

MTA ANNUAL DISCLOSURE STATEMENT UPDATE
(2017 Second Quarterly Update)
November 17, 2017

This Metropolitan Transportation Authority (“MTA”) Annual Disclosure Statement Update (including Attachment A hereto, “Second Quarterly Update”) is dated November 17, 2017, is the second quarterly update to the Annual Disclosure Statement (“ADS”) of MTA, dated April 28, 2017, as supplemented June 22, 2017 and July 5, 2017, and as further supplemented by the first quarterly update (the “First Quarterly Update”) dated August 14, 2017, and contains information only through its date. MTA expects to file this Second Quarterly Update with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system and may incorporate such information herein by specific cross-reference. Such information, together with the complete November Plan hereinafter referred to, is also posted on the MTA website under “MTA Info – Financial Information” at www.mta.info. No statement on MTA’s website or any other website is included by specific cross-reference herein. All of the information in this Second Quarterly Update is accurate as of its respective date. MTA retains the right to update and supplement specific information contained herein as events warrant.

The factors affecting MTA’s financial condition are complex. This Second Quarterly Update contains forecasts, projections, and estimates that are based on expectations and assumptions, which existed at the time they were prepared, and contains statements relating to future results and economic performance that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Such statements generally are identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget,” “project,” “forecast,” “anticipate” or other similar words. The forward looking statements contained herein are based on MTA’s expectations and are necessarily dependent upon assumptions, estimates and data that it believes are reasonable as of the date made but that may be incorrect, incomplete, imprecise or not reflective of future actual results. Forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as set forth in the preceding paragraph, MTA does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations change or events occur that change the conditions or circumstances on which such statements are based. These forward-looking statements speak only as of the date of this Second Quarterly Update.

MTA ANNUAL DISCLOSURE STATEMENT UPDATE
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Introduction

This update, dated November 17, 2017 (the “Second Quarterly Update”), is the second quarterly update to the Annual Disclosure Statement (“ADS”) of the Metropolitan Transportation Authority (“MTA”), dated April 28, 2017, as supplemented June 22, 2017 and July 5, 2017, and as further supplemented by the first quarterly update (the “First Quarterly Update”) dated August 14, 2017. This Second Quarterly Update contains information only through November 17, 2017, and should be read in its entirety, together with the ADS as so previously updated and supplemented. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the ADS.

In this Second Quarterly Update, readers will find:

1. A summary of recent events and changes to the MTA’s 2018-2021 Financial Plan released by MTA in July 2017 (the “July Plan”), made since the date of the ADS, to reflect provisions of the 2017 MTA November Financial Plan presented to the MTA Board on November 15, 2017 (the “November Plan”). The complete November Plan is posted on the MTA’s website under “MTA Info – Financial Information – Budget and Financial Statements” at www.mta.info. No statement on MTA’s website or any other website is included by specific cross-reference herein. The updated information reflected in the November Plan includes revised July Plan projections for fiscal years 2017 through 2021.
2. **Attachment A** to this Second Quarterly Update, which presents the MTA November Plan in tabular form and includes Financial Plan tables that summarize the MTA’s November Plan for fiscal year 2016 (actual) and projected receipts and expenditures for fiscal years 2017 through 2021, in each case prepared by MTA management.

The November Plan, which includes the 2017 November Forecast, the 2018 Final Proposed Budget and a Financial Plan for the years 2018-2021, updates the July Plan. Since 2010, MTA financial plans have included MTA management initiatives to achieve operational efficiencies and recurring cost reductions to moderate the amount of revenues needed from biennial fare and toll increases and governmental subsidies and provide funding for the Capital Program and enhanced maintenance. The plans also have added service when sustainable while also addressing long-term costs such as pensions, health care, paratransit, and debt service.

The July Plan

The July Plan was based on three key inter-related elements: (i) fare and toll price increases of 4% in 2019 and 2021; (ii) annually recurring cost reduction/cost containment targets that will increase the level of annual savings to \$2.3 billion per year by 2021; and (iii) support for \$100 million in additional funding needed for the amended Capital Program. The July Plan

also funded important new investments over the 2017-2021 plan period, including \$484 million for improved maintenance/operations and customer experience enhancements.

The July Plan included certain MTA actions to address unfavorable changes from the February Plan, most notably a significant reduction in real estate transaction revenue, which remain in the November Plan assumptions:

- Increased savings targets by \$150 million per year, starting in 2018 with an incremental increase of \$50 million per year thereafter, growing to \$300 million in 2021;
- Restoration of Payroll Mobility Tax replacement funds from New York State to \$307 million per year beginning in 2018, after a \$65 million reduction in 2017;
- Suspended contributions to the MTA Bridges and Tunnels Necessary Reconstruction Reserve Fund from 2018-2021 (\$158 million);
- Use of \$135 million of the \$155 million in MTA's 2017 General Reserve; and
- Suspended planned contributions to the GASB 45 OPEB reserves, set aside to fund OPEB (principally retiree healthcare costs) beginning in 2018 (\$59 million).

The July Plan was balanced through 2019 with projected funding gaps of \$112 million in 2020 and \$493 million in 2021.

Changes Since The July Plan

Changes and re-estimates resulting in lower projected revenues over the plan period (2017-2021):

- Lower farebox/toll revenue estimates (\$281 million)
- Lower real estate transaction revenue forecasts (\$147 million)
- Lower advertising revenue (\$143 million)
- Lower MMTOA receipts (\$80 million)

Changes and re-estimates yielding improved financial results over the plan period (2017-2021):

- Lower debt service costs (\$189 million)

In total, changes and re-estimates, including the above, are \$309 million unfavorable for the plan period. A reconciliation of changes from the July Plan to the November Plan is included in **Attachment A** to this Second Quarterly Update.

Revenue projections for farebox/toll and real estate transactions were reduced in July, and actual collections have fallen short of those lower projections; the November Plan, therefore, projects a further reduction of those revenues. Lower subway and bus ridership at MTA New York City Transit are driving the reduction in passenger revenue while the reduction in MTA Bridges and Tunnels toll revenue is the result of greater E-ZPass usage, which has lowered the average paid toll. Urban tax collections have been affected by a continuing slowdown in

commercial real estate activity in New York City. The 2018 forecast for MMTOA receipts was also reduced based on slower projected economic growth in the MTA region.

