2002 ANNUAL REPORT

New York State Thruway Authority

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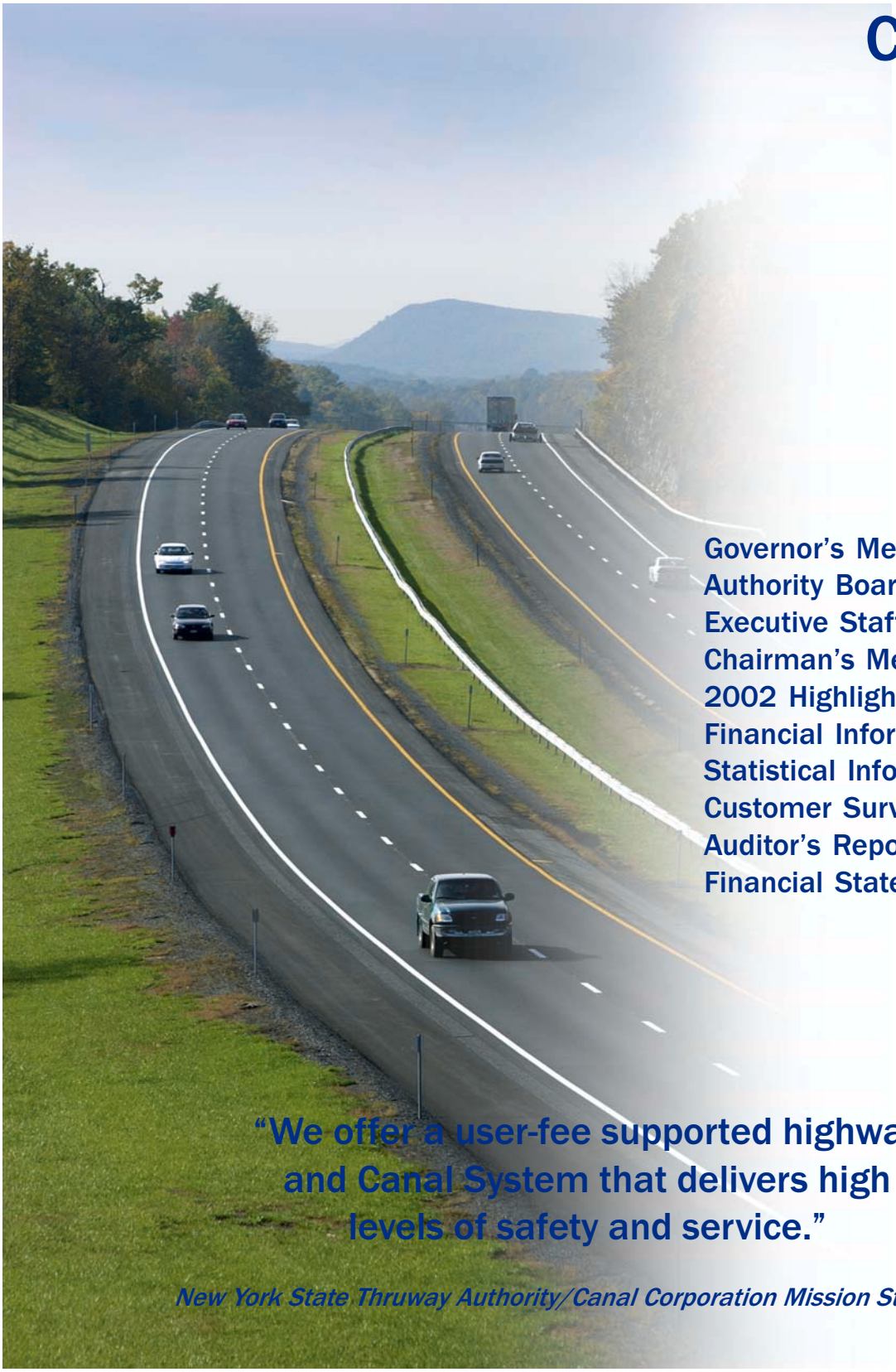

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"We offer a user-fee supported highway and Canal System that delivers high levels of safety and service."

New York State Thruway Authority/Canal Corporation Mission Statement

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GOVERNOR'S MESSAGE

George E. Pataki
Governor

STATE OF NEW YORK

GEORGE E. PATAKI
GOVERNOR

May 2003

Dear Friends:

It is a pleasure to have the opportunity to contribute to the 2002 Annual Report of the New York State Thruway Authority.

Our transportation infrastructure, especially the statewide network that ensures accessibility to a safe and well-maintained Thruway system, keeps people and goods moving across this State. The New York State Thruway Authority and Canal Corporation provide excellent service to patrons at fair and reasonable costs. Across New York State, Authority employees continue to meet new demands of the 21st century, always placing greatest emphasis on quality and safety for highway users.

While there are more motorists traveling more miles on the Thruway today, its rank as one of safest highways in the nation is attributable to an impressive record of safety. That outstanding record is a credit to members of State Police Troop T, who work hard patrolling the 641 miles of the Thruway, and to the dedicated engineers, traffic managers and other Authority staff who make every mile safe.

In 2002, State Police Troop T and the Governor's Traffic Safety Committee continued to target "road rage" incidents in an effort to reduce aggressive driving that endangers all motorists. The Thruway Authority's aggressive enforcement of drunk driving and seat belt laws has helped make this superhighway the standard in all areas of driver safety.

To ease congestion and improve safety, last year the Authority dedicated nearly $100 million to new projects along the Thruway. Highway projects create thousands of private sector jobs and generate hundreds of millions of dollars for New York's economy. Marking the largest Thruway construction project ever undertaken in Western New York, the completion of the long-awaited fourth lane in the Buffalo area will ease traffic congestion tremendously.

The historic NYS Canal System continues to attract millions of tourists from around the world, and last year stimulated more than $380 million in economic activity for New York State and its canalside communities. This engineering wonder will always perpetuate interest among enthusiasts of State history.

I would like to commend Chairman John L. Buono and Thruway Authority and Canal Corporation Board members Nancy E. Carey and John R. Reidman for their efforts to make this organization such a success. Their leadership and partnership with the dedicated employees of the Authority are among the major reasons why the Thruway remains one of the most convenient and safest highways in the nation.

Sincerely,

EXECUTIVE CHAMBER STATE CAPITOL ALBANY 12224

THRUWAY AUTHORITY BOARD

From left: Board Members John R. Riedman, Nancy E. Carey and Chairman John L. Buono

THRUWAY AUTHORITY EXECUTIVE STAFF

Front Row from Left: *Arthur O'Donnell, Director of Engineering Services; Joanne Riddett, Director of Information Technology; Donald Hutton, Director of Planning Services; Sharon P. O'Conor, General Counsel; John Platt, Executive Director; Wilma DeLucco, Director of Administrative Services; Pamela L. Dulin, Thruway Board Administrator.*

Back Row from Left: *John T. Brizzell, Deputy Executive Director; Robert A. Brooks, Director of Canal Operations, George Tanner, Director of Maintenance Engineering; Terry O'Brien, Director of Public Affairs; Major George P. Beach II, Commander State Police Troop T; Mike Flynn, Director of Audit and Management Services; Lawrence C. DeCosmo, Director of Finance and Accounts; Charles Lattuca, Director of Operations.*

A MESSAGE FROM OUR CHAIRMAN

In 2002, the Thruway Authority and Canal Corporation continued to meet the security challenges brought on by the 9/11 attacks while it moved to complete the Thruway's two largest construction projects since the superhighway was built nearly 50 years ago.

Despite enforcing additional security measures as our State's highways and bridges entered the national spotlight, Troop T, whose members patrol the 641-mile Thruway exclusively, continued to uphold the Thruway's reputation as one of the safest and best-maintained superhighways in the nation.

In Buffalo, Thruway forces completed the largest Thruway project ever undertaken in Western New York, the $60.5 million fourth-lane widening project that already has had a significant impact in reducing congestion through this busy traffic corridor.

The 30-month, $187 million reconstruction of Interchange 8 near the Tappan Zee Bridge, the largest project the Thruway has ever embarked on, was progressing ahead of schedule in 2002. The ambitious traffic realignment project will include two new higher-speed E-ZPass lanes and relieve increasing congestion in the Tappan Zee Bridge/I-287 corridor by the end of 2003.

Continuing our commitment to improving the environment, the Thruway expanded its groundbreaking Truck Stop Electrification program to the Chittenango Travel Plaza this year, providing long-haul truckers passing through the Syracuse area with 25 additional stand-alone electrical power hookups. The units now in place at the DeWitt and Chittenango Travel Plazas alone are capable of reducing diesel fuel usage by as much as 470,000 gallons per year, while simultaneously reducing harmful exhaust emissions.

The Tappan Zee Bridge, which opened in December 1955, is approaching its 50-year life cycle. In 2002, intense public outreach efforts to educate the public on the Environmental Impact Study to determine the Bridge's future continued to move forward. Alternatives now being examined include rebuilding the current bridge, constructing a new bridge and/or tunnel, transit options and other options to be brought forward by the public and civic, environmental, governmental and emergency service organizations.

In May, Governor Pataki announced his $50 million Canal Revitalization Program, which was to begin in 2003. The Governor's five-year program includes the eventual completion of our 348-mile Erie Canalway Trail, and funding for several necessary harbor projects along the 524-mile New York State Canal System.

Governor Pataki also unveiled an independent economic impact study that showed recent investments in the New York State Canal System now generate more than $384 million each year in tourism and other economic benefits for Upstate New York.

Congratulations to all of our staff at the Authority/ Corporation and thank you for another year of unwavering commitment to making the Thruway and the Canal System the peerless operations they are today.

STATE POLICE

Speeding in Work Zones

In March 2002, the second half of the $60.5 million I-90 widening project between Interchanges 53 and 54 resumed. During the construction, the work zone speed limit was reduced to 45 mph. The Authority and State Police Troop T, whose members patrol the 641-mile superhighway exclusively, continually reminded motorists that speeding fines are doubled in work zones. During a five-hour enforcement period in May, State Police Troop T ticketed 40 motorists who were clocked as speeding through the construction area; the fastest was clocked at 75 mph in the posted 45 mph work zone.

As a result of Troop T's continued focus on motorist safety, State Police along the Thruway have not reported a single fatal accident or serious injury involving a patron vehicle within a work zone in the past seven years.

WORK ZONE SAFETY *- New York State Police protect work zones*

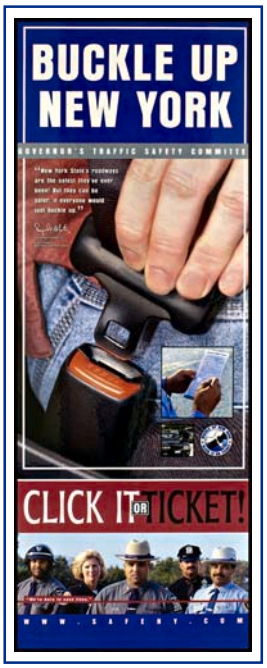
Operation: Spring Brake

In mid-May, Troop T announced a new four-day traffic safety initiative called "Operation Spring Brake" aimed at putting the brakes on crash-causing behaviors in order to save lives. During the four-day initiative, approximately 20 additional Troopers, dedicated solely to conducting speed and aggressive driving enforcement, were deployed daily along the New York State Thruway.

During a five-hour enforcement period in May, State Police Troop T ticketed 40 motorists who were clocked as speeding through the construction area; the fastest was clocked at 75 mph in the posted 45 mph work zone.

Buckle Up, New York

In late May, Troop T took part in a 14-day Statewide seatbelt enforcement initiative, "Buckle Up New York," which targeted motorists who do not regularly wear safety belts. This annual high profile campaign is based on zero tolerance enforcement of the State's mandatory seat belt law. The law, which requires all front seat occupants and rear seat occupants under the age of 16 to wear safety belts, was signed in 2000. Increasing seat belt compliance along the Thruway is a cornerstone of the Authority's ongoing safety program to maintain the highway as one of the safest highways in the nation. This enhanced enforcement effort was supported by the National Highway Traffic Safety Administration, the National Safety Council and Governor George E. Pataki's Traffic Safety Committee.



"Click It or Ticket" Initiative

In September 2002, Troop T launched a 10-day, zero-tolerance, seat belt enforcement initiative aimed at educating younger drivers and passengers to buckle up as the new school year began. The "Click it or Ticket" seatbelt enforcement initiative, part of the on-going Buckle Up, New York program, targeted motorists who do not regularly wear safety belts. In addition, the program helped save lives by urging all motorists, especially those of school age, to wear their safety restraints while in a vehicle.

Despite progress in improving seat belt use in recent years, motor vehicle crashes continue to be the number one killer of young people in America. The fatality rate for teens is nearly twice that of older drivers, with a risk of crashing that is four times as great. In New York State, drivers under age 21 represent just five percent of licensed drivers, but are involved in about 14 percent of fatal crashes.

In 2002, drivers under the age of 21 were involved in 19 percent of fatal crashes along the New York State Thruway.

National Boating Law Enforcement Officer of the Year

At the 43rd National Association of State Boating Law Administrators Conference held in Cleveland, Ohio September 8-11, Zone Sergeant Mark Phillips, Canal NCO, was presented with the National Boating Law Enforcement Officer of the Year Award.

The award is presented annually to a law enforcement officer who has excelled in recreational boating education and marine law enforcement. Zone Sergeant Phillips supervises the Canal Detail, which provides marine patrol service to the New York State Canal System across the State.

***SERGEANT MARK PHILLIPS** - The first recipient of the National Award from New York State*

Zone Sergeant Phillips was nominated for the award by the State Office of Parks, Recreation and Historic Preservation after winning the New York State Marine Law Enforcement Officer of the Year Award and the Northeast Marine Law Enforcement Officer of the Year Award in 2002. Zone Sergeant Phillips is the first recipient of the National award from New York State.

CONSTRUCTION

Fourth Lane Widening Project, Buffalo

In March 2002, the Authority began the second half of the $60.5 million I-90 widening project between Interchanges 53 and 54, near Buffalo. The I-90 widening now provides much needed congestion relief through this busy transportation corridor. For the duration of the project, hundreds of private sector construction jobs were created in Western New York.

The fourth lane-widening project, completed in December 2002, was the largest capital project undertaken in the history of the Thruway. In October 2002, Governor George E. Pataki noted that the project had a significant positive impact on the local economy during construction by employing more than 1,000 local construction workers and spending more than $24 million on new bridges made with American-made steel.

Capital Program

In 2002, the Thruway Authority commenced a $200 million Capital Program to fund projects to help meet New York's future transportation needs and to reinforce the Authority's commitment to maintaining a strong infrastructure as well as a safe and reliable transportation network. In addition, the letting program was designed to meet the critical transportation needs of the Thruway's roads, bridges and Canal System and included $93 million for bridge replacement and rehabilitation projects.

More than 80 new projects were planned Thruway-wide as part of the 2002 Capital Program. Approximately $93 million was committed to bridge replacements and rehabilitation. Another $59.2 million was used for highway projects; and $22.6 million was devoted to Canal infrastructure and revitalization efforts. The remaining $25.5 million was committed to the construction of economic development, architectural facilities and Intelligent Transportation System (ITS) projects.

***4TH LANE WIDENING PROJECT, BUFFALO** - Completed in December 2002; the largest capital project undertaken in the history of the Thruway.*

TAPPAN ZEE BRIDGE AT SUNSET

Tappan Zee Bridge Corridor

The Tappan Zee Bridge/I-287 Environmental Review took great strides in 2002. The year began with theThruway Authority and Metro-North Railroad (MNR) entering into a Memorandum of Understanding (MOU). Next, the Federal Highway Administration (FHWA) and the Federal Transit Association (FTA) agreed to be co-lead agencies for the Major Investment Study (MIS) portion of the process. Lastly, four consultants were hired to develop an environmental impact and alternative analysis for the corridor, as well as one engineering firm to conduct an independent biennial inspection/structural analysis of the Bridge.

To make the project more manageable, the process was divided into three stages: (1) Alternatives Analysis, (2) Draft Environmental Impact Statement, and (3) final Environmental Impact Statement and Record of Decision. Consultants were identified by the two agencies and together, they began an unprecedented public outreach effort.

An interagency working committee, known as IMPO (Inter-Metropolitan Planning Organization), was formed to reflect the participation of both the New York Metropolitan Transportation Council and the Newburgh-Orange Transportation Council. An Agency Coordination Committee consisting of various federal and State agencies was established to identify agency concerns and assist in conducting the National Environmental Policy Act and NYS Environmental Quality Review Act (NEPA/SEQRA) processes.

Several official documents were generated in 2002, including a Statement of Approach, Process Report (required by FHWA), Information Packet (required by FTA), Procedural Report, Scoping Information Packet, Separation Paper removing Stewart Airport from the Study corridor and a Notice of Intent that was later filed with the Federal Register.

As part of the public outreach effort, a project logo was created so that the public could easily identify with the Study. With that same goal in mind, the Study Website (www.tzbsite.com) was redesigned and several public meetings were held in Westchester, Rockland and Orange counties to keep the public, local elected officials and all other interested parties up-to-date on the status of the Study.

TAPPAN ZEE BRIDGE/I-287
ENVIRONMENTAL REVIEW

***TAPPAN ZEE BRIDGE** - Environmental Review Project Logo*

CONSTRUCTION

Bridge Replacement and Rehabilitation

In April 2001, the Authority began a replacement project on six bridges that cross over the Thruway between mileposts 0.00 and 1.42 along I-87 in Westchester County. The project includes the replacement of pedestrian bridges at Forest Avenue and Lincoln Park, as well as the replacement of vehicular bridges at McLean Avenue, Hall Place, Clark Street, and Yonkers Avenue. Throughout 2002, New Rochelle Construction Corporation of Croton-on-Hudson, N.Y., worked on the $17.3 million project. The project, which is slated for August 2003 completion, is designed to provide better visibility, lighting and safety.

The Fremont Road Bridge was built in 1950 and prior to this replacement, the original deck was still in place.

The Authority also replaced the Fremont Road Bridge, which crosses over the Thruway in Syracuse Division at milepost 276.01 in the Town of Manlius. The Fremont Road Bridge was built in 1950 and prior to this replacement, the original deck was still in place. Beginning in April 2002, the $1.7 million bridge replacement was performed by Slate Hill Constructors of Warners, N.Y., and was completed in November.

The Authority also replaced the Amsdell Road Bridge (MP 437.66) and the Westmoreland Interchange Bridge (MP 243.20) in 2002. Both projects were let in December of 2001.

