MTA 2016
Final Proposed Budget
November Financial Plan 2016 – 2019

Volume 1
November 2015

Metropolitan Transportation Authority

OVERVIEW

MTA 2016 FINAL PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2016-2019
VOLUME 1

The MTA's November Plan is divided into two volumes:

Volume 1 consists of financial schedules supporting the complete MTA-Consolidated Financial Plan, including an Executive Summary, the baseline forecast (as detailed in Volume 2 and described below) and certain adjustments captured below the baseline. These "below-the-line" adjustments include: Fare/Toll Increases, MTA Initiatives, Policy Actions, and any MTA Re-estimates. Volume 1 also includes descriptions of the "below-the-line" actions as well as the required Certification by the Chairman and Chief Executive Officer, and a description of the MTA Budget Process.

Volume 2 includes MTA-Consolidated detailed financial and position schedules as well as the narratives that support the baseline projections included in the 2016 Final Proposed Budget and the Financial Plan for 2016 through 2019. Also included are the Agency sections which incorporate descriptions of Agency Programs with supporting baseline tables and required information related to the MTA Capital Program.

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VOLUME 1

I. Introduction

Executive Summary

The **2015 MTA November Financial Plan** (the "November Plan" or "Plan") includes the 2015 November Forecast, the 2016 Final Proposed Budget and a Financial Plan for the years 2016-2019; this Plan updates the Plan that was presented in July (the "July Plan"). Since 2010, our Plans – which are developed in a disciplined, consistent, and transparent process – have included the continuous pursuit of recurring cost reductions to mitigate the amounts needed from biennial fare and toll increases and governmental subsidies and provide funding for the capital program. The Plans also have added or restored service when sustainable while also addressing long-term costs such as pensions, health care, paratransit, and debt service previously considered "uncontrollable."

The July Plan

The July Plan was balanced through 2017 with manageable deficits in 2018 and 2019. That Plan was based upon the same three key inter-related elements found in all of our recent Financial Plans: (i) biennial fare and toll increases of 4% in 2017 and 2019 (equivalent to 2% annual increases, approximating the rate of inflation); (ii) annually recurring cost reductions of over $1.3 billion in 2015 increasing to almost $1.8 billion by 2019; and (iii) additional Pay-As-You-Go ("Pay-Go") contributions of $125 million annually starting in 2015 for the 2015 – 2019 Capital Program, along with a "one-shot" contribution of $75 million in 2015.

The July Plan also funded service, service quality and service support investments totaling $183 million over the plan period; and new operational, maintenance, and Enterprise Asset Management (EAM) investments of $287 million over the Plan period.

What Has Changed Since The July Plan?

<u>Changes and other re-estimates improving financial results</u>

- Higher Real Estate Transaction tax receipts
- Higher Toll Revenue
- Lower Energy costs
- Lower Debt Service costs

<u>Changes and other re-estimates worsening financial results</u>

- Lower PBT forecasts
- Lower MTA Aid forecasts
- Lower Farebox Revenue forecasts

Overall, net re-estimates and other changes through the plan period are projected to be $447 million favorable from the July Financial Plan. A reconciliation of the Plan-to-Plan changes can be found in Section II of this Volume, with further details provided in Volume 2.

Highlights of the November Plan

The November Plan continues to follow the approach reflected in July and earlier plans.

Hold projected fare/toll increases to 4% in 2017 and 2019. The Plan continues to project 4% biennial fare/toll increases (the equivalent of 2% per year, approximating the rate of inflation). Consistent with recent Plans, a March 1 implementation for both the 2017 and 2019 increases is anticipated. The annualized yield of these increases is projected to be $308 million and $325 million, respectively.

Increase service, service quality, and service support investments. The November Plan maintains the $183 million in service and service quality investments proposed in July and adds another $95 million over the course of the Plan. The July Plan proposed investments to mitigate subway delays, expand Select Bus Service (Bus Rapid Transit), address “Platform Budget” guidelines, as well as improve on-time performance and customer service. Additional investments proposed for the November Plan include:

- Platform Budget Service Adjustments ($38 million over the plan period): NYCT and MTA Bus will increase platform service adjustments to improve the reliability and frequency of service in response to ridership trends, operating conditions and maintenance requirements.

- Select Bus Service ($13 million over the plan period): NYCT intends to expand Select Bus Service, improve bus performance and service reliability, and reduce bus travel time.

- E-ZPass Customer Service Center-AET Expansion ($26 million over the plan period): B&T will pilot the All-Electronic Toll program at the Rockaway crossings.

Increase maintenance and operations investments. The July Plan proposed investments to extend the useful life of certain classes of buses, subway cars and commuter railcars; improve the commuter rail signal systems; and, augment B&T tunnel inspections. This Plan adds an additional investment of $147 million to fund:

- Second Avenue Subway – Operating Budget Impact ($35 million over the plan period): NYCT re-evaluated maintenance needs in the Station and Power divisions given its larger footprint;

- Structure and Third Rail Defect Reduction ($42 million over the plan period): NYCT will increase resources to reduce defects and backlogs;

- M-7 Reliability Centered Maintenance ($21 million over the plan period): LIRR will replace threshold plates experiencing an unusual rate of corrosion.

Increase investment in Enterprise Asset Management (EAM). This Plan reflects, on average, $43 million annually of additional operating funding for EAM. MTA is working to overhaul its entire asset management system by standardizing business processes, better managing asset information and investing in people in line with new federal requirements and international best practices. A newly completed “gap assessment” analysis has redefined our investment priorities.

EAM will:

- Upgrade and integrate systems to capture full asset life-cycle costs, including costs for acquisition, operating and maintenance, renewal and rehabilitation, and disposal;

- Standardize asset management policies, plans and processes across Agencies;

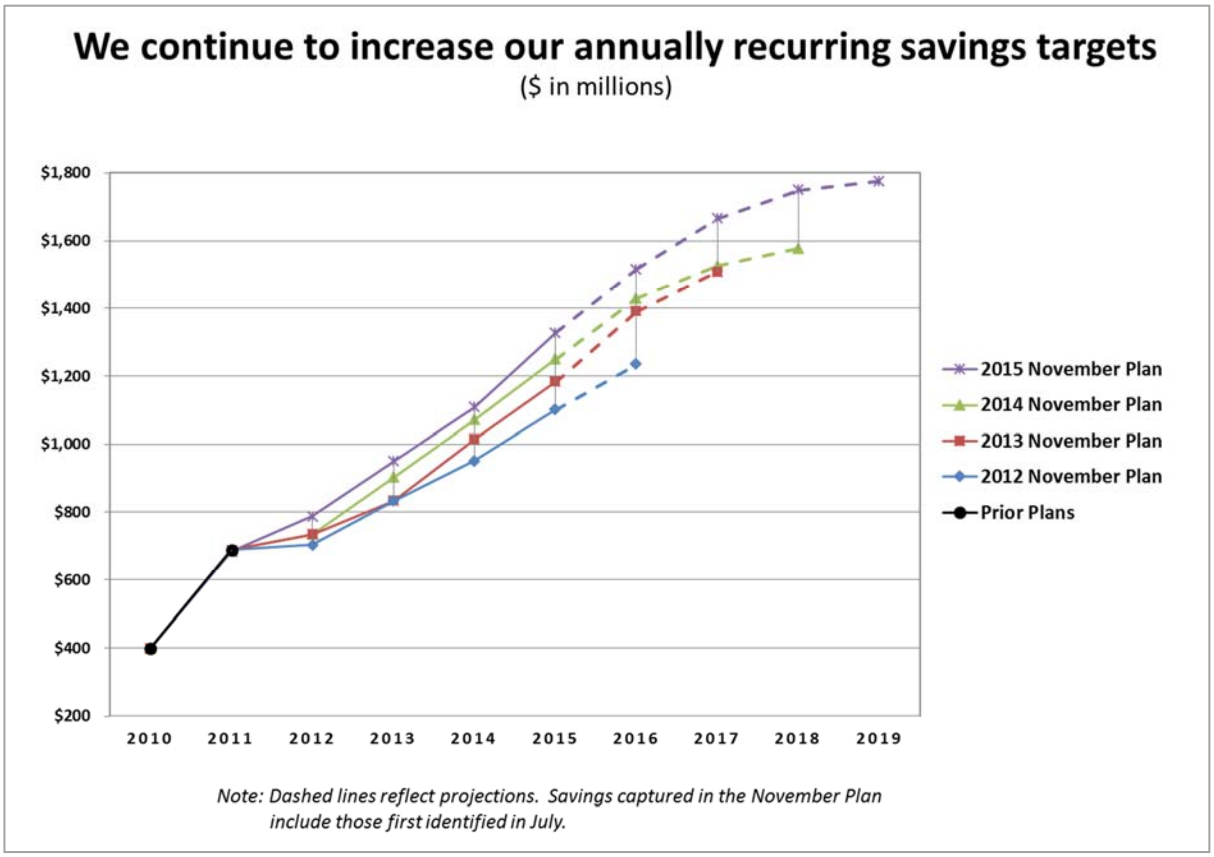
- Systematize the documentation of asset condition, criticality and risk assessment, and develop proactive maintenance and outage practices;

