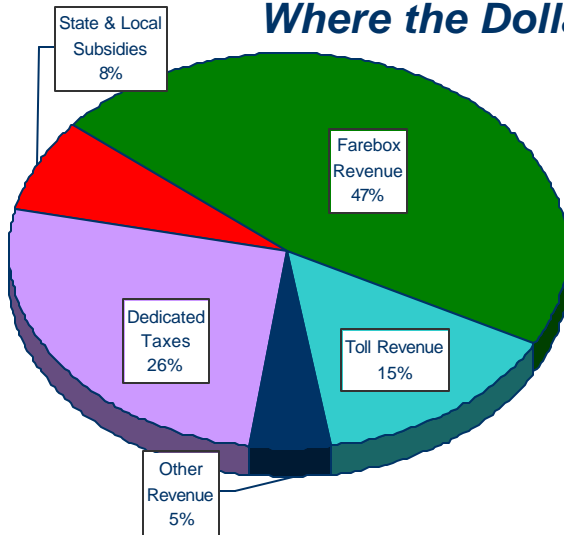


II. Preliminary 2005 Budget (Non-Reimbursable)

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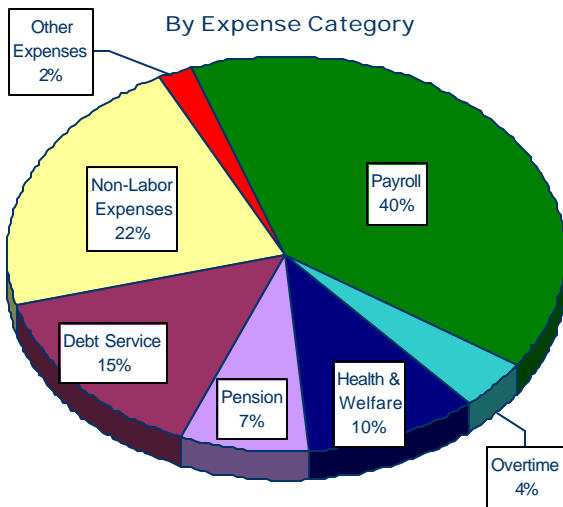
MTA 2005 Preliminary Budget Baseline Before Gap Closing Actions

Where the Dollars Come From...



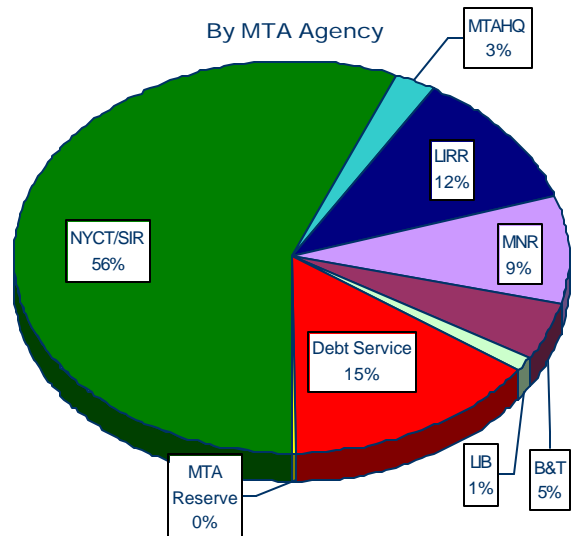
By Revenue Source (in millions)	
Farebox Revenue	\$3,467
Toll Revenue	1,088
Other Revenue	350
Dedicated Taxes	1,939
State & Local Subsidies	576
Total	\$7,419

Where the Dollars Go...



By Expense Category (in millions)	
Payroll	\$3,363
Overtime	341
Health & Welfare	837
Pension	626
Debt Service	1,250
Non-Labor Expenses	1806
Other Expenses	172
Total	\$8,395

Expenses exclude depreciation.



