6 million of AABBs threatened a decrease in security to its facilities, customers, or employees, or would have resulted in reductions in customer service, they have not been rescinded. Operating expenses for the Business Service Center (BSC) are included in the July Financial Plan. By combining administrative functions for all the MTA agencies by using one Enterprise Resource Planning (ERP) Financial and Human resources payroll system along with other technologies to process administrative and back-office transactions, the BSC will be able to achieve substantial real savings by 2012. MTA Headquarters has included a 2010 PEG that reduces the internal funding to MTA Police for patrol work done on an overtime basis. The MTA Office of Security will seek federal funds to support this initiative.

Financial Overview

The economic climate that overshadows the MTA region and the MTA itself continues to adversely impact MTA Headquarters. While MTA Headquarters continues to reduce spending, the 2010 Preliminary Budget reflects the MTA's leadership in issues important to the MTA commuting region. The Financial Plan enclosed contemplates funding only those programs that are self-funded, or for those issues deemed the highest priority by MTA management. These issues include Sustainability. The issuance of the Final Report of the MTA's Blue Ribbon Commission on Sustainability projects that over the next 40 years metropolitan areas such as New York City will need to develop around transit. As the MTA system grows so will its contributions to regional and national sustainability, while reducing and managing the MTA's energy consumption, carbon emissions, waste, water use, and other elements of MTA's ecological footprint. MTA Headquarters has embraced the initiatives identified by the Blue Ribbon Commission on Sustainability and is initiating a process of both recording and verifying MTA's impact on the regional carbon footprint and computing possible carbon credits from it and analyzing the MTA's operations and expansion so as to reduce their carbon implications.

Because the training and retention of the MTA workforce is so important, implementation of recommendations including the report issued by the Blue Ribbon Panel on Workforce Development continues promoting workforce development, succession planning, organizational culture, employee availability, and labor-management relations. Organizational Development and Training conducted leadership training which identified effective leadership skills and methods from prospective future MTA leaders.

Since 9/11, the security of MTA facilities, customers, and employees has been a major consideration. The MTA Headquarters Financial Plan includes operating funds for the Integrated Electronic Security System (IESS) facility. This facility provides for the deployment of various electronic technologies with the aim of detecting, deterring, identifying, delaying, and/or preventing terrorist security threats.

In order to ensure the MTA's financial stability and to promote institutional transformation, MTA Headquarters has acted on the findings of two studies to determine the cost benefits of a shared services business service center (BSC). Under BSC, select administrative functions for all the MTA agencies are combined and use one Enterprise Resource Planning (ERP) Financial and Human Resources Payroll system along with other technologies to process administrative and back-office transactions. Also, the MTA Defined Benefit Pension Plan, a complex multi-article pension plan with represented and non-represented participants in MNR, LIRR, LI Bus, MTA Bus, MTA PD and SIRTAA, will be centralized in the BSC. The MTA Board's decision in February 2008 to go forward with the BSC will result in substantial real savings to the MTA in the latter part of the plan period. The BSC will open its doors in 2011 and will complete consolidation of back office functions throughout that year. Operating funds for the BSC are now included in the MTA Headquarters Financial Plan.

Funding is also included for Projects and Planning related expenses, specifically for oversight of the West Side Yards Development project. All funding is reimbursable by the project developer.

While the MTA has made significant strategic improvements in its operations, it continues to seek opportunities to downsize and maximize efficiencies. Savings from the MTA Police Overtime Reduction 2010 "Program to Eliminate the Gap" (PEG) have already begun and will reduce expenses by \$4.2 million in 2009, \$4.3 million in 2010, \$4.4 million in 2011, \$4.5 million in 2012 and \$4.6 million in 2013.

2009 Mid-Year Forecast

As MTA Headquarters continues to implement the recommendations of several Blue Ribbon Commissions looking into priorities guiding the MTA's future it continues to hold the line on unnecessary expenditures. The MTA Headquarters Mid-Year Forecast projects a Baseline Deficit of \$386.7 million in 2009 before PEGs. This represents an increase of \$8.3 million from the 2009 Adopted Budget of \$378.3 million. This is primarily attributable to increased subsidies to LI Bus to cover shortfalls between revenues and expenses; and the reinstatement of the Rockaway Resident - Cross Bay Bridge Program which was presented as part of B&T's AABBs and for which MTA Headquarters was to receive reimbursement. Increases have been limited primarily to inflationary trends and those self-funded New Needs that were approved prior to the July 2009 Plan.

Headcount of 1,565 positions in 2009 is unchanged from the 2009 Adopted Budget. The addition of 7 positions due to the transfer of 7 Audit positions from New York City

Transit was offset by an overall net reduction in BSC headcount after MTA Headquarters transfers.

2010 Preliminary Budget- Baseline

MTA Headquarters projects a Baseline Deficit of \$407.3 million in the 2010 Preliminary Budget before PEGs. This is \$26.6 million above the February Plan of \$380.7 million. The increase is primarily attributable to increased subsidies to LI Bus to cover shortfalls between revenues and expenses; the reinstatement of the Rockaway Resident - Cross Bay Bridge Program which was presented as part of B&T's AABBs and for which MTA Headquarters was to receive reimbursement; higher re-estimated costs at the BSC for higher rental expenses due to the need for increased office space as the BSC's headcount increases, as well as the office furniture and equipment needed for the increase in employees; and higher depreciation charges.

The baseline budget assumes headcount levels of 782 employees at MTA Headquarters and 786 employees in Public Safety, totaling 1,568 employees. The below-the-line 2010 PEGs and Post-2010 PEG actions are discussed in Gap closing measures.

2011-2013 Projections

The Baseline Net Deficit for 2011 increases to \$444.6 million from the February Plan of \$419.5 million. The increase is primarily attributable to increased subsidies to LI Bus to cover shortfalls between revenues and expenses; the reinstatement of the Rockaway Resident - Cross Bay Bridge Program which was presented as part of B&T's AABBs and for which MTA Headquarters was to receive reimbursement. The baseline headcount decreases from the February Plan from 1,820 employees to 1,765 employees due to reductions at the BSC.

The Baseline Net Deficit for 2012 increases to \$443.0 million from the February Plan of \$415.5 million. The increase is primarily attributable to increased subsidies to LI Bus to cover shortfalls between revenues and expenses; the reinstatement of the Rockaway Resident - Cross Bay Bridge Program which was presented as part of B&T's AABBs and for which MTA Headquarters was to receive reimbursement. The baseline headcount remains the same as the February Plan of 1,779 employees.

An increase in the Baseline Net Deficit for 2013 to \$463.5 million is mainly attributable to inflationary pressures.

Gap Closing Measures

2010 PEG and Post-2010 PEG Actions

In light of current fiscal constraints, MTA Headquarters has reduced the internal funding to MTA Police for patrol work done on an overtime basis. In the future, the MTA Office of Security will seek federal funds to support this initiative. This has enabled MTA Headquarters to provide savings of \$4.2 million beginning in 2009, \$4.3 million in 2010, \$4.4 million in 2011, \$4.5 million in 2012, and \$4.6 million in 2013.

No Post-2010 PEG actions are currently scheduled.

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MTA HEADQUARTERS
July Financial Plan 2010-2013
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE						
	2008	2009	2010			
	Actuals	Mid-Year Forecast	Preliminary Budget	2011	2012	2013
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	47.871	50.852	50.929	52.534	53.689	54.876
Other	4.105	3.605	3.689	3.805	3.889	3.975
Total Other Operating Revenue	51.976	54.457	54.618	56.339	57.578	58.851
Capital and Other Reimbursements						
Total Revenue	\$51.976	\$54.457	\$54.618	\$56.339	\$57.578	\$58.851
Operating Expenses						
<u>Labor:</u>						
Payroll	\$130.110	\$132.047	\$138.355	\$155.600	\$155.468	\$157.866
Overtime	14.978	14.303	14.474	14.812	15.157	15.510
Health and Welfare	15.956	16.065	18.939	22.853	24.577	28.565
OPEB Current Payment	4.488	6.500	7.900	9.400	11.100	12.800
Pensions	16.583	20.897	23.503	25.708	27.972	28.960
Other Fringe Benefits	10.468	11.294	12.462	12.914	13.294	13.864
Reimbursable Overhead	(39.527)	(44.258)	(45.007)	(48.790)	(49.941)	(51.004)
Total Labor Expenses	\$153.056	\$156.849	\$170.627	\$192.496	\$197.626	\$206.561
<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	(7.736)	3.340	3.596	3.956	4.351	4.786
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	24.948	38.521	41.581	44.000	46.308	47.331
Professional Service Contracts	40.023	42.144	43.496	44.959	45.940	46.955
Materials & Supplies	4.096	4.941	3.531	14.497	2.508	2.592
<u>Other Business Expenses</u>						
MTA Internal Subsidy	39.550	51.239	55.157	57.415	61.245	67.091
Other Business Expenses	37.774	48.820	45.730	47.787	48.638	49.630
Total Other Business Expenses	77.324	100.060	100.887	105.203	109.883	116.721
Total Non-Labor Expenses	\$138.655	\$189.005	\$193.091	\$212.614	\$208.990	\$218.386
<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 and GASB Adjs.	\$291.711	\$345.854	\$363.718	\$405.110	\$406.616	\$424.947
Depreciation	33.526	31.071	31.060	25.588	20.800	20.800
OPEB Obligation	61.612	64.200	67.100	70.200	73.200	76.600
Total Expenses	\$386.849	\$441.125	\$461.878	\$500.898	\$500.616	\$522.347
Baseline Surplus/(Deficit)	(\$334.873)	(\$386.668)	(\$407.260)	(\$444.559)	(\$443.038)	(\$463.496)
2010 PEGs	0.000	4.179	4.277	4.376	4.478	4.583
Post-2010 PEGs	0.000	-	-	-	-	-
Total PEGs	0.000	4.179	4.277	4.376	4.478	4.583
Net Surplus/(Deficit)	(\$334.873)	(\$382.489)	(\$402.983)	(\$440.183)	(\$438.560)	(\$458.913)