- Improve work order management, reduce incidents, failures and defects;

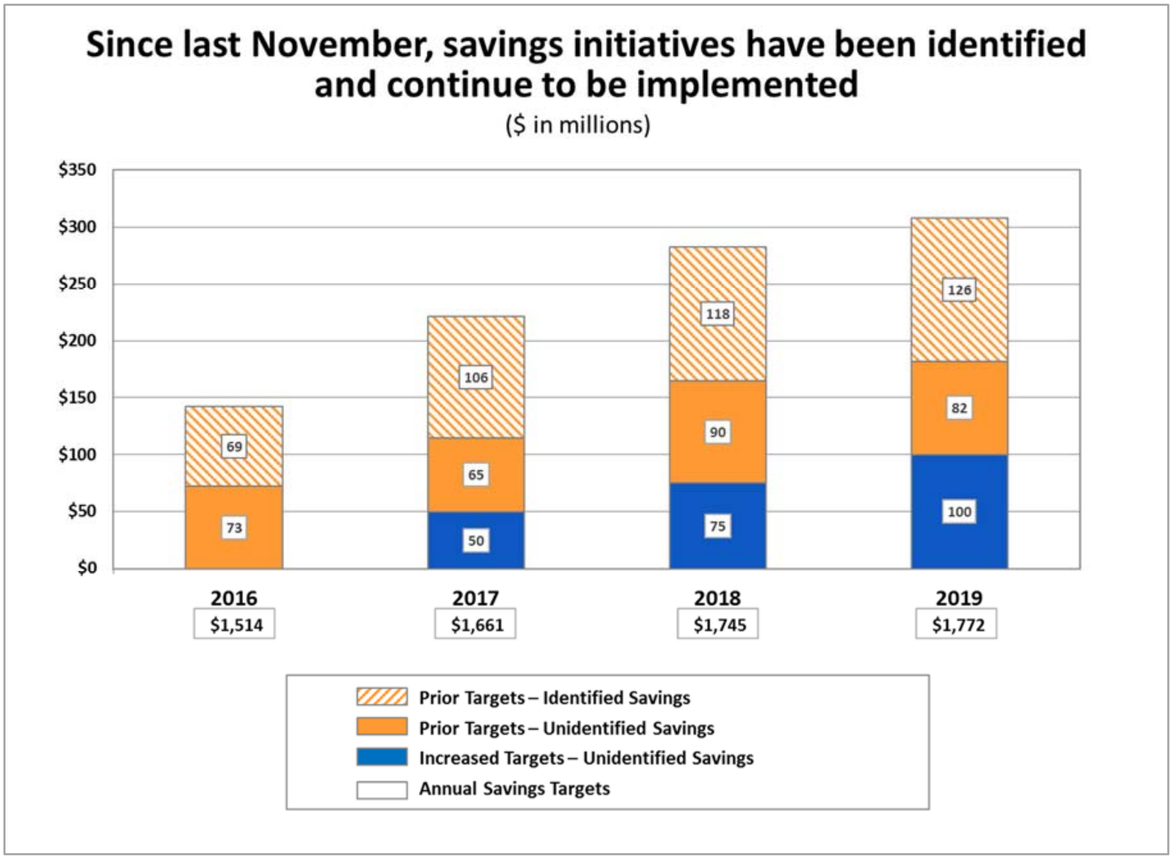
- Streamline material management and facilitate better integration of capital and maintenance activities; and

- Develop organizational proficiencies, culture principles, and skill-sets necessary to sustain asset management as business as usual.

Increase annually recurring cost reduction targets. The Plan targets annually recurring cost reductions of over $1.5 billion in 2016 growing to $1.8 billion by 2019. As shown on the chart below, the MTA has raised the targeted level of cost reductions in every year since 2010 and in this Plan the targets are increased by an additional $25 million a year beginning in 2017, which together with the increased targets included in the July Plan will raise the annual target by $100 million in 2019.



In raising the targets, the MTA must identify new initiatives to reduce costs. As shown on the following bar chart, the MTA continues to make progress in identifying and initiating necessary cost reduction initiatives. Since last November, the MTA has identified additional savings that will total $126 million in 2019: $47 million from paratransit, $16 million from the IT consolidation, $16 million from the NYCT/MTA Bus prescription drug rebid program, $14 million from pension savings, $10 million in insurance efficiencies, $5 million from the NYCT timekeeping consolidation and a total of $18 million from numerous smaller initiatives.



Increase support for the Capital Program. Beginning this year, the MTA will increase its contributions in support of the 2015- 2019 Capital Program by $125 million annually. Unbudgeted real estate transaction tax receipts of $75 million received this year will also be contributed to capital, providing a total of $700 million of additional contributions to the Capital Program over the Plan period. These additional contributions, first proposed in July, will provide $2.4 billion of additional funding capacity through bonding and Pay-Go revenues.