Finally, the November Plan forecasts lower advertising revenue, reflecting the repayment to the vendor for funding the replacement of existing non-digital mediums with a state-of-the-art digital platform. Once completed, the digital screen advertising network will provide opportunities for dynamic messaging that will enable MTA to quickly disseminate customer and emergency information, target specific customer markets and integrate messaging on mobile devices. An additional benefit of the new advertising contract is that future advertising revenue (beyond the 2017-2021 plan period) is expected to substantially increase once the vendor's capital investments are repaid from the revenue streams.

Serving as a partial offset to the lower revenue forecasts are projected debt service savings that reflect: interest rate savings from refunding transactions, the impact of projected favorable interest rates on existing variable rate debt, the accelerated use of PAYGO and other cash previously programmed for capital purposes, and reducing near-term debt issuance.

Highlights of the November Plan

The November Plan continues to follow the approach reflected in earlier plans and contains many noteworthy items:

Subway Action Plan. The MTA management developed a subway action plan ("Subway Action Plan" or "SAP") announced by Chairman Lhota on July 25, 2017, in part in response to Governor Cuomo's June 29, 2017 declaration of a State of Emergency relating to the MTA New York City Transit system. This proposed \$1.5 billion investment over the 2017-2021 plan period targets the key causes of 79 percent of the major incidents that result in service delays, including signals, track and power issues. It also addresses water-related damage and corrosion, track fires, car breakdowns, police activity and station issues. The investment funds the following core areas: track/infrastructure, signals, power, fleet, stations and communications. The following chart details the projected cost of the program through the plan period.



Elements of the Subway Action Plan and ongoing efforts

Subway Action Plan - Budget

All \$ in Millions

Operating

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Five-year total</u>
Track/Infrastructure	\$ 29	\$ 86	\$ 83	\$ 61	\$ 61	\$ 320
Signals	3	14	22	14	13	66
Power	1	4	3	3	3	14
Car Equipment	25	145	96	104	104	474
Stations	12	89	57	53	53	264
Communications/Other	30	70	81	66	66	313
Total Operating Costs	\$ 100	\$ 408	\$ 342	\$ 301	\$ 300	\$ 1,451

Capital

Track/Infrastructure	\$ 4	\$ 28	\$ 20	\$ -	\$ -	\$ 52
Signals	1	33	-	-	-	34
Power	56	22	-	-	-	78
Car Equipment	-	175	-	-	-	175
Other	2	7	-	-	-	9
Total Net Capital Investments	\$ 63	\$ 265	\$ 20	\$ -	\$ -	\$ 348

Overall Total

	\$ 163	\$ 673	\$ 362	\$ 301	\$ 300	\$ 1,799
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Total 2017 and 2018 Costs for SAP:

\$ 836

Using existing reserves and available cash, MTA will provide the initial operating and capital cash-flow funding of this work with the expectation of full reimbursement in 2018. Governor Cuomo has committed to securing New York State funding for one half of the costs of the Subway Action Plan. If new funding commitments for the remaining cost of the program are not forthcoming, the Subway Action Plan will be scaled back to a sustainable level and the February Plan to be presented to the MTA Board in February 2018 will be adjusted accordingly. The following chart details Subway Action Plan funding assumptions:



Funding the Subway Action Plan and ongoing efforts

(\$ in millions)

	2017	2018	2019	2020	2021	Five-year total
SAP - Operating Costs	(100)	(408)	(342)	(301)	(300)	(1,451)
Debt Service Expenses for SAP Capital Costs	-	(20)	(21)	(21)	(21)	(83)
Acceleration of 2018 Capital Expenses ¹	(63)	63				-
Additional State Funding for SAP	-	264 ²	182	161	161	767
New Sources of Funding for SAP	-	264 ²	182	161	161	767
Drawdown/(Redeposit) GASB Reserves	80	(80)	-	-	-	-
Drawdown/(Redeposit) Remaining 2017 General Reserve	20	(20)	-	-	-	-
Net Total	\$ (63)	\$ 63	\$ -	\$ -	\$ -	\$ -

¹ Funded by operating cash until reimbursement with bond proceeds in 2018.

² Assumes reimbursement of MTA advances from 9/17.

The 2018 operating costs are reflected in the proposed 2018 budget. All capital costs will be presented in a proposed amendment to the 2015-2019 Capital Plan. The proposed 2018 budget and 2015-2019 Capital Program amendment are expected to be presented to the MTA Board for approval in December 2017.

Hold projected fare/toll increases to 4% in 2019 and 2021. The November Plan continues to project 4% biennial fare/toll increases (the equivalent of 2% per year) which is lower than the projected two-year inflation rates of 5.5% and 5.3% in 2019 and 2021, respectively. Consistent with recent plans, a March 1st implementation is assumed for both the 2019 and 2021 increases. The annualized yield of these increases is projected to be \$321 million and \$336 million, respectively.