REIMBURSABLE

Total Expenses before Depreciation	\$46.109	\$61.383	\$72.257	\$80.114	\$81.585	\$80.885
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Depreciation	-	-	-	-	-	-
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Total Expenses	\$46.109	\$61.383	\$72.257	\$80.114	\$81.585	\$80.885
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Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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MTA HEADQUARTERS
July Financial Plan 2010-2013
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE / REIMBURSABLE						
	2008	2009	2010			
	Actuals	Mid-Year Forecast	Preliminary Budget	2011	2012	2013
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	47.871	50.852	50.929	52.534	53.689	54.876
Other	4.105	3.605	3.689	3.805	3.889	3.975
Total Other Operating Revenue	51.976	54.457	54.618	56.339	57.578	58.851
Capital and Other Reimbursements	46.109	61.383	72.257	80.114	81.585	80.885
Total Revenue	\$98.085	\$115.840	\$126.876	\$136.453	\$139.163	\$139.736
Expenses						
<u>Labor:</u>						
Payroll	\$132.375	\$135.040	\$142.468	\$159.805	\$159.765	\$162.248
Overtime	14.995	14.303	14.474	14.812	15.157	15.510
Health and Welfare	16.193	16.446	19.513	23.465	25.243	29.335
OPEB Current Payment	4.488	6.500	7.900	9.400	11.100	12.800
Pensions	16.733	21.174	23.895	26.112	28.394	29.400
Other Fringe Benefits	10.929	11.521	12.791	13.246	13.641	14.226
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenses	\$195.713	\$204.986	\$221.041	\$246.839	\$253.299	\$263.518
<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	(7.736)	3.340	3.596	3.956	4.351	4.786
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	24.949	38.525	41.586	44.005	46.313	47.336
Professional Service Contracts	43.425	55.226	65.180	70.566	71.684	70.712
Materials & Supplies	4.109	5.016	3.608	14.577	2.590	2.676
<u>Other Business Expenses</u>						
MTA Internal Subsidy	39.550	51.239	55.157	57.415	61.245	67.091
Other Business Expenses	37.810	48.907	45.807	47.866	48.719	49.712
Total Other Business Expenses	77.360	100.146	100.964	105.281	109.964	116.803
Total Non-Labor Expenses	\$142.107	\$202.252	\$214.935	\$238.385	\$234.902	\$242.314
<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 and GASB Adj.	\$337.820	\$407.237	\$435.976	\$485.224	\$488.201	\$505.832
Depreciation	33.526	31.071	31.060	25.588	20.800	20.800
OPEB Obligation	61.612	64.200	67.100	70.200	73.200	76.600
Total Expenses	\$432.958	\$502.508	\$534.135	\$581.012	\$582.201	\$603.232
Baseline Surplus/(Deficit)	(\$334.873)	(\$386.668)	(\$407.260)	(\$444.559)	(\$443.038)	(\$463.496)
2010 PEGs	0.000	4.179	4.277	4.376	4.478	4.583
Post-2010 PEGs	0.000	-	-	-	-	-
Total PEGs	0.000	4.179	4.277	4.376	4.478	4.583
Net Surplus/(Deficit)	(\$334.873)	(\$382.489)	(\$402.983)	(\$440.183)	(\$438.560)	(\$458.913)

MTA HEADQUARTERS
July Financial Plan 2010-2013
Cash Receipts & Expenditures
(\$ in millions)

CASH RECEIPTS AND EXPENDITURES						
	2008	2009	2010			
	Actuals	Mid-Year Forecast	Preliminary Budget	2011	2012	2013
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	47.863	50.852	50.929	52.534	53.689	54.876
Other	6.614	6.349	7.049	7.618	7.785	7.957
Total Other Operating Revenue	54.477	57.201	57.978	60.151	61.475	62.833
Capital and Other Reimbursements	42.138	61.383	72.257	80.114	81.585	80.885
Total Receipts	\$96.615	\$118.584	\$130.236	\$140.265	\$143.059	\$143.718
Expenditures						
<u>Labor:</u>						
Payroll	\$127.943	\$133.744	\$139.618	\$156.609	\$156.570	\$159.003
Overtime	14.995	14.303	14.474	14.812	15.157	15.510
Health and Welfare	15.892	15.460	18.466	22.382	24.137	28.204
OPEB Current Payment	4.488	6.500	7.900	9.400	11.100	12.800
Pensions	12.415	21.010	23.747	25.979	28.274	29.292
Other Fringe Benefits	10.595	11.671	12.739	13.191	13.584	14.167
GASB Account	0.000	0.986	1.046	1.082	1.107	1.131
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	\$186.328	\$203.676	\$217.991	\$243.455	\$249.927	\$260.106
<u>Non-Labor:</u>						
Traction and Propulsion Power	-	-	-	-	-	-
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	3.784	\$3.173	\$3.416	\$3.758	\$4.134	\$4.547
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	23.276	37.369	40.338	42.685	44.923	45.916
Professional Service Contracts	32.767	52.464	61.921	67.037	68.100	67.177
Materials & Supplies	3.631	4.865	3.500	14.140	2.512	2.596
<u>Other Business Expenses</u>						
MTA Internal Subsidy	37.550	\$51.239	\$55.157	\$57.415	\$61.245	\$67.091
Other Business Expenses	39.426	\$45.461	\$40.516	\$42.473	\$43.283	\$44.227
Total Other Business Expenses	76.976	96.700	95.674	99.888	104.528	111.317
Total Non-Labor Expenditures	\$140.434	\$194.572	\$204.850	\$227.509	\$224.197	\$231.553
<u>Other Expenditure Adjustments:</u>						
Capital	\$2.343	\$14.242	\$20.800	\$20.800	\$20.800	\$20.800
Total Other Expenditure Adjustments	\$2.343	\$14.242	\$20.800	\$20.800	\$20.800	\$20.800
Total Expenditures	\$329.105	\$412.489	\$443.641	\$491.763	\$494.924	\$512.459
Baseline Cash Deficit	(\$232.490)	(\$293.905)	(\$313.405)	(\$351.498)	(\$351.865)	(\$368.741)
2010 PEGs	0.000	4.179	4.277	4.376	4.478	4.583
Post-2010 PEGs	0.000	-	-	-	-	-
Total PEGs	0.000	4.179	4.277	4.376	4.478	4.583
Net Cash Deficit	(\$232.490)	(\$289.726)	(\$309.128)	(\$347.122)	(\$347.387)	(\$364.158)

MTA HEADQUARTERS
July Financial Plan 2010-2013
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

CASH FLOW ADJUSTMENTS						
	2008	2009	2010			
	Actuals	Mid-Year Forecast	Preliminary Budget	2011	2012	2013
Receipts						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	2.501	2.744	3.360	3.812	3.896	3.982
Capital and Other Reimbursements	(3.971)	0.000	0.000	0.000	0.000	0.000
Total Receipts	(\$1.470)	\$2.744	\$3.360	\$3.812	\$3.896	\$3.982
Expenditures						
<u>Labor:</u>						
Payroll	\$4.432	\$1.296	\$2.849	\$3.196	\$3.195	\$3.245
Overtime	-	-	-	-	-	-
Health and Welfare	0.301	0.986	1.046	1.082	1.107	1.131
OPEB Current Payment	0.000	0.000	0.000	0.000	0.000	0.000
Pensions	4.318	0.164	0.148	0.133	0.120	0.108
Other Fringe Benefits	0.334	(0.150)	0.052	0.055	0.057	0.059
GASB Account	0.000	(0.986)	(1.046)	(1.082)	(1.107)	(1.131)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$9.385	\$1.310	\$3.050	\$3.384	\$3.372	\$3.412
<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	(11.520)	0.167	0.180	0.198	0.218	0.239
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	1.673	1.156	1.248	1.320	1.389	1.420
Professional Service Contracts	10.658	2.761	3.259	3.528	3.584	3.536
Materials & Supplies	0.478	0.150	0.108	0.437	0.078	0.080
<u>Other Business Expenses</u>						
MTA Internal Subsidy	2.000	-	0.000	0.000	0.000	-
Other Business Expenses	(1.616)	3.445	5.290	5.393	5.436	5.486
Total Other Business Expenses	0.384	3.445	5.290	5.393	5.436	5.486
Total Non-Labor Expenditures	\$1.673	\$7.680	\$10.085	\$10.877	\$10.705	\$10.761
<u>Other Expenditure Adjustments:</u>						
Capital	(\$2.343)	(\$14.242)	(\$20.800)	(\$20.800)	(\$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	(\$2.343)	(\$14.242)	(\$20.800)	(\$20.800)	(\$20.800)	(\$20.800)
Total Cash Conversion Adjustments before Depreciation and GASB Adjs.	\$7.245	(\$2.508)	(\$4.305)	(\$2.727)	(\$2.827)	(\$2.644)
Depreciation Adjustment	33.526	31.071	31.060	25.588	20.800	20.800
OPEB Obligation	61.612	64.200	67.100	70.200	73.200	76.600
Baseline Total Cash Conversion Adjustments	\$102.383	\$92.763	\$93.854	\$93.061	\$91.173	\$94.756
2010 PEGs	0.000	0.000	0.000	0.000	0.000	0.000
Post-2010 PEGs	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
Total Cash Conversion Adjustments	\$102.383	\$92.763	\$93.854	\$93.061	\$91.173	\$94.756

**MTA Headquarters
July Financial Plan 2009-2013
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 2010-2013:

Receipts:

Rental Income, Data Center Billings, and Other

- The 2009 July Financial Plan reflects a re-estimate of charge backs to Agencies for work performed by MTA Headquarters on their behalf. Thereafter, 2010, 2011, 2012, 2013 are inflated by the CPI-Urban 2.33%, 3.15%, 2.20%, and 2.21%, respectively.