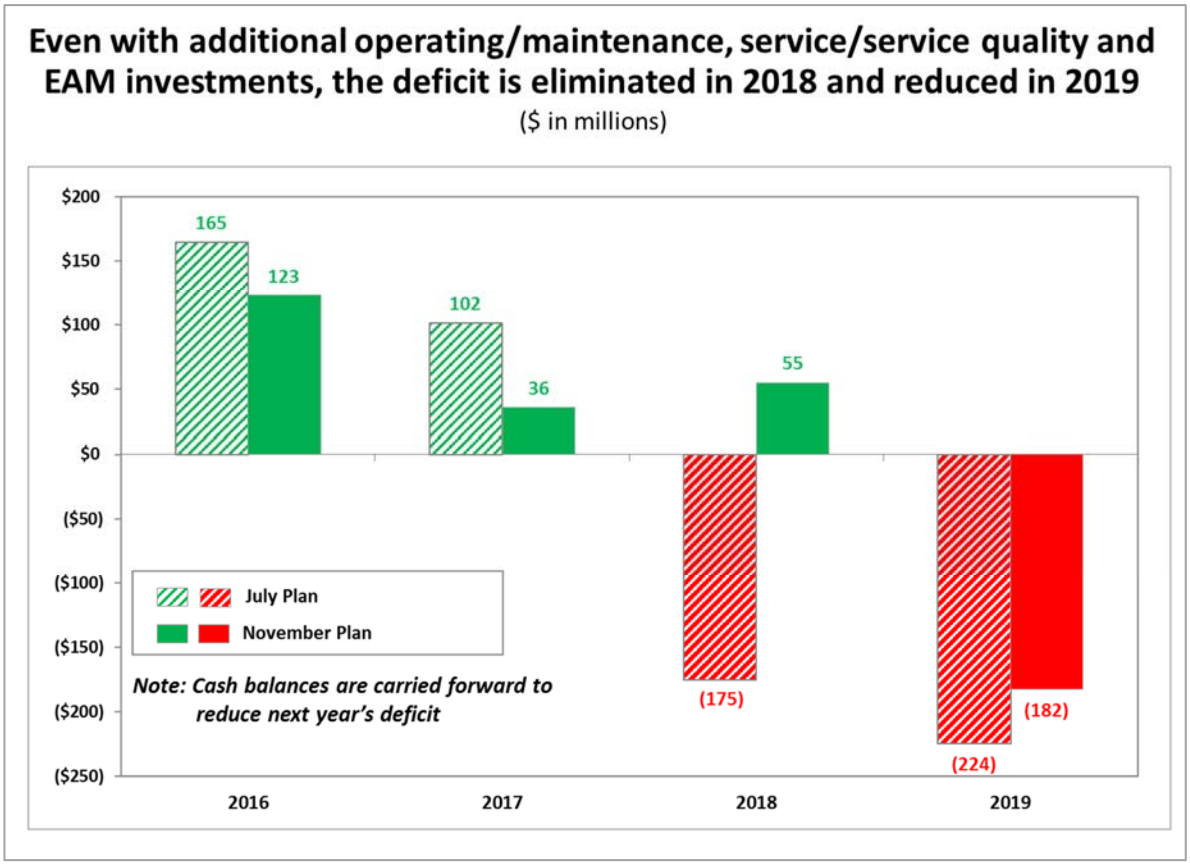
Acceleration of Committed to Capital Contribution. Favorable timing and other re-estimates will increase the projected 2015 cash balance from the July Plan projection. The MTA will use $300 million of 2015 operating funds to accelerate a portion of its planned 2018 Committed to Capital contribution; this acceleration will lower debt service payments by $54 million over the Plan period. The elimination of the 2018 contribution will “free-up” $300 million to help fund, when it is needed, the necessary operational investments detailed in this Plan. In short, this transaction aligns resources with needs while generating significant positive cash flow over the Plan period.

Invests the 2015 General Reserve of $140 million to reduce the LIRR Additional Pension liability. Consistent with the Board-approved policy to use non-recurring revenues, receipts, or resources to make one-time payments towards long-term obligations that will reduce recurring annual expenses, the MTA will release the unexpended 2015 General Reserve balance of $140 million to reduce the LIRR unfunded pension liability (its lowest funded pension plan). This investment will lower the projected amortization payment of this unfunded liability by $14 million annually beginning in 2017.

The “Bottom Line”

All together, these changes, re-estimates, and recommendations result in a net improvement to

MTA's financial forecast over the plan period. The November Plan is now balanced through 2018 and the 2019 deficit is reduced to a manageable $182 million.



Challenges Going Forward

While our financial position has improved this year, there are many challenges ahead:

Finalize funding arrangements for 2015 – 2019 Capital Program. The MTA appreciates the support provided by New York State and New York City in committing to provide an additional $7.3 billion and $1.8 billion, respectively, of funding for the 2015-2019 Capital Program. The MTA Board, at the October meeting, approved a revised 2015-2019 Capital Program that reflects these additional funds. The MTA will next seek approval from the Capital Program Review Board. We will work with the State and City on the mechanics of the agreed-to funding levels of $8.3 billion and $2.5 billion, respectively, to ensure that monies are provided in a mutually beneficial manner.

Address the loss of taxi surcharge revenues due to application-based livery (e.g., Uber/Lyft). The popularity of app-based livery services has resulted in a decline in usage of medallion taxi services. These traditional services, specifically yellow and green cabs, collect a fifty cent surcharge that is earmarked for the MTA; app-based service trips, on the other hand, are not subject to this surcharge. Rather they collect and pay sales tax on fares of which MTA receives a portion (3/8 of 1%). This results in substantially less revenue for the MTA per trip. The continued growth in these app-based services at the detriment of medallion taxi service could result in further erosion of MTA receipts.

Continue to pursue efficiencies/consolidations. MTA cost reduction efforts have yielded impressive results; annual savings totals continue to increase every year. We must, however, continue to pursue efficiencies and consolidations to maximize annually recurring cost reductions. Efforts to reduce costs will continue, but much of the "low hanging fruit" has been harvested and additional savings may be more difficult to achieve. We must also remain focused on existing cost control to avoid backsliding.

Maintain discipline to use non-recurring revenues, favorable budget variances, excess resources to fund Pay-Go and/or reduce unfunded liabilities, such as OPEBs and pension liabilities. Simply put, this strategy converts favorable "one-shots" into recurring savings.

Recognize the possibility for interest rates higher than forecast. The finances of the MTA are highly dependent on the economy. Passenger and toll revenues, dedicated taxes and subsidies and debt service, pensions and energy costs are all impacted by the health of the economy. If the growth assumptions that are captured in the Plan are not realized, MTA has limited options. The Federal Open Markets Committee (FOMC) has been indicating that economic conditions have improved sufficiently to the point where the target range for the federal funds rate, currently in the 0% to 0.25% target range, may begin being raised to its 2% medium-term objective. Such a move has been expected for the past few months, and with the positive labor market report released at the beginning of November, expectations have heightened that the FOMC will vote to begin increasing the federal funds rate at its December meeting. Such an increase could lead to an increase in bond rates more than projected in the Plan, which would ultimately increase debt service payments to support the MTA capital program.

Address chronic/looming cost issues. The MTA will continue to address chronic / looming cost issues that put pressure on our finances.

Outstanding liabilities for workers compensation/FELA (the commuter rail equivalent) liability, judgments and claims have risen significantly in recent years. Incident prevention measures, improved case management and fraud detection efforts are underway. For example, at NYCT, additional resources are being used to buttress the administration of public liability and workers compensation claims and to augment support for the pre-trial and litigation phases of claims. NYCT is also staffing a special Investigations unit to meet an increased demand for anti-fraud measures.

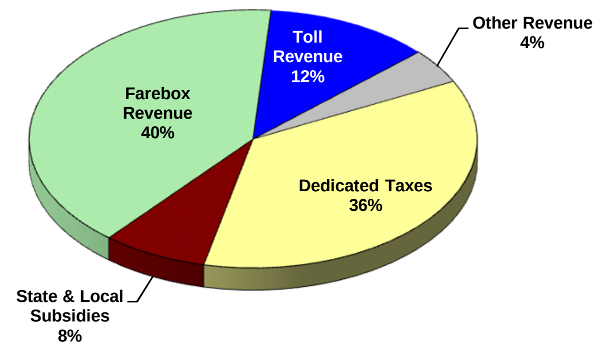
Overtime is another cost area experiencing high growth. In the July Plan, Agencies re-forecasted overtime projections to more realistically reflect operating requirements including coverage requirements for additional anticipated track and fleet maintenance work, a NYS mandate on MTA-wide annual compliance training/certifications, trend-based vacancy/absentee coverage, and service adjustments. The July Plan established an overtime base that addressed the realities of the MTA service environment. MTA is committed to "living within" these overtime projections and the provision in the November Plan is consistent with July. Areas of overtime that continue to be internally scrutinized and require particular focus include: vacancies and employee availability, optimizing overtime vs. straight-time, and overtime intensity. Further analysis of overtime will continue, and it is expected that efficiencies can be identified that will result in future savings.