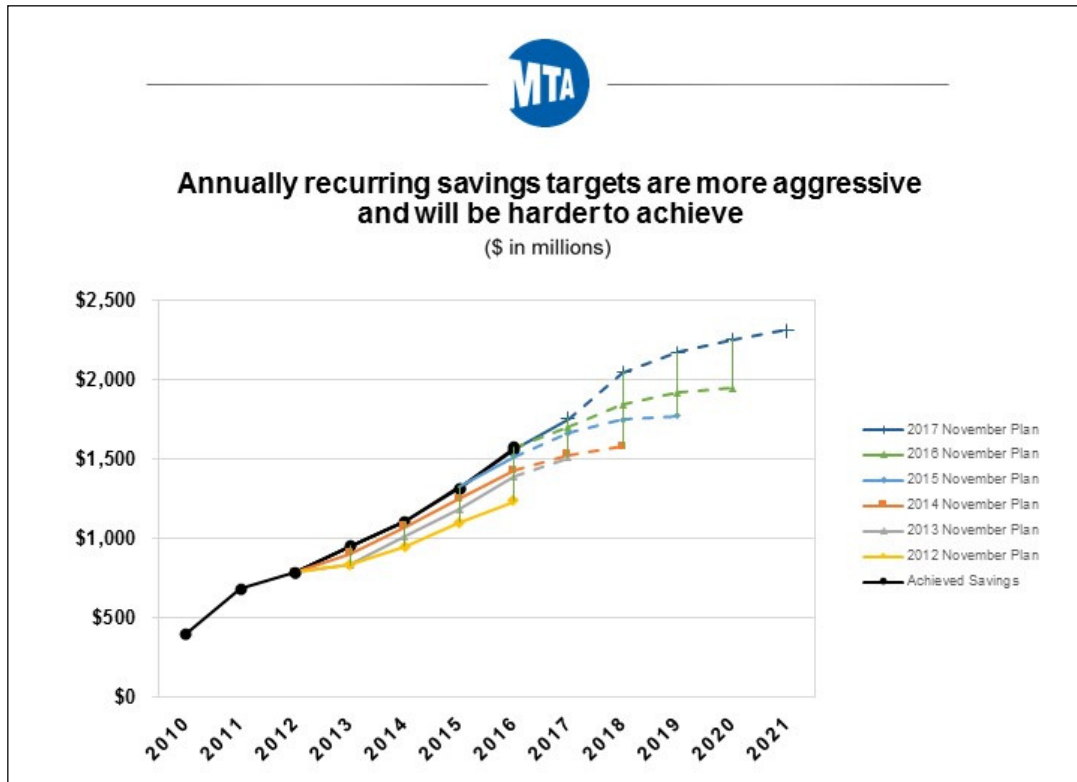
Increase annually recurring savings targets. The November Plan maintains the annual savings targets proposed in February and July (\$200 million in 2018, \$250 million in 2019, \$300 million in 2020 and \$350 million in 2021). While these savings targets will be harder to achieve, MTA remains committed to meeting them. As shown on the bar chart below, \$593 million in savings have been implemented or identified in the July and November Plans. The July Plan captured savings in areas including: health & welfare, headcount efficiencies, Enterprise Asset Management program, paratransit, maintenance, and Information Technology. The November Plan identifies \$84 million in additional savings including reduced prescription benefit costs at MTA New York City Transit and operational efficiencies at MTA Bridges and Tunnels.



**\$593 million in savings have been implemented or identified
in July and November Plans**
(\$ in millions)

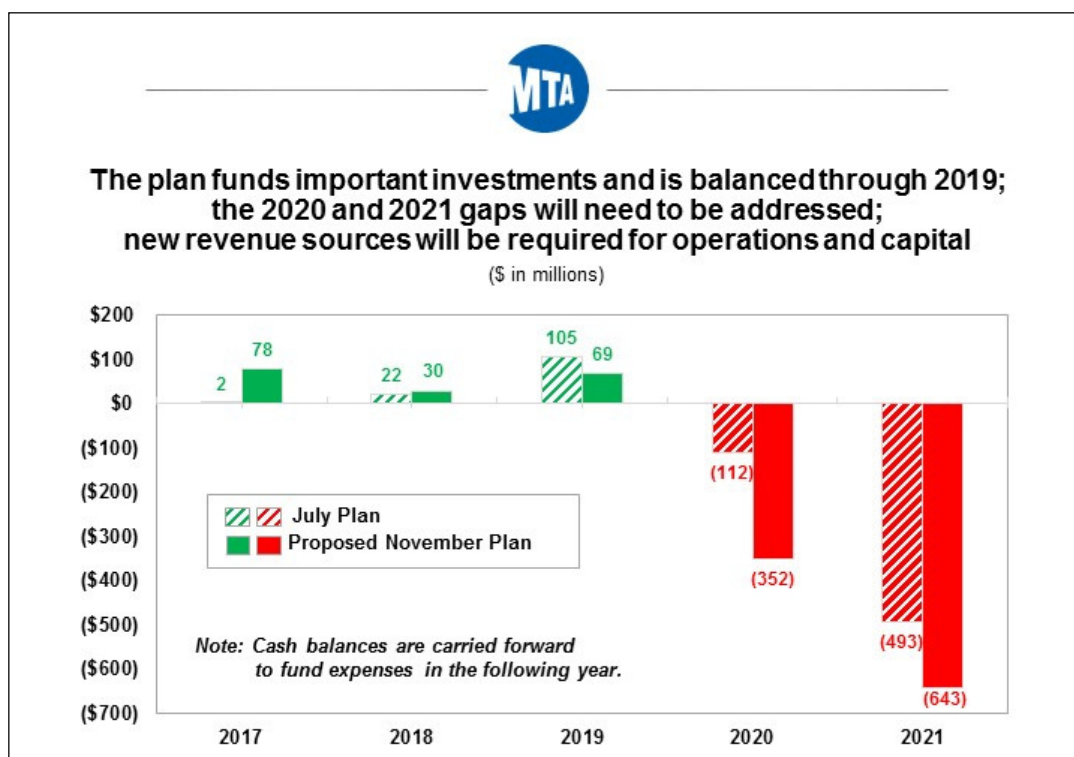


The chart below identifies MTA's cost reduction/cost containment targets for the current and prior Financial Plans. As indicated on the chart, we have increased our targets each year and have consistently achieved our goals. Since 2010, MTA has implemented initiatives with annualized savings of \$1.9 billion. These programs, when combined with the additional targets from February and July are projected to result in annual savings of \$2.3 billion by 2021.



Other MTA Actions. As previously described, the July Plan was balanced in part by using \$135 million from MTA's \$155 million 2017 General Reserve and by suspending planned funding to certain reserve accounts. In addition, the July Plan assumed the restoration of Payroll Mobility Tax replacement funds from New York State of \$307 million per year beginning in 2018, after a \$65 million reduction in 2017. The November Plan retains all of those assumptions. In addition, it assumes that the \$149 million GASB 45 OPEB Reserve and the remaining \$20 million from MTA's 2017 General Reserve used to advance the funding of the Subway Action Plan in 2017 and early 2018, will be reimbursed by New York State and other funding sponsors and then used to offset operating expenses in 2018.

In summary, the above noted changes, and re-estimates and recommendations are projected to result in a net worsening to MTA's financial forecast over the plan period. As detailed in the following chart, the November Plan is balanced through 2019; however, projected gaps for 2020 and 2021 of \$112 million and \$362 million are projected to increase to \$352 million and \$643 million, respectively.