WESTMORELAND BRIDGE

Noise Reduction along New England Thruway, I-95

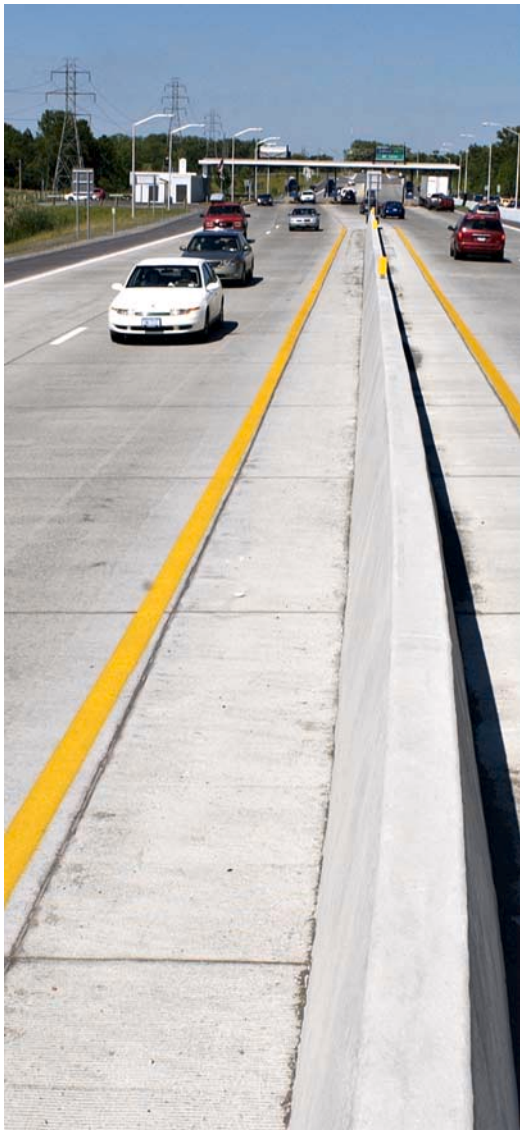
The second season of a $5.5 million noise reduction project along the New England Thruway began in April 2002. The project runs along I-95 through the towns of Mamaroneck and Harrison, the cities of Rye and New Rochelle and the villages of Mamaroneck and Larchmont between the New Rochelle Toll Barrier (milepost 7.2) and Interchange 22 – Port Chester (milepost 14.1). The second phase of construction involved the removal of a thin overlay material, concrete pavement repairs, diamond grinding (texturing) of existing concrete pavement, joint work and re-striping. When complete, this project will provide a smooth and quieter riding surface, which will enhance the quality of life for the neighboring communities.

Reconstruction Project at Interchange 34A

Reconstruction of Interchange 34A in Syracuse Division was completed in November 2002. Work on the $7 million project began in the spring of 2001 and involved the rehabilitation of all ramps and both sides of the Toll Plaza. The construction schedule lagged during the redesign phase, when the original contractor, Santaro Industries of East Syracuse, began suffering financial difficulties.

After several months of discussions, Santaro defaulted on the contract and was replaced by Lancaster Development, of Richmondville, N.Y., and consulting inspection engineers from Barton and Loguidice, P.C. Lancaster proposed an aggressive schedule that involved some around-the-clock work shifts. The construction group and the Thruway Authority agreed to close the exit ramps at the Interchange for a period of 10 days in order to expedite work on the project. That decision saved approximately 40 workdays and helped bring the project in by its original completion date of November 22, despite having fallen behind schedule for several months.

Upon the project's completion, the New York State Chapter of the Associated General Contractors of America named the Thruway Authority and Lancaster Development its 2002 First Place Winners of the "Excellence in Partnering Award," which was given in recognition of the informal partnering during the Interchange 34A project. The award is given for construction projects that best exemplify the basic principles of partnering, integrity, teamwork, commitment and equity.



INTERCHANGE 34A

OPERATIONS

All Time High at Albany Interchange

On July 26, 2002, 100,107 vehicles passed through Interchange 24 in Albany for a new one-day record. The previous one-day high at Interchange 24, which connects to I-90 and I-87 in Albany, was 98,000 in the summer of 2001. The new statistic represents a 33 percent increase from comparable summer weekend days in 1996, when a one-day high of 75,000 vehicles traveled through the Interchange.

Interchange 24 and the Thruway's entire Albany Corridor are currently being reviewed under a traffic feasibility study to determine how additional improvements can be made that will ease traffic congestion, especially during the summer and other busy travel weekends. A similar study is also being conducted on the Buffalo corridor.

***INTERCHANGE 24 (ALBANY)** - 100,107 vehicles passed through on July 26, 2002 for a new one-day record high.*

Dedicated E-ZPass Lane Introduced at Interchange 23

In February 2002, the Authority announced that an additional dedicated E-ZPass lane was being made available to evening commuters entering the Thruway at Interchange 23 in Albany to reduce congestion and travel time for motorists. Nearly 70 percent of the customers who travel through Interchange 23 during the evening commute use E-ZPass, and several customers requested an additional E-ZPass lane be made available.

Approximately 400 E-ZPass customers per hour had been using the staffed lanes as a result of traffic lines at the one E-ZPass entry lane previously available at Interchange 23. Based on traffic counts and customer demand, the change from two staffed lanes to one staffed lane and two dedicated E-ZPass lanes ultimately decreased traffic delays in the area.

***INTERCHANGE 23 DEDICATED E-ZPASS LANE** - Having two dedicated E-ZPass lanes ultimately decreased traffic delays in the area.*

E-Z Pass Sign Ups at Travel Plazas

Throughout 2002, E-ZPass staff visited Travel Plazas to provide interested motorists with another convenient way to sign up for E-ZPass. These special programs, which allowed customers to enroll in the E-ZPass program and walk away with an E-ZPass tag ready for immediate use, were available to credit card customers only. Affording motorists additional opportunities to register for E-ZPass at Travel Plazas helped customers take advantage of this convenient electronic payment program.

While 966 new E-ZPass tags were issued through these programs, nearly 1.8 million Thruway E-ZPass tags had been circulated by the end of 2002.

While 966 new E-ZPass tags were issued through these programs, nearly 1.8 million Thruway E-ZPass tags had been circulated by the end of 2002. As of December 2002, more than 52 percent of all Thruway tolls were being paid for with E-ZPass.

The Thruway Authority is a founding member of the nine-state, 21 agency E-ZPass Interagency Group formed in 1990 with the intention of bringing a single-tag electronic toll collection system to New York, New Jersey and Pennsylvania. By the end of 2002, toll authorities in Massachusetts, Delaware, Maryland, West Virginia, New Hampshire and Maine had since joined the group.

Dedicated Lanes at Harriman and Yonkers

In January, the Authority announced the final phase of converting exact change lanes to more convenient E-ZPass lanes at the Harriman and Yonkers Toll Plazas. The conversions were implemented to reduce travel time and help meet increased customer demand for more dedicated E-ZPass lanes.

More than 58 percent of the customers who travel through these Toll Plazas now use E−ZPass. The installation of additional E−ZPass lanes at these two locations allow traffic to travel easily and efficiently, thereby reducing commute times. With final conversions complete, there are eight E−ZPass lanes at each Toll Plaza.

Thruway Motorists Save On Fuel Costs

In September, Governor Pataki announced that Thruway motorists have saved more than $8 million on fuel costs over the past two years as a result of reduced fuel prices at Thruway Travel Plazas. The Thruway's fuel price reduction program, which was first implemented as a pilot program in May 2000, is expected to save Thruway motorists more than $20 million in fuel costs over a five-year period.

In coordination with this program, the Authority surveys gas prices in the areas that surround Travel Plazas, averages the surrounding costs, and uses that average as its market price at the Plaza. Under a five-year contract extension negotiated between the Thruway Authority and Mobil and Sunoco Corporations, the lower fuel prices will remain in effect through 2005.

INNOVATION AND TEAMWORK

Weekly Construction Updates

In August, the Authority announced that Thruway travelers would be able to obtain the latest weekly information on upcoming construction projects in their area every Friday, by tuning into the Thruway's nearest Highway Advisory Radio (HAR) station.

This new service, utilizing the Thruway's unique HAR System, provides motorists with timely traffic information needed to plan their commute and vacation trips. The broadcast messages, which are aired while electronic Variable Message Signs (VMS) are posted, help travelers avoid potential delays by warning them ahead of time about projects that could affect traffic in their area.

The HAR system, developed in-house by Thruway employees, utilizes 26 separate transmitters to provide continuous broadcast coverage of 178 miles of Thruway by sending audio to HAR stations simultaneously and by minimizing station-to-station interference.

Traffic Safety and Tourism Initiative

In October, the Authority launched a statewide initiative to increase traffic safety awareness and promote local tourism by featuring traffic safety and tourism videos, as well as safety banners in the Thruway's 10 busiest Travel Plazas.

The program, made possible by a $30,000 grant from the Governor's Traffic Safety Committee (GTSC), is aimed at making New York State's roads safer and travel easier for the millions of motorists who use the Thruway daily. The Authority worked in coordination with Empire State Development (ESDC) and the State Department of Motor Vehicles (DMV) to obtain the grant from the GTSC.

***TRAVEL PLAZA VIDEOS** - The screens feature 24-hour traffic safety videos and information on local tourist destinations.*

The screens feature 24-hour traffic safety videos and information on local tourist destinations available in the area. The launch of this program came on the heels of the 2002 "Click it or Ticket" Program, a New York State seat belt enforcement initiative conducted by the State Police at the beginning of the school year.

In the future, the Authority may look to capture funding to install a television screen in each of its 27 Travel Plazas, as well as include up-to-date traffic, weather and accident information. The Authority will also look to equip the screens with the AMBER Alert System, which notifies enforcement agencies of children who have been abducted in their area and provides a description.

Third-Generation Truck Stop Electrification (TSE)

In August 2001, the Thruway Authority became the first superhighway in the nation to offer stand-alone electrical power hookups to long-haul truckers. At the time, three second-generation TSE units were installed at the DeWitt Travel Plaza, approximately two miles east of Thruway Interchange 36 in the Syracuse Division.

Of the approximate 170 truckers who used the units between August and December of 2001, 100 percent of them said they would use them again. This high success rate warranted additional installations and the next phase of the two-year pilot program. More modern, third-generation units were then installed at DeWitt Travel Plaza and 25 additional third generation units were scheduled for installation at Chittenango Travel Plaza, between westbound Thruway Exits 34 and 34A.

The TSE units, manufactured by Idle-Aire Technology, provide truck operators with access to convenient, easy-to-use electrical power during layovers, significantly reducing noise and air emissions from idling engines and saving fuel. By swiping a credit card through a service module that fits easily into their cab window, truckers can have ready access to electrical power, basic cable television, telephone and Internet service.

The more advanced third generation units, which were introduced along the Thruway in 2002, include touch-screen Internet access and television screen features. The 3rd generation unit is more user friendly with a larger heat AC port, a keyboard connection port for Internet use, a protection cover for the unit and a sleep screen feature to allow the trucker to “lights off” while still using the unit.

The 47 TSE units at these two Travel Plaza sites alone have the capability to reduce diesel fuel usage by as much as 470,000 gallons per year. If this two-year pilot program proves successful, it will be expanded to Thruway Travel Plazas throughout the State, saving fleet owners millions of dollars in annual fuel costs, simultaneously reducing exhaust emissions.

COMPUTER AIDED DISPATCH (CAD) *- The CAD system replaced many paper processes used to support Troop T personnel*

Computer Aided Dispatch (CAD) System

In August 2002, the Computer Aided Dispatch (CAD) system was implemented in the Thruway Statewide Operations Center. The CAD system replaced many of the paper processes that were used to support the Troop T personnel that patrol the Thruway and to manage the towing and roadside assistance services provided to our customers.

All incidents that are monitored in the Operations Center are entered into the CAD system, creating an electronic record of the event and the actions of the personnel assigned to handle the event. The system allows the information to be transferred between personnel much more efficiently and allows supervisors increased capabilities to monitor the roadway.

Implementation of the system included a remodeling of the Operations Center, installation of new ergonomic workstations and upgrades to the communications infrastructure. The remodeling enabled the Operations Center to support the many new systems and cameras that are being installed to monitor traffic along the Thruway.

INNOVATION AND TEAMWORK

Dedicated Short Range Communication (DSRC)

Through its active participation in the American Society for Testing of Materials (ASTM) Committee, the Authority has helped move the National Intelligent Transportation System (ITS) program a step closer to the goal of safer, more efficient, convenient and secure surface travel for Americans.

In mid 2002, the ASTM committee completed the foundation standards for DSRC, the wireless communication link for vehicle-to-vehicle, and vehicle-to-roadside data transfer that will eventually be built into all vehicles.

New services delivered to the driver will aid collision avoidance, automate secure border crossing for private and commercial vehicles, provide real time in-vehicle traffic condition information and road hazard warning, as well as enable seamless electronic funds transfer for fueling, fast food, toll collection, parking and other convenient transactions throughout the U.S.

The Federal Communications Commission is expected to complete final rule making for the new service, based on the ASTM standard, by mid 2003.

Traffic Data Systems (TDS)

TDS implementation began in 2002 in response to the need to modernize and improve the Authority's mainline traffic data collection system. In the past, an old fashioned paradigm where staff would periodically visit the traffic counting stations to set out or retrieve traffic monitoring devices was used. Data was then manually downloaded in the office and used for various ad hoc analytical activities.

The Authority's TDS project design was completed entirely in-house. The Departments of Planning, Information Technologies, Maintenance and Engineering contributed to the project design. The Department of Operations may use the TDS technology in the future for incident management purposes. Authority staff designed a maintenance-friendly modular information gathering system that is among the finest state-of-the-art traffic monitoring systems in the country.
It was identified during this process that a quasi-manual process could be employed where existing traffic monitoring stations could be outfitted with inexpensive solar panels and data collection devices. This permitted a jumpstart on the productivity increase that is promised by the TDS system, while allowing time for the system design to be finalized. This jumpstart (labeled Phase I) has fully validated the expected data productivity increases and ultimate enrichment of the Authority's decision support systems.

Authority staff designed a maintenance-friendly modular information gathering system that is among the finest state-of-the-art traffic monitoring systems in the country.

During 2003, the Phase I effort will be retired as the final (Phase II) design is constructed and connected to the Authority's information systems. In addition to construction, work will focus on various computer-programming tasks. These tasks will result in a series of standard, basic traffic reports, including trend analyses that will be accessible via every Authority desktop.

Additionally, high-end statistical analysis software and related hardware have been purchased to permit the commencement of extensive data mining activities that exceed the scope associated with the standard desktop reports. Such data mining activities will include exploration of unique and/or very difficult to answer transportation questions being posed by various Authority groups.

Claims

Through November of 2002, the Claims Unit brought in $2.4 million in reimbursements to the Authority's operating fund for response, property damage and equipment damage expenses to the Authority, caused by patrons. That represents a 30 percent increase over last year's November year-to-date total. As in past years, the volume of work handled by the Claims Unit continues to climb. The number of combined Response and Property Damage & Equipment Damage assertions* for 2002 (through November) is up 19.4 percent over the same period in 2001. This portends an even busier year for collection activities in 2003.

*Assertions are the bills sent out to collect on damages incurred by NYSTA and caused by patrons.

***TRAFFIC DATA SYSTEMS (TDS)** have modernized and improved the Authority's mainline traffic data collection system.*

CANALS

2002 NYS CANAL CALENDAR - *Artwork by 4th grade students from around the State depict the Canal System's venerable flaship, the 100-year-old Tug Urger.*

Calendar Features Historic Waterway

Artwork done by 14 fourth-grade students from across the State was featured on the official 2002 New York State Canal Calendar, which was available nationwide throughout the year. The winning pictures were selected from entries submitted by various schools across New York State. Winners received a special congratulatory letter from Governor George E. Pataki and a complimentary copy of the 2002 Canal Calendar. The drawings depict the Canal System's venerable flagship, the 100-year-old Tug Urger, as well as other scenes that show the rich history of New York State's Canals.

Canal Revitalization and Rehabilitation

A major capital reconstruction project began in 2001 to prevent further deterioration of Erie Canal Lock 2 in Waterford. The $12.8 million project included restoration of the Lock and improvements to the surrounding area. Concrete debris was also removed from the Lock chamber as part of this project, which will be completed in June 2003.

The Canal Corporation also announced the completion of a $10.6 million reconstruction project at Lock C-5 (Schuylerville) on the Champlain Canal. The Lock, originally constructed around 1908, underwent a complete rehabilitation, which began in September 2000. The project included the re-facing of the Lock walls and approach walls, replacement of the Lock gates, the rehabilitation of the valves and valve recesses, the rehabilitation of the valve and gate machinery, the replacement of the electrical system and lighting and replacement of the Lock house.

The construction of a new Canal maintenance facility for the Syracuse Section was completed in 2002. The $10 million facility in Lysander allows the Canal Corporation to move its maintenance activities out of the Syracuse Inner Harbor. This makes available additional land for development of a landside retail/commercial/marina facility that will provide an economic development impetus into this previously depressed area. The Inner Harbor lands are owned by the Canal Corporation and will be leased or sold to selected developers, providing a substantial regular income source to the Canal Corporation.

Additional service ports along the Canal were completed during 2002 in places like Niskayuna, Canajoharie, and Macedon. A major port project at the Three Rivers junction received funding to proceed with design and development.

Little Falls Harbor Project

In October 2002, the Governor and the Canal Corporation announced the groundbreaking on a $2 million New York State Canal revitalization project in the City of Little Falls, the last of seven key Canal harbor projects that have been identified under the Governor's $32 million Canal Revitalization Program.

When complete, the Little Falls Harbor development project will include rehabilitation of part of the historic terminal building; upgrading of the concrete bulkhead wall; development of a waterfront promenade, Canal park and interpretive kiosks; and installation of 500 feet of floating docks, street improvements, lighting and parking.

10-Day Vacation Pass Offered to Boaters

In response to suggestions from boaters, the Canal Corporation, for the first time, offered a 10-day special vacation pass for the 2002 navigational season. The 10-day passes cost half as much as a seasonal permit, which is valid for the entire six-month Canal season. This new 10-day pass offers Canal boaters another vacation option from which to choose, allowing them greater flexibility when planning their trips on New York's historic Canal System.

Governor's Canal Revitalization Program

Governor George E. Pataki announced in May 2002 that work on his second Canal Revitalization Program would begin. The goals of this program are to complete the 348-mile Erie Canalway Trail and to fund additional harbor projects all along the 524-mile New York State Canal System.

The program will provide $50 million over the next five years to fund a variety of new Canal projects, including $35 million to complete the Canalway Bike and Pedestrian Trail, linking Lake Erie to the Hudson River. The Governor's program will be financed with $25 million from the federal Department of Transportation Enhancement Program, which is funneled through the State Department of Transportation (DOT), and $25 million in Canal Corporation capital funds.

WATERFORD HARBOR - *Improvements to Waterford Harbor included a $12.8 million restoration of Lock E-2 and the surrounding area.*

CANALS

Canalway Trail

The goal of the Canalway Trail Program is to establish an end-to-end multi-use trail along the NYS Canal System – more than 500 miles long – making it one of the most prominent long distance trails in the United States. Approximately 230 miles of Canalway Trail are currently in use, located primarily in three long segments in the Albany, Syracuse and Rochester areas.

The Canalway Trail Program consists of linking the existing segments of completed Trail and reconstructing the Trail where needed to provide a consistent high-quality resource. Trailhead parking areas with interpretive kiosks, benches and landscaping are also included in each project using consistent design features to help brand the Canalway Trail.

Implementation of Governor Pataki's $50 million Canal Revitalization II Program began this fall with progress being made on several projects. When completed, the 348-mile Erie Canalway Trail will be the longest multi-use recreational trail in the United States.

Construction began on the 17-mile Sweden to Albion Canalway Trail project in Monroe and Orleans Counties in 2002. The existing Canal towpath will be rehabilitated with a crushed limestone surface. Trailhead parking areas and informational kiosks will be installed as well. The project is scheduled to be complete by August 2003.