The "Cadillac Tax" component of the Affordable Care Act – a 40% excise tax assessed on the premium cost of coverage for health plans that exceed a certain annual limit – is scheduled to go into effect in 2018. Final guidance from the Internal Revenue Service is still pending, including the initial premium thresholds for 2018, which were established in 2010 without a statutory mechanism for inflationary growth through 2018; methods for annually adjusting the thresholds beyond 2018, however, were included in the legislation. Preliminary analysis projects that the MTA could be subject to an excise tax levy of about $30 million in 2018 increasing to $130 million by 2021 and continuing to grow as projected premium costs outpace the inflationary adjustments to the thresholds.

II. MTA Consolidated 2016-2019 Financial Plan

MTA 2016 Final Proposed Budget
Baseline Expenses After Below-the-Line Adjustments
Non-Reimbursable

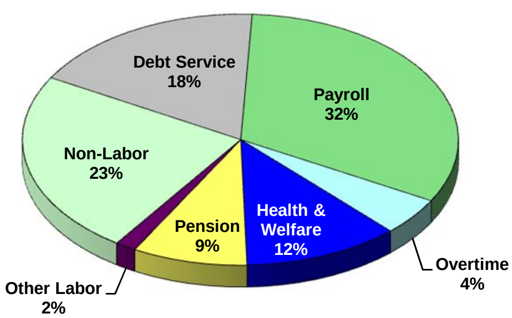
Where the Dollars Come From …



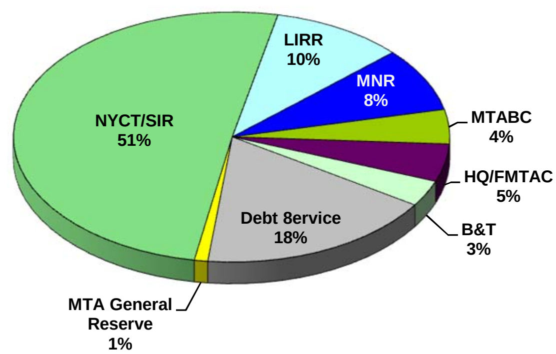
By Revenue Source ($ in millions)	
Farebox Revenue	$6,072
Toll Revenue	1,809
Other Revenue	661
Dedicated Taxes	5,427
State & Local Subsidies	1,146
Total [1]	**$15,115**

Where the Dollars Go …

By Expense Category



By MTA Agency



By Expense Category [2] includes below-the-line adjustments ($ in millions)	
Payroll	$4,870
Overtime	735
Health & Welfare	1,750
Pension	1,285
Other Labor	233
Non-Labor	3,567
Debt Service	2,660
MTA Below-the-Line Adjustments [3]	(91)
Total [1]	**$15,010**

By MTA Agency [2] includes below-the-line adjustments ($ in millions)	
NYCT/SIR	$7,637
LIRR	1,485
MNR	1,251
MTABC	671
HQ/FMTAC	738
B&T	510
Debt Service	2,660
MTA General Reserve	150
MTA Below-the-Line Adjustments [3]	(91)
Total [1]	**$15,010**

[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.*

[3] *These below-the-line adjustments impact expense dollars and have not been allocated to specific Agencies as yet.*

Note: The revenues and expenses reflected in these charts are on an accrued basis and exclude cash adjustments and carryover balances. Any comparison of revenues versus expenses will not directly correspond to the cash balances reflected the Statement of Operations.

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2016-2019
MTA Consolidated Statement Of Operations By Category
($ in millions)

Line No.	Non-Reimbursable	2014 Actual	2015 November Forecast	2016 Final Proposed Budget	2017	2018	2019
10	***Operating Revenue***						
11	Farebox Revenue	$5,709	$5,929	$6,072	$6,119	$6,159	$6,183
12	Toll Revenue	1,676	1,792	1,809	1,818	1,831	1,844
13	Other Revenue	682	662	661	677	699	724
14	Capital and Other Reimbursements	0	0	0	0	0	0
15	**Total Operating Revenue**	**$8,068**	**$8,382**	**$8,542**	**$8,614**	**$8,688**	**$8,752**
16							
17	***Operating Expense***						
18	**Labor Expenses:**						
19	Payroll	$4,672	$4,689	$4,870	$5,016	$5,130	$5,236
20	Overtime	730	755	735	745	760	775
21	Health & Welfare	962	1,052	1,173	1,241	1,323	1,413
22	OPEB Current Payment	479	529	577	615	663	717
23	Pensions	1,304	1,282	1,285	1,252	1,244	1,269
24	Other-Fringe Benefits	784	644	653	680	708	728
25	Reimbursable Overhead	(350)	(391)	(420)	(407)	(400)	(403)
26	**Sub-total Labor Expenses**	**$8,582**	**$8,560**	**$8,874**	**$9,141**	**$9,428**	**$9,736**
27							
28	**Non-Labor Expenses:**						
29	Electric Power	$516	$500	$503	$527	$559	$594
30	Fuel	267	188	180	189	215	241
31	Insurance	51	52	55	60	67	75
32	Claims	269	260	243	247	251	255
33	Paratransit Service Contracts	366	383	407	426	463	502
34	Maintenance and Other Operating Contracts	549	612	714	724	670	684
35	Professional Service Contracts	283	414	458	400	402	410
36	Materials & Supplies	527	558	617	608	601	619
37	Other Business Expenses	180	208	195	195	203	201
38	**Sub-total Non-Labor Expenses**	**$3,007**	**$3,176**	**$3,372**	**$3,376**	**$3,431**	**$3,580**
39							
40	**Other Expense Adjustments:**						
41	Other	$45	$43	$45	$46	$47	$49
42	General Reserve	0	0	150	155	160	165
43	**Sub-total Other Expense Adjustments**	**$45**	**$43**	**$195**	**$201**	**$207**	**$214**
44							
45	**Total Operating Expense before Non-Cash Liability Adj.**	**$11,634**	**$11,778**	**$12,441**	**$12,718**	**$13,065**	**$13,530**
46							
47	Depreciation	$2,266	$2,380	$2,456	$2,656	$2,728	$2,798
48	OPEB Obligation	2,035	2,030	2,114	2,199	2,287	2,378
49	Environmental Remediation	21	7	7	7	7	7
50							
51	**Total Operating Expense after Non-Cash Liability Adj.**	**$15,956**	**$16,194**	**$17,017**	**$17,580**	**$18,088**	**$18,713**
52							
53	Conversion to Cash Basis: Non-Cash Liability Adjs.	$4,322	$4,416	$4,576	$4,862	$5,022	$5,183
54							
55	Debt Service (excludes Service Contract Bonds)	(2,249)	(2,383)	(2,660)	(2,888)	(3,071)	(3,204)
56							
57	**Total Operating Expense with Debt Service**	**$13,882**	**$14,161**	**$15,101**	**$15,606**	**$16,136**	**$16,734**
58							
59	Dedicated Taxes and State/Local Subsidies	$6,375	$6,625	$6,574	$6,709	$6,830	$7,034
60							
61	**Net Surplus/(Deficit) After Subsidies and Debt Service**	**$561**	**$847**	**$15**	**($283)**	**($618)**	**($948)**
62							
63	Conversion to Cash Basis: GASB Account	(50)	(0)	0	0	(9)	(19)
64	Conversion to Cash Basis: All Other	(496)	(247)	(146)	(78)	(26)	91
65							
66	**CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER**	**$15**	**$600**	**($131)**	**($361)**	**($653)**	**($877)**
67	**ADJUSTMENTS**	**0**	**(640)**	**(34)**	**273**	**673**	**639**
68	**PRIOR-YEAR CARRYOVER**	**314**	**329**	**289**	**123**	**36**	**55**
69	**NET CASH BALANCE**	**$329**	**$289**	**$123**	**$36**	**$55**	**($182)**