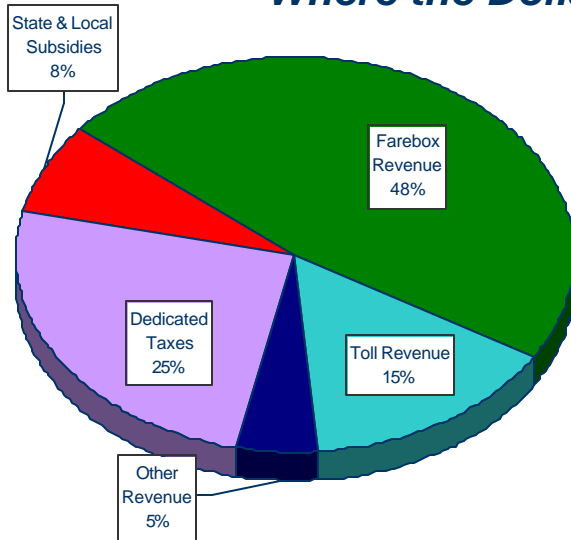
By MTA Agency (in millions)	
NYCT/SIR	\$4,700
MTAHQ	216
LIRR	972
MNR	740
B&T	380
LIB	107
Debt Service	1,250
MTA Reserve	30
Total	\$8,395

Expenses exclude depreciation.

The net difference between revenues and expenses is offset through the use of prior year's cash balances and cash flow timing adjustments (totaling \$1,990 million), and depreciation (\$1,451 million). This results in a year-end cash deficit of \$436 million.

MTA 2005 Preliminary Budget Including Gap Closing Actions

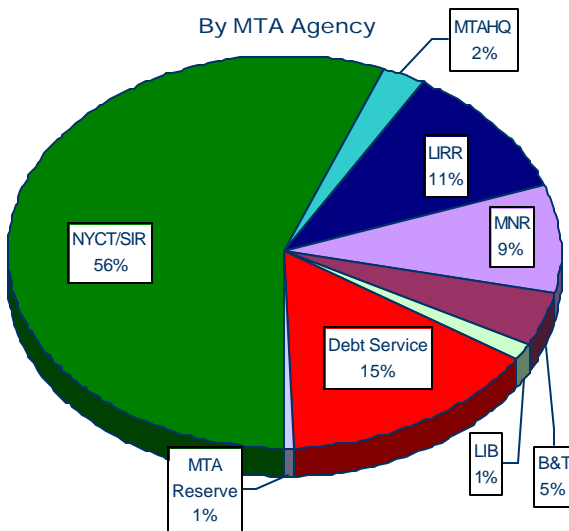
Where the Dollars Come From...



By Revenue Source (in millions)	
Farebox Revenue	\$3,651
Toll Revenue	1,142
Other Revenue	360
Dedicated Taxes	1,939
State & Local Subsidies	576
Total	\$7,668

Includes 5% fare and toll yield increases, NYCT Express Bus fare increase, and revenue enhancement PEGs.

Where the Dollars Go...



By MTA Agency (in millions)	
NYCT/SIR	\$4,572
MTAHQ	201
LIRR	912
MNR	724
B&T	380
LIB	107
Debt Service	1,250
MTA Reserve	50
Total	\$8,197

Expenses exclude depreciation. Includes Agency savings from gap closing expense PEG actions. MTA Reserve includes \$20 million for PEG implementation.

The net difference between revenues and expenses is offset through the use of prior year's cash balances and cash flow timing adjustments (including depreciation reversal), totaling \$1,668 million. This results in a year-end cash balance of \$11 million.