Challenges Going Forward

Challenges and risks facing MTA in implementing the November Plan goals include:

Secure full funding for the Subway Action Plan. The implementation of the Subway Action Plan will provide critical and measurable improvements to the performance of the subway system and in the quality of service provided to MTA New York City Transit customers. As previously mentioned, MTA has received a commitment from Governor Cuomo for the State of New York to fund half of the Subway Action Plan's cost. If an additional funding commitment to fully fund the plan is not forthcoming, the Subway Action Plan and the 2018 February Plan will be adjusted commensurate with available funding.

Secure new sustainable funding for operations and capital. The November Plan assumes aggressive cost-cutting, yet is still projecting significant out-year deficits. In order to sustain operations and protect investments made to date and/or planned, MTA will almost certainly require a new source of future funding for both its operating and capital budgets.

Biennial fare and toll increases. While MTA management will continue to work to control costs, combined fares and tolls only cover approximately half of operating costs and a little more than a third of total costs, including capital costs. Moreover, many costs are dependent on pricing factors beyond MTA's direct control (*e.g.*, energy, health and welfare and pensions). If projected fare and toll increases are not implemented, MTA's financial situation will quickly deteriorate as revenue will not keep pace with inflation and other cost growth.

Achieve cost reduction targets. Efforts to reduce costs will continue, but it becomes increasingly challenging as many of the previously identified opportunities to achieve cost

savings have been realized. Unidentified savings targets are \$214 million in 2018, \$309 million in 2019, \$388 million in 2020, and \$418 million in 2021.

Increased investments in maintenance/operations and customer experience enhancements. MTA management's challenge is to continue maintaining and improving operations, even as ridership growth has put more demands on aging infrastructure, including MTA New York City Transit's 113-year old subway system.

General economic conditions. The finances of MTA are highly influenced by economic factors. Passenger and toll revenues, dedicated taxes and subsidies (including real estate transaction tax revenue), debt service, pensions and energy costs are all impacted by the health of the national and regional economies. If the economic assumptions reflected in the November Plan are not realized, the November Plan projected results could be adversely affected.

Potential impact of changes in federal law. MTA's finances are also influenced by federal public transportation funding levels and provisions and by federal tax law. The current Presidential administration and Congress are currently considering budgetary and programmatic changes in law relating to federal public transportation and infrastructure finance, and comprehensive federal tax reform. Current proposals for federal tax reform include potential changes in personal and corporate tax rates and deductions, and may adversely impact MTA's opportunities for federal tax exempt financing, including certain refunding for debt service savings. Proposed elimination or reduction of mortgage interest deductibility and other changes, could, if enacted, also adversely impact the New York region's real estate market and levels of MTA real estate related tax subsidies. Although MTA management is monitoring federal legislative activity, at this time it is not possible to assess the financial or programmatic impacts upon MTA's finances of current federal proposals.

Potentially higher interest rates higher than forecast. Since 2008, MTA has benefitted from historically low interest rates. In December 2015, the Federal Open Markets Committee ("FOMC") increased the federal funds rate for the first time since late 2008, by a quarter point to a target range of 0.25% to 0.50%. This increase has been followed by additional quarter point increases in December 2016, March 2017 and June 2017, with the target range now at 1.00% to 1.25%. The FOMC continues to expect that, with gradual adjustments in the stance of monetary policy, economic activity and labor market conditions will lead inflation to stabilize around the FOMC's 2 percent objective over the medium term. While the November Plan includes interest rate assumptions in line with the FOMC's recent actions and policy statements on future actions, a sudden and unexpected increase in economic activity may result in inflationary growth beyond the FOMC's inflation target, which in turn could lead to a further increasing of the federal funds rate. Such an increase could lead to an increase in interest rates for MTA capital borrowing which are higher than projected in the November Plan.

MTA Award of New Fare Program System Contract

On October 25, 2017, the MTA Board approved the award of a competitively negotiated contract for a New Fare Payment System to Cubic Transportation Systems, Inc. ("Cubic") to: (i) design/build, furnish, install, test, integrate and implement a New Fare Payment System ("NFPS") for MTA New York City Transit, MTA Bus, MTA Metro-North Railroad and MTA Long Island Rail Road in the total amount of \$539,513,665 for a term of 69 months to substantial

completion followed by seven years of base contract support services; (ii) to exercise \$14,314,174 in contract options for award with the base contract; and (iii) to exercise, if needed, \$19,659,279 in contract options for bus equipment. The total contract amount approved by the MTA Board was \$573,487,118. The contract includes additional options subject to future MTA Board approval and, which, if fully exercised by MTA, would raise the overall cost of the NFPS project to over \$880 million in accordance with the Cubic bid.

This design/build project is expected to provide MTA with a state-of-the-art, integrated, reliable and convenient fare payment system and improve the customer experience by replacing disparate fare media systems currently in use by MTA with an integrated next-generation system. The NFPS will be an account-based, open-payment system based on proven payment industry standards and open architecture principles, allowing customers to pay fares using diverse options, including mobile apps, digital wallets, contactless bank cards and MTA-issued contactless transit cards. The NFPS will provide customers with multiple 24/7 self-service options for managing their accounts and options to purchase and reload fare media online and at local retailers.

The base contract includes the following design and implementation phases:

- Phase 1: Development of core backend NFPS and initial launch of acceptance of contactless open payments using customer-furnished media (contactless bank cards and mobile phones with digital wallets) in some subway stations and buses (18 months).
- Phase 2: Completion of the roll-out of contactless acceptance to all subway stations and buses (35 months).
- Phase 3: Creation of retail sales and reload network for MTA-issued contactless transit cards and introduction of new NFPS all-agency mobile payment and ticketing app that has current commuter railroad eTix app functionality (39 months).
- Phase 4: Implementation of new vending machines for MTA New York City Transit and the commuter railroads, and new commuter railroad ticket office machines (52 months).
- Phase 5: Completion of system implementation and full revenue system acceptance testing of the entire NFPS (56 months).

This project is funded by MTA and will be managed by MTA's office of Fare Payment Programs. The total contract amount of \$573.5 million approved by the MTA Board is funded as follows: \$480.8 million in capital and \$92.7 million in operating funding. Funding for the capital project is available through both the 2010-2014 and 2015-2019 Capital Programs. The base contract, \$539.5 million, is funded as follows: \$457.5 million in capital funding and \$82.0 million in operating funding. The options, \$34.0 million, are funded as follows: \$23.3 million in capital funding and \$10.7 million in operating funding. A portion of in-house support costs will be funded in the next Capital Program.