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2016-2019
Plan Adjustments
($ in millions)

Line No.		2014 Actual	2015 November Forecast	2016 Final Proposed Budget	2017	2018	2019
7-10							
11	**Cash Balance Before Prior-Year Carry-over**	**$15**	**$600**	**($131)**	**($361)**	**($653)**	**($877)**
12							
13	**Fare/Toll Increases:**						
14	*Fare/Toll Increase on 3/1/17 (4% Yield)*	-	-	-	*261*	*310*	*312*
15	*Fare/Toll Increase on 3/1/19 (4% Yield)*	-	-	-	-	-	*276*
16	*Subsidy Impacts of 2017/2019 Fare/Toll Increase*	-	-	-	*(10)*	*(9)*	*(19)*
17	**Sub-Total**	**$0**	**$0**	**$0**	**$252**	**$301**	**$568**
18							
19	**MTA Initiatives:**						
20	*MTA Efficiencies - Not Yet Implemented*	-	-	*73*	*65*	*90*	*82*
21	*Additional MTA Efficiencies - Targeted in July 2015 Plan*	-	-	-	*25*	*50*	*75*
22	*Additional MTA Efficiencies - Targeted in November 2015 Plan*	-	-	-	*25*	*25*	*25*
23	**Sub-Total**	**$0**	**$0**	**$73**	**$115**	**$165**	**$182**
24							
25	**Policy Actions:**						
26	*Committed to Capital - Additional Recurring Funding*	-	*(125)*	*(125)*	*(125)*	*(125)*	*(125)*
27	*Committed to Capital - One Time*	-	*(75)*	-	-	-	-
28	*Acceleration of Committed to Capital Contribution*	-	*(300)*	-	-	*300*	-
29	*Debt Service Savings from Acceleration of Contribution*	-	-	*18*	*18*	*18*	-
30	*Invest 2015 General Reserve to Reduce Pension Liability*	-	*(140)*	-	*14*	*14*	*14*
32	**Sub-Total**	**$0**	**($640)**	**($107)**	**($93)**	**$207**	**($111)**
33							
34	**TOTAL ADJUSTMENTS**	**$0**	**($640)**	**($34)**	**$273**	**$673**	**$639**
35							
36	*Prior-Year Carry-Over*	*314*	*329*	*289*	*123*	*36*	*55*
37							
38	**Net Cash Surplus/(Deficit)**	**$329**	**$289**	**$123**	**$36**	**$55**	**($182)**

METROPOLITAN TRANSPORTATION AUTHORITY

November Financial Plan 2016-2019

MTA Consolidated Cash Receipts and Expenditures

($ in millions)

Line No	Cash Receipts and Expenditures	2014 Actual	2015 November Forecast	2016 Final Proposed Budget	2017	2018	2019
10	**Receipts**						
11	Farebox Revenue	$5,734	$5,960	$6,099	$6,145	$6,185	$6,211
12	Other Operating Revenue	705	730	719	819	744	784
13	Capital and Other Reimbursements	1,492	1,965	1,957	1,866	1,840	1,847
14	**Total Receipts**	**$7,931**	**$8,655**	**$8,775**	**$8,830**	**$8,769**	**$8,842**
15							
16	**Expenditures**						
17	***Labor:***						
18	Payroll	$5,257	$5,278	$5,350	$5,484	$5,583	$5,689
19	Overtime	875	945	854	859	869	886
20	Health and Welfare	975	1,096	1,204	1,275	1,351	1,441
21	OPEB Current Payment	470	517	568	606	654	708
22	Pensions	1,351	1,311	1,338	1,306	1,297	1,311
23	Other Fringe Benefits	738	805	821	835	857	874
24	Contribution to GASB Fund	50	0	0	0	9	19
25	Reimbursable Overhead	0	0	(0)	0	(0)	(0)
26	**Total Labor Expenditures**	**$9,716**	**$9,952**	**$10,137**	**$10,365**	**$10,620**	**$10,928**
27							
28	***Non-Labor:***						
29	Electric Power	$520	$498	$500	$524	$554	$589
30	Fuel	264	186	176	186	212	236
31	Insurance	41	52	52	56	63	71
32	Claims	251	257	271	220	224	228
33	Paratransit Service Contracts	366	381	405	424	461	500
34	Maintenance and Other Operating Contracts	526	574	663	653	576	579
35	Professional Service Contracts	304	408	496	408	405	401
36	Materials & Supplies	691	686	774	765	757	778
37	Other Business Expenditures	233	256	224	217	222	219
38	**Total Non-Labor Expenditures**	**$3,196**	**$3,298**	**$3,562**	**$3,454**	**$3,474**	**$3,601**
39							
40	***Other Expenditure Adjustments:***						
41	Other	$25	$73	$141	$121	$102	$105
42	General Reserve	0	0	150	155	160	165
43	**Total Other Expenditure Adjustments**	**$25**	**$73**	**$291**	**$276**	**$262**	**$270**
44							
45	**Total Expenditures**	**$12,936**	**$13,323**	**$13,990**	**$14,095**	**$14,355**	**$14,799**
46							
47	**Net Cash Deficit Before Subsidies and Debt Service**	**($5,005)**	**($4,668)**	**($5,215)**	**($5,265)**	**($5,587)**	**($5,957)**
48							
49	Dedicated Taxes and State/Local Subsidies	$6,666	$7,016	$7,071	$7,099	$7,291	$7,531
50	Debt Service (excludes Service Contract Bonds)	($1,646)	($1,749)	($1,987)	($2,195)	($2,358)	($2,450)
51							
52	**CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER**	**$15**	**$600**	**($131)**	**($361)**	**($653)**	**($877)**
53	**ADJUSTMENTS**	**0**	**(640)**	**(34)**	**273**	**673**	**639**
54	**PRIOR-YEAR CARRY-OVER**	**314**	**329**	**289**	**123**	**36**	**55**
55	**NET CASH BALANCE**	**$329**	**$289**	**$123**	**$36**	**$55**	**($182)**

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2016-2019
MTA Consolidated November Financial Plan Compared with July Financial Plan

Cash Reconciliation

($ in millions)