METROPOLITAN TRANSPORTATION AUTHORITY
Statement Of Operations By Category
Non-Reimbursable
2003 - 2005
(\$ in millions)

Line Number	Non-Reimbursable	2003 Actual	2004 Mid-Year Forecast	2005 Preliminary Budget
9	Non-Reimbursable			
10				
11				
12	<u>Operating Revenue</u>			
13	Farebox Revenue	\$3,206	\$3,428	\$3,467
14	Toll Revenue	1,022	1,087	1,087
15	Other Revenue (Excludes B&T Investment Income for Capital)	300	325	322
16	Capital and Other Reimbursements	86	25	27
17	Total Operating Revenue	\$4,614	\$4,864	\$4,904
18				
19	<u>Operating Expense</u>			
20	Labor Expenses:			
21	Payroll	\$3,185	\$3,261	\$3,363
22	Overtime	365	353	341
23	Health & Welfare	703	741	837
24	Pensions	309	478	626
25	Other-Fringe Benefits	379	352	368
26	Reimbursable Overhead	(252)	(242)	(232)
27	Sub-total Labor Expenses	\$4,690	\$4,945	\$5,304
28				
29	Non-Labor Expenses:			
30	Traction and Propulsion Power	\$188	\$201	\$220
31	Fuel for Buses and Trains	74	89	77
32	Insurance	57	65	66
33	Claims	106	101	106
34	Paratransit Service Contracts	109	146	173
35	Maintenance and Other Operating Contracts	397	473	478
36	Professional Service Contracts	206	193	190
37	Materials & Supplies	388	389	406
38	Other Business Expenses	81	100	90
39	Sub-total Non-Labor Expenses	\$1,606	\$1,758	\$1,806
40				
41	Other Expense Adjustments:			
42	Other	(\$11)	(\$5)	\$6
43	General Reserve	0	30	30
44	Sub-total Other Expense Adjustments	(\$11)	\$25	\$36
45				
46	Total Operating Expense Before Depreciation	\$6,284	\$6,728	\$7,145
47				
48	Depreciation	\$1,228	\$1,366	\$1,496
49				
50	Total Operating Expense (Excluding B&T Depreciation)	\$7,471	\$8,052	\$8,596
51				
52	Less B&T Depreciation	\$41	\$42	\$46
53				
54	Net Operating Deficit Before Subsidies and Debt Service	(\$2,857)	(\$3,187)	(\$3,692)
55				
59	Dedicated Taxes and State/Local Subsidies	\$2,577	\$2,652	\$2,515
61	Debt Service (excludes Service Contract Bonds)	(868)	(916)	(1,250)
62				
63	Net Deficit After Subsidies and Debt Service	(\$1,148)	(\$1,452)	(\$2,426)
64				
65	Conversion to Cash Basis: Depreciation	\$1,228	\$1,366	\$1,496
66	Conversion to Cash Basis: All Other	37	243	185
67	Net Cash Balance from Previous Year	34	151	309
68				
69	Baseline Net Cash Balance	\$151	\$309	(\$436)
70				
75	<u>GAP CLOSING ACTIONS:</u>			
76	Program to Eliminate the Gap	0	20	208
77	Increased Fare and Toll Yields	0	0	219
78	Increase in Express Bus Fare to \$6.00	0	0	19
79	Net Cash Balance from Previous Year (Gap Actions only)	0	0	20
80				
81	Net Cash Surplus/(Deficit)	\$151	\$328	\$31

METROPOLITAN TRANSPORTATION AUTHORITY

July Financial Plan 2005 - 2008

Consolidated Statement of Operations By Category

2003 - 2005

(\$ in millions)