Status of MTA Bridges and Tunnels Open Road Tolling Initiative

In October 2016, Governor Cuomo announced the New York Crossings Project. This project included a one-year schedule for all MTA Bridges and Tunnels crossings to change from cash and gated E-ZPass toll plazas to cashless Open-Road Tolling (“ORT”). ORT eliminates traditional toll plazas by allowing tolls to be collected in a free-flow environment through E-ZPass sensors and license-plate cameras mounted on overhead gantries. Drivers without E-ZPass receive a “Tolls by Mail” invoice mailed to the vehicle’s registered owner. The project and related enforcement modalities are further described in the ADS in PART 5 under “RIDERSHIP AND FACILITIES USE – MTA Bridges and Tunnels – Cashless Open Road Tolling”.

Implementation of ORT is now complete at all nine MTA Bridges and Tunnels crossings. Capital costs of approximately \$501.7 million have been incurred by MTA Bridges and Tunnels for the overall New York Crossings Project, the bulk of which is for ORT. Additional operating expenses for ORT are mainly for the contracted back-office costs of administering the Tolls by Mail program, which run approximately \$50 million per year, net of headcount savings achieved through attrition.

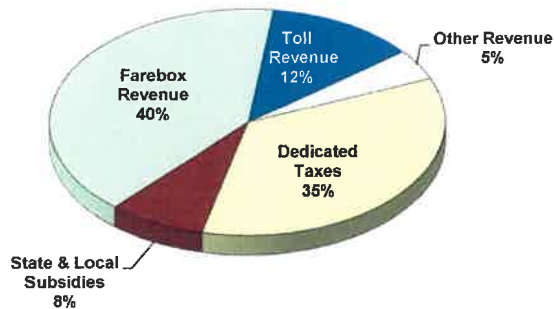
Attachment A to MTA Annual Disclosure Statement
Second Quarterly Update
November 17, 2017

MTA November Plan

This **Attachment A** to the 2017 Second Quarterly Update sets forth MTA November Plan in tabular form and includes Financial Plan tables that summarize the MTA's November Plan for fiscal year 2017 and projected receipts and disbursements for fiscal years 2018 through 2021, in each case prepared by MTA management. The complete November Plan is posted on MTA's website under "MTA Info – Financial Information – Budget and Financial Statements" at www.mta.info. No statement on MTA's website or any other website is included by specific cross-reference herein.

MTA 2018 Proposed Budget
Baseline Expenses Before Below-the-Line Adjustments
Non-Reimbursable

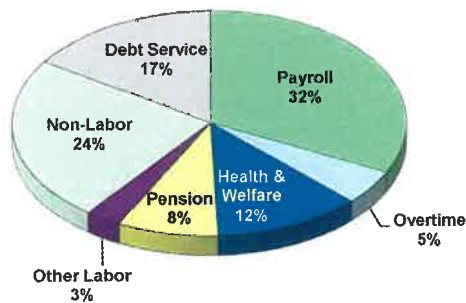
Where the Dollars Come From ...



By Revenue Source (\$ in millions)	
Farebox Revenue	\$6,277
Toll Revenue	1,923
Other Revenue	685
Dedicated Taxes	5,434
State & Local Subsidies	1,224
Total ¹	\$15,544

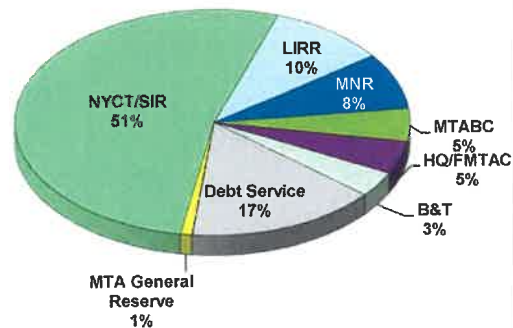
Where the Dollars Go ...

By Expense Category



By Expense Category ² (\$ in millions)	
Payroll	\$5,360
Overtime	829
Health & Welfare	2,002
Pension	1,351
Other Labor	492
Non-Labor	3,935
Debt Service	2,604
Total ¹	\$16,573

By MTA Agency



By MTA Agency ² (\$ in millions)	
NYCT/SIR	\$8,695
LIRR	1,620
MNR	1,339
MTABC	773
HQ/FMTAC	785
B&T	596
Debt Service	2,604
MTA General Reserve	160
Total ¹	\$16,573

¹ Totals may not add due to rounding.

² Expenses exclude Depreciation, OPEB Obligation and Environmental Remediation. MTA Capital Construction is not included, as its budget contains reimbursable expenses only.

Note: The revenues and expenses reflected in these charts are on an accrued basis and exclude cash adjustments, carry-over balances and those "below-the-line" adjustments that are captured in Volume 1. Any comparison of revenues versus expenses will not directly correspond to the cash balances reflected in the Statement of Operations.

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2018-2021
MTA Consolidated Statement Of Operations By Category
(\$ in millions)