	Favorable/(Unfavorable)				
	2015	2016	2017	2018	2019
JULY FINANCIAL PLAN 2016-2019 NET CASH SURPLUS/(DEFICIT)	**$221**	**$165**	**$102**	**($175)**	**($224)**
Agency Baseline Adjustments	**$206**	**($121)**	**$45**	**$85**	**$100**
Toll Revenue	*23*	*18*	*17*	*18*	*17*
Energy	*14*	*48*	*46*	*41*	*41*
Reimbursable Overhead [1]	*30*	*28*	*28*	*28*	*19*
Other Baseline Re-estimates (includes timing) [2]	*139*	*(215)*	*(46)*	*(1)*	*22*
New Needs/Investments	**$11**	**($78)**	**($129)**	**($139)**	**($141)**
Enterprise Asset Management Initiative	*14*	*(19)*	*(45)*	*(51)*	*(57)*
Maintenance/Operations	*(2)*	*(28)*	*(40)*	*(39)*	*(39)*
Service Adjustments/Service Support	*1*	*(9)*	*(27)*	*(32)*	*(29)*
Safety & Security	*2*	*(11)*	*(8)*	*(7)*	*(7)*
Information Technology	*(3)*	*(4)*	*(4)*	*(5)*	*(5)*
All Other New Needs	*(1)*	*(7)*	*(5)*	*(5)*	*(5)*
Savings Programs	**$15**	**$20**	**$14**	**$17**	**$18**
2015 BRP (New Savings Programs)	*15*	*20*	*14*	*17*	*18*
MTA Adjustments	**$140**	**$0**	**$0**	**$0**	**$0**
General Reserve	*140*	-	-	-	-
Changes in Subsidies	**$72**	**$20**	**($7)**	**($7)**	**($8)**
Real Estate Taxes	*80*	*66*	*26*	*31*	*37*
Petroleum Business Tax	*(12)*	*(22)*	*(25)*	*(29)*	*(35)*
Payroll Mobility Tax	*13*	*(12)*	*7*	*7*	*7*
MTA Aid	*(8)*	*(12)*	*(14)*	*(17)*	*(17)*
Other Subsidy Adjustments	**$17**	**$47**	**$85**	**$151**	**$227**
CDOT Subsidy	*(2)*	*1*	*(3)*	*0*	*2*
B&T Surplus Transfer	*53*	*24*	*9*	*2*	*(12)*
Forward Energy Contracts	*(7)*	*(12)*	*(1)*	-	-
Other Subsidies	*(27)*	*33*	*80*	*149*	*237*
Debt Service [3]	**$57**	**$6**	**($57)**	**($129)**	**($204)**
Below-the-Line Adjustments	**($450)**	**($4)**	**$25**	**$318**	**($5)**
Change in Fare/Toll Increase Estimates	-	-	*(1)*	*(1)*	*(1)*
MTA Efficiencies - Identified and Capture in Agency Baselines	*(10)*	*(22)*	*(31)*	*(38)*	*(43)*
Additional MTA Efficiencies - Targeted in 2015 November Plan	-	-	*25*	*25*	*25*
Policy Actions:					
Committed to Capital - Additional Recurring Funding	-	-	-	-	-
Committed to Capital - One Time	-	-	-	-	-
Acceleration of Committed to Capital Contribution	*(300)*	-	-	*300*	-
Debt Service Savings from Acceleration of Contribution	-	*18*	*18*	*18*	-
Invest 2015 General Reserve to Reduce Pension Liability	*(140)*	-	*14*	*14*	*14*
Prior Year Carryover	**($0)**	**$69**	**($41)**	**($66)**	**$55**
NOVEMBER FINANCIAL PLAN 2016-2019 NET CASH SURPLUS/(DEFICIT)	**$289**	**$123**	**$36**	**$55**	**($182)**

* *Totals may not add due to rounding*

[1] *Reflects changes in overhead cost recoveries resulting from revisions in capital project activity.*

[2] *Includes changes from timing, inflation, operating capital and cash adjustments.*

[3] *This variance represents the inclusion of the debt service for the 2015-2019 Capital Program. It also captures debt service savings on prior capi plans due to the combination of refundings, variable rate savings and issuance of notes instead of long-term bonds.*

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2016-2019
Consolidated Subsidies
Cash Basis
($ in millions)

	2014 Actual	2015 November Forecast	2016 Final Proposed Budget	2017	2018	2019
Subsidies						
Dedicated Taxes						
Metropolitan Mass Transportation Operating Assist (MMTOA)	$1,563.9	$1,563.9	$1,599.6	$1,667.1	$1,747.5	$1,823.9
Petroleum Business Tax (PBT) Receipts	627.2	610.8	597.8	593.5	590.7	586.8
Mortgage Recording Tax (MRT)	359.5	442.8	447.1	463.7	481.7	499.0
MRT Transfer to Suburban Counties	(3.4)	(1.7)	(3.1)	(3.0)	(3.0)	(3.3)
Reimburse Agency Security Costs	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
MTA Bus Debt Service	(24.9)	(24.9)	(24.9)	(24.9)	(23.8)	(23.8)
Interest	4.7	4.9	5.1	5.3	5.3	5.3
Urban Tax	806.1	977.0	833.1	784.3	784.3	814.0
Investment Income	1.0	1.1	1.1	1.2	1.2	1.2
	$3,324.1	**$3,563.8**	**$3,445.9**	**$3,477.2**	**$3,573.9**	**$3,693.2**
PMT and MTA Aid						
Payroll Mobility Tax	$1,262.6	$1,322.8	$1,357.3	$1,437.7	$1,498.9	$1,566.4
Payroll Mobility Tax Replacement Funds	309.3	309.3	311.3	311.3	311.3	311.3
MTA Aid	313.2	293.6	291.1	291.1	291.1	291.1
	$1,885.1	**$1,925.6**	**$1,959.7**	**$2,040.1**	**$2,101.2**	**$2,168.7**
State and Local Subsidies						
State Operating Assistance	$187.9	$187.9	$187.9	$187.9	$187.9	$187.9
Local Operating Assistance	187.8	187.9	187.9	187.9	187.9	187.9
CDOT Subsidy	98.0	148.9	120.4	115.8	122.9	129.9
Station Maintenance	162.2	161.0	163.9	168.0	172.4	176.7
	$635.9	**$685.8**	**$660.1**	**$659.7**	**$671.2**	**$682.4**
Other Subsidy Adjustments						
Resource to Reduce Pension Liability	($165.0)	$0.0	$29.3	$29.3	$29.3	$29.3
GASB Reserves to Fund Labor Settlements	254.5	0.0	0.0	0.0	0.0	0.0
Reserve for Retroactive Payments	(109.3)	109.3	0.0	0.0	0.0	0.0
NYCT Charge Back of MTA Bus Debt Service	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)
Forward Energy Contracts Program - Gain/(Loss)	(6.9)	(45.6)	(23.0)	(1.5)	0.0	0.0
MNR Repayment for 525 North Broadway	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)
Repayment of Loan to Capital Financing Fund	(100.0)	(100.0)	0.0	0.0	0.0	0.0
Committed to Capital 2010-2014 Capital Program	(144.8)	(38.1)	0.0	(73.0)	(78.9)	(57.2)
Committed to Capital 2015-2019 Capital Program	0.0	(221.9)	(161.0)	(121.1)	(45.8)	47.3
	($285.6)	**($310.2)**	**($168.6)**	**($180.2)**	**($109.4)**	**$5.5**
Subtotal Dedicated Taxes & State and Local Subsidies	***$5,559.5***	***$5,865.0***	***$5,897.0***	***$5,996.8***	***$6,236.9***	***$6,549.8***
City Subsidy for MTA Bus	$460.2	$422.1	$498.8	$443.7	$438.3	$418.5
City Subsidy for SIRTOA	24.0	33.4	41.6	55.4	42.8	36.6
	$484.2	**$455.4**	**$540.4**	**$499.1**	**$481.1**	**$455.1**
Total Dedicated Taxes & State and Local Subsidies	***$6,043.7***	***$6,320.5***	***$6,437.4***	***$6,495.9***	***$6,718.0***	***$7,004.9***
Inter-agency Subsidy Transactions						
B&T Operating Surplus Transfer	$622.8	$695.9	$633.8	$603.5	$573.3	$526.0
	$622.8	**$695.9**	**$633.8**	**$603.5**	**$573.3**	**$526.0**
GROSS SUBSIDIES	**$6,666.5**	**$7,016.4**	**$7,071.2**	**$7,099.4**	**$7,291.3**	**$7,530.9**

METROPOLITAN TRANSPORTATION AUTHORITY
Summary of Changes Between the November and July Financial Plans
Consolidated Subsidies
Cash Basis
($ in millions)