Canalway Trail Adopt-a-Trail Program

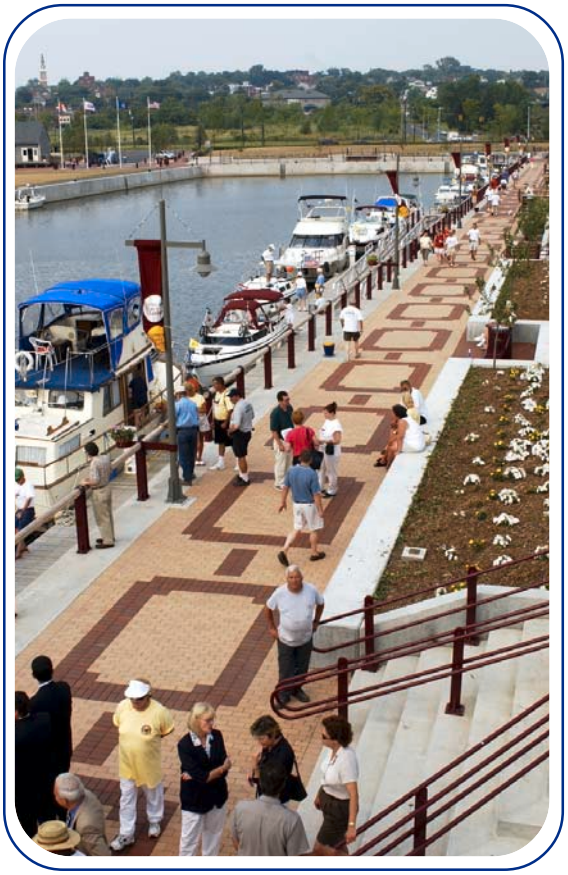
The Canalway Trail Adopt-a-Trail Program was officially launched in 2002 with legislation passed by the NYS Legislature and signed by Governor Pataki, authorizing the Canal Corporation to implement the program.

A package has been developed that includes registration agreements and instructions on how to participate in the program. Volunteer groups are recognized with signs along the Trail that display the name of their group. Volunteer groups are now able to help with light maintenance activities such as litter pick-up, weed removal, fallen branch removal, landscaping and painting. The long-range goal of the program is to have every mile of the Canalway Trail adopted.

The Adopt-a-Trail Program is being implemented in partnership with the Canalway Trails Association of New York, which helps organize and guide volunteer activity on the Canalway Trail.

***GOVERNOR PATAKI'S CANAL REVITALIZATION PROGRAM** includes the Statewide connection of the Canalway Trail. When completed, the 348-mile Trail will be the longest multi-use recreational trail in the United States.*

Syracsue Inner Harbor - The 5th Canal Cruise attracted a record number of cruisers.



Canal System Interpretive and Informational Signage Program

Interpreting the historic and cultural impact the Canal System has had on the State, region and nation is an important component of the Canal Revitalization Program.

Significant progress was made in 2002 toward developing and implementing a Canal System interpretive program. An Interpretive Plan was completed that provides a thematic framework for communicating the stories associated with the development of the Canal System and its significance. These themes capture the essence of the Canal System's story. The plan also identifies the types of interpretive techniques that can be implemented immediately along the Canal System, including wayside exhibits, guidebooks and brochures, educational programs, audiovisual programs and the Internet.

Economic Impact Study

On July 9, 2002, Governor George E. Pataki unveiled an Economic Impact Study, which showed that recent investments in the New York State Canal System generate more than $384 million each year in tourism and other economic benefits for Upstate New York.

The study showed that in 2001, about 7 million people visited the Canal System; Canal festivals and events held in Canalside communities across New York State attracted 873,000 people; 119,587 visitors took a one-to-seven-day boat tour on the Canal System; and 24,000 people spent a week's vacation on the Canal.

As a result of the $167 million the State has invested in infrastructure improvements, targeted revitalization projects and aggressive marketing campaigns in recent years, the Canal continues to grow, according to the study, which was conducted by Eric Mower Associates.

First Radio Campaign and Sweepstakes

The Canal Corporation conducted a Website and radio campaign, the first of its kind, in 2002. The campaign highlighted history, business and tourism opportunities that exist on the 524-mile Canal System. The promotion ran for just over a month in the Capital Region and in the Central New York and Rochester areas.

The primary goal of the campaign was to increase awareness of the Canal System as a world-class tourism destination that exists in listeners' backyards. It was also used to inspire New Yorkers to experience the Canal System, highlighting Canal activities that they may not already know about.

The campaign included the "Unlock the Adventure Sweepstakes," where listeners won three major prizes: a three-day Erie Canal Cruise for two sponsored by Midlakes Navigation Company, a two-day Champlain Canal Cruise sponsored by Champlain Canal Tour Boats, and a seven-day cruise for four on the Erie Canal sponsored by Erie Canal Cruise Lines.

CANALS

Syracuse Inner Harbor

In 2002, redevelopment efforts continued in the Syracuse Inner Harbor. Several public improvements have been completed with construction of an amphitheater/pavilion area, 1,000 feet of waterfront promenade, docking space and parking. In July, the Canal Corporation and the Syracuse Lakefront Development Corporation issued a Request for Proposals to developers to advance various development initiatives on approximately 37 acres of vacant land surrounding the Inner Harbor.

Newly Designed, User Friendly Website

In May 2002, the Canal Corporation unveiled its newly redesigned, user-friendly Website in response to increased customer use. The updated site makes it easier and more convenient for Canal enthusiasts to research and plan a Canal vacation online.

The updated site includes features such as recent photographs that show the scenic 524-mile waterway; visual land and water itineraries that suggest stops to make, places to see and things to do along the Canal System; and a Media Page, where members of the media can download Canal logos and other images.

In addition, the site includes educational opportunities for teachers, including historic information, classroom and field trip suggestions and information about the Tugboat Urger Program; and economic development opportunities for current and potential entrepreneurs who are considering starting a business along the Canal System.

Canal Business Development

At www.nyscanalbusiness.com, users are given an opportunity to see all that New York State's historic Canal System has to offer business owners and entrepreneurs. Users can take a virtual tour of the Canal System and learn about leasing opportunities or buying land along the Canal.

LOCK C5 (Schuylerville) *- Revitalized Lock attracts a record number of boaters.*

WORKING TUGS - *Canal Corporation tugs standby to aide the Lehigh Valley Railroad Barge No. 79*

In addition to the more than 250 web inquiries, the Canal Corporation solicited interest from the private sector through participation in trade shows such as the Adirondack Chamber of Commerce Development Day, the annual Quality Communities Conference, and various business related organizations. Promotion of Canal business created economic benefits to Canal communities and resulted in an increase of direct revenue to the Canal Corporation in excess of $250,000.

Helping to Preserve a Piece of History

In May, the 1914 Lehigh Valley Railroad Barge No. 79 (LV#79), which houses the Waterfront Museum and a floating classroom, arrived in Waterford and settled into the Canal Corporation's Dry Dock facility for an extensive historic preservation project.

The Canal Corporation allowed the use of its large Waterford Dry Dock facility for this needed $263,000 preservation project.

The Waterfront Museum was established in 1986 and has for eight years operated as a showboat and floating classroom in Red Hook, Brooklyn. The educational and arts programs conducted aboard this vessel provide children with a unique perspective on our historic waterways. The LV#79 is listed on the National Register of Historic Places. At one time, more than 5,000 of these barges carried cargo along and across the Hudson River each year. Today, the LV#79 is the only remaining wooden-covered barge of its kind.

Canal Cruise 2002

On July 8, 2002, the 5th Canal Cruise set sail on one of America's most treasured resources - the New York State Canal System. The 18-day event attracted a record number of cruisers: 47 boaters registered for and participated in the expedition, including Canal enthusiasts from 16 U.S. States and Canada.

Gravel Removed from Champlain Canal

In an effort to restore channel width and enhance navigation and boater safety, the Canal Corporation removed approximately 25,000 cubic yards of sand and gravel from the Champlain Canal. The material had accumulated in a channel where the Hoosic River enters the Champlain Canal in the Town of Schaghticoke, Rensselaer County, narrowing the width of this section from 130 feet to approximately 40 feet. The Canal Corporation sampled the sand and gravel slated for removal, testing for the presence of PCBs and other chemicals. The samples were also reviewed by the State Departments of Environmental Conservation (DEC) and Health. No detectable levels of PCBs were found in any of the samples and analyses for other chemicals were below areas of concern.

FINANCE

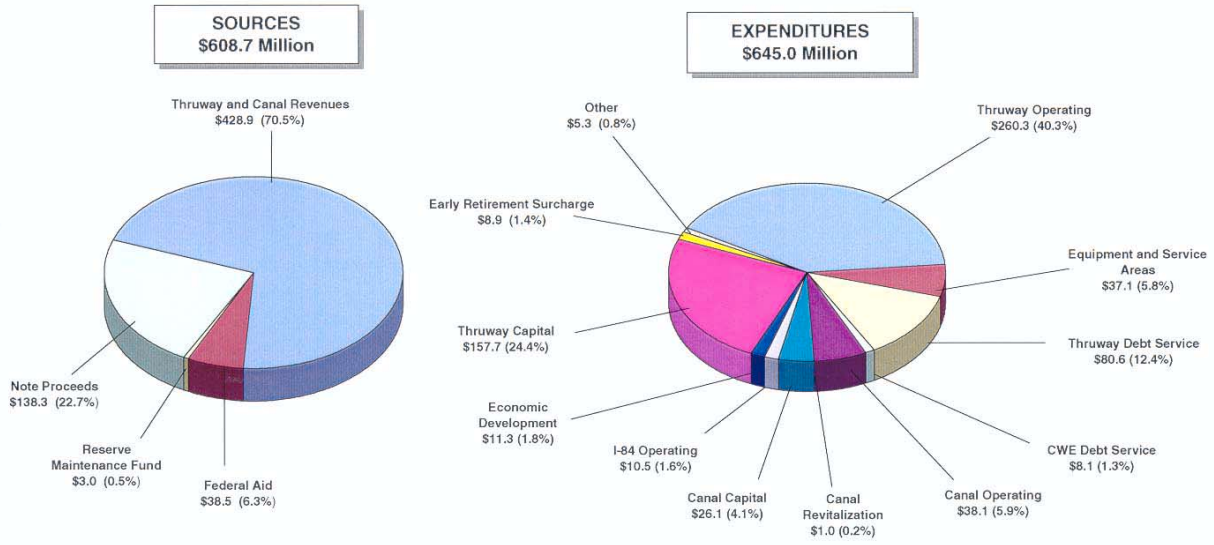
Each October, the Authority Board approves the Authority Corporation budget for the ensuing fiscal year. This financial blueprint sets forth the sources and uses of funds necessary for the Authority's operations, Capital Program, mandated economic development projects and debt service requirements. The financing components are primarily Thruway revenues, bond/note proceeds and Federal Aid. The information presented on pages 24 through 29 represents the Authority's Budget presentation in accordance with the General Revenue Bond Resolution and not intended to present results of operations in the conformity with generally accepted accounting principals.

For the 2002 calendar year, the Authority expended a total of $645 million. Of this amount, $221.9 million is attributed to the Thruway and Canal Capital Program, which includes the highway and bridge rehabilitation program, the Canal infrastructure program and equipment replacement.

Debt service requirements for 2002 were $80.6 million for the Authority's General Revenue Bonds and $8.1 million for Cross-Westchester Expressway Bonds. Additionally, the expenditure category "other" listed below is comprised of approximately $4.5 million in interest on the Authority's Bond Anticipation Notes and $0.8 million used to capitalize the State Infrastructure Bank (SIB). Thruway operating expenses totaled $260.3 million. Total Canal and I-84 operating expenses were $48.6 million. Canal operating expenses were partially funded by $5.8 million in Federal ISTEA Enhancement Funds. Capital expenditures for economic development projects amounted to $11.3 million. As a result of participation in the 2002 New York State Early Retirement Incentive Program, the Authority incurred an estimated $8.9 million in costs.

In January 1997, the Authority Board approved a six-year capital program for the period 1997 through 2002. During 2002, the final year of this six year plan, the Capital Program was funded through a financing plan, which incorporates the use of Authority revenues, federal aid, note proceeds and Canal Development Funds. In April 2002, the Authority issued $200 million of Bond Anticipation Notes, Series 2002A, to fund a portion of the capital program. This sale, combined with the previous sales in June 2001 and April 2000, brings the outstanding principal on the notes to $500 million.

2002 FUNDING SOURCES AND EXPENDITURES (1)



(1) The $36.3 difference is the result of mandated accounting changes related to Governmental Accounting Standards Board Statement No. 34 regarding depreciation and capitalization of equipment and infrastructure assets. This funding difference will be provided for in 2003.

SOURCES OF REVENUE

Thruway Revenues for 2002 were $449,863,252, an increase of $7,922,058 or 1.79 percent from 2001. Total Thruway operating expenses exclusive of extraordinary items for the same period were $260,278,967, an increase of $31,151,919 or 13.60 percent from 2001.

Revenues from tolls totaled $423,358,768 an increase of $11,567,257. Passenger and commercial toll revenues were $253,909,316 and $169,449,452 respectively.

Other revenues amounted to $26,504,484 including $3,782,033 from the 28 Thruway gasoline stations, $11,015,590 from the 27 restaurants, $1,914,104 of interest on the Authority's investments in the Revenue Fund, $2,543,283 in special hauling permits and $7,249,474 in sundry receipts.

During 2002, $44,782,545 was provided to the Reserve Maintenance Fund from revenues.

For 2002, $88,668,349 was remitted to the Authority's trustees for Debt Service requirements

A functional comparison of maintenance and operating costs is listed below:

	2002	2001
MAINTENANCE:		
Highway	$ 34,798,190	$ 25,217,634
Highway and Equipment	20,756,890	18,648,229
Snow and Ice Control	9,782,123	8,940,772
Headquarters and Division Staff	12,503,552	11,060,507
Buildings	13,177,465	11,787,867
Bridges and Structures	19,554,339	7,850,806
Toll Equipment	4,111,298	3,123,132
TOTAL MAINTENANCE COSTS	114,683,857	86,628,947
OPERATING:		
Toll Collection	70,422,679	68,642,032
Administrative and General	24,807,397	21,563,813
Policing	30,222,112	32,859,118
Finance and Accounts	9,575,992	9,453,966
Traffic Administration	10,566,930	9,229,172
TOTAL OPERATING COSTS	145,595,110	141,748,101
TOTAL MAINTENANCE AND OPERATING COSTS EXCLUDING EXTRAORDINARY ITEMS	260,278,967	228,377,048
ADD: EXTRAORDINARY EXPENSES:		
Provision for Environmental Reserve	---	750,000
Provision for Liability Claims	---	---
Special Expense-Early Retirement Surcharge	7,655,894	---
TOTAL MAINTENANCE AND OPERATING COSTS INCLUDING EXTRAORDINARY ITEMS	$ 267,934,861 *	$ 229,127,048

* The 2002 expenses include $29.5 million of Thruway expenditures that relate to a change in accounting policy due to the implementation of Statement #34 of the Governmental Accounting Standards Board. This mandated change in accounting policy treats certain capital and equipment expenditures as operating expenses rather than charges to the Capital Program.

BONDS AND NOTES DEBT SERVICE

Authority Revenue Backed Bonds and Notes

Type	Date Sold	Principal Amount	True Interest Cost	Outstanding Principal as of 12/31/02	2002 Debt Service Principal	2002 Debt Service Interest	2002 Debt Service Total
General Revenue Bonds							
Series A	Aug. 25, 1992	$ 350,000,000	5.85%	$ -	$ 7,630,000	$ 419,650	$ 8,049,650
Series B	Dec. 23, 1993	202,345,000	5.31%	167,510,000	4,525,000	8,529,645	13,054,645
Series C	Feb. 23, 1995	320,000,000	6.21%	20,845,000	6,260,000	1,458,135	7,718,135
Series D	May 15, 1997	350,000,000	5.68%	315,150,000	6,490,000	17,165,613	23,655,613
Series E	June 18, 1998	575,555,000	5.08%	568,530,000	1,640,000	28,831,355	30,471,355
Subtotal		1,797,900,000		1,072,035,000	26,545,000	56,404,398	82,949,398
CWE Bonds	Mar. 14, 1991	30,847,000	8.03%	22,362,567 (1)	8,350,000	-	8,350,000
Gen. Rev. BANS (CP-1)	Apr. 5, 2000	150,000,000	NA	150,000,000	-	2,048,527	2,048,572
Gen. Rev. BANS (CP-2)	June 4, 2001	150,000,000	NA	150,000,000	-	2,101,022	2,101,002
Gan. Rev. 2002A BANS	Apr. 3, 2002	200,000,000	2.29%	200,000,000	-	4,820,834	4,820,834
Grand Total		$2,328,747,000		$1,594,397,567	$34,895,000	$65,374,806	$100,269,806

(1) Accreted Amount

Investments

The Authority manages its investment portfolio pursuant to the respective general bond resolutions, Public Authorities Law and the Authority's Investment Policy, approved annually by the Authority Board. Permitted investments are defined as obligations in which the State Comptroller may invest, pursuant to section 98a of the State Finance Law. This includes obligations of the United States and its federal agencies, collateralized time deposits, commercial paper, bankers acceptances and repurchase agreements. Although the actual amount of investments varies from month to month, the following represents the investment portfolio for each program as of December 31, 2002:

	(million)
Thruway Funds	$258.6
Cross Westchester Expressway Bonds	9.6
Emergency Highway Bonds	0.2
Local Highway and Bridge Service Contract Bonds	183.4
State Personal Income Tax Revenue Bonds	100.2
Highway and Bridge Trust Fund Bonds	699.5

Taxes Collected on Thruway

State and Federal taxes collected on the Thruway totaled $36,357,485 in 2002, compared to $33,152,022 in 2001. These came from the following sources:

	2002	2001
State 8 cent-per-gallon tax on gasoline and diesel fuel	$ 6,300,779	$ 5,613,404
Federal 18.4 cent-per-gallon tax on gasoline and 24.4 cent-per-gallon tax on diesel fuel	$ 14,886,653	$ 13,270,803
State sales tax collected at restaurants	$ 7,295,424	$ 6,968,981
State sales tax collected at gasoline stations	$ 7,874,629	$ 7,298,834

The Thruway Authority receives none of these funds. The Authority is self-supporting from tolls and other sources.

THRUWAY BOND AND NOTE PROGRAMS

The Thruway Authority is authorized to issue notes and bonds through private (negotiated) sales. The Authority has issued notes and bonds to finance a portion of our Capital Program as well as to fund various state and local municipal capital transportation programs. The total amount of bonds and notes issued since 1990 for Thruway purposes is $2.329 billion and for state and local projects is $11.464 billion. The following describes these programs:

GENERAL REVENUE BONDS - These bonds were issued in 1992, 1993, 1995, 1997 and 1998. The Series A bonds provided funds to refund outstanding prior General Revenue Bonds, defeased the prior Bond Resolution and provided funds for a portion of the Authority's Capital Program. The Series B, C and D bonds provided funds for the Authority's Capital Program. The Series E bonds were issued to refund portions of the Series A and C bonds. The General Revenue Bonds are secured by a first lien on all tolls, rents, fees and other income derived from the operation of the Thruway. The amount issued for capital projects and refundings is $1.798 billion with $1.072 billion currently outstanding. The final maturity of these bonds is January 1, 2027.

GENERAL REVENUE BOND ANTICIPATION NOTES - The Authority issued General Revenue Bond Anticipation Notes in the form of liquidity supported commercial paper on April 5, 2000 and June 4, 2001, totaling $300 million. The program was developed to provide an additional source of funds to manage the Authority's Capital Program. The program enables the Authority to access tax exempt short-term markets. The bond anticipation notes will be retired or converted to long-term bonds within five years of original issuance. The Authority issued commercial paper in varying amounts during 2002 with maturities ranging from one day to 173 days and interest rates from 1.00% to 1.70%. Additionally, on April 3, 2002, the Authority issued $200 million in traditional bond anticipation notes to mature March 26, 2003.