Line No.		Actual 2016	November Forecast 2017	Final Proposed Budget 2018	2019	2020	2021
7	Non-Reimbursable						
10	Operating Revenue						
11	Farebox Revenue	\$6,050	\$6,172	\$6,277	\$6,308	\$6,347	\$6,353
12	Toll Revenue	1,870	1,906	1,923	1,937	1,946	1,953
13	Other Revenue	688	668	685	697	730	732
14	Capital and Other Reimbursements	0	0	0	0	0	0
15	Total Operating Revenue	\$8,608	\$8,747	\$8,886	\$8,942	\$9,023	\$9,038
17	Operating Expense						
18	Labor Expenses:						
19	Payroll	\$4,839	\$5,040	\$5,360	\$5,552	\$5,676	\$5,799
20	Overtime	771	879	829	806	819	849
21	Health & Welfare	1,172	1,214	1,364	1,469	1,556	1,655
22	OPEB Current Payment	562	569	638	692	751	816
23	Pensions	1,370	1,326	1,351	1,371	1,369	1,384
24	Other-Fringe Benefits	948	892	918	951	985	1,015
25	Reimbursable Overhead	(425)	(476)	(426)	(410)	(388)	(384)
26	Total Labor Expenses	\$9,238	\$9,444	\$10,033	\$10,433	\$10,768	\$11,133
28	Non-Labor Expenses:						
29	Electric Power	\$406	\$444	\$505	\$519	\$547	\$604
30	Fuel	125	147	153	152	177	187
31	Insurance	(21)	30	30	33	38	44
32	Claims	464	314	320	328	329	330
33	Paratransit Service Contracts	384	391	416	440	467	492
34	Maintenance and Other Operating Contracts	631	746	858	780	783	810
35	Professional Service Contracts	401	573	518	466	460	458
36	Materials & Supplies	586	617	719	709	730	728
37	Other Business Expenses	193	209	206	217	225	230
38	Total Non-Labor Expenses	\$3,168	\$3,471	\$3,726	\$3,644	\$3,757	\$3,883
40	Other Expense Adjustments:						
41	Other	\$47	\$52	\$49	\$50	\$52	\$53
42	General Reserve	0	155	160	185	175	180
43	Total Other Expense Adjustments	\$47	\$207	\$209	\$215	\$227	\$233
45	Total Operating Expense before Non-Cash Liability Adj.	\$12,454	\$13,122	\$13,968	\$14,292	\$14,752	\$15,249
47	Depreciation	\$2,443	\$2,615	\$2,674	\$2,741	\$2,808	\$2,870
48	OPEB Liability Adjustment	1,562	1,681	1,776	1,871	1,975	2,084
49	GASB 68 Pension Expense Adjustment	(219)	(172)	(235)	(228)	(246)	(284)
50	Environmental Remediation	12	4	6	6	6	6
51		\$3,798	\$4,128	\$4,222	\$4,390	\$4,542	\$4,677
52	Total Operating Expense after Non-Cash Liability Adj.	\$16,252	\$17,250	\$18,190	\$18,681	\$19,294	\$19,926
54	Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,798)	(\$4,128)	(\$4,222)	(\$4,390)	(\$4,542)	(\$4,677)
56	Debt Service (excludes Service Contract Bonds)	2,459	2,525	2,604	2,800	3,029	3,225
58	Total Operating Expense with Debt Service	\$14,912	\$15,647	\$16,573	\$17,092	\$17,781	\$18,474
60	Dedicated Taxes and State/Local Subsidies	\$6,666	\$6,470	\$6,659	\$6,949	\$7,119	\$7,340
62	Net Surplus/(Deficit) After Subsidies and Debt Service	\$362	(\$430)	(\$1,028)	(\$1,201)	(\$1,639)	(\$2,097)
64	Conversion to Cash Basis: GASB Account	0	0	(8)	(18)	(29)	(42)
65	Conversion to Cash Basis: All Other	(594)	88	9	207	97	24
67	CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER	(\$232)	(\$342)	(\$1,028)	(\$1,012)	(\$1,572)	(\$2,114)

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2018-2021
MTA Consolidated Accrued Statement of Operations By Agency
(\$ in millions)

Line No	Non-Reimbursable	Actual 2016	November Forecast 2017	Final Proposed Budget 2018	2019	2020	2021
9	<u>Total Operating Revenue</u>						
10	New York City Transit	\$4,859	\$4,919	\$4,995	\$5,032	\$5,079	\$5,096
11	Bridges and Tunnels	1,895	1,925	1,942	1,956	1,965	1,972
12	Long Island Rail Road	768	787	794	798	801	804
13	Metro-North Railroad	769	799	829	833	851	836
14	MTA Bus Company	234	237	240	241	242	242
15	MTA Headquarters	61	54	59	55	58	60
16	Staten Island Railway	9	9	9	9	9	9
17	First Mutual Transportation Assurance Company	13	16	17	17	18	18
18	Other	0	0	0	0	0	0
19	Total	\$8,608	\$8,747	\$8,886	\$8,942	\$9,023	\$9,038
21	<u>Total Operating Expenses before Non-Cash Liability Adjs. ¹</u>						
22	New York City Transit	\$7,981	\$8,108	\$8,659	\$8,880	\$9,172	\$9,429
23	Bridges and Tunnels	465	546	596	610	621	640
24	Long Island Rail Road	1,376	1,455	1,620	1,674	1,796	1,965
25	Metro-North Railroad	1,230	1,310	1,339	1,385	1,409	1,440
26	MTA Bus Company	717	727	773	785	776	792
27	MTA Headquarters	595	699	722	696	717	728
28	Staten Island Railway	64	76	60	60	59	60
29	First Mutual Transportation Assurance Company	(23)	18	14	12	1	(11)
30	Other	47	184	185	190	201	207
31	Total	\$12,454	\$13,122	\$13,968	\$14,292	\$14,752	\$15,249
33	<u>Depreciation</u>						
34	New York City Transit	\$1,650	\$1,778	\$1,828	\$1,878	\$1,928	\$1,978
35	Bridges and Tunnels	135	150	137	146	156	167
36	Long Island Rail Road	334	338	341	343	346	350
37	Metro-North Railroad	236	236	247	247	247	247
38	MTA Bus Company	57	54	54	54	54	55
39	MTA Headquarters	23	52	60	65	68	65
40	Staten Island Railway	8	8	8	8	8	8
41	First Mutual Transportation Assurance Company	0	0	0	0	0	0
42	Total	\$2,443	\$2,615	\$2,674	\$2,741	\$2,808	\$2,870
44	<u>OP&B Liability Adjustment</u>						
45	New York City Transit	\$1,193	\$1,269	\$1,350	\$1,437	\$1,529	\$1,627
46	Bridges and Tunnels	67	72	75	79	83	87
47	Long Island Rail Road	90	88	90	93	96	99
48	Metro-North Railroad	57	58	58	58	58	58
49	MTA Bus Company	64	100	100	100	100	100
50	MTA Headquarters	85	87	94	96	101	106
51	Staten Island Railway	7	8	8	8	8	8
52	Total	\$1,562	\$1,681	\$1,776	\$1,871	\$1,975	\$2,084
54	<u>GASB 68 Pension Expense Adjustment</u>						
55	New York City Transit	(\$184)	(\$296)	(\$306)	(\$296)	(\$303)	(\$309)
56	Bridges and Tunnels	(7)	12	15	17	20	21
57	Long Island Rail Road	(12)	0	0	0	0	0
58	Metro-North Railroad	(10)	(7)	4	0	(7)	(24)
59	MTA Bus Company	(6)	115	46	45	40	31
60	MTA Headquarters	0	4	5	5	3	(2)
61	Staten Island Railway	(0)	0	1	1	(0)	(1)
62	Total	(\$219)	(\$172)	(\$235)	(\$229)	(\$246)	(\$284)
64	<u>Environmental Remediation</u>						
65	New York City Transit	\$10	\$0	\$0	\$0	\$0	\$0
66	Bridges and Tunnels	0	0	0	0	0	0
67	Long Island Rail Road	(2)	2	2	2	2	2
68	Metro-North Railroad	4	2	4	4	4	4
69	MTA Bus Company	0	0	0	0	0	0
70	Staten Island Railway	0	0	0	0	0	0
71	Total	\$12	\$4	\$6	\$6	\$6	\$6
73	<u>Net Surplus/(Deficit) ¹</u>						
74	New York City Transit	(\$5,791)	(\$5,940)	(\$6,536)	(\$6,867)	(\$7,246)	(\$7,630)
75	Bridges and Tunnels	1,235	1,146	1,118	1,103	1,084	1,056
76	Long Island Rail Road	(1,018)	(1,095)	(1,259)	(1,314)	(1,439)	(1,612)
77	Metro-North Railroad	(748)	(799)	(822)	(860)	(859)	(888)
78	MTA Bus Company	(598)	(759)	(734)	(743)	(729)	(735)
79	MTA Headquarters	(642)	(788)	(823)	(807)	(832)	(838)
80	Staten Island Railway	(69)	(83)	(67)	(67)	(65)	(65)
81	First Mutual Transportation Assurance Company	36	(2)	2	5	17	30
82	Other	(47)	(184)	(185)	(190)	(201)	(207)
	Total	(\$7,643)	(\$8,503)	(\$9,304)	(\$9,740)	(\$10,271)	(\$10,889)