Non-Reimbursable	2003	2004	2005
	Actual	Mid-Year Budget	Preliminary Budget
<u>Total Operating Revenue</u>			
Bridges and Tunnels (Excludes Investment Income)	\$1,118	\$1,120	\$1,124
Capital Construction Company	0	0	0
Long Island Bus	39	41	42
Long Island Rail Road	416	440	447
Metro-North Railroad	409	436	449
MTA Headquarters	13	17	18
New York City Transit	2,614	2,805	2,821
Staten Island Railway	5	5	5
Total	\$4,614	\$4,864	\$4,904
<u>Total Operating Expenses before Depreciation</u> ¹			
Bridges and Tunnels	\$329	\$340	\$356
Capital Construction Company	0	0	0
Long Island Bus	96	100	107
Long Island Rail Road	831	909	972
Metro-North Railroad	652	708	740
MTA Headquarters	205	251	251
New York City Transit	4,164	4,385	4,672
Staten Island Railway	25	27	28
Other	(17)	8	20
Total	\$6,284	\$6,728	\$7,145
<u>Depreciation</u>			
Bridges and Tunnels	\$41	\$42	\$0
Capital Construction Company	0	0	0
Long Island Bus	0	0	0
Long Island Rail Road	193	229	260
Metro-North Railroad	146	162	180
MTA Headquarters	13	13	13
New York City Transit	829	912	987
Staten Island Railway	7	7	10
Total	\$1,228	\$1,366	\$1,451
<u>Net Operating Income/(Deficit)</u>			
Bridges and Tunnels (Excludes Depreciation)	\$789	\$780	\$768
Capital Construction Company	\$0	\$0	\$0
Long Island Bus	(\$57)	(\$59)	(\$65)
Long Island Rail Road	(\$607)	(\$698)	(\$786)
Metro-North Railroad	(\$389)	(\$434)	(\$471)
MTA Headquarters	(\$205)	(\$247)	(\$246)
New York City Transit	(\$2,378)	(\$2,492)	(\$2,838)
Staten Island Railway	(\$27)	(\$29)	(\$33)
Other	\$17	(\$8)	(\$20)
Total	(\$2,857)	(\$3,187)	(\$3,692)

Note: ¹ Excludes Debt Service

MTA CONSOLIDATED
2005 Preliminary Budget
CASH RECEIPTS AND EXPENDITURES 2003 - 2005
(\$ in millions)

Line Number	CASH RECEIPTS AND EXPENDITURES	2003	2004	2005
		Actual	Mid-Year Forecast	Preliminary Budget
9				
10				
11	Receipts			
12	Farebox Revenue	\$3,243	\$3,462	\$3,512
13	Vehicle Toll Revenue	0	0	0
14	Other Operating Revenue	299	463	331
15	Capital and Other Reimbursements	1,157	1,137	1,087
16	Total Receipts	\$4,699	\$5,062	\$4,930
17				
18	Expenditures			
19	<u>Labor:</u>			
20	Payroll	\$3,590	\$3,589	\$3,654
21	Overtime	434	394	386
22	Health and Welfare	675	743	847
23	Pensions	367	408	471
24	Other Fringe Benefits	450	452	460
25	Reimbursable Overhead	0	0	0
26	Total Labor Expenditures	\$5,516	\$5,586	\$5,818
27				
28	<u>Non-Labor:</u>			
29	Traction and Propulsion Power	\$188	\$201	\$220
30	Fuel for Buses and Trains	72	90	77
31	Insurance	59	64	70
32	Claims	96	86	92
33	Paratransit Service Contracts	110	143	170
34	Maintenance and Other Operating Contracts	349	405	397
35	Professional Service Contracts	229	207	191
36	Materials & Supplies	471	489	501
37	Other Business Expenditures	88	119	104
38	Total Non-Labor Expenditures	\$1,662	\$1,805	\$1,821
39				
40	<u>Other Expenditure Adjustments:</u>			
41	Other	\$88	(\$1)	\$17
42	General Reserve	0	30	30
43	Total Other Expenditure Adjustments	\$88	\$29	\$47
44				
45	Total Expenditures	\$7,266	\$7,419	\$7,687
46				
47	Net Cash Deficit Before Subsidies and Debt Service	(\$2,567)	(\$2,357)	(\$2,756)
48				
49	Dedicated Taxes and State/Local Subsidies	\$3,233	\$3,026	\$2,797
50	Debt Service (excludes Service Contract Bonds)	(548)	(512)	(786)
51				
52	Net Cash Balance from Previous Year	34	151	309
53				
54	Baseline Net Cash Surplus/(Deficit)	\$151	\$309	(\$436)
55				
56				
57	<u>GAP CLOSING ACTIONS:</u>			
58	Program to Eliminate the Gap	0	20	208
59	Increased Fare and Toll Yields	0	0	219
60	Increase in Express Bus Fare to \$6.00	0	0	19
61	Net Cash Balance from Previous Year (Gap Actions only)	0	0	20
62				
63	Net Cash Surplus/(Deficit)	\$151	\$328	\$31