Expenditures:

Payroll

- Decreases in the July Financial Plan from the February Financial Plan in 2009 primarily reflect reduced BSC costs due to the timing of new hires as well as the impact of savings from the 60-day hiring delay and the hard-freeze on hires, partly offset by the inclusion of the AABBs in the baseline.
- A decrease in 2010 primarily reflects reductions in BSC salaries due to the salary mix of new hires.
- Thereafter 2011, 2012, and 2013 reflect MTA Headquarters and MTA Police civilian salaries inflated at CPI-Urban rates assumed in the February Financial Plan.
- MTA Police represented salaries are inflated according to prevailing patterned bargaining rates.

Overtime

- Expenses throughout the July Financial Plan have been reduced from the February Plan as the MTA Office of Security plans to seek federal funds to support future initiatives.
- Expense in 2010, 2011, 2012, and 2013 are inflated by prevailing pattern bargaining rates.

Health and Welfare

- Increases in the July Financial Plan for 2010 primarily result from Health and Welfare premium rates in 2009 projected to increase at a rate of 9.7% over 2008, 9.8% in 2009 and 7.0% in each year thereafter.

Pensions

- The July Financial Plan primarily reflects increases based on the CPI-Urban rates of 2.33% in 2010, 3.15% in 2011, 2.20% in 2012, and 2.21% in 2013.

Other Fringe Benefits

- Increases in all years of the plan for 2010, 2011, 2012 and 2013 are inflated by the CPI-Urban rates of 2.33%, 3.15%, 2.20%, and 2.21%, respectively

Insurance

- Insurance premiums for 2009, 2010, and 2011 are inflated at approximately 10% annually with some off-setting adjustments.

Maintenance and Other Operating Contracts

- The July Financial Plan primarily reflects the inclusion of the Integrated Electronic Security System All Agency maintenance contract as well as adjustments in contracts that were renegotiated in 2008 for maintenance and repair work for MTA Headquarters facilities.
- Thereafter, 2010, 2011, 2012 and 2013 are inflated by the CPI-Urban rates of 2.33%, 3.15%, 2.20%, and 2.21%, respectively.

Professional Service Contracts

- Increases in the July Financial Plan reflect the inclusion of certain re-estimated services as well as one time expenses that were required in 2009.
- Thereafter, 2010, 2011, 2012 and 2013 are inflated by the CPI-Urban rates of 2.33%, 3.15%, 2.20%, and 2.21%, respectively, with adjustments made to reflect the conclusion of some currently contracted services.

Materials & Supplies

- Increases in the July Financial Plan in 2009 from the February Plan mainly reflect transfers of expenses from other non-labor categories.
- Thereafter, 2010, 2011, 2012, and 2013 are inflated by the CPI-Urban rates of 2.33%, 3.15%, 2.20%, and 2.21%, respectively.

MTA Internal Subsidy

- All years reflect MTA support requirements for SIRTOA and Long Island Bus and the Cross Bay Toll based on projected revenue and support shortfalls from state and local governments.

Other Business Expenses

- Other Business Expenses reflect increases from the February Plan mainly due to re-estimated expenses that will be recovered from the benefiting agencies. Increases in 2010, 2011, 2012 and 2013 are inflated by the CPI-Urban rates of 2.33%, 3.15%, 2.20%, and 2.21%, respectively.

Other Expenditure Adjustments:

Capital Expenditures

- 2009 expenditures of \$14.2 million reflect reduced spending from the February Plan.
- Capital expenditures in 2010 are \$20.8 million and remain constant at \$20.8 million for 2011-2013.

MTA HEADQUARTERS
July Financial Plan 2010 - 2013
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE

	Favorable/(Unfavorable)								
	2009	2010	Change 2010 - 2009	2011	Change 2011 - 2010	2012	Change 2012 - 2011	2013	Change 2013 - 2012
Revenue									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Rental Income	50.852	50.929	0.077	52.534	1.604	53.689	1.156	54.876	1.187
Data Center Billings	-	-	-	-	-	-	-	-	-
Other	3.605	3.689	0.084	3.805	0.116	3.889	0.084	3.975	0.086
Capital and Other Reimbursements	-	-	-	-	-	-	-	-	-
Total Revenue	\$54.457	\$54.618	\$0.161	\$56.339	\$1.720	\$57.578	\$1.239	\$58.851	\$1.272
Expenses									
Labor:									
Payroll	132.047	138.355	(6.308)	155.600	(17.246)	155.468	0.132	157.866	(2.398)
Overtime	14.303	14.474	(0.171)	14.812	(0.337)	15.157	(0.345)	15.510	(0.353)
Health and Welfare	16.065	18.939	(2.874)	22.853	(3.914)	24.577	(1.725)	28.565	(3.988)
OPEB Current Payment	6.500	7.900	(1.400)	9.400	(1.500)	11.100	(1.700)	12.800	(1.700)
Pensions	20.897	23.503	(2.606)	25.708	(2.205)	27.972	(2.264)	28.960	(0.989)
Other Fringe Benefits	11.294	12.462	(1.168)	12.914	(0.452)	13.294	(0.380)	13.864	(0.571)
Reimbursable Overhead	(44.258)	(45.007)	0.749	(48.790)	3.784	(49.941)	1.151	(51.004)	1.063
Total Labor Expenses	\$156.849	\$170.627	(\$13.778)	\$192.496	(\$21.869)	\$197.626	(\$5.131)	\$206.561	(\$8.935)
Non-Labor:									
Traction and Propulsion Power	-	-	-	-	-	-	-	-	-
Fuel for Buses and Trains	-	-	-	-	-	-	-	-	-
Insurance	3.340	3.596	(0.256)	3.956	(0.360)	4.351	(0.396)	4.786	(0.435)
Claims	-	-	-	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Contracts	38.521	41.581	(3.060)	44.000	(2.419)	46.308	(2.307)	47.331	(1.023)
Professional Service Contracts	42.144	43.496	(1.352)	44.959	(1.462)	45.940	(0.981)	46.955	(1.015)
Materials & Supplies	4.941	3.531	1.410	14.497	(10.967)	2.508	11.990	2.592	(0.085)
MTA Internal Subsidy	51.239	55.157	(3.918)	57.415	(2.258)	61.245	(3.830)	67.091	(5.846)
Other Business Expenses	48.820	45.730	3.091	47.787	(2.057)	48.638	(0.851)	49.630	(0.991)
Total Non-Labor Expenses	\$189.005	\$193.091	(\$4.086)	\$212.614	(\$19.523)	\$208.990	\$3.624	\$218.386	(\$9.396)
Other Expenses Adjustments:									
Other	-	-	-	-	-	-	-	-	-
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation and GASB Adjts.	\$345.854	\$363.718	(\$17.864)	\$405.110	(\$41.392)	\$406.616	(\$1.506)	\$424.947	(\$18.331)
Depreciation	31.071	31.060	0.011	25.588	5.472	20.800	4.788	20.800	-
OPEB Obligation	64.200	67.100	(2.900)	70.200	(3.100)	73.200	(3.000)	76.600	(3.400)
Total Expenses	\$441.125	\$461.878	(\$20.753)	\$500.898	(\$39.020)	\$500.616	\$0.282	\$522.347	(\$21.731)
Baseline Net Surplus/(Deficit)	(\$386.668)	(\$407.260)	(\$20.592)	(\$444.559)	(\$37.300)	(\$443.038)	\$1.521	(\$463.496)	(\$20.458)
2010 PEGs	4.179	4.277	0.098	4.376	0.099	4.478	4.379	4.583	0.204
Post-2010 PEGs	-	-	-	-	-	-	-	-	-
Net Surplus/(Deficit)	(\$382.489)	(\$402.983)	(\$20.494)	(\$440.183)	(\$37.201)	(\$438.560)	\$1.623	(\$458.913)	(\$20.353)

REIMBURSABLE

[illegible]

MTA HEADQUARTERS
July Financial Plan 2010 - 2013
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