	2015	2016	2017	2018	2019
Subsidies					
Dedicated Taxes					
Metropolitan Mass Transportation Operating Assist (MMTOA)	$0.0	($104.0)	($104.0)	($104.0)	($104.0)
Petroleum Business Tax (PBT) Receipts	(12.4)	(21.6)	(25.3)	(29.3)	(35.1)
Mortgage Recording Tax (MRT)	32.0	41.3	49.0	54.4	59.9
MRT Transfer to Suburban Counties	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0	0.0
MTA Bus Debt Service	0.0	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
Urban Tax	47.6	24.6	(22.9)	(22.9)	(23.1)
Investment Income	0.0	0.0	0.0	0.0	0.0
	$67.2	**($59.8)**	**($103.3)**	**($101.9)**	**($102.4)**
PMT and MTA Aid					
Payroll Mobility Tax	$13.1	($11.9)	$7.0	$7.4	$6.8
Payroll Mobility Tax Replacement Funds	0.0	2.0	2.0	2.0	2.0
MTA Aid	(8.3)	(12.2)	(14.5)	(16.5)	(16.5)
	$4.8	**($22.1)**	**($5.4)**	**($7.1)**	**($7.8)**
State and Local Subsidies					
State Operating Assistance	$0.0	$0.0	$0.0	$0.0	$0.0
Local Operating Assistance (18-b)	0.0	0.0	0.0	0.0	0.0
CDOT Subsidy	(1.9)	1.5	(3.3)	0.1	2.4
Station Maintenance	(3.7)	(3.6)	(2.0)	(0.2)	0.8
	($5.5)	**($2.1)**	**($5.2)**	**($0.2)**	**$3.3**
Other Subsidy Adjustments					
Resource to Reduce Pension Liability	($25.5)	$6.9	$5.3	$3.6	$1.8
GASB Reserves to Fund Labor Settlements	0.0	0.0	0.0	0.0	0.0
Reserve for Retroactive Payments	0.0	0.0	0.0	0.0	0.0
NYCT Charge Back of MTA Bus Debt Service	0.0	0.0	0.0	0.0	0.0
Forward Energy Contracts Program - Gain/(Loss)	(7.1)	(11.6)	(1.4)	0.0	0.0
MNR Repayment for 525 North Broadway	0.0	0.0	0.0	0.0	0.0
Repayment of Loan to Capital Financing Fund	0.0	0.0	0.0	0.0	0.0
Committed to Capital 2010-2014 Capital Program	0.0	0.0	0.0	0.0	0.0
Committed to Capital 2015-2019 Capital Program	0.0	129.0	168.9	244.2	337.3
	($32.6)	**$124.3**	**$172.9**	**$247.8**	**$339.1**
Subtotal Dedicated Taxes & State and Local Subsidies	***$33.8***	***$40.4***	***$58.9***	***$138.7***	***$232.3***
City Subsidy for MTA Bus	$1.9	$6.1	$6.6	$3.1	($0.6)
City Subsidy for SIRTOA	0.0	(3.4)	3.4	(0.0)	(0.6)
	$1.9	**$2.7**	**$10.1**	**$3.1**	**($1.3)**
Total Dedicated Taxes & State and Local Subsidies	***$35.7***	***$43.1***	***$69.0***	***$141.8***	***$231.0***
Inter-agency Subsidy Transactions					
B&T Operating Surplus Transfer	$53.4	$23.9	$9.3	$2.3	($12.1)
	$53.4	**$23.9**	**$9.3**	**$2.3**	**($12.1)**
GROSS SUBSIDIES	**$89.1**	**$66.9**	**$78.3**	**$144.1**	**$218.9**

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III. Adjustments

III. ADJUSTMENTS

The discussion that follows reflects proposed Fare/Toll Increases, MTA Initiatives and Policy Actions that are not included in the Baseline (as depicted in Volume 2).

Fare/Toll Increases

Fare and Toll Increase on 3/1/17 – An increase in fares and tolls, yielding a 4% increase in farebox and toll revenues, is assumed for implementation on March 1, 2017 and is projected to generate an annualized increase of $308 million in MTA consolidated farebox and toll revenues. Consolidated farebox and toll revenues are expected to increase by $261 million in 2017, $310 million in 2018 and $312 million in 2019.

Increases in farebox revenues generated at MTA Bus and SIR are used to hold down NYC subsidies that cover the costs associated with these operations. Additionally, 10% of all B&T surplus toll revenues are delayed for distribution to NYCT and the Commuter Railroads, per MTA Board policy, until B&T results are audited. These items are offsets to the consolidated farebox and toll revenue generated from the fare and toll increases and are included within “Subsidy Impacts of 2017/2019 Fare/Toll Increase”; when factored in, the net change to the MTA from the proposed 2017 increase is $252 million in 2017, $301 million in 2018 and $303 million in 2019. These net projections, compared with the July Plan, are lower by $1 million per year from 2017 through 2019. Compared with the February Plan, these net projections are $2 million higher for 2017 and $2 million lower for 2018.

Fare and Toll Increase on 3/1/19 – An increase in fares and tolls, yielding a 4% overall increase in farebox and toll revenues, is assumed for implementation on March 1, 2019 and is projected to generate a $325 million annualized increase in MTA consolidated farebox and toll revenues. Consolidated farebox and toll revenues are expected to increase by $276 million in 2019. Factoring in the MTA Bus, SIR and B&T adjustments included in “Subsidy Impacts of the 2017/2019 Fare/Toll Increase”, the net increase to the MTA is $265 million in 2019, which is $1 million lower than the estimate in the July Plan.

MTA Consolidated Utilization

MTA Agency Fare and Toll Revenue Projections, in millions
Including the Impact of Fare & Toll Yield Increases

		2015 November Forecast	2016 Final Proposed Budget	2017	2018	2019
Fare Revenue						
Long Island Rail Road	Baseline	$692.275	$702.622	$705.571	$707.194	$708.747
	2017 Fare Yield	0.000	0.000	24.000	28.288	28.350
	2019 Fare Yield	0.000	0.000	0.000	0.000	25.072
		$692.275	**$702.622**	**$729.571**	**$735.482**	**$762.169**
Metro-North Railroad [1]	Baseline	$675.692	$693.277	$707.320	$718.706	$726.688
	2017 Fare Yield	0.000	0.000	19.126	22.834	23.070
	2019 Fare Yield	0.000	0.000	0.000	0.000	21.165
		$675.692	**$693.277**	**$726.447**	**$741.540**	**$770.923**
MTA Bus Company [2]	Baseline	$210.400	$214.471	$214.485	$215.271	$215.613
	2017 Fare Yield	0.000	0.000	7.256	8.611	8.625
	2019 Fare Yield	0.000	0.000	0.000	0.000	7.586
		$210.400	**$214.471**	**$221.741**	**$223.882**	**$231.824**
New York City Transit [3]	Baseline	$4,264.083	$4,375.102	$4,402.930	$4,427.826	$4,441.272
	2017 Fare Yield	0.000	0.000	148.696	177.113	177.651
	2019 Fare Yield	0.000	0.000	0.000	0.000	155.990
		$4,264.083	**$4,375.102**	**$4,551.626**	**$4,604.939**	**$4,774.913**
Staten Island Railway [2]	Baseline	$6.373	$6.735	$6.769	$6.816	$6.839
	2017 Fare Yield	0.000	0.000	0.229	0.273	0.274
	2019 Fare Yield	0.000	0.000	0.000	0.000	0.240
		$6.373	**$6.735**	**$6.998**	**$7.089**	**$7.353**
Total Farebox Revenue	*Baseline*	*$5,848.823*	*$5,992.207*	*$6,037.075*	*$6,075.813*	*$6,099.159*
	2017 Fare Yield	*0.000*	*0.000*	*199.307*	*237.118*	*237.969*
	2019 Fare Yield	*0.000*	*0.000*	*0.000*	*0.000*	*210.054*
		$5,848.823	***$5,992.207***	***$6,236.383***	***$6,312.931***	***$6,547.182***
Toll Revenue						
Bridges & Tunnels [4]	Baseline	$1,792.269	$1,808.583	$1,817.819	$1,830.730	$1,844.355
	2017 Toll Yield	0.000	0.000	62.161	73.229	73.774
	2019 Toll Yield	0.000	0.000	0.000	0.000	65.591
		$1,792.269	**$1,808.583**	**$1,879.980**	**$1,903.959**	**$1,983.720**
TOTAL FARE & TOLL REVENUE						
	Baseline	$7,641.092	$7,800.790	$7,854.894	$7,906.543	$7,943.514
	2017 Fare / Toll Yield	*0.000*	*0.000*	*261.468*	*310.347*	*311.743*
	2019 Fare / Toll Yield	*0.000*	*0.000*	*0.000*	*0.000*	*275.645*
		$7,641.092	***$7,800.790***	***$8,116.363***	***$8,216.890***	***$8,530.902***