CROSS WESTCHESTER EXPRESSWAY BONDS – These bonds were issued in 1991 as capital appreciation bonds (zero coupon) in the amount of $30.847 million to provide funds for the payment of a portion of the purchase price of an 11-mile highway connection with the Thruway in Westchester County designated I-287. The bonds are payable from a lien on rental payments received from the operators of the Travel Plazas on the Thruway. The accreted value as of December 31, 2002, is $22.363 million. This amount reflects the increase in accreted value during 2002 ($2.290 million) less the value of the bonds maturing January 1, 2003 ($8.350 million). The final maturity of these bonds is January 1, 2006.

EMERGENCY HIGHWAY BONDS – These bonds were issued in 1990, 1992 and 1993 to reimburse the State for expenditures made for the reconditioning, preservation, construction and reconstruction of certain highways and related facilities. The bonds have no pledge on Thruway revenues and were solely secured by varying percentages of the receipts from motor fuel/diesel fuel taxes. The bonds issued during this period total $376.095 million. The last of these bonds were legally defeased in 2002.

LOCAL HIGHWAY AND BRIDGE SERVICE CONTRACT BONDS – These bonds have been issued each year since 1991 to provide the Authority with funds to reimburse approximately 1,600 municipalities throughout the State for qualifying capital expenditures for local highway, bridge and multi-modal projects. The bonds have no pledge on Thruway revenues and are secured solely by payments made by the State under a service contract. In 2002, the Authority issued $650 million in bonds to refund a portion of outstanding bonds from nine previous bond issues. The refunding generated a $20.954 million present value savings for the State. The total amount of bonds issued since 1991 is $3.972 billion with $2.354 billion currently outstanding. The final maturity is April 1, 2021.

STATE PERSONAL INCOME TAX REVENUE BONDS (TRANSPORTATION) – The Authority's initial sale of state personal income tax bonds (PIT) was issued in August 2002 in the amount of $250.915 million for the same program purposes as the local highway and bridge projects under the service contract bonds described above. The Authority is one of five authorized issuers of the PIT bonds. The bonds have no pledge on Authority revenues and are secured solely by payments made by the State to the Trustee on behalf of the Authority from state personal income tax receipts. The original issue amount of $250.915 million is still currently outstanding. The final maturity of these bonds is March 15, 2022.

HIGHWAY AND BRIDGE TRUST FUND BONDS –These bonds have been issued each year since 1994, to provide funds to reimburse the State for certain expenditures made or to be made by the Department of Transportation in connection with the State's multi-year Highway and Bridge Capital Program. The bonds have no pledge on Thruway revenues and are secured by a pledge of certain payments to the Authority from funds held in the State's Dedicated Highway and Bridge Trust Fund. In 2002, the Authority issued $628.130 million in bonds to refund a portion of outstanding bonds from 12 previous bond issues. The refunding generated a $12.9 million present value savings for the State. The total amount of bonds issued since 1994 is $6.865 billion, with $4.808 billion currently outstanding. The final maturity of the bonds is April 1, 2022.

COMPARATIVE EARNINGS - THRUWAY SYSTEM

TOLL REVENUES	2002	2001	2000	1999	1998
PASSENGER					
Woodbury—Buffalo-St. 15-50 Inc.	$ 120,717,246	$ 114,536,759	$ 111,427,617	$ 109,023,863	$ 105,487,335
Erie Section—Sta. 55-61 Inc.	13,732,908	13,137,113	13,135,897	12,899,649	12,191,443
Grand Island Bridges	6,599,882	6,327,853	6,176,008	5,971,821	6,063,286
Tappan Zee Bridge	56,871,127	57,208,551	55,868,808	54,155,715	51,501,519
Yonkers Barrier	8,793,968	8,769,393	8,705,604	8,058,952	7,882,568
Berkshire Section	8,725,768	7,837,046	6,585,883	6,340,368	5,971,542
New Rochelle Barrier	18,527,845	18,101,746	17,809,980	17,271,707	16,153,635
Spring Valley Barrier	0	0	0	0	0
Harriman Barrier	8,572,145	8,215,493	8,036,326	7,555,955	7,220,178
Niagara Section	7,251,182	7,126,964	7,156,996	6,876,816	6,702,409
	$ 249,792,071	$ 241,260,918	$ 234,903,119	$ 228,154,846	$ 219,173,915
Permits-Sta. 15-61 Inc. B1-B3	4,117,245	4,291,945	4,410,271	4,350,500	4,169,517
	$ 253,909,316	$ 245,552,863	$ 239,313,390	$ 232,505,346	$ 223,343,432
COMMERCIAL					
Woodbury—Buffalo-St. 15-50 Inc.	$ 104,611,078	$ 102,377,230	$ 102,435,537	$ 96,046,120	$ 90,092,615
Erie Section—Sta. 55-61 Inc.	21,698,770	21,242,175	22,448,574	21,853,396	20,189,506
Grand Island Bridges	2,799,764	2,774,876	2,794,720	2,661,397	2,449,316
Tappan Zee Bridge	16,994,244	16,447,713	16,365,194	15,895,617	16,222,994
Yonkers Barrier	2,940,783	2,846,776	2,950,062	2,709,224	2,597,493
Berkshire Section	12,100,611	11,657,305	10,904,393	10,236,237	9,435,587
New Rochelle Barrier	7,604,767	7,867,148	8,173,798	8,082,553	7,782,973
Spring Valley Barrier	4,597,814	4,509,375	4,451,917	4,302,811	4,262,309
Harriman Barrier	1,970,494	1,920,913	1,902,549	1,857,965	1,785,087
Niagara Section	3,099,056	3,078,842	3,245,138	3,150,724	2,813,733
	$ 178,417,381	$ 174,722,353	$ 175,671,882	$ 166,796,044	$ 157,631,613
Less Volume Discount	(8,967,929)	(8,483,705)	(7,918,492)	(7,523,907)	(7,043,966)
	$ 169,449,452	$ 166,238,648	$ 167,753,390	$ 159,272,137	$ 150,587,647
SUMMARY					
Woodbury—Buffalo-St. 15-50 Inc.	$ 225,328,324	$ 216,913,989	$ 213,863,154	$ 205,069,983	$ 195,579,950
Erie Section—Sta. 55-61 Inc.	35,431,678	34,379,288	35,584,471	34,753,045	32,380,949
Grand Island Bridges	9,399,646	9,102,729	8,970,728	8,633,218	8,512,602
Tappan Zee Bridge	73,865,371	73,656,264	72,234,002	70,051,332	67,724,513
Yonkers Barrier	11,734,751	11,616,169	11,655,666	10,768,176	10,480,061
Berkshire Section	20,826,379	19,494,351	17,490,276	16,576,605	15,407,129
New Rochelle Barrier	26,132,612	25,968,894	25,983,778	25,354,260	23,936,608
Spring Valley Barrier	4,597,814	4,509,375	4,451,917	4,302,811	4,262,309
Harriman Barrier	10,542,639	10,136,406	9,938,875	9,413,920	9,005,265
Niagara Section	10,350,238	10,205,806	10,402,134	10,027,540	9,516,142
Permits-Sta. 15-61 Inc. B1-B3	4,117,245	4,291,945	4,410,271	4,350,500	4,169,517
	$ 432,326,697	$ 420,275,216	$ 414,985,272	$ 399,301,390	$ 380,975,045
Less Volume Discount	(8,967,929)	(8,483,705)	(7,918,492)	(7,523,907)	(7,043,966)
NET TOLL REVENUE	$ 423,358,768	$ 411,791,511	$ 407,066,780	$ 391,777,483	$ 373,931,079
CONCESSION REVENUE:					
Gasoline Stations	$ 3,782,033	$ 2,991,749 (2)	$ 850,047 (2)	$ 2,828,045	$ 2,681,990
Restaurants	11,015,590	10,900,224	10,747,084	9,502,260	9,418,285
TOTAL CONCESSION REVENUE	$ 14,797,623	$ 13,891,973	$ 11,597,131	$ 12,330,305	$ 12,100,275
SUNDRY REVENUE, INTEREST	$ 11,706,861	$ 16,257,710	$ 15,614,684	$ 25,745,327	$ 18,282,716
TOTAL REVENUES (3)	$ 449,863,252	$ 441,941,194	$ 434,278,595	$ 429,853,115	$ 404,314,070
OPERATING EXPENSES					
Toll Collection	$ 70,422,679	$ 68,642,032	$ 65,993,028	$ 57,525,442	$ 59,386,751
Policing	30,222,112	32,859,118	29,854,426	27,514,615	25,352,747
Traffic Administration	10,566,930	9,229,172	8,745,171	8,539,768	8,435,916
Maintenance:					
Highway and Building	89,815,669	64,857,586	63,928,504	58,055,406	58,873,818
Equipment	24,868,188	21,771,361	21,089,984	18,948,461	19,258,191
Finance and Accounts	9,575,992	9,453,966	9,382,080	7,670,051	7,579,309
Administrative and General	24,807,397	21,563,813	20,357,007	19,454,376	19,007,370
Provision for Environmental Reserve	-	750,000	750,000	250,000	1,000,000
Provision for Liability Claims	-	-	1,500,000	4,500,000	-
Special Expense-Early Retirement Surcharge	7,655,894	-	-	-	-
TOTAL OPERATING EXPENSES INCLUDING EXTRAORDINARY EXPENSES	$ 267,934,861 (1)	$ 229,127,048	$ 221,600,200	$ 202,458,119	$ 198,894,102
Net Revenues Before Adjustments	181,928,391	212,814,146	212,678,395	227,394,996	205,419,968
Adjustments	28,425,953 (5)	(11,048,091) (4)	(1,245,727)	1,530,866	9,646,439 (4)
Net Revenues after Adjustments	$ 210,354,344	$ 201,766,055	$ 211,432,668	$ 228,925,862	$ 215,066,407
USE OF NET REVENUES					
Debt Service	$ 88,668,349	$ 85,321,585	$ 84,940,022	$ 84,417,325	$ 80,392,504
Reserve Maintenance Fund	44,782,545	32,307,591	69,295,626	76,832,196	78,182,435
Other Authority Projects	31,358,797	36,198,766	14,700,000	30,315,793	33,981,504
General Reserve Fund	45,544,653	47,838,113	42,147,020	33,900,000	22,509,964
Facilities Capital Improvement Fund	-	100,000	350,000	3,460,548	-
TOTAL	$ 210,354,344	$ 201,766,055	$ 211,432,668	$ 228,925,862	$ 215,066,407

(1) The 2002 expenses include $29.5 million of Thruway expenditures that relate to a change in accounting policy due to implementing Statement #34 of the Governmental Accounting Standards Board. The mandated change treats certain capital and equipment expenditures as operating expenses rather than charges to the capital program. These expenditures will be funded from revenues in a subsequent year.
(2) Revenues were affected by the Fuel Price Abatement program.
(3) Excludes Canal Corporation revenue and interest not deposited in the Revenue Fund.
(4) Includes revenue retained from prior year Operating Reserves.
(5) Includes revenue retained from prior year Operating Reserves and expenditures to be funded from revenues in a subsequent year.

THRUWAY STATISTICS

	2002	2001	2000	1999	1998
TRAFFIC					
Miles Traveled (1)	10,548,996,242	10,167,643,399	9,949,774,814 *	9,771,675,275	9,551,052,748
Miles in Operation-Year's End	641	641	641	641	641
Daily Average Miles (1)	28,901,360	27,856,557	27,185,177 *	26,771,713	26,167,267
Average Trip (Controlled System)	43	43	43	44	44
Passenger	39	39	39	40	40
Commercial	64	64	64	65	65
TOLL					
Total Toll Transactions	267,210,016	259,721,892	255,687,474	246,915,296	238,058,091
Passenger	230,542,227	223,944,525	220,018,347	212,802,693	206,325,591
Commercial	36,667,789	35,777,367	35,669,127	34,112,603	31,732,500
Daily Average Toll Transactions	732,082	711,567	698,600	676,480	652,214
Permits Sold	36,933	38,078	38,371	36,664	38,236
Permit Trips	10,444,063	10,798,880	11,220,525	11,663,189	11,334,796
Permit Miles	238,274,419	246,740,467	255,824,669	275,445,002	272,271,271
REVENUE					
Total Income	$449,863,252	$441,941,194	$434,278,595	$429,853,115	$404,314,070
Passenger Tolls	253,909,316	245,552,863	239,313,390	232,505,346	223,343,432
Commercial Tolls	169,449,452	166,238,648	167,753,390	159,272,137	150,587,647
Restaurants	11,015,590	10,900,224	10,747,084	9,502,260	9,418,285
Gasoline Stations	3,782,033	2,991,749 (2)	850,047 (2)	2,828,045	2,681,990
Interest	1,914,104 (3)	5,211,335 (3)	8,069,931	9,776,640	10,223,127
Other	9,792,757	11,046,375	7,544,753	15,968,687 (4)	8,059,589
EXPENSES					
Operations Costs (5)		$229,127,048	$221,600,200	$202,458,119	$198,894,102
Transfers to Other Funds	$242,677,334 (6)	116,444,470	126,492,646	144,508,537	134,673,903
Total Debt Service	121,685,995	97,043,144 *	94,751,450 *	89,626,872	89,643,790
Principal	100,269,806	33,065,000	31,255,000	29,640,000	27,540,000
Interest	34,895,000	63,978,144 *	63,496,450 *	59,986,872	62,103,790
	65,374,806				
ACCIDENTS AND INCIDENTS (1)					
Fatal		42	31 *	29	33
(Fatalities)	32	51	37 *	31	41
Personal Injury	44	1,967	2,093	2,018	1,762
(Persons Injured)	2,217	3,014	3,208	3,078	2,683
Property Damage	3,415	8,050	8,045 *	7,536	6,231
	8,819				
ACCIDENT RATES					
Per 100,000,000 Miles Traveled (1)					
Fatal Accidents		0.41	0.31 *	0.30	0.35
Personal Injury Accidents	0.30	19.35	21.04 *	20.65	18.45
Property Damage	21.02	79.17	80.86 *	77.12	65.24
Total Accidents	83.60	98.93	102.20 *	98.07	84.03
	104.92				
FATALITY RATES					
Per 100,000,000 Miles Traveled (1)					
Annual		0.50	0.37 *	0.32	0.43
Cumulative	0.42	1.07	1.09	1.12	1.16
	1.04				
MISCELLANEOUS					
Gallons Fuel Delivered	(7)	70,167,547	63,123,569	58,742,861	55,607,823
Emergency Service Calls	78,759,743	113,173	116,567	110,043	101,396
	111,117				

(1) Reflects Cross-Westchester Expressway (CWE) and I-84.
(2) Revenues are affected by the Fuel Price Abatement program, which was in place from May 24, 2000 to February 28, 2001 for Sunoco locations and May 26, 2000 to February 28, 2001 for ExxonMobil locations. The program was adopted to reduce fuel prices at Thruway locations.
(3) Total interest was $4,096,685 for 2002 of which the Revenue Fund received $1,914,104 Total interest was $11,499,261 for 2001 of which the Revenue Fund received $5,211,335.
(4) Increase primarily due to $11.3 million in fiber optic revenue sharing payments offset by a $3.1 million payment, included in the 1998 amount, for sale of surplus property in the Bronx.
(5) Includes CWE maintenance expenses.
(6) Represents funded amount of 2002 operating expenses, the actual amount totaled $267,934,861 including extraordinary items.
(7) Unaudited figure.
*Adjusted figures

BRIDGE AND BARRIER TRAFFIC AND REVENUE SUMMARY

STATION	TRAFFIC 2002	TRAFFIC 2001	REVENUE 2002	REVENUE 2001
Grand Island Bridges --				
Passenger	19,660,047	19,005,251	$ 6,599,882	$ 6,327,853
Commercial	2,053,735	2,018,081	2,799,764	2,774,876
Total	21,713,782	21,023,332	$ 9,399,646	$ 9,102,729
Tappan Zee Bridge [1] --				
Passenger	23,454,948	23,167,930	$ 56,871,127	$ 57,208,551
Commercial	1,610,803	1,541,677	16,994,224	16,447,713
Total	25,065,751	24,709,607	$ 73,865,371	$ 73,656,264
Yonkers Barrier --				
Passenger	17,587,316	17,516,889	$ 8,793,968	$ 8,769,393
Commercial	2,268,045	2,194,110	2,940,783	2,846,776
Total	19,855,361	19,710,999	$ 11,734,751	$ 11,616,169
New Rochelle Barrier [1] --				
Passenger	18,527,849	18,101,751	$ 18,527,845	$ 18,101,746
Commercial	2,835,152	2,915,646	7,604,767	7,867,148
Total	21,363,001	21,017,397	$ 26,132,612	$ 25,968,894
Spring Valley Barrier [1] --				
Commercial	1,426,867	1,382,749	$ 4,597,814	$ 4,509,375
Total	1,426,867	1,382,749	$ 4,597,814	$ 4,509,375
Harriman Barrier --				
Passenger	17,142,341	16,388,729	$ 8,572,145	$ 8,215,493
Commercial	1,343,175	1,289,817	1,970,494	1,920,913
Total	18,485,516	17,678,546	$ 10,542,639	$ 10,136,406
Buffalo City Line [1] --				
Passenger	6,433,954	6,442,684	$ 3,225,263	$ 3,228,501
Commercial	1,275,556	1,266,266	2,084,427	2,084,561
Total	7,709,510	7,708,950	$ 5,309,690	$ 5,313,062
Black Rock Barrier [1] --				
Passenger	8,037,852	7,779,654	$ 4,025,919	$ 3,898,463
Commerical	637,955	621,648	1,014,629	994,281
Total	8,675,807	8,401,302	$ 5,040,548	$ 4,892,744
Total Bridges and Barriers --				
Passenger	110,844,307	108,402,888	$ 106,616,149	$ 105,750,000
Commercial	13,451,288	13,229,994	40,006,922	39,445,643
Total Toll Traffic	124,295,595	121,632,882	$ 146,623,071	$ 145,195,643
Non-Revenue	514,986	520,689	-	-
Total	**124,810,581**	**122,153,571**	**$ 146,623,071**	**$ 145,195,643**

[1] One Way Trips

DAILY THRUWAY RECORDS

REVENUE:

Thruway System.....	August 30, 2002 $1,619,909
Controlled System.....	August 30, 2002 $1,145,379
Grand Island Bridge South....	August 2, 2002 $20,546
Grand Island Bridge North....	August 10, 2001 $16,818
Tappan Zee Bridge.....	June 30, 2000 $243,437
Yonkers Barrier.....	June 30, 2000 $41,619
New Rochelle Barrier.....	August 24, 2001 $96,374
Spring Valley Barrier.....	October 17, 2001 $25,320
Harriman Barrier.....	August 25, 2000 $36,403
Buffalo City Line.....	June 23, 2000 $21,023
Black Rock Barrier.....	May 29, 1998 $19,720

Traffic - (Trips)

Thruway System	August 30, 2002 974,319
Controlled System	August 30, 2002 554,126
Grand Island Bridge South	August 2, 2002 46,288 *
Grand Island Bridge North	August 10, 2001 36,853 *
Tappan Zee Bridge	November 24, 1999 83,289 *
Yonkers Barrier	September 17, 1999 72,011
New Rochelle Barrier	August 24, 2001 81,455 *
Spring Valley Barrier	October 17, 2001 7,571 **
Harriman Barrier	July 21, 2002 67,522
Buffalo City Line	August 4, 2000 31,337 *
Black Rock Barrier	May 29, 1998 34,167 *