CASH RECEIPTS AND EXPENDITURES

	Favorable/(Unfavorable)								
	2009	2010	Change 2010 - 2009	2011	Change 2011 - 2010	2012	Change 2012 - 2011	2013	Change 2013 - 2012
<u>Revenue</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Rental Income	50.852	50.929	0.077	52.534	1.604	53.689	1.156	54.876	1.187
Data Center Billings	-	-	-	-	-	-	-	-	-
Other	6.349	7.049	0.700	7.618	0.569	7.785	0.168	7.957	0.172
Capital and Other Reimbursements	61.383	72.257	10.874	80.114	7.857	81.585	1.471	80.885	(0.700)
Total Revenue	\$118.584	\$130.236	\$11.652	\$140.265	\$10.030	\$143.059	\$2.794	\$143.718	\$0.659
<u>Expenses</u>									
Labor:									
Payroll	133.744	139.618	(5.874)	156.609	(16.991)	156.570	0.039	159.003	(2.433)
Overtime	14.303	14.474	(0.171)	14.812	(0.337)	15.157	(0.345)	15.510	(0.353)
Health and Welfare	15.460	18.466	(3.006)	22.382	(3.916)	24.137	(1.754)	28.204	(4.067)
OPEB Current Payment	6.500	7.900	(1.400)	9.400	(1.500)	11.100	(1.700)	12.800	(1.700)
Pensions	21.010	23.747	(2.737)	25.979	(2.231)	28.274	(2.295)	29.292	(1.018)
Other Fringe Benefits	11.671	12.739	(1.068)	13.191	(0.452)	13.584	(0.392)	14.167	(0.583)
GASB Account	0.986	1.046	(0.060)	1.082	-	1.107	-	1.131	-
Reimbursable Overhead	-	-	-	-	-	-	-	-	-
Total Labor Expenditures	\$203.676	\$217.991	(\$14.316)	\$243.455	(\$25.427)	\$249.927	(\$6.448)	\$260.106	(\$10.154)
Non-Labor:									
Traction and Propulsion Power	-	-	-	-	-	-	-	-	-
Fuel for Buses and Trains	-	-	-	-	-	-	-	-	-
Insurance	3.173	3.416	(0.243)	3.758	(0.342)	4.134	(0.376)	4.547	(0.413)
Claims	-	-	-	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Contracts	37.369	40.338	(2.969)	42.685	(2.347)	44.923	(2.238)	45.916	(0.993)
Professional Service Contracts	52.464	61.921	(9.457)	67.037	(5.116)	68.100	(1.063)	67.177	0.923
Materials & Supplies	4.865	3.500	1.365	14.140	(10.640)	2.512	11.628	2.596	(0.084)
MTA Internal Subsidy	51.239	55.157	(3.918)	57.415	(2.258)	61.245	(3.830)	67.091	(5.846)
Other Business Expenses	45.461	40.516	4.945	42.473	(1.957)	43.283	(0.810)	44.227	(0.943)
Total Non-Labor Expenditures	\$194.572	\$204.850	(\$10.278)	\$227.509	(\$22.659)	\$224.197	\$3.312	\$231.553	(\$7.356)
Other Expenditure Adjustments:									
Capital	14.242	20.800	(6.558)	20.800	-	20.800	-	20.800	-
Total Other Expenditure Adjustments	\$14.242	\$20.800	(\$6.558)	\$20.800	\$0.000	\$20.800	\$0.000	\$20.800	\$0.000
Total Expenditures	\$412.489	\$443.641	(\$31.152)	\$491.763	(\$48.086)	\$494.924	(\$3.137)	\$512.459	(\$17.510)
Baseline Net Cash Deficit	(\$293.905)	(\$313.405)	(\$19.500)	(\$351.498)	(\$38.093)	(\$351.865)	(\$0.367)	(\$368.741)	(\$16.876)
2010 PEGs									
Post-2010 PEGs	4.179	4.277	0.098	4.376	0.099	4.478	0.102	4.583	0.105
Net Cash Deficit	(\$289.726)	(\$309.128)	(\$19.402)	(\$347.122)	(\$37.994)	(\$347.387)	(\$0.265)	(\$364.158)	(\$16.771)

MTA Headquarters
July Financial Plan 2010-2013
Summary of Major Changes Between Financial Plans by Category

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

2009: July Financial Plan vs. February Financial Plan

The Baseline Cash Deficit in the July Financial Plan of \$293.9 million is a \$0.5 million improvement from the February Plan of \$294.4 million. The decrease is primarily attributable to lower operating capital expenditures partly offset by higher subsidies to LI Bus to cover shortfalls between revenues and expenses, and the reinstatement of the Rockaway Resident - Cross Bay Bridge Program which was presented as part of B&T's AABBs and for which MTA Headquarters was to receive reimbursement.

2010: July Financial Plan vs. February Financial Plan

The Baseline Cash Deficit in the July Financial Plan of \$313.4 million is a \$19.8 million increase from the February Plan of \$293.6 million and is primarily attributable to higher subsidies to LI Bus to cover shortfalls between revenues and expenses, and to the reinstatement of the Rockaway Resident - Cross Bay Bridge Program which was presented as part of B&T's AABBs and for which MTA Headquarters was to receive reimbursement.

2011 and 2012: July Financial Plan vs. February Financial Plan

The Baseline Cash Deficit in the July Financial Plan of \$351.5 million in 2011 is a \$24.2 million increase from the February Plan of \$327.3 million. The Baseline Cash Deficit in the July Financial Plan of \$351.9 million in 2012 is a \$27.0 million increase from the February Plan of \$324.8 million.

MTA HEADQUARTERS
July Financial Plan 2010-2013
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE

	2009	2010	2011	2012
Baseline 2009 February Financial Plan - Operating Cash Income/(Deficit)	(\$294.391)	(\$293.632)	(\$327.293)	(\$324.834)
Baseline Changes				
Revenue				
Farebox Revenue				
<i>Reduced Fare/Toll Increase</i>				
<i>Additional Actions for Budget Balance: Revenue Impact</i>				
Vehicle Toll Revenue				
Rental Income	\$2.150	\$1.317	\$1.815	\$1.855
Data Center Billings	-	-	-	-
Other	-	0.017	0.051	0.052
Capital and Other Reimbursement	-	-	-	-
Total Revenue Changes	\$2.150	\$1.333	\$1.866	\$1.907
Expenses				
<i>Labor:</i>				
Payroll	\$1.332	\$3.278	\$2.127	\$1.833
Overtime	(0.101)	(0.004)	(0.051)	(0.051)
Health and Welfare	0.813	0.343	(0.626)	(0.831)
OPEB Current Payment	-	-	-	-
Pensions	(2.005)	(1.584)	0.322	0.899
Other Fringe Benefits	(0.895)	(1.337)	(0.630)	(0.720)
Reimbursable Overhead	(0.523)	(0.533)	(0.198)	(0.336)
Total Labor Expense Changes	(\$1.380)	\$1.164	\$0.944	\$0.794
<i>Non-Labor:</i>				
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-
Insurance	0.155	0.259	0.295	0.336
Claims	-	-	-	-
Paratransit Service Contracts	-	-	-	-
Maintenance and Other Operating Contracts	2.865	1.021	0.416	0.179
Professional Service Contracts	5.748	2.128	1.794	1.848
Materials & Supplies	(0.194)	(0.373)	(0.263)	(0.332)
MTA Internal Subsidy	(6.264)	(14.854)	(16.943)	(18.774)
Other Business Expenses	(0.624)	(0.764)	(0.238)	(0.236)
Total Non-Labor Expense Changes	\$1.686	(\$12.583)	(\$14.938)	(\$16.980)
Gap Closing Expenses :				
<i>Additional Actions for Budget Balance: Expense Impact</i>	(\$10.800)	(\$12.628)	(\$12.934)	(\$13.245)
Total Gap Closing Expenses	(\$10.800)	(\$12.628)	(\$12.934)	(\$13.245)
Total Expenses before Depreciation and GASB Adjs.				
Depreciation	\$0.000	(\$2.850)	\$0.000	\$0.000
OPEB Obligation	-	-	-	-
Environmental Remediation	-	-	-	-
Total Expense Changes	(\$10.493)	(\$27.898)	(\$26.928)	(\$29.431)
Cash Adjustment Changes				
Revenue Adjustments	(\$0.915)	(\$0.373)	\$0.007	\$0.013
Other Expense Adjustments	(1.979)	(.060)	.851	.481
Operating Capital	11.722	4.374	.000	.000
Depreciation Adjustment	.000	2.850	.000	.000
Total Cash Adjustment Changes	\$8.829	\$6.791	\$0.858	\$0.494
Total Baseline Changes	\$0.486	(\$19.773)	(\$24.205)	(\$27.030)
Baseline 2009 July Financial Plan - Operating Cash Income/(Deficit)	(\$293.905)	(\$313.405)	(\$351.498)	(\$351.865)

MTA HEADQUARTERS
July Financial Plan 2010-2013
Changes Between Financial Plans by Generic Categories
(\$ in millions)

