

## **I. Introduction**

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This document includes the 2005 Adopted Budget and the update to the 2005-2008 Financial Plan and reflects the actions approved by the Board in December 2004. The "February Plan" document also contains schedules detailing the 12-month calendarization of the 2005 Adopted Budget. These monthly allocations of the budget will be compared with monthly actuals during the year and monthly variances will be analyzed and reported to the Board committees. Notable is the inclusion for the first time of the First Mutual Transportation Assurance Company (FMTAC) in the 2005 Adopted Budget. FMTAC is included in the accruals for MTA Consolidated, consistent with the MTA Financial Statements, and will be reported monthly as an agency during 2005.

The report also contains detailed agency information regarding budgeted positions and scheduled 2005 PEG programs. The 2005 PEG programs will be tracked quarterly during the year to determine completion of milestones necessary to achieve the scheduled savings. The 2006 PEG program, first proposed in July 2004, remain as gap-closing proposals below the line. As the 2006 budget process proceeds, these proposals and associated agency targeted spending levels will be reassessed. The preliminary 2006 Budget is scheduled for presentation to the Board at the July 2005 meeting.

The February Plan closing cash balances have been revised slightly from the December Plan as a result of technical adjustments; the net changes, which are negative in each year, are \$13 million in 2005, \$21 million in 2006 (including the worsening effect of the 2005 carryover), \$6 million in 2007 and \$4 million in 2008. The resulting closing cash balance in the 2005 Adopted Budget is now \$56 million; the 2006, 2007 and 2008 projections, including proposed gap closing actions beginning in 2006, reflect year-end cash deficits of \$607 million, \$689 million and \$991 million, respectively.

The changes since December reflect:

- Technical correction to the 2005 and 2006 calculations of the Bridges and Tunnels Operating Surplus cash transfer stemming from the toll increase and PEG actions (a worsening of \$11 million 2005 and \$4 million in 2006).
- Adjustments to Connecticut Department of Transportation subsidy projections stemming from the effect of the Metro-North fare increase and 2005 PEGs (worsening of \$2 million annually).
- Other minor changes resulting from shifting below-the-line gap closing actions into the baseline (fare increases and 2005 PEGs), reallocating items from one-line-item to another or adjusting non-reimbursable and reimbursable items that had no impact on bottom-line cash.

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