METROPOLITAN TRANSPORTATION AUTHORITY
Consolidated Summary of Subsidy Allocation By Agency - Cash Basis
2003 - 2005
(\$ in millions)

	2003	2004	2005
	<u>Actual</u>	<u>Mid-Year</u>	<u>Preliminary</u>
		<u>Forecast</u>	<u>Budget</u>
<i>Dedicated Taxes</i>			
New York City Transit	\$1,220	\$1,383	\$1,219
Commuter Railroads	388	386	397
Long Island Bus	15	29	31
Staten Island Railway	1	1	2
MTA Headquarters	212	258	258
General Reserve	0	30	30
	\$1,836	\$2,087	\$1,937
<i>State and Local Subsidies</i>			
New York City Transit	\$316	\$316	\$316
Commuter Railroads	241	231	238
Long Island Bus	27	14	18
Staten Island Railway	1	1	1
	\$586	\$563	\$574
Total Dedicated Taxes & State and Local Subsidies	\$2,422	\$2,650	\$2,511

Metropolitan Transportation Authority
Summary of Total Budgeted Debt Service
2003 - 2005
(\$ in millions)

Line Number		ACTUAL			FORECAST		
		2003	2004	2005	2003	2004	2005
9	<u>New York City Transit:</u>						
10							
11	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$158	\$221	\$247			
12	Debt Service on Additional Transportation Revenue Bonds Supporting Existing Capital Programs	0	7	81			
13	Debt Service on Transportation Revenue Bonds Supporting Future Capital Plan (2005-2009)	0	0	1			
14	2 Broadway Certificates of Participation - NYCT Lease Portion	22	22	22			
15	2 Broadway Certificates of Participation - Additional NYCT Share of MTA Lease Portion	2	2	2			
16	Transportation Resolution Commercial Paper	0	5	9			
17	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	119	133	156			
18	Debt Service on Additional Dedicated Tax Fund Bonds Supporting Existing Capital Programs	0	0	13			
19	Debt Restructuring Savings Offset (Deferred Gain)	0	0	0			
20	<u>Prepayment Effect on Transportation Revenue Bonds</u>	<u>47</u>	<u>(30)</u>	<u>(17)</u>			
21	<i>Sub-Total MTA Paid Debt Service</i>	\$348	\$360	\$514			
22							
23	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$167	\$127	\$148			
24	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	0	73	77			
25	<u>Debt Service on Additional TBTA (B&T) Bonds Supporting Existing Capital Programs</u>	<u>0</u>	<u>3</u>	<u>8</u>			
26	<i>Sub-Total B&T Paid Debt Service</i>	\$167	\$204	\$233			
27							
28							
29	Total NYCT Debt Service	\$515	\$564	\$747			
30							
31	<u>Commuter Railroads:</u>						
32							
33	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$111	\$168	\$187			
34	Debt Service on Additional Transportation Revenue Bonds Supporting Existing Capital Programs	0	5	52			
35	Debt Service on Transportation Revenue Bonds Supporting Future Capital Plan (2005-2009)	0	0	0			
36	Transportation Resolution Commercial Paper	0	2	4			
37	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	24	26	30			
38	Debt Service on Additional Dedicated Tax Fund Bonds Supporting Existing Capital Programs	0	0	14			
39	Debt Restructuring Savings Offset (Deferred Gain)	0	0	0			
40	<u>Prepayment Effect on Transportation Revenue Bonds</u>	<u>65</u>	<u>(50)</u>	<u>(15)</u>			
41	<i>Sub-Total MTA Paid Debt Service</i>	\$200	\$152	\$272			
42							
43	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$70	\$57	\$66			
44	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	0	30	32			
45	<u>Debt Service on Additional TBTA (B&T) Bonds Supporting Existing Capital Programs</u>	<u>0</u>	<u>3</u>	<u>8</u>			
46	<i>Sub-Total B&T Paid Debt Service</i>	\$70	\$91	\$106			
47							
48	Total CRR Debt Service	\$270	\$242	\$378			
49							
50	<u>Bridges and Tunnels:</u>						
51							
52	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$75	\$69	\$80			
53	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	0	33	34			
54	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Existing Capital Programs	0	0	2			
55	Debt Service on TBTA (B&T) General Revenue Bonds Supporting Future Capital Plan (2005-2009)	0	0	0			
56	2 Broadway Certificates of Participation - TBTA Lease Portion	3	3	3			
57	2 Broadway Certificates of Participation - Additional TBTA Share of MTA Lease Portion	5	5	4			
58							
59	Total Debt Service	\$83	\$110	\$125			
60							
61	<u>MTA Total:</u>						
62							
63	Budgeted Gross Debt Service for Existing Bonds	\$724	\$938	\$1,058			
64	Debt Service on Additional Transportation Revenue Bonds Supporting Existing Capital Programs	0	12	133			
65	Debt Service on Additional Dedicated Tax Fund Bonds Supporting Existing Capital Programs	0	0	26			
66	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Existing Capital Programs	0	7	19			
67	Debt Service on Bonds Supporting 2005-2009 Capital Plan Transportation & TBTA	0	0	1			
68	2 Broadway Certificates of Participation	32	32	32			
69	Transportation Resolution Commercial Paper	0	7	13			
70	Debt Restructuring Savings Offset (Deferred Gain)	0	0	0			
71	Prepayment Effect on Transportation Revenue Bonds	112	(80)	(32)			
72							
73	Total Debt Service	\$868	\$916	\$1,250			