REIMBURSABLE

	2009	2010	2011	2012
Baseline 2009 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes				
Revenue				
Farebox Revenue				
Reduced Fare/Toll Increase				
Additional Actions for Budget Balance: Revenue Impact				
Vehicle Toll Revenue				
Rental Income				
Data Center Billings				
Other				
Capital and Other Reimbursement	(\$1.749)	(\$0.558)	(\$0.325)	(\$0.381)
Total Revenue Changes	(\$1.749)	(\$0.558)	(\$0.325)	(\$0.381)
Expenses				
Labor:				
Payroll	\$0.776	(\$0.208)	(\$0.179)	(\$0.236)
Overtime	-	-	-	-
Health and Welfare	0.140	0.002	0.021	0.016
OPEB Current Payment	-	-	-	-
Pensions	0.101	0.007	0.016	0.012
Other Fringe Benefits	0.074	(0.012)	0.002	(0.002)
Reimbursable Overhead	0.523	0.533	0.198	0.336
Total Labor Expense Changes	\$1.613	\$0.322	\$0.057	\$0.126
Non-Labor:				
Traction and Propulsion Power	-	-	-	-
Fuel for Buses and Trains	-	-	-	-
Insurance	0.106	0.117	0.119	0.121
Claims	-	-	-	-
Paratransit Service Contracts	-	-	-	-
Maintenance and Other Operating Contracts	0.029	0.028	0.029	0.030
Professional Services	(0.005)	0.076	0.106	0.090
Materials & Supplies	0.002	0.000	(0.000)	(0.000)
MTA Internal Subsidy	-	-	-	-
Other Business Expenses	0.003	0.015	0.014	0.014
Total Non-Labor Expense Changes	\$0.135	\$0.236	\$0.268	\$0.254
Gap Closing Expenses :				
Additional Actions for Budget Balance: Expense Impact				
Total Gap Closing Expenses	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$1.749	\$0.558	\$0.325	\$0.381
Depreciation				
Total Expense Changes	\$1.749	\$0.558	\$0.326	\$0.381
Cash Adjustment Changes				
Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2009 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000

MTA Headquarters
July Financial Plan 2010-2013
Summary of Major Programmatic Changes Between Financial Plans
(\$ in millions)

TOTAL NON-REIMBURSABLE and REIMBURSABLE

	2009	2010	2011	2012
Baseline 2009 February Financial Plan - Operating Cash Income/(Deficit)	(\$294.391)	(\$293.632)	(\$327.293)	(\$324.834)
Restored AABBs	(2.200)	(3.947)	(4.035)	(4.124)
Passenger Fare and Toll Revenue in the Baseline - 23% Yield				
Passenger Fare and Toll Revenue - 10% Increase				
Non-Reimbursable Major Changes				
Revenue				
Higher Rental Income	2.150	1.317	1.815	1.855
Sub-Total Non-Reimbursable Revenue Changes	\$2.150	\$1.317	\$1.815	\$1.855
Expenses				
Changes in Business Service Center Budget	2.832	1.728	(0.266)	(0.966)
Command Promotions in MTA PD	(0.201)	(0.207)	(0.214)	(0.218)
Inflationary Changes	-	(0.480)	(1.489)	(1.542)
Revised Pension	(1.905)	(1.577)	0.338	0.911
Health & Welfare	0.953	0.345	(0.605)	(0.815)
All Other Fringe Changes	(0.821)	(1.349)	(0.628)	(0.722)
Depreciation Adjustment	-	(2.850)	-	-
Payroll Mobility Tax	(0.423)	(0.470)	(0.529)	(0.533)
Change in Reimbursable Overhead	(0.523)	(0.533)	(0.198)	(0.336)
Change in Support for Subsidiary Levels	(6.264)	(14.854)	(16.943)	(18.774)
Transfer of 7 Audit positions from NYCT	(0.708)	(0.858)	(0.896)	(0.925)
Higher Two Broadway Rent Expense	(2.073)	(2.496)	(2.575)	(2.631)
All Other	\$0.840	(\$0.334)	\$1.161	\$1.297
Sub-Total Non-Reimbursable Expense Changes	(\$8.294)	(\$23.934)	(\$22.843)	(\$25.254)
Total Non-Reimbursable Major Changes	(\$8.344)	(\$26.564)	(\$25.063)	(\$27.524)
Reimbursable Major Changes				
Revenue				
Lower Reimbursements	(1.749)	(0.558)	(0.325)	(0.381)
Sub-Total Reimbursable Revenue Changes	(\$1.749)	(\$.558)	(\$.325)	(\$.381)
Expenses				
Lower Recoverable Expenses	1.749	0.558	0.326	0.381
Sub-Total Reimbursable Expense Changes	\$1.749	\$5.58	\$3.26	\$3.81
Total Reimbursable Major Changes	\$0.000	\$0.000	\$0.000	\$0.000
Total Accrual Changes	(\$8.343)	(\$26.564)	(\$25.063)	(\$27.524)
Cash Adjustment Changes				
Revenue Adjustments	(\$0.915)	(\$0.373)	\$0.007	\$0.013
Other Expense Adjustments	(\$1.979)	(\$0.060)	\$0.851	\$0.481
Operating Capital	\$11.722	\$4.374	\$0.000	\$0.000
Depreciation Adjustment	\$0.000	\$2.850	\$0.000	\$0.000
Total Cash Adjustment Changes	\$8.829	\$6.791	\$0.858	\$0.494
Total Baseline Changes	\$0.485	(\$19.773)	(\$24.205)	(\$27.030)
Baseline 2009 July Financial Plan - Operating Cash Income/(Deficit)	(\$293.905)	(\$313.405)	(\$351.498)	(\$351.865)

MTA Headquarters
July Financial Plan 2010-2013
Summary of 2010 Program to Eliminate the Gap (PEGs)
(\$ in millions)

		<u>2009</u>		<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>	
		<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
Administration											
	Sub-Total Administration	0	\$0.000	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	0	\$0.000
Maintenance											
	Sub-Total Maintenance	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Other											
	Sub-Total Other	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Revenue Enhancement											
	Sub-Total Revenue Enhancement	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Safety											
	Sub-Total Safety	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Security											
MTA Police Overtime Reduction			4.179		4.277		4.376		4.478		4.583
	Sub-Total Security	0	\$4.179	0	\$4.277	0	\$4.376	0	\$4.478	0	\$4.583
Service											
	Sub-Total Service	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Service Support											
	Sub-Total Service Support	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Total Programs		<u>0</u>	<u>\$4.179</u>	<u>0</u>	<u>\$4.277</u>	<u>0</u>	<u>\$ 4.376</u>	<u>0</u>	<u>\$4.478</u>	<u>0</u>	<u>\$4.583</u>

MTA Headquarters
 July Financial Plan 2010-2013
 2010 Program to Eliminate the Gap (PEGs) Worksheet
 (\$ in millions)

Business Unit	MTAHQ	PEG Category	Security	Implementation Date	08/01/2009
PEG / New Need ID				Savings Date	08/01/2009
Program:	MTA Police Overtime Reduction				
Description and Implementation Plan	Beginning in 2009, reduce the level of MTA funding for police patrols performed on overtime.				
Background Details	In light of current fiscal constraints, MTAHQ has reduced the internal funding to MTA Police for patrol work done on an overtime basis. The MTA Office of Security will seek federal funds to support this initiative				

<u>Account</u>	<u>Product</u>	2009	2010	2011	2012	2013
		4.179	4.277	4.376	4.478	4.583
Total Headcount						
Financial Impact		\$ 4.179	\$ 4.277	\$ 4.376	\$ 4.478	\$ 4.583

**MTA Headquarters
2010 Preliminary Budget
July Financial Plan 2010 – 2013**

Other Assumptions

Position Table

A baseline headcount of 1,565 positions is forecasted for 2009, unchanged from the February Financial Plan. The transfer of 7 Audit positions from New York City Transit is offset by a net reduction in BSC positions after MTA Headquarters' transfers. In 2010 headcount increases that are either reimbursable or recoverable from the benefiting agencies, and approved in last year's Plan, are the main reasons for the increase to 1,568 positions. The level of employees will increase to 1,765 in 2011, 1,779 in 2012, and then drop to 1,763 in 2013, primarily due to a continuous improvement program at the BSC.