* One Way Trips
** One Way Commercial Trips Only

CONTROLLED SYSTEM TRAFFIC SUMMARY - 2002

INTERCHANGES			ENTRY TRAFFIC TOTAL	EXIT TRAFFIC				
				Passenger				
No.	Name	Mile Post		Full Fare	Permits	Commercial	Non Revenue	Total
15	Woodbury	45	8,082,595	5,935,230	250,536	1,604,911	27,753	7,818,430
16	Harriman	45	976,712	918,800	47,031	59,039	14,187	1,039,057
17	Newburgh	60	5,764,756	4,329,905	352,076	1,158,897	52,742	5,893,620
18	New Paltz	76	2,458,497	2,143,956	186,455	160,674	19,104	2,510,189
19	Kingston	91	3,024,079	2,565,008	254,881	252,539	30,614	3,103,042
20	Saugerties	101	1,538,480	1,151,122	157,697	119,583	20,473	1,448,875
21	Catskill	114	1,552,404	1,200,801	190,375	153,325	25,499	1,570,000
21B	Coxsackie	124	1,196,256	729,507	292,120	131,358	13,738	1,166,723
22	Selkirk	135	724,862	486,580	101,443	105,568	25,162	718,753
23	Boulevard	142	4,745,909	3,511,990	699,423	477,601	129,936	4,818,950
24	Washington	148	13,331,503	11,172,835	891,701	1,668,520	97,137	13,830,193
25	Schenectady	154	6,660,359	5,420,269	657,113	297,897	55,196	6,430,475
25A	Schenectady I-88	159	3,754,745	2,785,592	49,847	732,650	25,139	3,593,228
26	Rotterdam	162	1,157,748	852,461	155,022	133,592	15,040	1,156,115
27	Amsterdam	174	1,669,971	1,154,440	287,229	214,575	21,114	1,677,358
28	Fultonville	182	982,140	456,397	64,268	446,656	12,460	979,781
29	Canajoharie	194	479,130	336,164	57,402	65,960	8,603	468,129
29A	Little Falls	211	236,428	169,120	22,022	44,179	4,997	240,318
30	Herkimer	220	721,690	573,360	56,764	101,341	12,842	744,307
31	Utica	233	1,988,033	1,480,992	130,764	351,461	24,627	1,987,844
32	Westmoreland	243	1,119,957	857,122	154,060	111,541	14,055	1,136,778
33	Verona	253	2,453,642	1,891,726	248,817	280,134	17,070	2,437,747
34	Canastota	262	1,551,390	1,033,367	315,051	121,389	20,918	1,490,725
34A	Collamer	277	3,017,297	2,191,415	347,701	371,296	31,468	2,941,880
35	Thompson	279	2,170,936	1,534,594	342,430	322,713	37,759	2,237,496
36	Mattydale	283	3,119,487	2,324,367	189,128	560,851	23,806	3,098,152
37	Electronics	284	1,040,667	840,096	176,967	68,246	19,652	1,104,961
38	Liverpool	286	1,162,408	840,868	141,690	89,063	7,961	1,079,582
39	State Fair	290	2,933,323	2,090,872	240,135	589,327	19,124	2,939,458
40	Weedsport	304	1,295,203	853,318	196,481	202,581	15,991	1,268,371
41	Waterloo	320	1,161,691	867,866	84,327	184,831	9,430	1,146,454
42	Geneva	327	1,695,695	1,305,310	146,570	260,251	12,403	1,724,534
43	Manchester	340	1,487,383	1,082,614	199,169	153,224	9,412	1,444,419
44	Canandaigua	347	2,814,891	2,200,291	217,365	186,644	17,881	2,622,181
45	Victor	351	4,960,123	4,402,612	389,378	354,268	24,603	5,170,861
46	Henrietta	362	3,587,929	2,728,164	313,310	660,826	19,835	3,722,135
47	LeRoy	379	2,612,140	1,955,257	143,997	421,567	15,844	2,536,665
48	Batavia	390	1,589,856	1,117,428	146,102	282,744	26,838	1,573,112
48A	Pembroke	402	2,104,783	1,200,440	123,232	689,329	11,667	2,024,668
49	Depew	417	3,204,650	2,817,996	105,512	377,679	16,677	3,317,864
50	Williamsville	420	9,107,863	6,515,296	290,983	2,313,115	47,984	9,167,378
	SUBTOTAL		**115,237,611**	**88,025,548**	**9,416,574**	**16,881,945**	**1,056,741**	**115,380,808**
B1	Post Road	B7	3,003,326	2,255,273	74,498	557,496	25,068	2,912,335
B2	Taconic	B15	872,590	757,575	28,676	11,754	13,528	811,533
B3	Canaan	B18	4,394,903	3,140,055	42,809	1,205,088	15,802	4,403,754
	SUBTOTAL		**8,270,819**	**6,152,903**	**145,983**	**1,774,338**	**54,398**	**8,127,622**
55	Lackawanna	429	8,485,268	6,216,105	316,939	1,850,789	43,390	8,427,223
56	Blasdell	432	2,357,191	1,979,306	101,475	207,127	14,414	2,302,322
57	Hamburg	436	2,063,298	1,716,362	130,224	245,341	14,637	2,106,564
57A	Angola	445	872,671	678,502	93,661	60,261	8,938	841,362
58	Silver Creek	456	961,010	760,195	106,912	124,506	14,108	1,005,721
59	Dunkirk	468	1,682,037	1,296,209	103,512	256,943	23,131	1,679,795
60	Westfield	485	308,169	244,046	10,979	42,626	6,925	304,576
61	State Line	496	3,925,936	2,184,681	17,804	1,772,625	12,907	3,988,017
	SUBTOTAL		**20,655,580**	**15,075,406**	**881,506**	**4,560,218**	**138,450**	**20,655,580**
GRAND TOTAL			**144,164,010**	**109,253,857**	**10,444,063**	**23,216,501**	**1,249,589**	**144,164,010**

CANAL TRAFFIC CHART

MONTH	ERIE	CHAMPLAIN	OSWEGO	CAYUGA-SENECA	TOTAL
May	R 8,225 C 37 T 607 H 204 S 627	R 1,681 C 70 T 46 H 7 S 187	R 1,456 C 0 T 0 H 0 S 58	R 195 C 0 T 12 H 17 S 22	R 11,557 C 107 T 665 H 228 S 894
June	R 12,027 C 342 T 1,210 H 876 S 502	R 2,385 C 13 T 85 H 40 S 90	R 2,343 C 37 T 14 H 12 S 42	R 842 C 2 T 25 H 85 S 61	R 17,597 C 394 T 1,334 H1,013 S 695
July	R 26,127 C 242 T 1,769 H 1,902 S730	R 9,124 C 5 T 38 H 93 S 107	R 7,225 C 38 T 63 H 73 S 171	R 3,162 C 0 T 102 H 242 S 61	R 45,638 C 285 T 2,115 H 2,310 S 1,069
August	R 17,057 C 131 T 1,441 H 1,805 S 502	R 6,435 C 162 T 140 H 113 S 232	R 3,599 C 46 T 22 H 37 S 19	R 2,457 C 0 T 100 H 239 S 45	R 29,548 C 339 T 1712 H 2194 S 798
September	R 15,649 C 121 T 1,093 H 1,022 S 563	R 2,863 C 33 T 65 H 35 S 157	R 2,621 C 32 T 37 H 45 S 15	R 1,427 C 0 T 56 H 191 S 44	R 22,560 C 186 T 1,251 H 1,293 S 779
October	R 8,397 C 284 T 953 H 682 S 1,219	R 1,684 C 93 T 100 H 6 S 372	R 1,540 C 105 T 37 H 14 S 52	R 567 C 0 T 46 H 80 S 37	R 12,188 C 482 T 1,136 H 782 S 1,680
November	R 209 C 0 T 9 H 0 S 305	R 82 C 16 T 8 H 0 S 58	R 28 C 0 T 0 H 0 S 0	R 13 C 0 T 0 H 0 S 14	R 332 C 16 T 17 H 0 S 377
TOTAL	R 87,691 C 1,157 T 7,082 H 6,491 S 4,448 **106,869**	R 24,254 C 392 T 482 H 294 S 1,203 **26,625**	R 18,812 C 258 T 173 H 181 S 357 **19,781**	R 8,663 C 2 T 341 H 854 S 284 **10,144**	R 139,420 C 1,809 T 8,078 H 7,820 S 6,292 **163,419**

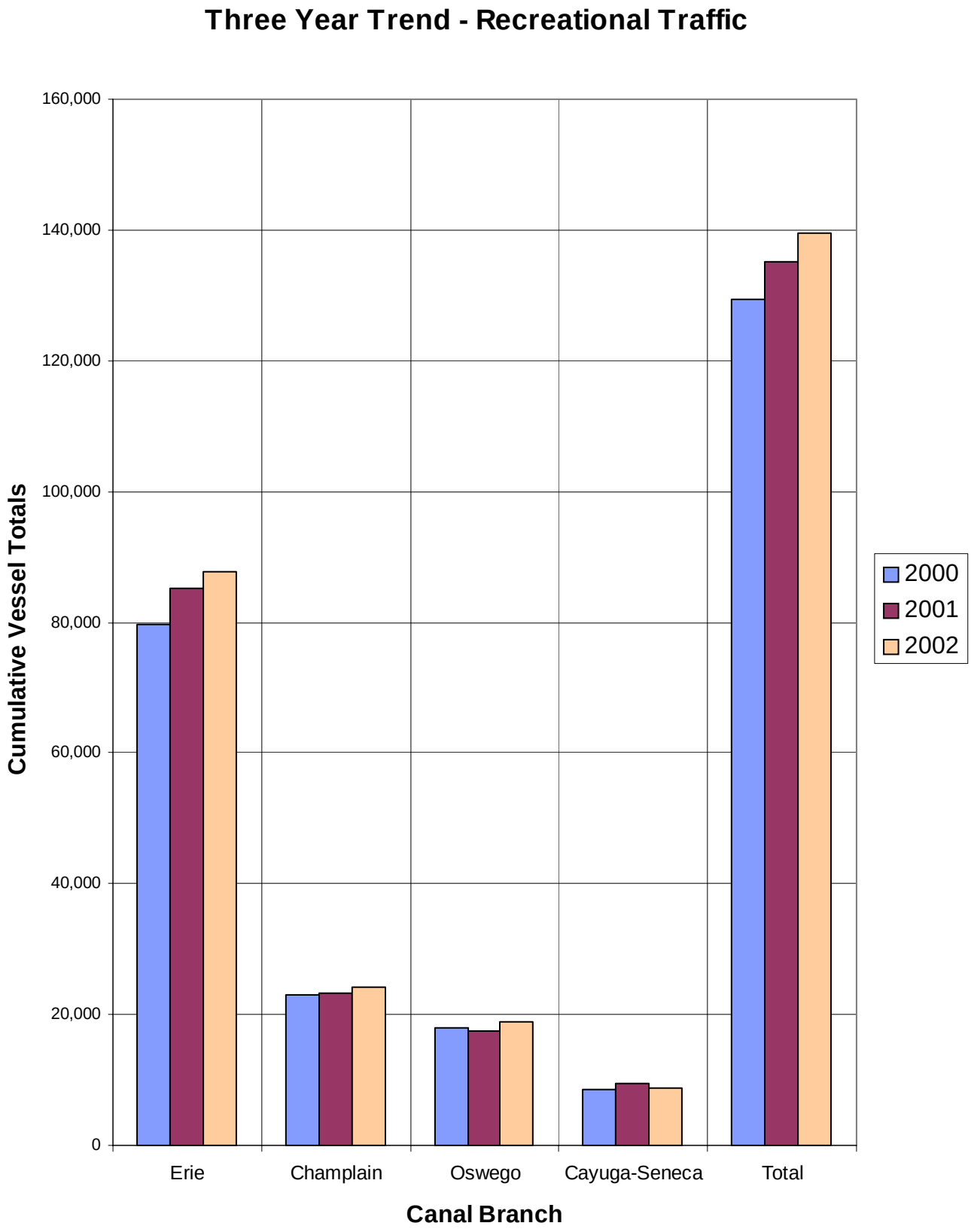
R - Recreational **C - Commercial** **T - Tour** **H - Hire** **S - State**

COMMERCIAL SHIPPING* - 2002

COMPANY	VESSEL	PRODUCT	START DATE	COMPLETE	TONNAGE
Simpson Towing and Salvage	Tug Chaplain, Lockwood 1000	Commercial Boilers	7/26	7/28	**550**
Buffalo Industrial	Tug Jacklyn, Barge #7	Construction Equipment	5/29	6/13	**40**
Pellegrino Marine	Tug Shad, Barges #1, #2	Construction Equipment	6/15	6/22	**85**
MCM Marine	Tug Tammy, Weeks #169	Construction Equipment	8/8	8/9	**100**
Dissen and Juhn	Tug James, Scow # 106	Light Equipment	7/23	7/26	**25**
Appalachee Marine	Tug Honey, Barge Mary Gellately	Liquid Calcium Chloride	8/3 8/12 9/30 10/14 10/24	8/7 8/28 10/4 10/17 10/29	**1500** **1500** **1500** **1500** **1500**
Steven Sill, Inc.	Tug Susanne S. and Scow	Drilling and Sampling Equipment	10/10	10/10	**40**
Troy Town Dock & Marina	Tug Benjamin Elliot Tug Mame Faye Tug Benjamin Elliot, Tug Mame Faye, Weeks #237	Antique Covered Railroad Barge Salvaged Sailboat Hull Light Equipment	5/26 9/5 6/29 8/13	5/26 9/5 6/29 8/15	**100** **100** **25** **10**
Lake Michigan Contracting	Tug Curly B., Barge BMI 105	Steam Generators	9/7	9/9	**700**
Empire Harbor Marine	Tug Herbert P. Brake, Barge HMT #5 Tug Empire, EHM #8 Tug Herbert P. Brake, Scow Tug Herbert P. Brake, 2 Scows, Barge James	Transformers Construction Equipment Construction Equipment, Deckhouse Construction Equipment, Deckhouse	6/16 7/31 8/8 10/14	6/18 8/5 8/8 10/22	**246** **100** **500** **610**
U.S. Army Corps of Engineers	Sentinel II, Scow Sentinel II, Scow	Construction Equipment Construction Equipment	9/4 9/17	9/6 9/19	**25** **25**
D.A. Collins	Tug Dave Sturdivant, Scow	Construction Equipment	9/10	9/10	**60**
C.D. Perry	Tug Cynthia, Hughes # 728 Workboat, Scow	Construction Equipment Construction Equipment	5/20 5/28	5/21 5/29	**100** **40**
					10,981 TOTAL

*** Data compiled from Canal Trip Clearance Tickets, Form TA-99010**

CANAL TRAFFIC - 2002



Thruway Customer Survey 2000/2002 Breakdown by Travel Purpose

			Overall			Personal/Pleasure			Business			Commuter			Commercial		
			Excellent	Good	Excellent Good	Excellent	Good	Excellent Good	Excellent	Good	Excellent Good	Excellent	Good	Excellent Good	Excellent	Good	Excellent Good
1	How do you rate ride quality?	2000	24.7%	66.4%	**91.1%**	26.5%	65.9%	**92.4%**	23.2%	67.6%	**90.8%**	25.0%	64.1%	**89.1%**	20.0%	66.0%	**86.0%**
		2002	20.6%	67.6%	**88.2%**	23.9%	66.9%	**90.8%**	17.8%	72.0%	**89.8%**	17.4%	73.0%	**90.4%**	12.6%	66.6%	**79.2%**
2	How do you rate guiding devices for your trip?	2000	29.3%	62.9%	**92.2%**	30.0%	61.5%	**91.5%**	29.4%	62.2%	**91.6%**	30.7%	61.5%	**92.2%**	27.5%	66.7%	**94.2%**
		2002	24.8%	66.6%	**91.4%**	25.8%	65.8%	**91.6%**	21.4%	69.3%	**90.7%**	19.4%	72.5%	**91.9%**	22.2%	68.7%	**90.9%**
3	How do you rate roadside appearance?	2000	28.0%	61.2%	**89.2%**	28.5%	60.1%	**88.6%**	25.1%	61.9%	**89.2%**	24.1%	62.4%	**86.5%**	31.4%	63.0%	**94.4%**
		2002	24.5%	65.8%	**90.3%**	26.7%	65.0%	**91.7%**	20.6%	68.8%	**89.2%**	21.2%	69.3%	**90.5%**	21.5%	67.2%	**88.7%**
4	How do you rate Travel Plaza restaurants?	2000	17.4%	58.2%	**75.6%**	17.5%	57.8%	**75.3%**	18.2%	55.9%	**74.1%**	16.6%	63.5%	**80.1%**	17.4%	57.4%	**74.8%**
		2002	15.8%	64.4%	**80.2%**	17.0%	64.5%	**81.5%**	15.4%	64.6%	**80.0%**	16.1%	66.9%	**83.0%**	13.4%	63.2%	**76.6%**
5	How do you rate Travel Plaza gas stations?	2000	15.0%	63.1%	**78.1%**	15.7%	63.4%	**79.1%**	14.1%	62.6%	**76.7%**	13.4%	63.0%	**76.4%**	13.8%	59.1%	**72.9%**
		2002	13.8%	67.7%	**81.5%**	14.7%	69.0%	**83.7%**	14.0%	66.6%	**80.6%**	16.6%	65.0%	**81.6%**	10.3%	65.4%	**75.7%**
6	How do you rate rest area/ tandem lots?	2000	16.9%	59.6%	**76.5%**	17.8%	61.7%	**79.5%**	17.7%	56.1%	**73.8%**	13.0%	61.4%	**74.4%**	14.2%	54.0%	**68.2%**
	How do you rate rest areas? *(question modified)*	2002	15.7%	65.5%	**81.2%**	18.0%	66.7%	**84.7%**	17.2%	64.6%	**81.8%**	14.8%	66.5%	**81.3%**	10.9%	62.7%	**73.6%**
6A	How do your rate tandem lots?	2002	10.8%	64.5%	**75.3%**	12.1%	70.2%	**82.3%**	11.6%	65.3%	**76.9%**	14.5%	66.3%	**80.8%**	8.8%	60.0%	**68.8%**
6B	How do you rate comfort stations	2002	14.5%	64.1%	**78.6%**	16.7%	66.3%	**83.0%**	16.1%	62.7%	**78.8%**	17.0%	64.9%	**81.9%**	8.4%	62.9%	**71.3%**
6C	How do you rate maintenance activities? *(New question 2002)*	2002	10.5%	72.7%	**83.2%**	10.5%	75.0%	**85.5%**	9.8%	70.4%	**80.2%**	11.2%	73.8%	**85.0%**	8.9%	71.9%	**80.8%**
7	Efficiency of toll collectors	2000	24.4%	60.0%	**84.4%**	25.1%	60.9%	**86.0%**	23.8%	55.7%	**79.5%**	21.1%	56.8%	**77.9%**	23.5%	59.9%	**83.4%**
		2002	19.5%	66.0%	**85.5%**	20.7%	67.5%	**88.2%**	18.8%	64.0%	**82.8%**	15.6%	64.4%	**80.0%**	16.2%	65.4%	**81.6%**
8	Efficiency of office staff Question deleted in 2002	2000	22.7%	63.0%	**85.7%**	23.4%	64.7%	**88.1%**	20.5%	60.6%	**81.1%**	16.1%	58.7%	**74.8%**	21.8%	62.6%	**84.4%**
9	Efficiency of maintenance employees (Question deleted in 2002)	2000	24.4%	64.6%	**89.0%**	24.5%	65.4%	**89.9%**	24.7%	62.6%	**87.3%**	19.3%	64.4%	**83.7%**	23.5%	63.7%	**87.2%**