METROPOLITAN TRANSPORTATION AUTHORITY
JULY FINANCIAL PLAN 2005 - 2008
CONSOLIDATED PROGRAMS to ELIMINATE the GAP by CATEGORY AND AGENCY
2004 - 2005
(\$ in millions)

	2004		2005	
	Mid-Year Forecast		Preliminary Budget	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
MTA-WIDE				
New York City Transit	54	\$16.502	2,085	\$124.254
Long Island Rail Road	0	0.000	362	61.150
Metro-North Railroad	27	0.904	180	15.869
Bridges and Tunnels	0	0.000	1	9.252
Long Island Bus	0	0.000	0	0.000
Staten Island Railway	0	0.000	35	2.839
MTA Headquarters	9	2.264	17	15.013
PEG Implementation Provision	0	0.000	0	(20.000)
Total MTA-WIDE	90	\$19.670	2,680	\$208.377
MTA-Wide By Category				
Administrative	63	\$16.954	396	\$69.240
Customer Service and Amenities	1	(3.947)	839	27.808
Service	26	1.069	1,089	62.617
Maintenance Efficiencies	0	5.594	340	45.108
Revenue Enhancements	0	0.000	0	10.182
Other	0	0.000	16	13.421
Unspecified PEGs	0	0.000	0	0.000
PEG Implementation Provision	0	0.000	0	(20.000)
Total MTA-Wide By Category	90	\$19.670	2,680	\$208.377

METROPOLITAN TRANSPORTATION AUTHORITY
JULY FINANCIAL PLAN 2005 - 2008
CONSOLIDATED PROGRAMS to ELIMINATE the GAP by CATEGORY AND AGENCY
2004 - 2005
(\$ in millions)