MTA HEADQUARTERS
July Financial Plan 2010-2013
Non-Reimbursable - Reimbursable Positions by Function and Department
Full-Time Positions and Full-Time Equivalents

FUNCTION/DEPARTMENT	2008 Actual	2009 Mid-Year Forecast	2010 Preliminary Budget	2011	2012	2013
Administration						
Executive	8	6	6	6	6	6
Administration	216	211	211	211	211	211
Audit	96	102	102	102	102	102
Chief Financial Officer	93	103	103	74	74	74
Corporate and Community Affairs	50	50	50	50	50	50
Policy and Media Relations	11	11	11	11	11	11
General Counsel	96	66	66	66	66	66
Office of Diversity	-	35	35	35	35	35
Chief of Staff/Senior Policy Advisor	52	33	33	33	33	33
Spec. Project Develop/Planning	9	9	9	9	9	9
Labor Relations	5	5	5	5	5	5
PCAC	4	5	5	5	5	5
Vending Fare Media	6	6	6	6	6	6
Corporate Account	-	4	4	4	5	6
Business Service Center	8	133	136	362	375	358
Total Administration	654	779	782	979	993	977
Public Safety	760	786	786	786	786	786
Baseline Total Positions	1,414	1,565	1,568	1,765	1,779	1,763
<i>Non-Reimbursable</i>	1,414	1,517	1,517	1,712	1,725	1,709
<i>Reimbursable</i>		48	51	53	54	54
<i>Full-Time</i>	1,414	1,565	1,568	1,765	1,779	1,763
<i>Full-Time Equivalents</i>	-	-	-	-	-	-
Impact of:						
2010 Program to Eliminate the Gap	0	0	0	0	0	0
Post-2010 Program to Eliminate the Gap	0	0	0	0	0	0
Total Positions	1,414	1,565	1,568	1,765	1,779	1,763
<i>Non-Reimbursable</i>	1,414	1,517	1,517	1,712	1,725	1,709
<i>Reimbursable</i>	0	48	51	53	54	54
<i>Total Full-Time</i>	1,414	1,565	1,568	1,765	1,779	1,763
<i>Total Full-Time Equivalents</i>	-	-	-	-	-	-

MTA HEADQUARTERS
July Financial Plan 2010-2013
Total Full-time Positions and Full-time Equivalents by Function and Occupational Group

FUNCTION/OCCUPATIONAL GROUP		2008 Actual	2009 Mid-Year Forecast	2010 Preliminary Budget	2011	2012	2013
Administration							
	Managers/Supervisors	398	460	460	498	506	503
	Professional, Technical, Clerical	256	319	322	481	487	474
	Operational Hourlies						
	Total Administration	654	779	782	979	993	977
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 (includes DED-Safety & Security) MGRs/Sups inc Sworn Mgrs							
	Managers/Supervisors	33	38	38	38	38	38
	Professional, Technical, Clerical	59	81	81	81	81	81
	Operational Hourlies (Uniformed)	668	667	667	667	667	667
	Total Public Safety	760	786	786	786	786	786
Total Baseline Positions							
	Managers/Supervisors	431	498	498	536	544	541
	Professional, Technical, Clerical	315	400	403	562	568	555
	Operational Hourlies	668	667	667	667	667	667
	Total Baseline Positions	1,414	1,565	1,568	1,765	1,779	1,763

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**INSPECTOR GENERAL
2010 Preliminary Budget
July Financial Plan 2010-2013**

Highlights of Operations

The Office of Inspector General's budget is predominately driven by the wages and benefits necessary to support our investigative unit, including attorneys, investigators, and personnel with financial investigations expertise; our audit and analysis unit with staff that have qualitative and quantitative analytical skills; and an administrative and support function, including but not limited to personnel for purchasing, information systems, accounting and reception. These resources are used to investigate and audit matters of concern throughout the MTA and its subsidiaries.

Financial Overview

The budget for the Office of Inspector General for the years 2009-2013 reflect expense reductions consistent with the guidelines and assumptions used by MTA Headquarters.

2009 Mid-Year Forecast

The 2009 Mid-Year Forecast reflects a new need for on-going legal matters and a confidential investigation shared by the Manhattan District Attorney and the Port Authority Inspector General's offices. The investigation has led to indictments and is continuing. Other joint cases with our investigative prosecutorial partners within both local and federal jurisdictions may require similar efforts in the second half of 2009 and 2010. The 2009 Mid-Year Forecast also reflects \$227 thousand in PEG reductions that began in 2008; \$23 thousand in Administrative reductions that began in 2009 and finally, \$484 thousand in Additional Actions for Budget Balance that also began in 2009.

2010 Preliminary Budget – Baseline

The 2010 Preliminary Budget reflects recurring savings from the 2008 PEG and Additional Actions for Budget Balance.

2011-2013 Projections

The budget for the Office of Inspector General for the years 2011-2013 maintains the base funding from the previous year and provides inflationary growth according to the guidelines and assumptions used by MTA Headquarters.

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Net Cash Deficit	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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INSPECTOR GENERAL
July Financial Plan 2010 - 2013
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

CASH FLOW ADJUSTMENTS

	2008	2009	2010			
	<u>Actual</u>	<u>Mid-Year</u>	<u>Preliminary</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Receipts						
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	-	-	-	-	-	-
Capital and Other Reimbursements	(0.458)	(0.319)	(0.790)	(0.790)	(1.210)	(0.790)
Total Receipts	(\$0.458)	(\$0.319)	(\$0.790)	(\$0.790)	(\$1.210)	(\$0.790)
Expenditures						
<u>Labor:</u>						
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Overtime	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
OPEB Current Payment	-	-	-	-	-	-
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	-	(0.001)	-	-	-	-
Professional Service Contracts	-	-	-	-	-	-
Materials & Supplies	-	-	-	-	-	-
Other Business Expenditures	-	0.001	-	-	-	-
Total Non-Labor Expenditures	\$0.000	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000
<u>Other Expenditures Adjustments:</u>						
Other	\$0.000	\$0.122	\$0.180	\$0.180	\$0.600	\$0.180
Total Other Expenditures Adjustments	\$0.000	\$0.122	\$0.180	\$0.180	\$0.600	\$0.180
Total Cash Conversion Adjustments before Depreciation	(\$0.458)	(\$0.197)	(\$0.610)	(\$0.610)	(\$0.610)	(\$0.610)
Depreciation Adjustment	0.458	0.197	0.610	0.610	0.610	0.610
Total Cash Conversion Adjustments	\$0.000	\$0.000	(\$0.000)	\$0.000	(\$0.000)	\$0.000

REIMBURSABLE

[illegible]

MTA Inspector General
July Financial Plan 2010 - 2013
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2009	2010	Change 2010 - 2009	2011	Change 2011 - 2010	2012	Change 2012 - 2011	2013	Change 2013 - 2012
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-	-	-	-
Other Operating Revenue	-	-	-	-	-	-	-	-	-
Capital and Other Reimbursements	13.229	12.481	(\$0.748)	12.986	\$0.505	12.961	(\$0.025)	13.876	\$0.915
Total Receipts	\$13.229	\$12.481	(\$0.748)	\$12.986	\$0.505	\$12.961	(\$0.025)	\$13.876	\$0.915
<u>Expenditures</u>									
Labor:									
Payroll	\$7.286	\$7.343	(\$0.057)	\$7.574	(\$0.231)	\$7.741	(\$0.167)	\$7.912	(\$0.171)
Overtime	-	-	-	-	-	-	-	-	-
Health and Welfare	0.855	1.003	(\$0.148)	1.102	(\$0.099)	1.200	(\$0.098)	1.390	(\$0.190)
OPEB Current Payment	-	-	-	-	-	-	-	-	-
Pensions	0.647	0.684	(\$0.037)	0.728	(\$0.044)	0.760	(\$0.032)	0.794	(\$0.034)
Other Fringe Benefits	0.560	0.564	(\$0.004)	0.598	(\$0.034)	0.625	(\$0.027)	0.653	(\$0.028)
Reimbursable Overhead	-	-	-	-	-	-	-	-	-
Total Labor Expenditures	\$9.348	\$9.594	(\$0.246)	\$10.002	(\$0.408)	\$10.326	(\$0.324)	\$10.749	(\$0.423)
Non-Labor:									
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-	-	-	-	-
Insurance	0.015	0.018	(\$0.003)	0.021	(\$0.003)	0.024	(\$0.003)	0.029	(\$0.005)
Claims	-	-	-	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-	-	-	-
Maintenance and Other									
Operating Contracts	0.241	0.246	(\$0.005)	0.254	(\$0.008)	0.260	(\$0.006)	0.265	(\$0.005)
Professional Service Contracts	1.007	0.007	\$1.000	0.007	\$0.000	0.008	(\$0.001)	0.008	\$0.000
Materials & Supplies	0.129	0.112	\$0.017	0.114	(\$0.002)	0.118	(\$0.004)	0.120	(\$0.002)
MTA Internal Subsidy	-	-	-	-	-	-	-	-	-
Other Business Expenses	2.611	2.684	(\$0.073)	2.768	(\$0.084)	2.825	(\$0.057)	2.885	(\$0.060)
Total Non-Labor Expenditures	\$4.003	\$3.067	\$0.936	\$3.164	(\$0.097)	\$3.235	(\$0.071)	\$3.307	(\$0.072)
Other Expenditure Adjustments:									
Other	(0.122)	(0.180)	\$0.058	(0.180)	\$0.000	(0.600)	\$0.420	(0.180)	(\$0.420)
Total Other Expenditure Adjustments	(\$0.122)	(\$0.180)	\$0.058	(\$0.180)	\$0.000	(\$0.600)	\$0.420	(\$0.180)	(\$0.420)
Total Expenditures	\$13.229	\$12.481	\$0.748	\$12.986	(\$0.505)	\$12.961	\$0.025	\$13.876	(\$0.915)
Baseline Net Cash Deficit	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000
2010 Program to Eliminate the Gap	-	-	-	-	-	-	-	-	-
Post-2010 Program to Eliminate the Gap	-	-	-	-	-	-	-	-	-
Net Cash Deficit	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000