Notes: ¹ Excludes Debt Service

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2018-2021
MTA Consolidated Cash Receipts and Expenditures
(\$ in millions)

Line No.	Cash Receipts and Expenditures	Actual 2016	November Forecast 2017	Final Proposed Budget 2018	2019	2020	2021
10	Receipts						
11	Farebox Revenue	\$6,083	\$6,190	\$6,283	\$6,314	\$6,353	\$6,358
12	Other Operating Revenue	706	715	681	819	762	745
13	Capital and Other Reimbursements	1,780	2,150	2,237	2,056	1,890	1,854
14	Total Receipts	\$8,569	\$9,056	\$9,201	\$9,188	\$9,005	\$8,957
16	Expenditures						
17	Labor:						
18	Payroll	\$5,303	\$5,529	\$5,912	\$6,075	\$6,160	\$6,267
19	Overtime	972	1,095	984	945	958	986
20	Health and Welfare	1,192	1,256	1,403	1,507	1,589	1,688
21	OPEB Current Payment	554	559	626	680	739	803
22	Pensions	1,405	1,376	1,412	1,429	1,422	1,438
23	Other Fringe Benefits	841	870	904	920	936	958
24	Contribution to GASB Fund	0	0	8	18	29	42
25	Reimbursable Overhead	(0)	0	0	0	0	0
26	Total Labor Expenditures	\$10,266	\$10,685	\$11,250	\$11,574	\$11,834	\$12,181
28	Non-Labor:						
29	Electric Power	\$405	\$443	\$500	\$514	\$541	\$598
30	Fuel	120	143	150	148	173	184
31	Insurance	(29)	34	31	32	38	38
32	Claims	295	256	252	259	261	264
33	Paratransit Service Contracts	379	391	414	438	465	490
34	Maintenance and Other Operating Contracts	578	701	761	654	636	678
35	Professional Service Contracts	406	614	593	510	470	455
36	Materials & Supplies	698	762	899	845	847	839
37	Other Business Expenditures	200	215	191	202	202	206
38	Total Non-Labor Expenditures	\$3,051	\$3,560	\$3,792	\$3,801	\$3,633	\$3,752
40	Other Expenditure Adjustments:						
41	Other	\$130	\$89	\$143	\$90	\$133	\$144
42	General Reserve	0	155	160	165	175	180
43	Total Other Expenditure Adjustments	\$130	\$244	\$303	\$255	\$308	\$324
45	Total Expenditures	\$13,446	\$14,489	\$15,345	\$15,430	\$15,775	\$16,258
47	Net Cash Deficit Before Subsidies and Debt Service	(\$4,878)	(\$5,433)	(\$6,144)	(\$6,242)	(\$6,770)	(7,301)
49	Dedicated Taxes and State/Local Subsidies	\$6,439	\$6,952	\$7,036	\$7,294	\$7,447	\$7,591
50	Debt Service (excludes Service Contract Bonds)	(\$1,793)	(\$1,860)	(\$1,920)	(\$2,063)	(\$2,250)	(\$2,404)
52	CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	(\$232)	(\$342)	(\$1,028)	(\$1,012)	(\$1,572)	(\$2,114)

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2018-2021
MTA Consolidated Cash Statement of Operations By Agency
(\$ in millions)