	2004		2005	
	Mid-Year Forecast		Preliminary Budget	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
Administration				
New York City Transit	54	14.690	233	39.669
Long Island Rail Road	0	0.000	112	20.940
Metro-North Railroad	0	0.000	33	4.898
Bridges and Tunnels	0	0.000	1	0.040
Long Island Bus	0	0.000	0	0.000
Staten Island Railway	0	0.000	0	0.000
MTA Headquarters	9	2.264	17	3.693
Total Administration	63	16.954	396	69.240
Customer Convenience and Amenities				
New York City Transit	0	(4.000)	671	13.750
Long Island Rail Road	0	0.000	121	10.416
Metro-North Railroad	1	0.053	47	3.642
Bridges and Tunnels	0	0.000	0	0.000
Long Island Bus	0	0.000	0	0.000
Staten Island Railway	0	0.000	0	0.000
MTA Headquarters	0	0.000	0	0.000
Total Customer Convenience and Amenities	1	(3.947)	839	27.808
Service				
New York City Transit	0	0.718	1,000	53.544
Long Island Rail Road	0	0.000	22	4.848
Metro-North Railroad	26	0.351	38	1.789
Bridges and Tunnels	0	0.000	0	0.000
Long Island Bus	0	0.000	0	0.000
Staten Island Railway	0	0.000	29	2.436
MTA Headquarters	0	0.000	0	0.000
Total Service	26	1.069	1,089	62.617

METROPOLITAN TRANSPORTATION AUTHORITY
JULY FINANCIAL PLAN 2005 - 2008
CONSOLIDATED PROGRAMS to ELIMINATE the GAP by CATEGORY AND AGENCY
2004 - 2005
(\$ in millions)

	2004		2005	
	Mid-Year Forecast		Preliminary Budget	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
Maintenance Efficiencies				
New York City Transit	0	5.094	176	16.562
Long Island Rail Road	0	0.000	107	23.834
Metro-North Railroad	0	0.500	51	4.309
Bridges and Tunnels	0	0.000	0	0.000
Long Island Bus	0	0.000	0	0.000
Staten Island Railway	0	0.000	6	0.403
MTA Headquarters	0	0.000	0	0.000
Total Maintenance Efficiencies	0	5.594	340	45.108
Revenue Enhancements				
New York City Transit	0	0.000	0	0.000
Long Island Rail Road	0	0.000	0	0.800
Metro-North Railroad	0	0.000	0	0.260
Bridges and Tunnels	0	0.000	0	9.122
Long Island Bus	0	0.000	0	0.000
Staten Island Railway	0	0.000	0	0.000
MTA Headquarters	0	0.000	0	0.000
Total Revenue	0	0.000	0	10.182
Other				
New York City Transit	0	0.000	5	0.729
Long Island Rail Road	0	0.000	0	0.312
Metro-North Railroad	0	0.000	11	0.970
Bridges and Tunnels	0	0.000	0	0.090
Long Island Bus	0	0.000	0	0.000
Staten Island Railway	0	0.000	0	0.000
MTA Headquarters	0	0.000	0	11.320
Total Other	0	0.000	16	13.421

METROPOLITAN TRANSPORTATION AUTHORITY
JULY FINANCIAL PLAN 2005 - 2008
CONSOLIDATED PROGRAMS to ELIMINATE the GAP by CATEGORY AND AGENCY
2004 - 2005
(\$ in millions)

	2004		2005	
	Mid-Year Forecast		Preliminary Budget	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
Unspecified PEGs				
New York City Transit	0	\$0.000	0	\$0.000
Long Island Rail Road	0	0.000	0	0.000
Metro-North Railroad	0	0.000	0	0.000
Bridges and Tunnels	0	0.000	0	0.000
Long Island Bus	0	0.000	0	0.000
Staten Island Railway	0	0.000	0	0.000
MTA Headquarters	0	0.000	0	0.000
Total Unspecified PEGs	0	\$0.000	0	\$0.000
PEG Implementation Provision	0	\$0.000	0	(\$20.000)

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