INSPECTOR GENERAL
July Financial Plan 2010 - 2013
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2009	2010	2011	2012
2009 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000
Baseline:				
Changes				
Revenue:				
Capital and Other Reimbursements	\$ 0.697	\$ 0.021	\$ 0.179	\$ 0.194
Sub-Total Revenue Changes	\$ 0.697	\$ 0.021	\$ 0.179	\$ 0.194
Expenses:				
Payroll	0.018	0.119	0.032	0.024
Overtime	-	-	-	-
Health and Welfare	0.004	(0.061)	(0.075)	(0.078)
OPEB Current Payment	-	-	-	-
Pensions	0.077	0.071	0.056	0.056
Other Fringe Benefits	0.032	0.053	0.043	0.043
Reimbursable Overhead	-	-	-	-
Insurance	0.001	-	(0.002)	(0.003)
Claims	-	-	-	-
Paratransit Service Contracts	-	-	-	-
Maintenance and Other				
Operating Contracts	(0.054)	(0.055)	(0.058)	(0.060)
Professional Service Contracts	(1.003)	(0.003)	(0.002)	(0.003)
Materials & Supplies	(0.029)	(0.010)	(0.011)	(0.013)
Other Business Expenses	(0.131)	(0.110)	(0.137)	(0.135)
Depreciation	0.388	(0.025)	(0.025)	(0.025)
Sub-Total Expense Changes	\$ (0.697)	\$ (0.021)	\$ (0.179)	\$ (0.194)
Cash Adjustments:				
Revenue				
Expense				
Sub-Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$0.000	\$0.000	\$0.000	\$0.000
Programmatic New Needs				
2010 PEG Program	\$0.000	\$0.000	\$0.000	\$0.000
Post-2010 PEG Program	\$0.000	\$0.000	\$0.000	\$0.000
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000
2009 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000

INSPECTOR GENERAL
July Financial Plan 2010 - 2013
Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2008 Actual	2009 Mid-Year Forecast	2010 Preliminary Budget	2011	2012	2013
Administration						
Office of the Inspector General	83	86	86	86	86	86
Total Administration	83	86	86	86	86	86
 Baseline Total Positions	 83	 86	 86	 86	 86	 86
 Non-Reimbursable	 0	 0	 0	 0	 0	 0
Reimbursable	83	86	86	86	86	86
Total	83	86	86	86	86	86
 Total Full-Time	 83	 86	 86	 86	 86	 86
Total Full-Time Equivalents	0	0	0	0	0	0

**First Mutual Transportation Assurance Co.
(FMTAC)**

MTA First Mutual Transportation Assurance Company
2010 Preliminary Budget
July Financial Plan 2010-2013

In accordance with MTA approved Budget procedures, the following information presents MTA First Mutual Transportation Assurance Company's (FMTAC), 2009 Mid-Year Forecast, 2010 Preliminary Budget and the Financial Plan for 2010 - 2013.

The attached also includes schedules detailing the monthly allocation of financial data based on the 2009 Mid-Year Forecast for the purpose of reporting actual results on a monthly basis to the Board.

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.

Insurance premiums from the Agencies (revenue) are recorded as credits to the Insurance expense line. Premiums are increasing 10% each year for most policies but for Paratransit and Comprehensive Automobile Liability expenses are increasing 20% each year.

Paratransit increases are due to more exposure resulting from more vehicles. Additional expenses consist primarily of Claims and Other Business Expenses.

MTA First Mutual Transportation Assurance Company
2010 Preliminary Budget
July Financial Plan 2010-2013

2009 Mid-Year Forecast

In the July 2009 Financial Plan, a total of \$24.857 million is projected in Net Surplus compared to the \$1.965 million Net Deficit in the 2009 Adopted Budget. This consists of an increase of \$11.594 millions in revenues as well as a decrease in expenses of \$15.228 million. The favorable outcome is primarily due to higher Insurance (premium revenue) projected in the 2009 Mid Year Forecast of the MTA Summary & Detailed Agency Insurance Cash Budgets. Insurance premiums are higher due to Paratransit going up 20% and Comprehensive Automobile Liability going up 20%. The favorable outcome was offset by unfavorable developments in expenses for claims due to updated estimates from the actuary. Claims are based on actuarial analysis of claim activity on an estimated basis. Revenue and Other Business Expenses are based on actual results through April 2009 on an annualized basis.

2010 Preliminary Budget – Baseline

In the 2010 Preliminary Budget, a total of \$27.537 million is projected in Baseline Surplus compared to the \$4.032 million Baseline Deficit in the 2009 February Plan. This consists of an increase of \$11.885 million in revenues as well as a decrease in expenses of \$19.683 million. The favorable outcome is primarily due to higher Insurance (premium revenue) projected in the 2009 Mid Year Forecast of the MTA Summary & Detailed Agency Insurance Cash Budgets. The favorable outcome was offset by unfavorable developments in expenses for claims due to updated estimates from the actuary. Claims are based on actuarial analysis of claim activity on an estimated basis.

2010 – 2013 Projections

2010 – 2013 Projections are representative of 2009 projections with market increases. Investment Income and Other Operating Revenue are estimated to increase over 2009 projections at a rate equal to CPI. Insurance is estimated to increase over 2009 estimates at a rate of 15% to 16% each year due to Paratransit going up 20% and Comprehensive Automobile Liability going up 20%. Claims are based on actuarial analysis of projected claims activities and adjustments, whether favorable or unfavorable in required reserves. Other Business Expenses are estimated to increase over 2009 at a rate of 2% each year.

MTA FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
July Financial Plan 2010-2013
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE						
	2008	2009	2010			
	Actual	Mid-Year	Preliminary	2011	2012	2013
		Forecast	Budget			
Operating Revenue						
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	19.243	9.486	9.707	10.013	10.233	10.459
Investment Income	(30.457)	6.753	6.910	7.128	7.285	7.446
Capital and Other Reimbursements	-	-	-	-	-	-
Total Revenue	(\$11.214)	\$16.239	\$16.617	\$17.141	\$17.518	\$17.905
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	(55.412)	(62.765)	(71.903)	(82.629)	(95.733)	(110.567)
Claims	46.919	46.554	53.239	59.466	65.843	71.263
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	-	-	-	-	-	-
Professional Service Contracts	-	-	-	-	-	-
Materials & Supplies	-	-	-	-	-	-
Other Business Expenses	10.204	7.593	7.745	7.900	8.058	8.219
Total Non-Labor Expenses	\$1.711	(\$8.618)	(\$10.919)	(\$15.263)	(\$21.832)	(\$31.085)
<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	\$1.711	(\$8.618)	(\$10.919)	(\$15.263)	(\$21.832)	(\$31.085)
Depreciation	-	-	-	-	-	-
Total Expenses	\$1.711	(\$8.618)	(\$10.919)	(\$15.263)	(\$21.832)	(\$31.085)
Baseline Surplus/(Deficit)	(\$12.925)	\$24.857	\$27.537	\$32.404	\$39.350	\$48.990

CASH RECEIPTS AND EXPENDITURES	
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MTA FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
July Financial Plan 2010-2013
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

CASH FLOW ADJUSTMENTS						
	2008	2009	2010			
	<u>Actual</u>	<u>Mid-Year</u>	<u>Preliminary</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
		<u>Forecast</u>	<u>Budget</u>			
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	5.356	6.125	6.841	8.086	8.752
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	-	-	-	-	-	-
Professional Service Contracts	-	-	-	-	-	-
Materials & Supplies	-	-	-	-	-	-
Other Business Expenditures	-	-	-	-	-	-
Total Non-Labor Expenditures	\$0.000	\$5.356	\$6.125	\$6.841	\$8.086	\$8.752
<u>Other Expenditures Adjustments:</u>						
Other	\$12.925	(\$30.213)	(\$33.662)	(\$39.245)	(\$47.436)	(\$57.742)
Total Other Expenditures Adjustments	\$12.925	(\$30.213)	(\$33.662)	(\$39.245)	(\$47.436)	(\$57.742)
Total Cash Conversion Adjustments before Depreciation	\$12.925	(\$24.857)	(\$27.537)	(\$32.404)	(\$39.350)	(\$48.990)
Depreciation Adjustment	-	-	-	-	-	-
Total Cash Conversion Adjustments	\$12.925	(\$24.857)	(\$27.537)	(\$32.404)	(\$39.350)	(\$48.990)

**MTA First Mutual Transportation Assurance Company
July Financial Plan 2010-2013
Year-to-Year Changes by Category Baseline Narrative**

Revenue

Investment Income

- Investment income is derived through FMTAC based on the investments held with Dwight Asset Management.
- Investment income is projected based on the All Urban Consumer CPI inflation rates as provided in the Economic & Demographic Forecasts April 6, 2009.
- Combined Other Operating Revenue and Investment Income increased by \$27.608 million in 2009. This is due primarily to a projected drop in unrealized losses based on results through April 2009. Unrealized losses incurred at the end of 2008 were \$30.457 million.

Expenses

Insurance

- Insurance (premiums paid to FMTAC) is from the 2009 Mid Year Forecast of the MTA Summary & Detailed Agency Insurance Cash Budgets and are based on increases in the market as well as increases in the claims expense and reserve adjustments.
- Insurance (premiums) is estimated to increase 15% to 16% each for 2010 – 2013.

Claims

- Claims expenses are determined by actuarial projection for 2010 – 2013 actual claim expense paid and any adjustment either favorable or unfavorable to reserves.

Other Business Expenses

- Other Business Expenses increase 2% for 2010 – 2013 and are representative of general increases for professional services provided and expenses not directly related to claims.