Line Number		Actual 2016	November Forecast 2017	Final Proposed Budget 2018	2019	2020	2021
6	Cash Receipts and Expenditures						
7							
8							
9	<u>Total Receipts</u>						
10	New York City Transit	\$5,818	\$6,220	\$6,262	\$6,226	\$6,167	\$6,165
11	Long Island Rail Road	1,098	1,144	1,157	1,117	1,090	1,084
12	Metro-North Railroad	1,033	1,055	1,159	1,114	1,101	1,078
13	MTA Bus Company	238	246	248	252	253	254
14	MTA Headquarters	326	325	301	403	318	301
15	Staten Island Railway	13	14	11	11	10	10
16	Capital Construction Company	31	35	46	47	47	47
17	First Mutual Transportation Assurance Company	13	16	17	17	18	18
18	Other	-	-	-	-	-	-
19	Total	\$8,569	\$9,056	\$9,201	\$9,188	\$9,005	\$8,957
20							
21	<u>Total Expenditures</u>						
22	New York City Transit	\$8,678	\$9,154	\$9,641	\$9,824	\$10,043	\$10,304
23	Long Island Rail Road	1,677	1,819	2,018	2,006	2,099	2,268
24	Metro-North Railroad	1,543	1,639	1,727	1,717	1,737	1,700
25	MTA Bus Company	669	727	757	770	761	778
26	MTA Headquarters	762	879	961	862	899	898
27	Staten Island Railway	70	84	61	61	58	59
28	Capital Construction Company	31	35	46	47	47	47
29	First Mutual Transportation Assurance Company	13	16	17	17	18	18
30	Other	3	135	118	127	114	185
31	Total	\$13,446	\$14,489	\$15,345	\$15,430	\$15,775	\$16,258
32							
33	<u>Net Cash Surplus/(Deficit)</u>						
34	New York City Transit	(\$2,860)	(\$2,934)	(\$3,379)	(3,598)	(3,876)	(4,139)
35	Long Island Rail Road	(579)	(675)	(861)	(888)	(1,009)	(1,184)
36	Metro-North Railroad	(510)	(584)	(568)	(602)	(636)	(622)
37	MTA Bus Company	(431)	(481)	(509)	(518)	(508)	(524)
38	MTA Headquarters	(436)	(555)	(660)	(459)	(580)	(597)
39	Staten Island Railway	(57)	(69)	(49)	(49)	(48)	(49)
40	Capital Construction Company	-	-	-	-	-	-
41	First Mutual Transportation Assurance Company	-	-	-	-	-	-
42	Other	(3)	(135)	(118)	(127)	(114)	(185)
43	Total	(\$4,878)	(\$5,433)	(\$6,144)	(\$6,242)	(\$6,770)	(\$7,301)

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2018-2021
MTA Consolidated November Financial Plan Compared with July Financial Plan
Cash Reconciliation before Below-the-Line Adjustments
(\$ in millions)

	Favorable/(Unfavorable)				
	2017	2018	2019	2020	2021
JULY FINANCIAL PLAN 2018-2021					
CASH BALANCE BEFORE PRIOR YEAR CARRYOVER	(\$323)	(\$333)	(\$642)	(\$1,084)	(\$1,683)
Agency Baseline Adjustments	\$131	(\$249)	(\$14)	(\$134)	(\$97)
Farebox/Toll Revenue	(56)	(65)	(64)	(54)	(43)
Other Operating Revenue ¹	(17)	(22)	(34)	(34)	(35)
Rates:					
Pensions	(0)	2	0	1	4
Health & Welfare (includes retirees)	10	8	5	2	8
Energy	6	(5)	(1)	(9)	(6)
Timing	178	(203)	72	(31)	(4)
Other Baseline Re-estimates ^{2,4}	10	35	7	(10)	(21)
New Needs/Investments	(\$175)	(\$465)	(\$404)	(\$363)	(\$369)
Subway Action Plan ³	(100)	(408)	(342)	(301)	(301)
Maintenance/Operations and Customer Experience Enhancements	(65)	(42)	(32)	(24)	(35)
All Other New Needs ⁴	(10)	(15)	(30)	(38)	(34)
Savings Programs	\$27	\$14	\$15	\$16	\$16
2017 BRP Savings	27	14	15	16	16
Changes in Dedicated Taxes & State and Local Subsidies	(\$40)	(\$148)	(\$43)	(\$28)	(\$24)
MMTOA	(0)	(80)	(0)	(0)	(0)
Real Estate Taxes	(38)	(33)	(30)	(28)	(19)
Other Subsidies/Cash Adjustments	(3)	(35)	(13)	(0)	(6)
Other Subsidies	\$8	\$46	\$41	\$25	\$24
Other Funding Agreements	(3)	29	33	20	19
B&T Operating Surplus Transfer	11	17	8	6	6
Debt Service	\$32	\$107	\$35	(\$4)	\$18
Debt Service Savings	32	107	35	(4)	18
NOVEMBER FINANCIAL PLAN 2018-2021					
CASH BALANCE BEFORE PRIOR YEAR CARRYOVER	(\$342)	(\$1,028)	(\$1,012)	(\$1,572)	(\$2,114)

* Totals may not add due to rounding

¹ Changes capture adjustments to advertising and Railroad commissary revenue.

² Changes capture updated reimbursable assumptions, revised inflation forecasts, and adjustments for operating capital and cash. The B&T Operating Surplus Transfer is captured as a subsidy, while B&T's impacts are also captured in the individual reconciliation.

³ Includes programs with non-rate adjustments to pensions, health and welfare, and energy.

⁴ Includes adjustments for safety, information technology and centralized functions.

METROPOLITAN TRANSPORTATION AUTHORITY

November Financial Plan 2018 - 2021

Farebox Recovery and Operating Ratios

FAREBOX RECOVERY RATIOS

	November Forecast 2017	Final Proposed Budget 2018	Plan 2019	Plan 2020	Plan 2021
New York City Transit	37.6%	36.1%	35.2%	34.2%	33.2%
Staten Island Railway	8.3%	9.9%	9.9%	10.1%	10.1%
Long Island Rail Road	32.6%	30.8%	30.1%	28.6%	26.8%
Metro-North Railroad	40.1%	39.7%	39.0%	38.9%	38.9%
MTA Bus Company	22.2%	23.1%	23.0%	23.5%	23.3%
MTA-Wide Farebox Recovery Ratio	36.2%	34.9%	34.1%	33.3%	32.3%

FAREBOX OPERATING RATIOS

	November Forecast 2017	Final Proposed Budget 2018	Plan 2019	Plan 2020	Plan 2021
New York City Transit	56.3%	53.5%	52.4%	51.1%	49.7%
Staten Island Railway	11.4%	14.5%	14.6%	15.0%	14.7%
Long Island Rail Road	50.0%	45.1%	44.5%	41.6%	38.2%
Metro-North Railroad	55.3%	54.1%	54.2%	53.5%	54.2%
MTA Bus Company	31.6%	30.2%	29.9%	30.4%	29.8%
MTA-Wide Farebox Operating Ratio	53.6%	50.8%	50.0%	48.7%	47.2%

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 20% (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, Legal and Shared Services.

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.

In the agenda materials for the Meeting of the Metro-North and Long Island Committees, the calculations of the farebox operating and recovery ratios for the LIRR and MNR use a revised methodology to put the railroads on a more comparable basis. Those statistics, which are included in the respective financial and ridership reports of both Agencies, differ from the statistics presented in this table.