Thruway Customer Survey 2000/2002 Breakdown by Travel Purpose

		Overall			Personal/Pleasure			Business			Commuter			Commercial		
		Excellent	Good	Excellent Good	Excellent	Good	Excellent Good	Excellent	Good	Excellent Good	Excellent	Good	Excellent Good	Excellent	Good	Excellent Good
10 Courteousness of toll collectors	2000	21.6%	59.0%	**80.6%**	22.6%	59.5%	**82.1%**	20.4%	55.7%	**76.1%**	18.1%	53.2%	**71.3%**	21.0%	61.1%	**82.1%**
	2002	20.3%	61.8%	**82.1%**	21.2%	63.5%	**84.7%**	18.9%	58.9%	**77.8%**	15.9%	61.1%	**77.0%**	18.8%	61.7%	**80.5%**
11 Courteousness of office staff (Question deleted in 2002)	2000	21.6%	64.7%	**86.3%**	23.7%	65.2%	**88.9%**	19.3%	61.3%	**80.6%**	14.6%	61.5%	**76.1%**	16.3%	69.8%	**86.1%**
	2002	23.5%	64.8%	**88.3%**	24.8%	65.2%	**90.0%**	20.9%	65.8%	**86.7%**	19.1%	62.5%	**81.6%**	20.2%	65.6%	**85.8%**
12 How do you rate the amount of time it takes to be processed through the toll booth?	2000	23.5%	57.1%	**80.6%**	23.8%	56.9%	**80.7%**	23.0%	55.4%	**78.4%**	22.1%	55.1%	**77.2%**	24.4%	57.2%	**81.6%**
	2002	18.7%	61.1%	**79.8%**	20.4%	61.7%	**82.1%**	19.4%	60.7%	**80.1%**	15.3%	61.9%	**77.2%**	14.7%	62.9%	**77.6%**
13 Your E-Z Pass Experience	2000	51.2%	37.9%	**89.1%**	55.1%	35.9%	**91.0%**	46.7%	39.9%	**86.6%**	45.6%	40.6%	**86.2%**	47.2%	42.0%	**89.2%**
	2002	36.2%	52.7%	**88.9%**	49.7%	41.7%	**91.4%**	34.3%	49.8%	**84.1%**	26.1%	57.7%	**83.8%**	28.2%	60.0%	**88.2%**
14 State Police Assistance	2000	26.2%	56.5%	**82.7%**	24.7%	56.9%	**81.6%**	28.6%	55.6%	**84.2%**	25.9%	53.1%	**79.0%**	25.6%	56.0%	**81.6%**
	2002	21.5%	63.5%	**85.0%**	21.3%	64.2%	**85.5%**	17.6%	65.6%	**83.2%**	19.9%	66.7%	**86.6%**	21.1%	66.8%	**87.9%**
15 Roadside Assistance	2000	15.8%	60.6%	**76.4%**	16.5%	58.6%	**75.1%**	17.5%	55.2%	**72.7%**	9.8%	68.2%	**78.0%**	12.5%	65.8%	**78.3%**
	2002	12.7%	66.0%	**78.7%**	13.9%	66.5%	**80.4%**	11.5%	66.6%	**78.1%**	13.0%	72.1%	**85.1%**	9.8%	66.8%	**76.6%**
16 Travel Conditions in Work Zones	2000	6.6%	57.1%	**63.7%**	6.1%	56.1%	**62.2%**	6.4%	52.3%	**58.7%**	6.3%	57.7%	**64.0%**	7.7%	62.3%	**70.0%**
	2002	7.5%	60.7%	**68.2%**	7.4%	60.0%	**67.4%**	8.3%	60.0%	**68.3%**	9.3%	60.7%	**70.0%**	7.0%	63.4%	**70.4%**
17 Winter Travel Conditions	2000	13.7%	64.8%	**78.5%**	12.2%	65.7%	**77.9%**	13.8%	61.5%	**75.3%**	17.6%	61.9%	**79.5%**	16.3%	65.6%	**81.9%**
	2002	12.7%	68.2%	**80.9%**	11.6%	70.3%	**81.9%**	13.1%	68.7%	**81.8%**	15.7%	65.6%	**81.3%**	13.4%	65.4%	**78.8%**
18 Thruway Information and Road Conditions	2000	15.4%	59.8%	**75.2%**	14.6%	60.5%	**75.1%**	14.8%	55.0%	**69.8%**	57.6%	15.9%	**73.5%**	17.6%	61.4%	**79.0%**
(Question Modified 2002)	2002															
HAR		11.5%	64.6%	**76.1%**	11.4%	67.9%	**79.3%**	10.4%	62.5%	**72.9%**	12.6%	67.4%	**80.0%**	12.3%	61.6%	**73.9%**
800#		14.8%	69.7%	**84.5%**	15.3%	71.3%	**86.6%**	10.4%	71.8%	**82.2%**	12.5%	73.8%	**86.3%**	15.9%	66.3%	**82.2%**
VMS		12.6%	69.2%	**81.8%**	11.8%	71.2%	**83.0%**	10.8%	66.4%	**77.2%**	14.0%	70.7%	**84.7%**	14.1%	67.6%	**81.7%**
Website		12.5%	72.0%	**84.5%**	14.7%	71.3%	**86.0%**	10.7%	73.7%	**84.4%**	8.8%	75.0%	**83.8%**	10.7%	69.9%	**80.6%**

Thruway Customer Survey 2000/2002 Breakdown by Travel Purpose

		Overall			Personal/Pleasure			Business			Commuter			Commercial		
		Excellent	Good	Excellent Good	Excellent	Good	Excellent Good	Excellent	Good	Excellent Good	Excellent	Good	Excellent Good	Excellent	Good	Excellent Good
19 Overall Maintenance	2000	17.0%	71.6%	**88.6%**	17.4%	71.0%	**88.4%**	15.1%	72.1%	**87.2%**	18.5%	70.2%	**88.7%**	16.7%	73.1%	**89.8%**
	2002	14.1%	74.2%	**88.3%**	15.0%	75.0%	**90.0%**	12.7%	75.0%	**87.7%**	13.8%	74.7%	**88.5%**	11.4%	72.7%	**84.1%**
20 Overall Safety During Your Trip	2000	21.6%	69.9%	**91.5%**	21.7%	69.8%	**91.5%**	20.2%	69.7%	**89.9%**	23.1%	67.3%	**90.4%**	21.8%	71.8%	**93.6%**
	2002	18.7%	74.2%	**92.9%**	19.7%	74.5%	**94.2%**	16.7%	75.8%	**92.5%**	15.2%	76.8%	**92.0%**	16.2%	72.8%	**89.0%**
21 Where do you live?		**In State**	**Out of State**													
Total in Group 2000	2000	61.4%	38.6%		60.4%	39.6%	**2715**	78.6%	21.4%	**1006**	89.6%	10.4%	**351**	43.4%	56.6%	**650**
Total in Group 2002	2002	61.1%	38.9%		54.6%	45.4%	**3092**	74.7%	25.3%	**731**	88.9%	11.1%	**351**	44.2%	55.8%	**1031**

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)

Basic Financial Statements

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515 Broadway
Albany, NY 12207

Independent Auditors' Report

Members of the Board
New York State Thruway Authority

We have audited the accompanying basic financial statements of the New York State Thruway Authority (Authority), a component unit of the State of New York, as of and for the year ended December 31, 2002, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2002, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 2, the Authority has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and GASB Statement No. 37*, Basic Financial Statements - and Management's Discussions and Analysis - for State and Local Governments - Omnibus* as of January 1, 2002. In addition, the Authority adopted GASB Statement No. 38, *Certain Financial Statement Note Disclosures,* effective January 1, 2002.

The accompanying management's discussion and analysis on pages 41 through 46 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards,* we have also issued a report dated April 18, 2003 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

KPMG LLP

April 18, 2003

KPMG LLP.KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss association.

The following discussion and analysis of the New York State Thruway Authority's (Authority) financial performance provides an overview of the Authority's activities for the calendar year ended December 31, 2002. Please read it in conjunction with the Authority's financial statements that follow this section. This discussion and analysis is intended to serve as an introduction to the Authority's financial statements which are comprised of the basic financial statements and the notes to the financial statements.

Financial Highlights

- The Authority adopted the provisions of Governmental Accounting Standards Board Statement Number 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB 34), and GASB Statement 37, Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Government – Omnibus effective January 1, 2002. In addition, the Authority adopted GASB Statement 38, Certain Financial Statement Note Disclosures, effective January 1, 2002. These statements established significant changes to the Authority's financial statement presentation and disclosure requirements.

- Toll revenue for the year was $423.4 million, an increase of $11.6 million or 2.8% compared to 2001.

- Total operating expenses for the New York State Thruway, the Canal Corporation, Interstate 84 and for Other Authority Projects for the year, excluding depreciation and amortization, were $319.2 million.

- Total net assets as of December 31, 2002 were approximately $2.7 billion, a decrease of $79.5 million compared to December 31, 2001.

- Total capital assets (net of depreciation) as of December 31, 2002 increased by $84.0 million to $4.1 billion compared to 2001.

Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis, the basic financial statements, and the statement's notes.

The financial statements provide summary information about the Authority's overall financial condition. The notes provide explanation and more details about the contents of the financial statements.

The Authority is considered a special-purpose government engaged in business-type activities and follows financial reporting for enterprise funds. The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred. For 2002, the Authority's financial statements have been prepared for the first time in accordance with the requirements of the GASB 34 and related statements as described above. The Authority has adjusted the capital assets and long-term liabilities at January 1, 2002 to reflect accounting policy changes that affect beginning net assets that were necessitated by the implementation of GASB 34. However, the 2001 financial results were not restated and therefore do not appear in the basic financial statements. Where appropriate, 2001 results are referenced in this discussion to provide for comparison between years. Comparative results will be presented in the basic financial statements for 2003.

Financial Analysis of the Authority

Net Assets

The Authority's total net assets at December 31, 2002 (See Table A-1) were approximately $2.7 billion, a 2.8% decrease compared to December 31, 2001. Total assets increased 2.8% to $4.5 billion and total liabilities increased 13.2% to $1.7 billion.

Table A-1
Net Assets
December 31, 2002
(In millions of dollars)

Unrestricted current assets	$ 112.7
Restricted current assets	236.9
Capital assets	4,113.9
Noncurrent assets	14.7
Total assets	4,478.2
Current liabilities	676.6
Noncurrent liabilities	1,058.2
Total liabilities	1,734.8
Net assets:	
Invested in capital assets, net of related debt	2,568.1
Restricted for debt service	80.3
Restricted for reserve maintenance	57.0
Restricted for construction	14.9
Unrestricted	23.1
Total net assets	$ 2,743.4

Various bonds and notes have been issued to finance the rehabilitation of Authority infrastructure. When proceeds from these issuances are initially received they are reflected on the Statement of Net Assets as a Restricted Asset. As construction progresses on rehabilitation projects and these proceeds are used, a shift occurs from Restricted Assets to Capital Assets.

Net assets invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and is reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, rehabilitation, or improvement of those assets. The outstanding indebtedness includes revenue bonds, special obligation bonds, and bond anticipation notes. (See note 6 for further discussion of long-term debt).

Changes in Net Assets

Net assets decreased by $79.4 million in 2002 compared to 2001 (See Table A-2). The Authority's total operating revenues for 2002 were $452.2 million and total operating expenses including depreciation and amortization were $500.5 million.

Table A-2
Changes in Net Assets
Year ended December 31, 2002
(In millions of dollars)

Operating revenues:	
Toll revenue	$ 423.4
Concession revenue	14.8
Miscellaneous	14.0
Total operating revenues	452.2
Operating expenses:	
Administrative	21.3
Engineering services	5.0
Maintenance	87.5
Finance and accounts	5.5
Operations	74.4
General charges	70.2
Canals	39.3
Interstate 84	10.6
Other authority projects	5.4
Depreciation and amortization	181.3
Total operating expenses	500.5
Operating loss	(48.3)
Nonoperating revenue (expenses)	
Interest expense	(66.5)
Nonoperating revenues	11.9
Net nonoperating expenses	(54.6)
Loss before other revenue and special items	(102.9)
Capital contribution	32.3
Special item	(8.9)
Change in net assets	(79.5)
Total net assets, beginning of the year	2,822.9
Total net assets, end of the year	$ 2,743.4

Toll revenue for 2002 increased $11.6 million or 2.8%. Passenger toll revenue increased $8.4 million or 3.4% and commercial toll revenue increased $3.2 million or 1.9% due to normal traffic growth.

Concession revenue increased $905,650 from the prior year as a result of higher sales and the elimination of rental abatements granted to gasoline station operators during the first two months of the prior year.

The most noticeable impact of GASB 34 is the $181.3 million reflected in 2002 for depreciation and amortization. For 2001 and prior years, capital expenditures were expensed as nonoperating items in the year incurred. No depreciation or amortization was recorded or charged to operating expenses prior to 2002. Operating expenses also include the costs of operating the Canals, Interstate 84, and certain Other Authority Projects.

Nonoperating revenue (expenses) consist mainly of the Authority's interest expense related to outstanding debt. Capital contributions consist of reimbursements from the federal government and the special item relates to the Authority's participation in an Early Retirement Program authorized by the State Legislature and approved by the Authority Board.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2002, the New York State Thruway Authority had invested approximately $6.8 billion in capital assets, including roads, bridges, buildings, land and equipment. Net of accumulated depreciation, the Authority's capital assets at December 31, 2002, totaled approximately $4.1 billion, (See Table A-3) representing a net increase (including additions, disposals and depreciation) of approximately $84 million or 2.1% over December 31, 2001.

Table A-3
Capital Assets
December 31, 2002
(In millions of dollars)

Land and land improvements	$ 772.6
Construction work in progress	306.5
Thruway System	5,275.4
Canal System	267.3
Equipment	171.5
Less accumulated depreciation	(2,679.4)
Total net capital assets	$ 4,113.9

Construction work in progress increased by approximately $91.0 million as a result of continuing rehabilitation and improvement of infrastructure assets identified in the Authority's Six Year Capital Program. Completed projects resulted in increases of approximately $51.8 million and $11.1 million, respectively, in the Thruway System and land improvement capital asset values. The Canal System increased by $46.1 million primarily due to the continuing rehabilitation of canal locks and the construction of a new canal maintenance facility in Syracuse, New York. Equipment increased by $5.6 million primarily due to the purchase of E-ZPass tags necessary to accommodate the growing customer base for electronic toll collection and the need to replace older tags.

More detailed information about the Authority's capital assets is presented in note 4.

Debt Administration

Bond and note sales must be approved by the Authority's Board, members of which are appointed by the Governor with the advice and consent of the State Senate. They must also comply with rules and regulations of the United States Treasury Department and the United States Securities and Exchange Commission.

Long-term debt includes general revenue bonds of varying rates and maturities issued primarily to fund a portion of the cost of the Authority's capital plan. Some of the general revenue bonds were issued to refund earlier issues. General Revenue Bond Anticipation Notes, some in the form of liquidity supported commercial paper, have also been issued as an additional source of funds for the Authority's Capital Program. The Authority issued $30.8 million in special obligation bonds in 1991 to fund the purchase from the State of New York of an eleven mile highway, designated Interstate Route 287, in Westchester County, New York.

At December 31, 2002, the Authority has approximately $1,080.4 million in revenue and special obligation bonds and $500.4 million in bond anticipation notes outstanding, a 12.1% increase from December 31, 2001 (See Table A-4). Of the $1,058 million in revenue bonds outstanding, approximately $188.4 million are insured and rated Aaa by Moody's and AAA by Standard and Poor's (S&P). The remaining revenue bonds are rated AA-by S&P and Aa3 by Moody's. The special obligation bonds are not insured and are rated BBB by S&P. Of the $500.4 million in bond anticipation notes, $300 million are supported with a standby credit facility and are rated P-1 by Moody's and A-1+ by S&P. The remainder of the notes are rated MIG-I and SP-1+ by Moody's and S&P, respectively. As part of S&P's ongoing secondary market surveillance during 2003, they have reviewed the Authority's latest financial report and various other relevant data. As a result of this review, S&P has affirmed the current ratings on the Authority's outstanding debt and provided a stable ratings outlook.

Table A-4
Outstanding Debt
Year ended December 31, 2002
(In millions of dollars)

	Beginning Balance	Additions	Retired	Ending Balance
General Revenue Bonds	$ 1,081.3	—	(23.3)	1,058.0
Special Obligation Bonds	28.4	2.3	(8.3)	22.4
Total bonds	1,109.7	2.3	(31.6)	1,080.4
Bond Anticipation Notes	300.0	201.7	(1.3)	500.4
Total Bonds and Notes	$ 1,409.7	204.0	(32.9)	1,580.8

On March 26, 2003, the Authority issued Series 2003A Bond Anticipation Notes at a par value of $350 million. Approximately $206 million of this issuance was used to retire the Series 2002A Bond Anticipation Notes and the remaining $144 million will be used to finance the Authority's capital program.

More detailed information about the Authority's long-term debt is presented in note 6.

Contacting the New York State Thruway Authority's Financial Management

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Authority's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional information, contact the New York State Thruway Authority's Department of Finance & Accounts, P.O. Box 189, Albany, NY 12201-0189.

NEW YORK STATE THRUWAY AUTHORITY

(A Component Unit of the State of New York)

Statement of Net Assets
December 31, 2002

Assets	
Current assets:	
Cash and cash equivalents	$ 74,608,235
Investments	1,941,470
Accrued interest receivable	590,479
Accounts receivable, net	23,143,105
Materials and other inventory	11,124,813
Prepaid insurance and deferred expenses	1,239,730
Restricted cash and cash equivalents	114,952,868
Restricted investments	102,354,427
Restricted accrued interest receivable	568,523
Restricted accounts receivable, net	19,063,307
Total current assets	349,586,957
Noncurrent assets:	
Capital assets, net of accumulated depreciation	4,113,910,944
Investment in State Infrastructure Bank	3,000,000
Bond issuance costs, less accumulated amortization	11,725,395
Total noncurrent assets	4,128,636,339
Total assets	4,478,223,296
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	89,781,128
Accrued wages and employee benefits	18,717,550
Deferred revenue	26,590,922
Accrued interest payable	5,436,087
Current amount due on bonds and notes	536,078,004
Total current liabilities	676,603,691
Noncurrent liabilities:	
Bonds and notes payable, net of unamortized discounts and premiums	1,044,754,397
Other long-term liabilities	13,498,113
Total noncurrent liabilities	1,058,252,510
Total liabilities	1,734,856,201
Net Assets	
Invested in capital assets, net of related debt	2,568,066,233
Restricted for:	
Debt service	80,275,734
Reserve maintenance	56,959,084
Construction	14,950,126
Unrestricted	23,115,918
Total net assets	$ 2,743,367,095

See accompanying notes to basic financial statements.

NEW YORK STATE THRUWAY AUTHORITY

(A Component Unit of the State of New York)

Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended December 31, 2002

Operating revenues:	
Tolls, net of volume discounts of $8,967,929	$ 423,358,768
Concessions	14,797,623
Miscellaneous	14,070,095
Total operating revenues	452,226,486
Operating expenses:	
Administrative	21,345,808
Engineering services	5,010,750
Maintenance engineering:	
Thruway maintenance	67,035,921
Equipment maintenance	20,445,992
Finance and accounts	5,486,641
Operations:	
Traffic and services	6,470,987
State police	26,106,852
Toll collection	41,891,622
General charges	70,202,285
Canals	39,308,962
Interstate 84	10,566,256
Other Authority Projects	5,370,147
Depreciation and amortization	181,278,549
Total operating expenses	500,520,772
Operating loss	(48,294,286)
Nonoperating revenues (expenses):	
Interest revenue on investments	1,768,464
Interest expense	(66,492,216)
Federal and other aid	10,140,243
Net nonoperating expenses	(54,583,509)
Loss before other revenue and special items	(102,877,795)
Capital contributions	32,299,523
Special item – early retirement expense	(8,902,157)
Change in net assets	(79,480,429)
Total net assets, beginning of year	2,822,847,524
Total net assets, end of year	$ 2,743,367,095

See accompanying notes to basic financial statements.