1 MNR baseline utilization reflects East-of-Hudson service only; impacts from fare yield changes also include West-of-Hudson utilization.
2 MTA Bus and SIR revenues from fare increases are used to reduce NYC subsidies to MTA Bus and SIR.
3 Excludes Paratransit Operations.
4 Distribution of 10% of B&T surplus toll revenue is delayed to subsequent year per MTA Board resolution.

MTA Initiatives

In 2009 and 2010, the MTA introduced a number of savings initiatives and programs categorized as MTA Efficiencies. These included administrative reductions, operational consolidations, strategic initiatives, paratransit savings and improved MTA-wide business practices. In the November 2010 Plan, savings from these programs were projected to reach an annualized level of $784 million by 2014. The actual realized savings exceeded the original target for 2014 by 41%, reaching $1.109 billion.

Included within Agency baseline financials, this Plan captures cumulative implemented efficiencies of $1.329 billion for 2015 growing to $1.577 billion by 2019. These cumulative amounts include programs that were identified in both the 2015 July and November Financial Plans totaling $60 million in 2015, $69 million in 2016, $106 million in 2017, $118 million in 2018 and $126 million in 2019.

The success of these savings initiatives has generated funding for safety, service and operational needs, while reducing the amount of planned fare and toll increases. Until 2013, it was assumed that 7.5% biennial fare and toll yield increases would be required to maintain budgetary balance. As a result of the substantial increase in targeted savings efficiencies, the 2015 fare and toll increase was lowered to 4% and proposed increases for 2017 and 2019 are projected to yield 4%.

<u>MTA Efficiencies – Not Yet Implemented</u> – Unidentified savings targets remaining in the November Plan total $73 million in 2016, $65 million in 2017, $90 million in 2018 and $82 million in 2019. The MTA is committed to continuing its program of identifying efficiencies that result in overall recurring savings for the organization, and areas being reviewed to achieve these savings include procurement efficiencies, savings in IT, insurance and office space efficiencies.

<u>Additional MTA Efficiencies – Targeted in July 2015 Plan</u> – Consistent with the July Plan, to help fund the MTA’s operating commitment to the Capital Program, the MTA continues to carry forward the additional targeted savings proposed in the July Plan of $25 million in 2017, $50 million in 2018 and annualized to $75 million in 2019.

<u>Additional MTA Efficiencies – Targeted in November 2015 Plan</u> – In this Plan, the MTA maintains its policy of increasing its efficiency targets and proposes additional savings of $25 million in each year beginning in 2017.

Overall, the total recurring savings from MTA Efficiencies – those implemented, those not yet implemented but targeted in prior financial plans, and additional targets proposed in this Plan – are projected to be $1.329 billion in 2015 growing to $1.772 billion by 2019.

Policy Actions

<u>Committed to Capital – Additional Recurring Funding</u> – As proposed in the July Plan, this Plan allocates $125 million annually for additional capital funding beginning in 2015, for a total investment of $625 million over the Plan period.
<u>Committed to Capital – One Time</u> – As proposed in the July Plan, this Plan will utilize favorable real estate tax projections to provide a one-time “Pay-As-You-Go” (PAYGO) investment of $75 million in 2015.

In total, the MTA will make $700 million of additional contributions to the Capital Program over the Plan period.

<u>Acceleration of Committed to Capital Contribution</u> – Favorable timing and other re-estimates will increase the projected 2015 cash balance from the July Plan projection. The MTA, therefore, will use $300 million of 2015 operating funds to accelerate a portion of its planned 2018 Committed to Capital contribution; this acceleration will lower debt service payments over the Plan period. The elimination of the 2018 contribution will "free-up" $300 million to help fund, when it is needed, the necessary operational investments detailed in this Plan.

<u>Debt Service Savings from Acceleration of Contribution</u> – The aforementioned acceleration of the 2018 Capital Contribution will defer the need to issue bonds and will result in lower debt service payments of approximately $18 million per year for the years 2016 to 2018 - for total Plan savings of $54 million.

<u>Invest 2015 General Reserve to Reduce Pension Liability</u> – Consistent with the Board-approved policy to use non-recurring revenues, receipts, or resources to make one-time payments towards long-term obligations that will reduce recurring annual expenses, the MTA will release the unexpended 2015 General Reserve balance of $140 million to reduce the LIRR unfunded pension liability (its lowest funded pension plan). This investment will lower the projected amortization payment of this unfunded liability by $14 million annually beginning in 2017.

IV. Appendix

Certification of the Chairman and Chief Executive Officer
of the
Metropolitan Transportation Authority
in accordance with Section 202.3(l)
of the
State Comptroller's Regulations

I, Thomas F. Prendergast, Chairman and Chief Executive Officer of the Metropolitan Transportation Authority ("MTA") hereby certify, to the best of my knowledge and belief after reasonable inquiry, including certifications from senior management at the MTA agencies, that the attached budget and financial plan is based on reasonable assumptions and methods of estimation and that the requirements of Section 202.3 and 202.4 of the Regulations referenced above have been satisfied.

Metropolitan Transportation Authority

By: ______________________________
Thomas F. Prendergast
Chairman and Chief Executive Officer

Dated: November 10, 2015

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V. Other

The MTA Budget Process

MTA budgeting is a rigorous and thorough on-going process and culminates with the passage of the Budget in December. In the course of a year, MTA prepares a February, July and November Financial Plan, and Adoption Materials in December. In addition to the existing year, each Plan requires Agencies to prepare four-year projections which include the upcoming and three following calendar years.

Both the July and November Financial Plans are divided into two distinct volumes:

- Volume I summarizes the complete financial plan, including the baseline as well as policy items and other “below-the-line” items;

- Volume II includes detailed Agency information supporting baseline revenue, expense, cash and headcount projections. Also included is detailed information supporting actions taken to increase savings as well as individual Agency deficit reduction programs.

July Plan

The July Financial Plan provides the opportunity for the MTA to present a revised forecast of the current year’s finances, a preliminary presentation of the following years proposed budget, and a three year re-forecast of out-year finances. This Plan may include a series of gap closing proposals necessary to maintain a balanced budget and actions requiring public hearings. The Mid-Year Forecast becomes the basis in which monthly results are compared for the remainder of the year.

November Plan

After stakeholders weigh in and the impact of new developments and risks are quantified, a November Plan is prepared, which is an update to the July Financial Plan. The November Plan includes a revised current year and finalization of the proposed budget for the upcoming year and projections for the three out-years.

December Adopted Budget

In December, the November Plan is updated to capture further developments, risks and actions that are necessary to ensure budget balance and is presented to the MTA Board for review and approval.

February Plan

Finally, in the Adopted Budget below-the-line policy issues are moved into the baseline and technical adjustments are made. This results in what is called the February Plan. The Adopted Budget is allocated over the period of 12 months and becomes the basis in which monthly results are compared.

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