MTA FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
July Financial Plan 2010 - 2013
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE

	Favorable/(Unfavorable)										
	2008 Actual	2009	Change 2009 - 2008	2010	Change 2010 - 2009	2011	Change 2011 - 2010	2012	Change 2012 - 2011	2013	Change 2013 - 2012
<u>Revenue</u>											
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	19.243	9.486	(9.757)	9.707	0.221	10.013	0.306	10.233	0.220	10.459	0.226
Investment Income	(30.457)	6.753	37.210	6.910	0.157	7.128	0.218	7.285	0.157	7.446	0.161
Capital and Other Reimbursements			0.000		0.000		0.000		0.000		0.000
Total Revenue	(\$11.214)	\$16.239	\$27.453	\$16.617	\$0.378	\$17.141	\$0.523	\$17.518	\$0.377	\$17.905	\$0.387
<u>Expenses</u>											
Labor:											
Payroll			\$0.000		\$0.000		\$0.000		\$0.000		\$0.000
Overtime			0.000		0.000		0.000		0.000		0.000
Health and Welfare			0.000		0.000		0.000		0.000		0.000
OPEB Current Payment			0.000		0.000		0.000		0.000		0.000
Pensions			0.000		0.000		0.000		0.000		0.000
Other Fringe Benefits			0.000		0.000		0.000		0.000		0.000
Reimbursable Overhead			0.000		0.000		0.000		0.000		0.000
Total Labor Expenses	\$0.000	\$0.000	\$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
Fuel for Buses and Trains			0.000		0.000		0.000		0.000		0.000
Insurance	(55.412)	(62.765)	7.353	(71.903)	9.138	(82.629)	10.726	(95.733)	13.104	(110.567)	14.834
Claims	46.919	46.554	0.365	53.239	(6.685)	59.466	(6.227)	65.843	(6.377)	71.263	(5.420)
Paratransit Service Contracts			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
Professional Service Contracts			0.000		0.000		0.000		0.000		0.000
Materials & Supplies			0.000		0.000		0.000		0.000		0.000
Other Business Expenses	10.204	7.593	2.611	7.745	(0.152)	7.900	(0.155)	8.058	(0.158)	8.219	(0.161)
Total Non-Labor Expenses	\$1.711	(\$8.618)	\$10.329	(\$10.919)	\$2.301	(\$15.263)	\$4.344	(\$21.832)	\$6.569	(\$31.085)	\$9.253
Other Expenses Adjustments:											
Other			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	\$0.000
Total Expenses before Depreciation	\$1.711	(\$8.618)	\$10.329	(\$10.919)	\$2.301	(\$15.263)	\$4.344	(\$21.832)	\$6.569	(\$31.085)	\$9.253
Depreciation			0.000		0.000		0.000		0.000		0.000
Total Expenses	\$1.711	(\$8.618)	\$10.329	(\$10.919)	\$2.301	(\$15.263)	\$4.344	(\$21.832)	\$6.569	(\$31.085)	\$9.253
Baseline Net Surplus/(Deficit)	(\$12.925)	\$24.857	\$37.782	\$27.537	\$2.680	\$32.404	\$4.868	\$39.350	\$6.946	\$48.990	\$9.640
2010 PEGs			0.000		0.000		0.000		0.000		0.000
Post-2010 PEGs			0.000		0.000		0.000		0.000		0.000
Net Surplus/(Deficit)	(\$12.925)	\$24.857	\$37.782	\$27.537	\$2.680	\$32.404	\$4.868	\$39.350	\$6.946	\$48.990	\$9.640

CASH RECEIPTS & EXPENDITURES

[illegible]

MTA First Mutual Transportation Assurance Company
July Financial Plan 2010-2013
Summary of Changes Between Financial Plans by Category

2009 – 2013 July Financial Plan vs February Financial Plan

Revenue

Revenue changes from the February Plan over the 2009 – 2012 periods include:

- An increase baseline estimate for 2009 and 2010 due to an improvement in unrealized losses for the first four months of 2009.

Expenses

Expense changes from the February Plan over the 2009 – 2012 periods include:

- An increase in Insurance (premium revenue) as projected in the 2009 Mid Year Forecast of the MTA Summary & Detailed Agency Insurance Cash Budgets.
- Claim expenses resulted in unfavorable developments due to updated loss projections from actuarial projections.
- Other Business Expense decreased due to updated estimates based on actual results through April 2009. The inflation rate for Other Business Expense is adjusted to 2% per year to accurately reflect inflation rates.

First Mutual Transportation Assurance Company
July Financial Plan 2010-2013
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE				
	2009	2010	2011	2012
Baseline 2009 February Financial Plan - Operating Cash	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes				
Revenue				
Farebox Revenue				
Vehicle Toll Revenue				
Other Operating Revenue	(13.576)	(13.786)	(14.004)	(14.312)
Investment Income	25.170	25.671	26.307	26.886
Capital and Other Reimbursement				
Total Revenue Changes	\$11.594	\$11.885	\$12.303	\$12.574
Expenses				
<i>Labor:</i>				
Payroll				
Health and Welfare				
OPEB Current Payment				
Pensions				
Other Fringe Benefits				
Reimbursable Overhead				
Total Labor Expense Changes	\$.000	\$.000	\$.000	\$.000
<i>Non-Labor:</i>				
Traction and Propulsion Power				
Fuel for Buses and Trains				
Insurance	\$8.646	\$15.078	\$22.963	\$33.084
Claims	(\$2.456)	(\$4.614)	(\$5.261)	(\$10.553)
Paratransit Service Contracts				
Maintenance and Other Operating Contracts				
Materials & Supplies				
Other Business Expenses	9.038	9.219	9.403	9.591
Total Non-Labor Expense Changes	\$15.228	\$19.683	\$27.105	\$32.122
Total Expenses before Depreciation and GASB Adjs.				
Depreciation				
OPEB Obligation				
Environmental Remediation				
Total Expense Changes	\$15.228	\$19.683	\$27.105	\$32.122
Cash Adjustment Changes				
<i>Revenue:</i>				
Other Operating Revenue	0	0	0	0
<i>Expenses:</i>				
Claims	3.256	3.809	4.260	5.453
Other Business Expenses				
Total Expense Changes	\$3.256	\$3.809	\$4.260	\$5.453
Restricted Cash Adjustment	(30.078)	(35.378)	(43.668)	(50.149)
Total Cash Adjustment Changes	(\$26.822)	(\$31.569)	(\$39.408)	(\$44.696)
Total Baseline Changes	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2009 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000

First Mutual Transportation Assurance Company
July Financial Plan 2010-2013
Changes Between Financial Plans by Generic Categories
(\$ in millions)

REIMBURSABLE				
	2009	2010	2011	2012
Baseline 2009 February Financial Plan - Operating Cash	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes				
Revenue				
Farebox Revenue				
Vehicle Toll Revenue				
Other Operating Revenue				
Investment Income				
Capital and Other Reimbursement				
Total Revenue Changes	\$.000	\$.000	\$.000	\$.000
Expenses				
<i>Labor:</i>				
Payroll				
Health and Welfare				
OPEB Current Payment				
Pensions				
Other Fringe Benefits				
Reimbursable Overhead				
Total Labor Expense Changes	\$.000	\$.000	\$.000	\$.000
<i>Non-Labor:</i>				
Traction and Propulsion Power				
Fuel for Buses and Trains				
Insurance				
Claims				
Paratransit Service Contracts				
Maintenance and Other Operating Contracts				
Materials & Supplies				
Other Business Expenses				
Total Non-Labor Expense Changes	\$.000	\$.000	\$.000	\$.000
Total Expense Changes	\$.000	\$.000	\$.000	\$.000
Cash Adjustment Changes				
Other Business Expenses				
Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2009 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000

First Mutual Transportation Assurance Company
July Financial Plan 2010-2013
Summary of Major Programmatic Changes Between Financial Plans
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	2009	2010	2011	2012
Baseline 2009 February Financial Plan - Net Operating Income				
<i>Non-Reimbursable Major Changes</i>				
Revenue	\$11.594	\$11.885	\$12.303	\$12.574
 Sub-Total Non-Reimbursable Revenue Changes	\$11.594	\$11.885	\$12.303	\$12.574
 Expenses	\$15.228	\$19.683	\$27.105	\$32.122
 Sub-Total Non-Reimbursable Expense Changes	\$15.228	\$19.683	\$27.105	\$32.122
<i>Total Non-Reimbursable Major Changes</i>	\$26.822	\$31.569	\$39.408	\$44.696
<i>Reimbursable Major Changes</i>				
Revenue				
 Sub-Total Reimbursable Revenue Changes				
 Expenses				
 Sub-Total Reimbursable Expense Changes				
<i>Total Reimbursable Major Changes</i>	\$0.000	\$0.000	\$0.000	\$0.000
Total Accrual Changes	\$26.822	\$31.569	\$39.408	\$44.696
Cash Adjustment Changes	(\$26.822)	(\$31.569)	(\$39.408)	(\$44.696)
Total Cash Adjustment Changes	(\$26.822)	(\$31.569)	(\$39.408)	(\$44.696)
<i>Total Baseline Changes</i>	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2009 July Financial Plan - Net Operating Income	\$0.000	\$0.000	\$0.000	\$0.000