NEW YORK STATE THRUWAY AUTHORITY

(A Component Unit of the State of New York)

Statement of Cash Flows
Year Ended December 31, 2002

Cash flows from operating activities:	
Cash received from toll collections	$ 432,122,818
Cash received from concession sales	15,315,933
Other operating cash receipts	14,428,791
Personal service payments	(180,207,524)
Fringe benefit payments	(57,484,064)
E-Zpass account management payments	(18,874,354)
Cash payments to vendors and contractors	(57,191,856)
Net cash provided by operating activities	148,109,744
Cash flows from noncapital financing activities:	
Federal aid and other reimbursements	7,325,584
Cash flows from capital and related financing activities:	
Proceeds from debt issued	201,818,426
Federal aid and other capital contributions	29,197,385
Purchase of capital assets	(254,329,268)
Principal paid on capital debt	(29,892,432)
Interest paid on capital debt	(65,940,696)
Proceeds from sale of capital assets	1,229,351
Net cash used by capital and related financing activities	(117,917,234)
Cash flows from investing activities:	
Purchase of investments	(324,200,767)
Proceeds from sale and maturities of investments	301,354,417
Interest on investments	2,283,702
Net cash used by investing activities	(20,562,648)
Net increase in cash and cash equivalents	16,955,446
Cash and cash equivalents, January 1, 2002	172,605,657
Cash and cash equivalents, December 31, 2002	$ 189,561,103

NEW YORK STATE THRUWAY AUTHORITY
(A Component Unit of the State of New York)

Statement of Cash Flows
Year Ended December 31, 2002

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (48,294,286)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	181,278,549
Net changes in assets and liabilities:	
Increase receivables	4,669,015
Increase inventories	1,663,241
Decrease prepaid expenses	(365,673)
Increase accounts payable and accrued expenses	(6,030,217)
Decrease accrued wages and benefits	10,211,409
Decrease deferred revenue	4,977,706
Net cash provided by operating activities	$ 148,109,744
Reconciliation to Statement of Net Assets:	
Cash and cash equivalents	$ 74,608,235
Restricted cash and cash equivalents	114,952,868
Total cash and cash equivalents	$ 189,561,103

See accompanying notes to basic financial statements.

(1) Financial Reporting Entity

The New York State Thruway Authority (the Authority) is a Public Benefit Corporation created by the New York State Legislature in 1950 to build, operate, and maintain the Thruway System. The New York State Canal Corporation (the Canal Corporation), a subsidiary public corporation of the Authority, was created by the New York State Legislature (State) in August 1992 to accept jurisdiction and control over the State Canal System from the State. The Authority and the Canal Corporation, each consist of a Board of three members, appointed by the Governor, with the consent of the New York State Senate.

The Authority is responsible for a 641-mile system of highways crossing New York State, the longest toll highway system in the United States. The Authority's 426-mile Thruway mainline connects New York City and Buffalo, the State's two largest cities. Other Thruway sections provide for connections with Connecticut, Massachusetts, Pennsylvania, New Jersey, and to highways that lead to the Midwest and Canada. In accordance with legislation passed by the State Legislature, the Cross-Westchester Expressway (CWE) and I-84 were added to the Thruway in 1991 and 1992, respectively. Pursuant to this legislation, the Authority is prohibited from imposing any toll, fee, rental, or charge for the use of the CWE or I-84. The legislation which transferred responsibility for maintenance of the Canal System to a subsidiary corporation of the Authority and transferred the CWE and I-84 to the Authority also authorized and directed the Authority to assist in the financing of certain transportation related projects and facilities under the category of "Other Authority Projects". The accounts and activities of the Canal Corporation and these "Other Authority Projects" are included in the financial statements of the Authority. Revenues of the Canal System are to be credited to the New York State Canal Development Fund (Fund) created by the 1992 legislation and held by the State, where they are available subject to appropriation only for purposes of the Canal System as directed by the Canal Recreationway Commission. The State of New York may from time to time authorize the Authority by statute to undertake additional financing activities to finance primarily non-Authority transportation projects in the State. The Authority is responsible for administering these special bond programs as discussed in note 7.

The accompanying financial statements include the accounts and transactions of the New York State Thruway Authority, New York State Canal Corporation and the Canal Development Fund, henceforth referred to as the "Authority".

The Authority is a legally and fiscally separate and distinct organization solely responsible for its finances and the credit of the State of New York is not pledged to the operation of the Authority. The Authority is empowered to issue revenue bonds solely from Authority revenues. However, under the criteria specified in Government Accounting Standards Board Statement No. 14, the Authority is considered a component unit of the State of New York, because the Governor appoints all members of the Authority's Governing Board.

(2) Summary of Significant Accounting Policies

The accounting policies and financial reporting practices of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority applies all applicable GASB pronouncements as well as Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails, and solely GASB pronouncements issued subsequently. The more significant accounting policies are described below:

(a) Changes in Accounting Principles

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments* (Statement 34) as amended by GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments - Omnibus*. Statement 34 establishes financial reporting standards for all state and local governments and related entities. Statement 34 primarily relates to presentation and disclosure requirements. The impact of implementation include changes in financial statement presentation, the inclusion of management's discussion and analysis, and the preparation of a Statement of Cash Flows on the direct method.

As a special purpose government engaged only in business-type activities, the Authority is now required to follow financial reporting for enterprise funds. Prior to Statement 34, the Authority followed the requirements for financial reporting as a general purpose government. The change in presentation is significant.

Under Statement 34 the Authority's activities are presented in a singular column format rather than in multiple funds and account groups and changes the basis of accounting from modified accrual to full accrual. The most significant impact of this change is the inclusion of capital assets and long-term liabilities in the combined net assets of the Authority. The adoption of Statement 34 had the following impact on the Authority's net assets at the beginning of the year.

Combined governmental fund balance at December 31, 2001	$ 172,295,579
Net adjustment for inclusion of capital assets and long-term liabilities	2,650,551,945
Net assets at January 1, 2002	$ 2,822,847,524

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures* (Statement 38) in 2002. Statement 38 establishes and modifies certain financial statement note disclosure requirements to make the financial statements more useful in the context of the Statement 34 reporting model. Statement 38 had an impact on the presentation of the notes to the financial statements, but no impact on net assets.

(b) Basis of Accounting

The operations of the Authority are presented as an enterprise fund following the accrual basis of accounting in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the Authority are included in the Statement of Net Assets. The principal revenues of the Authority are toll revenues received from patrons. The Authority also recognizes as operating revenue the rental fees received from concessionaires from operating leases on concession property, special hauling fees charged to overweight or oversize vehicles and sundry revenue collected primarily from the lease of property. Operating expenses for the Authority include the maintenance costs of operating the Authority, administrative expenses, and depreciation on capital assets including infrastructure. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The New York State Office of the State Comptroller requires that the Authority adopt and report in accordance with generally accepted accounting principles as it is a component unit of the State, however, the Authority's bond resolution requires that certain funds and accounts be established and maintained. The Authority consolidates these funds and accounts for the purpose of enterprise fund presentation in its external financial statements.

(c) Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits. Cash equivalents include all highly liquid deposits with an original maturity of three months or less when purchased. These deposits are fully collateralized or covered by federal deposit insurance.

Investments consist of money market instruments with a maturity of more than three months but less than one year and are recorded at amortized cost. These investments are not included in cash and cash equivalents in the Statement of Cash Flows.

(d) Accounts Receivable, Net

Accounts receivable consist primarily of accounts receivable from commercial trucking companies and of amounts receivable from the Federal government under various Federal programs. All commercial accounts receivable are guaranteed by surety bonds and cash deposits. An allowance of $150,000 is established for estimated uncollectible accounts receivable.

(e) Materials and Other Inventory

Materials and other inventory consist of stores, materials, and supplies inventory and are valued at cost (weighted average cost). The cost of inventory items is recognized as an expense when used.

(f) Deferred Revenue

Deferred revenue consists of the prepaid deposits made by private and commercial customers into their E-Z Pass accounts held by the Authority and 2003 annual permit revenue collected in 2002.

(g) Restricted Assets

Certain proceeds of the Thruway revenue bonds are restricted by applicable bond covenants for construction or set aside as reserves to ensure repayment of the bonds. Also, certain other assets are accumulated and restricted in accordance with the bond resolutions for the purpose of paying debt interest and principal payments that are due on a semi-annual and annual basis, respectively, and for the purpose of maintaining the reserve funds at required levels. Payments from these restricted funds are strictly governed by the bond resolutions and adhered to. Those types of expenses which do not meet these standards are paid from unrestricted funds. The restricted funds established pursuant to bond resolutions and applicable balances at December 31, 2002 are as follows:

Senior Debt Service Fund: Established to receive funds from the Revenue Fund to make periodic payments of interest and principal on the dates due. The amount held in the fund as restricted at December 31, 2002 was $296,219.

Senior Debt Service Reserve Fund: Established to retain funds equal to the maximum amount of aggregate debt service for any twelve month period on all outstanding bonds secured by the Senior Debt Service Reserve Fund. The amount held in the fund as restricted at December 31, 2002 was $70,385,023.

Bond Earnings Fund (Cross-Westchester Expressway Project): Established to receive interest earnings or net gains on investments from various funds, as necessary, to make any required rebate payments to the U.S. Treasury related to the Cross-Westchester Expressway Project Bonds. Any excess funds are deposited into the Bond Revenue Fund. The amount held in the fund as restricted at December 31, 2002 was $23,129.

Bond Service Fund (Cross-Westchester Expressway Project): Established to receive funds from the Revenue Fund, representing revenues from restaurant concessionaires, and to make payments of principal and interest on the due dates relating to the Cross-Westchester Expressway Project special obligation bonds. The amount held in the fund as restricted at December 31, 2002 was $1,363.

Bond Service Reserve Fund (Cross-Westchester Expressway Project): Established to provide a reserve for payment of principal and interest on the special obligation bonds for the maximum amount of debt service for the bonds in any succeeding calendar year. The amount held in the fund as restricted at December 31, 2002 was $9,570,000.

Construction Fund: Established to hold moneys paid into it from the sale of bonds to pay for costs of the "Facilities" and "Other Authority Projects" as defined in the bond resolutions. Any remaining money upon completion or abandonment of such projects shall be transferred to other funds in accordance with terms outlined in the bond resolutions. The amount held in the fund as restricted at December 31, 2002 was $99,189,203.

Reserve Maintenance Fund: Established to hold funds required to be deposited each fiscal year into the Reserve Maintenance Fund which shall be no less than the greater of $30,000,000 or the amount specified in the Independent Consultant's Certificate for such fiscal year (the minimum amount). The amount deposited into the Reserve Maintenance Account may not exceed any amount from time to time established by the Authority pursuant to a Supplemental Resolution (the maximum amount) provided that the maximum amount may not be less than the minimum amount. For 2002 the minimum amount was $30,000,000. The Authority did not establish a maximum amount for 2002.

Money held in the Reserve Maintenance Fund can be disbursed for specific costs relating to the "Facilities" as defined in the bond resolution, certain highway and railroad grade crossings, and to pay debt service, when due, on the bonds, when deficiencies exist. The amount held in the fund as restricted at December 31, 2002 was $57,474,188.

(h) Pensions

Substantially all Authority employees, as well as the State Police assigned to the Thruway System, are members of cost sharing multiple-employer public employee retirement systems. Expenses are based on billings which are paid currently.

(i) Compensated Absences

Vacation leave accumulates for all full-time employees of the Authority, ranging from 13 to 25 days per year, and any unused amounts up to 30 days are considered vested and paid upon retirement or termination. Authority employees also accumulate sick leave at the rate of 10 to 13 days per year and personal leave credits at the rate of 3 to 5 days per year. Employees may use the accumulated sick and personal leave credits according to the established policy, however, generally no cash is paid for these accumulated credits at the time of retirement or termination. The $9,494,729 liability for vested compensated absences is recorded as another long-term liability of $8,820,092 and a current liability of $673,820 as part of accrued wages and employee benefits.

(j) Bond Discounts/Premiums and Bond Issuance Costs

Bond discounts/premiums are presented as a reduction of the face amount of the bonds payable. Bond issuance costs are presented as a deferred asset on the Statement of Net Assets. The discounts/premiums and issuance costs are amortized over the life of the bonds on a method that approximates the effective interest method. Amortization expense related to bond discounts/premiums was $3,236,698 at December 31, 2002 and is included as a component of interest expense. Depreciation expense includes amortization of bond issuance costs at December 31, 2002 of $1,718,861.

(k) Arbitrage

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements, and arbitrage rebate liability on issuers of tax-exempt debt. This Act requires the remittance to the IRS of 90% of the cumulative rebatable arbitrage within 60 days of the end of each five-year reporting period following the issuance of governmental bonds. The Authority's policy is annually to record as a liability the estimated amount owed. The Authority actively manages its invested bond proceeds to minimize any arbitrage liability. The Authority had no cumulative arbitrage rebate liability for the year ended December 31, 2002.

(l) Income Taxes

The Authority is a public benefit corporation of the State of New York. As such, income earned in the exercise of its essential government functions is exempt from state and federal income taxes.

(m) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reporting of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Cash and Investments

At December 31, 2002, the Authority's cash and investments were as follows:

	Carrying Value	Fair Value
Cash and cash equivalents:		
Unrestricted:		
Cash:		
Demand deposits	$ 8,161,670	8,161,670
Deposits in transit	1,799,184	1,799,184
Toll related change funds	139,450	139,450
Total unrestricted cash equivalents	10,100,304	10,100,304
Cash equivalents:		
Government sponsored agency discount notes	46,068,884	46,117,224
Repurchase agreements	15,764,643	16,461,323
Time deposits	2,674,404	2,674,404
Total unrestricted cash equivalents	64,507,931	65,252,951
Restricted:		
Cash:		
Demand deposits	15,562,075	15,562,075
Total restricted cash	15,562,075	15,562,075
Cash equivalents:		
Government sponsored agency discount notes	70,980,774	71,055,256
Repurchase agreements	24,289,423	25,362,835
Time deposits	4,120,596	4,120,596
Total restricted cash equivalents	99,390,793	100,538,687
Total cash and cash equivalents	$ 189,561,103	191,454,017
Investments:		
Unrestricted:		
Time deposits	1,941,470	1,941,470
Total unrestricted investments	1,941,470	1,941,470
Restricted:		
Government sponsored agency discount notes	79,481,512	79,969,210
Repurchase agreements	22,672,915	22,625,302
Time deposits	200,000	200,000
Total restricted investments	102,354,427	102,794,512
Total investments	$ 104,295,897	104,735,982

The Authority manages its investments pursuant to the respective bond resolutions, public authorities law and the Authority's Investment Policy approved annually by the Authority's Board. Permitted investments are defined as obligations in which the State Comptroller may invest pursuant to Section 98(a) of the State Finance Law. This includes obligations of the United States and its Federal agencies, collateralized time deposits, commercial paper, bankers acceptances, and repurchase agreements.

The Authority requires collateral in the form of federal government obligations or agency instruments guaranteed by the federal government, for investments in repurchase agreements. The Authority requires delivery to its Trustee (agent) of all securities purchased and collateral for repurchase agreements, regardless of the seller institution. All Authority investment securities are classified as securities acquired by a financial institution for the Authority and held by the financial institution's trust department in the Authority's name. Bank balances of demand deposits as of December 31, 2002 are $17,865,559 and are fully insured or collateralized. Amounts are collateralized with securities transferred to and held by the Authority's trustee (agent) in the Authority's name.

(4) Capital Assets

Included under capital assets, being depreciated is the Thruway System, Canal System, and Equipment. The Thruway System reflects infrastructure assets consisting of bridges, highways, buildings, toll equipment, and intelligent transportation systems. The Canal System includes canal structures and buildings. Equipment includes software systems, E-ZPass tags, vehicles, and machinery.

All capital assets are stated at cost. Capital assets are defined as assets with initial, individual costs exceeding capitalization thresholds of $5,000 to $50,000. Depreciation is computed on the straight-line method over the following estimated useful lives

Category	Useful life	Threshold
Bridges	45 years	$50,000
Highways	30 years	50,000
Highway improvements	10 years	50,000
Buildings (Thruway)	30 years	20,000
Canal Structures	100 years	50,000
Buildings (Canal)	100 years	20,000
Equipment	2-12 years	5,000

The following schedule summarizes the capital assets of the Authority as of December 31, 2002.

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land and land improvements	$ 761,545,718	11,068,217	---	772,613,935
Construction in progress	215,488,624	219,399,281	(128,441,852)	306,446,053
Total capital assets, not being depreciated	977,034,342	230,467,498	(128,441,852)	1,079,059,988
Capital assets, being depreciated:				
Thruway System	5,223,619,101	95,538,268	(43,762,506)	5,275,394,863
Canal System	221,252,171	50,146,191	(4,048,944)	267,349,418
Equipment	165,926,946	32,917,753	(27,325,921)	171,518,778
Total capital assets, being depreciated	5,610,798,218	178,602,212	(75,137,371)	5,714,263,059
Less accumulated depreciation for:				
Thruway System	(2,446,679,395)	(155,928,562)	36,802,501	(2,565,805,456)
Canal System	(19,669,895)	(2,673,494)	---	(22,343,389)
Equipment	(91,563,240)	(20,957,632)	21,257,614	(91,263,258)
Total accumulated depreciation	(2,557,912,530)	(179,559,688)	58,060,115	(2,679,412,103)
Net value of capital assets, being depreciated	3,052,885,688	(957,476)	(17,077,256)	3,034,850,956
Net value of all capital assets	$4,029,920,030	229,510,022	(145,519,108)	4,113,910,944

At December 31, 2002 depreciation expense related to capital assets was $179,559,688.

(5) Operating Leases

The Authority has entered into various noncancelable contracts with concessionaires to provide patron services on the Thruway System. These contracts provide the Authority with concession revenue, including minimum rentals plus contingent revenues based on sales volume. The Authority also leases land that is used for antenna space and fiber optic cable under noncancelable contracts. Concessions revenue contract terms range from 19 to 26 years. Radio tower contract terms generally range from 5 to 10 years with renewal options of 1 to 10 years and Fiber optic contract terms range from 17 to 20 years. Total future minimum rental payments to be received as of December 31 are:

	Minimum lease payments
Year:	
2003	$ 12,740,935
2004	12,664,386
2005	11,115,441
2006	3,667,464
2007	3,636,974
Thereafter	17,163,851
Total	$ 60,989,051

The decrease in minimum lease payments in 2006 is the result of a concessionaire agreement expiring on September 30, 2005. The other concessionaire agreement expires on December 31, 2010.

(6) Long-term Liabilities

The Authority's bond and note indebtedness and other long-term liabilities as of December 31, 2002 are comprised of the following obligations:

	Date of Issuance	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General revenue bonds:						
1992 Series A	8/92	$ 7,630,000	—	(7,630,000)	—	—
1993 Series B	12/93	172,035,000	—	(4,525,000)	167,510,000	4,725,000
1995 Series C	2/95	27,105,000	—	(6,260,000)	20,845,000	6,590,000
1997 Series D	5/97	321,640,000	—	(6,490,000)	315,150,000	6,805,000
1998 Series E	6/98	570,170,000	—	(1,640,000)	568,530,000	9,755,000
Unamortized bond discounts/ premiums		(17,240,883)	—	3,236,698	(14,004,185)	(1,176,015)
General revenues bonds net of unamortized discounts/ premiums		1,081,339,117	—	(23,308,302)	1,058,030,815	26,698,985
Special obligation bonds:						
CWE (Accreted value)	3/91	28,422,746	2,289,821	(8,350,000)	22,362,567	8,940,000
Total bonds net of unamortized discounts/ premiums		$1,109,761,863	2,289,821	(31,658,302)	1,080,393,382	35,638,985
Bond anticipation notes						
Series CP-1	4/00	$ 150,000,000	—	—	150,000,000	150,000,000
Series CP-2	5/01	150,000,000	—	—	150,000,000	150,000,000
Series 2002A	4/02	—	200,000,000	—	200,000,000	200,000,000
Unamortized Series 2002A premium		—	1,688,426	(1,249,407)	439,019	439,019
Total bond anticipation notes and unamortized premium		300,000,000	201,688,426	(1,249,407)	500,439,019	500,439,019
Total bonds and notes net of unamortized discounts/premiums		$1,409,761,863	203,978,247	(32,907,709)	1,580,832,401	536,078,004
Other long-term liabilities:						
SIB loan payable		$ 150,000	—	—	150,000	—
Claims liablity		6,500,000	—	(1,972,789)	4,527,211	—
Compensated absences		8,888,809	605,920	—	9,494,729	673,827
Total other long-term liabilities		$ 15,538,809	605,920	(1,972,789)	14,171,940	673,827

Additions to the special obligation bonds represent the current accretion on the capital appreciation bonds.

The debt service requirements for the Authority's bonds as of December 31, 2002 are as follows:

Due	Principal	Interest	Total
1/1/04	$ 35,013,400	55,058,883	90,072,283
1/1/05	37,513,520	53,765,757	91,279,277
1/1/06	37,460,647	52,365,080	89,825,727
1/1/07	32,200,000	50,749,445	82,949,445
1/1/08	33,905,000	49,052,309	82,957,309
1/1/09 - 1/1/13	198,285,000	216,436,601	414,721,601
1/1/14 - 1/1/19	256,045,000	158,670,388	414,715,388
1/1/20 - 1/1/24	327,745,000	87,271,970	415,016,970
1/1/25 - 1/1/27	136,230,000	15,266,090	151,496,090
Unamortized discounts/premiums	(14,004,185)	---	(14,004,185)
Net bond principal outstanding	$ 1,080,393,382	738,636,523	1,819,029,905

General Revenue Bonds - Series B: During December 1993, the Authority issued $202,345,000 in General Revenue Bonds to fund a portion of the Authority's capital construction program, to fund capital costs of certain Other Projects, and to fund certain reserve accounts.

The 1993 General Revenue Bonds are comprised of Serial Bonds and Term Bonds (including Variable Rate Bonds and Convertible Inverse Floating Rate Bonds) with varying rates and maturities. Amounts outstanding at December 31, 2002 are as follows:

Type	Rates	Maturity	Amount (In thousands)
Serial Bonds	4.6% to 5.0%	2004 - 2009	$ 31,915
Term Bonds	5.0%	2014	34,655
Term Bonds	5.0%	2020	50,940
VRDNS/INFLOS	5.0%	2024	50,000
			$ 167,510

Principal payments under the Series B Serial Bonds began on December 31, 1994. The Series B Bonds maturing 2014 and thereafter require sinking fund installments, beginning in the year 2010, through the year 2024 of amounts ranging from $3,510,000 to $12,490,000 annually. The Series B Term Bonds are callable at the option of the Authority, in whole or in part, beginning January 1, 2010, at 100% of par, plus accrued interest. Principal of $4,525,000 maturing January 1, 2003 was paid in December 2002.

General Revenue Bonds – Series C: During February 1995, the Authority issued $320,000,000 in General Revenue Bonds to refund General Revenue Bond Anticipation Notes, to fund the costs of improvements and rehabilitation of portions of the Thruway System, to fund certain Other Authority Projects and to fund certain reserve accounts.

The outstanding 1995 General Revenue Bonds are comprised of Serial Bonds, with varying rates and maturities. Amounts outstanding at December 31, 2002 are as follows:

Type	Rates	Maturity	Amount (In thousands)
Serial Bonds	5.3% - 5.5%	2004 - 2006	$ 20,845
			$ 20,845

Principal payments under the Series C Serial Bonds began on December 31, 1995. In June, 1998, the Authority issued Series E General Revenue Refunding Bonds which refunded $257,835,000 of outstanding Series C Bonds. The net proceeds of the Series E Bonds were deposited in an escrow account held by the trustee to provide principal and interest payments on the refunded Series C Bonds at their respective maturity or redemption dates. Principal of $6,260,000 maturing January 1, 2003 was paid in December, 2002.

General Revenue Bonds – Series D: During May 1997, the Authority issued $350,000,000 in General Revenue Bonds to fund a portion of the cost of the Authority's Six Year Capital Plan, for the period 1997 through 2002 and to fund certain reserve accounts.

The 1997 General Revenue Bonds are comprised of both Serial Bonds and Term Bonds, with varying rates and maturities. Amounts outstanding at December 31, 2002 are as follows:

Type	Rates	Maturity	Amount (In thousands)
Serial Bonds	5.0% - 5.5%	2004 - 2017	$ 135,600
Term Bonds	5.25%	2021	60,910
Term Bonds	5.375%	2027	118,640
			$ 315,150

Principal payments under the Series D Serial Bonds began on December 31, 1997 and continue through the year 2017 in amounts ranging from $5,180,000 to $13,350,000 annually. The Series D Term Bonds require sinking fund installments, beginning in the year 2018, through the year 2027, of amounts ranging from $14,080,000 to $22,450,000 annually. The Series D Bonds are callable at the option of the Authority, in whole or in part, beginning January 1, 2007 at a redemption price up to 102% of par, plus accrued interest. Principal of $6,490,000 maturing January 1, 2003 was paid in December 2002.

General Revenue Refunding Bonds - Series E: During June 1998, the Authority issued $575,555,000 in General Revenue Refunding Bonds to advance refund $28,080,000 of outstanding Series A Bonds and $257,835,000 of outstanding Series C Bonds. The net proceeds of $572,368,259 (including net original issue premium of $274,006 and after payment of $3,460,747 in underwriting fees, and other issuance costs) plus an additional $14,466,320 of Series A and Series C Debt Service and Debt Service Reserve monies were used to purchase U.S. Government Securities. Those securities were deposited in an escrow fund with an escrow agent to provide future debt service payments on the Series A and Series C Bonds. As a result, the refunded portions of the Series A and Series C Bonds are considered defeased and the liability for those bonds has been removed from the bond indebtedness. No amounts remain outstanding on the defeased Series A Bonds and the amounts outstanding on the defeased Series C bonds is $257,835,000.

The Authority completed the advance refunding to reduce debt service payments over the life of the bonds by $33,560,000, with a net present value gain of $18,842,935.

The 1998 General Revenue Refunding Bonds are comprised of both serial and term bonds, with varying rates and maturities. Amounts outstanding at December 31, 2002 are as follows:

Type	Rates	Maturity	Amount (In thousands)
Serial Bonds	4.0% - 5.5%	2004 - 2017	$ 303,320
Term Bonds	4.75%	2019	67,865
Term Bonds	5.0%	2025	197,345
			$ 568,530

Principal payments under the Series E Serial Bonds began on December 31, 1998. The Series E Term Bonds require sinking fund installments, beginning in the year 2018, through the year 2025, of amounts ranging from $19,800,000 to $42,105,000 annually. The Series E Bonds are callable at the option of the Authority, in whole or in part, beginning January 1, 2008 at redemption prices up to 101% of par plus accrued interest. Principal of $1,640,000 maturing January 1, 2003 was paid in December 2002.

The 1992 (Series A), 1993 (Series B), 1995 (Series C), 1997 (Series D), and 1998 (Series E) General Revenue Bonds are all direct obligations of the Authority, secured by a pledge of revenues and funds established under the Bond Resolution. In 1995, the Authority deposited a municipal bond debt service reserve fund policy of financial guaranty payable in the maximum amount of $13,118,281, into the Senior Debt Service Reserve Fund in substitution for a portion of the Senior Debt Service Reserve Fund requirement.

Cross Westchester Expressway (CWE) Special Obligation Bonds: During 1991, the Authority issued approximately $30.8 million in capital appreciation bonds, to fund the purchase, from the State of New York, of an eleven-mile highway connection designated as Interstate Route-287 in Westchester County. Commencing in 1997, debt service will be funded through a secured lien on post-1996 rental payments received by the Authority from the operations of certain restaurants along the Thruway System. The present value of bonds outstanding relating to this issue (inclusive of accreted interest) was $22,362,567 at December 31, 2002. Principal of $8,350,000 maturing January 1, 2003 was paid in December 2002.

Bond Anticipation Notes: The Authority issued General Revenue Bond Anticipation Notes in the form of liquidity supported commercial paper on April 5, 2000 and June 4, 2001 totaling $300 million. The program was developed to provide an additional source of funds to manage the Authority's Capital Program. The program enables the Authority to access tax exempt short-term markets. The bond anticipation notes will be retired or converted to long-term bonds within five years of original issuance. The Authority rolled commercial paper in varying amounts during 2002 with maturities ranging from 1 day to 173 days and interest rates from 1.00% to 1.70%. Additionally, on April 3, 2002, the Authority issued $200 million in traditional bond anticipation notes with an interest rate of 3.25% to mature March 26, 2003.

(7) Special Bond Programs

The Authority's special bonds programs, and the related projects and activities, are entirely separate from the Authority's financing, operation, and maintenance of the Thruway System. As such, these special bond programs are not reflected in the accompanying financial statements.

Bond indebtedness under the special bond programs require varying debt service payments which are funded under contractual agreements with the State of New York. The obligation of the State to make such payments is subject to, and dependent upon, annual appropriations by the State Legislature. These bond programs, however, result in no cost to the Authority and no lien on Authority revenues or assets. The following are descriptions of the Authority's special bond programs.

Emergency Highway Construction and Reconstruction Special Bond Program: The Legislature of the State of New York empowered the Authority to issue Construction and Reconstruction (C&R) Bonds to reimburse the State for expenditures made by the State's Department of Transportation. The Authority receives funds from New York State for debt service on the bonds and related administrative costs. Bonds outstanding as of December 31, 2001 totaled $108,675,000, related to the 1992 and 1993 C&R bond series. These bonds were subsequently defeased in 2002.

Emergency Highway Reconditioning and Preservation Special Bond Program: The Legislature of the State of New York empowered the Authority to issue Reconditioning and Preservation (R&P) Bonds to reimburse the State for expenditures made by the State's Department of Transportation. The Authority receives funds from New York State for debt service on the bonds and related administrative costs. Bonds outstanding as of December 31, 2001 totaled $47,125,000 related to 1993 R & P Bonds. These bonds were subsequently defeased in 2002.

Local Highway and Bridge Service Contract Special Bond Program: The Legislature of the State of New York empowered the Authority to issue Local Highway and Bridge Service Contract Bonds to provide funds to reimburse municipalities and other project sponsors throughout the State for qualifying local highway, bridge and multi-modal capital project expenditures under established State programs. As of December 31, 2002, twelve series of these bonds are currently outstanding. These series were issued between 1993 and 2002, with multiple issuances in some years. The Authority receives funds from New York State for debt service on the bonds and related administrative costs. Bonds outstanding relating to these issues were $2,353,985,000 and $2,444,646,000 at December 31, 2002 and 2001, respectively.

Highway and Bridge Trust Fund Bond Program: The Legislature of the State the State of New York empowered the Authority to issue Highway and Bridge Trust Bonds to reimburse the State for expenditures made by the State's Department of Transportation in connection with the State's Multi-Year Highway and Bridge Capital Program. As of December 31, 2002, nineteen series of these bonds are currently outstanding. These series were issued between 1994 and 2002, with multiple issuances in some years. The Authority receives funds from New York State for debt service on the bonds and related administrative costs. Bonds outstanding relating to these issues were $4,808,480,000 and $4,250,855,000 at December 31, 2002 and 2001, respectively.

State Personal Income Tax Revenue Bonds (Transportation): The Legislature of the State of New York empowered the Authority to issue Personal Income Tax (PIT) Revenue Bonds to provide funds to municipalities and other project sponsors throughout the State for qualifying local highway, bridge and multi-modal capital project expenditures under established State programs. The Authority receives funds from New York State for debt service on the bonds and related administrative costs. These bonds (Series 2002A) were issued on August 7, 2002 for $250,915,000, which is outstanding as of December 31, 2002.

(8) Retirement Benefits

Pension Plan

The Authority participates in the New York State and Local Employees' Retirement System (ERS) for Authority employees and the Police and Fire Retirement Systems (PFRS) for New York State Police assigned to the Authority. Both ERS and PFRS are cost-sharing multiple-employer retirement systems that provide retirement benefits as well as death and disability benefits. These benefits are provided in accordance with the New York State Retirement and Social Security Law (NYSRSSL), which also governs obligations of employers and employees to contribute. The benefits to employees are guaranteed under the State constitution. The Authority's election to participate in the State plans is irrevocable.

As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of ERS and PFRS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of ERS and PFRS and for the custody and control of their funds. ERS and PFRS issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244-0001.

ERS and PFRS are noncontributory except for employees with less than 10 years of service who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates, expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers.

The rates billed by the Comptroller for ERS during the years ended December 31, 2002 and 2001 were approximately 1.2% and 0.7%, respectively. The PFRS is paid as part of a fringe benefit rate billed to the Authority for the State Police. The PFRS benefit rates billed were 5.26% for April through December 2002, 3.67% for April 2001 through March 2002, and 4.00% for January through March 2001.

The approximate required contributions for the current year and two preceding years were as follows:

	ERS	PFRS
2002	$ 1,793,632	1,117,081
2001	912,785	1,018,925
2000	5,428,039	874,210

The Authority's contributions were equal to 100% of the contributions required for each year. In addition to the above mentioned costs, the Authority incurred $8,902,157 in estimated early retirement incentive program costs for 2002. These expenses were recorded separately as a Special Item in the Statement of Revenues, Expenses, and Changes in Net Assets. The large ERS payment for 2000 was due to the payoff of the entire 1999 early retirement incentive programs which were not included in the previous years' billings.

(9) Post Retirement Health Care Benefits

The Authority provides to its retirees, retirement benefits made available to participating employers by the New York State Retirement and Social Security Laws, including Chapters 1046 and 1047 of the Laws of 1973. Additionally, the Authority participates, pursuant to the provisions of Section 153(4) of the New York State Civil Service Law in the Health Insurance Program for New York State Employees and Employees of Local Subdivisions in New York State.

The Authority provides certain health care benefits for retired employees. Substantially all of the Authority's employees may become eligible for these benefits if they reach the normal retirement age while working for the Authority. These health care benefits are the same as those provided to active employees, with the exception of dental and optical coverage. If retirees want dental and/or optical coverage they must pay for it themselves at the full cost State rate, as required by Federal Law under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

Health insurance costs paid for by the Authority are capped at the Empire Plan rates. If a retiree chooses another qualified plan he/she would be responsible for any difference above the allowed Empire Plan rate. The health insurance costs for retirees choosing individual coverage are paid 100% by the Authority. Retirees opting for family coverage are responsible for 25% of the difference between individual and family coverage. Any amounts owed by the retiree(s) would first be applied against the retiree's existing sick leave bank balance value, with any residual amount paid by the retiree(s).

Total retiree health care benefits expenses paid and charged to operations were approximately $11,591,855 in 2002 and $10,540,651 in 2001 based on billings from New York State. These charges relate to approximately 1,950 retirees.

(10) Contingencies and Commitments

The Authority is a party to various legal proceedings, including negligence suits, many of which arise in the normal course of the Authority's operations, and several native American tribal land claims against the State of New York, the Authority and other defendants.

As of December 31, 2002 the aggregate amount of claims deemed to be 'probable' ranged from $4.50 million to $9.25 million. The low range of $4.50 million was recorded as a liability for 2002. However, due to the uncertainty of the ultimate disposition of these claims, the liability could be as much as $9.25 million.

Changes in the Authority's claim liability amounts in fiscal years 2001 and 2002 were as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-end
2001	$12,400,000	(4,938,982)	(961,018)	6,500,000
2002	6,500,000	(1,828,752)	(144,037)	4,527,211

Additionally, as of December 31, 2002 the aggregate amount of claims deemed to be 'reasonably possible' ranged from $550,000 to $5.2 million. The above amounts are net of any potential insurance or third party payments.

The Authority's insurance program is comprised of a combination of policies from major insurance companies, self-insurance and contractual transfer of liability, including naming the Authority as an additional insured and indemnification. The Authority purchases various insurance policies to provide against loss of, or damage to, the facilities and loss of revenue.

Property damage to bridges is insured through various policies from major insurance companies equal to the maximum probable loss from a single occurrence (with deductibles ranging from $2.5 million to $5.0 million). Loss of revenues is insured through a use and occupancy policy that covers any interruption in excess of 15 days. In addition, the Authority purchases insurance for workers' compensation benefits and various liability exposures.

The Authority is self insured for property damage to its division headquarters buildings, maintenance facilities, toll plazas and vehicles. The Authority is also self insured for third party liability, including automobile liability. There are two funded reserves for these exposures, a $2.5 million insurance fund available to fund certain deductibles and a reserve for public liability claims, which currently totals $10.1 million.

Insurance for the Authority's service area facilities is provided by the concessionaires. Also, the liability related to construction projects, tandem trailer operations, authorized garage operations, and similar risks is transferred through contractual indemnification and compliance with Authority insurance requirements.

The amounts of remaining unexpended commitments for projects undertaken and the detail by type of contract at December 31, 2002 are as follows:

Project	Commitments
Highway, bridge and facility, construction, inspection and design	$ 284,080,546
Personal service and miscellaneous	30,642,044
Economic development and Canal	38,980,395
Total	$ 353,702,985

(11) State Infrastructure Bank

A State Infrastructure Bank (SIB) is an infrastructure funding program established by the National Highway System Designation Act of 1995 to provide states with the financial resources to make loans and provide other assistance to qualified public and private transportation projects. The Authority cooperatively constitutes and administers the New York SIB under a Memorandum of Understanding (MOU) with the NYS Department of Transportation and the Metropolitan Transportation Authority. The SIB is capitalized with 80% Federal Funds and a 20% match provided by the signatories to the MOU.

As of December 31, 2002, the Authority has contributed $3,000,000 towards the capitalization of the SIB. The Authority has also been the recipient of two SIB loans: one in the amount of $150,000 for a feasibility study of an interchange at Sterling Forest in Rockland County and the other in the amount of $11,000,000 for the operation and maintenance of the New York State Canal System. Loan repayments are returned to the SIB and are available for subsequent loans. At December 31, 2002 the balance outstanding was $150,000.

(12) Subsequent Event

On March 26, 2003 the Authority issued Series 2003A General Revenue Bond Anticipation Notes at a par value of $350 million. Approximately $206 million of the issuance was used to retire the Series 2002A General Revenue Bond Anticipation Notes and the remaining $144 million will used to finance the Authority's Capital Program.

PHONE NUMBERS

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