

# **2007 ANNUAL REPORT NEW YORK STATE THRUWAY AUTHORITY /CANAL CORPORATION**

## **I. THRUWAY AUTHORITY**

The Thruway Authority (“Authority”) is a public corporation organized and existing pursuant to Article 2, Title 9 of the New York State Public Authorities Law for the purpose of financing, constructing, reconstructing, improving, developing, maintaining and operating a highway system known as the Governor Thomas E. Dewey Thruway. The powers of the Authority are vested in and exercised by a seven member Board appointed by the Governor and confirmed by the State Senate.

The Thruway is a 570-mile superhighway system crossing the State. It is the longest toll superhighway system in the United States. The Thruway route from the New York City line to the Pennsylvania line at Ripley is 496 miles long and includes the 426-mile mainline connecting the State’s two largest cities, New York City and Buffalo. Other Thruway sections make direct connections with the Connecticut and Massachusetts Turnpikes, New Jersey Garden State Parkway and other major expressways that lead to New England, Canada, the Midwest and the South. In 1991 the Cross-Westchester Expressway and in 1992 I-84 were added to the Thruway System. The Authority operated and maintained I-84 through October 2007 at the Authority’s expense. In October 2007, the Authority returned responsibility for I-84 to the New York State Department of Transportation (“NYSDOT”). However, pursuant to an agreement between the Authority and NYSDOT, the Authority currently continues to perform operation and maintenance of I-84 on behalf of NYSDOT at NYSDOT’s expense. In all, the Thruway (without I-84) is comprised of 2815 lane miles of roadway, 807 bridges, over 300 buildings, 27 travel plazas, 275 toll booths, nearly 120 water services, 18 water waste treatment plants and 21 motor fueling stations for Authority vehicles and equipment. Operationally, the Authority is segmented into four regional divisions – Albany, Buffalo, Syracuse and Tarrytown (referred to as New York Division) – with Administrative Headquarters located in Albany.

In 1992, legislation was enacted that transferred jurisdiction over the New York State Canal System from the NYSDOT to the Authority. This legislation also created the New York State Canal Corporation (“Corporation”), a subsidiary of the Authority, charged with operating, maintaining, constructing, reconstructing, improving, developing, financing and promoting the Canal System. This System consists of 524 miles of connected, navigable waterways encompassing: the Erie Canal (338 miles, east to west), the Champlain Canal (60 miles, south to north), the Oswego Canal (24 miles south-east to north-west, between Lake Ontario and the Erie Canal), and the Cayuga-Seneca Canal (12 miles, south-west to north-east linking the Erie Canal with Cayuga and Seneca Lakes). There are also 90 miles of navigable channel through Cayuga Lake to Ithaca and Seneca Lake to Watkins Glen, respectively. Comprised of both “canalized” natural rivers and dug channel, the Canal System’s 57 locks and 16 lift bridges facilitate navigation as part of a larger network of navigable waterways in New York State extending south to Florida, north to Canada, and west to the Great Lakes and the Mississippi River.

#### **A. Capital Plan**

In December 2007, the Authority Board approved an item to allow staff to move forward with the public process to develop a phased-in plan to adjust tolls in order to protect the safety of the traveling public by preserving the Authority’s \$2.1 billion Multi-year highway and bridge Capital Program. The proposal addresses the Authority’s out-year funding gaps through cost-containment, including further reducing full-time staffing positions, and incremental actions to increase revenue.

The Authority is in the midst of delivering this Capital Program which will enable the Authority to rehabilitate or resurface nearly 500 lane miles, replace, rehabilitate or provide preventative maintenance of nearly 200 bridges and bring highway speed E-ZPass to specific locations along the Thruway.

Without taking action to address these out-year gaps, the Authority would be forced to significantly reduce its capital investments or drastically reduce its highway operations, jeopardizing the Authority’s ability to provide the public with high levels of safety and service.

Implementation of the Authority’s highway and bridge Capital Program through 2011, together with the Authority’s ongoing extensive and regular maintenance programs, will ensure that the operational and structural integrity of the Authority’s facilities are maintained.

The Authority will seek public input on its proposal with a series of five public hearings, to be held statewide in the spring of 2008. Through the public process and consideration of the comments received, the toll adjustment, as currently proposed, may be modified before it is finalized.

If approved by the Board in the Spring of 2008, the plan would enable the Authority to meet its goals of maintaining and operating the highway, delivering high levels of safety and service and implementing the Capital Program. For more information on the Capital Program visit:

[www.nysthruway.gov/tolls/faqs.html](http://www.nysthruway.gov/tolls/faqs.html)

## **B. Tappan Zee Bridge Deck Replacement**

In August 2006, the Authority awarded the Tappan Zee Bridge Deck Replacement Project. When completed, approximately 40 percent of the entire deck will have been replaced, including the west end of the bridge and the main truss. In previous years, the Authority replaced half of the center lane of the causeway and the entire east truss deck.

Physical work on the Bridge's steel and deck began in the Spring of 2007. By the end of 2007, the following work had been completed:

### **Panels**

- 184 out of 664 panels on the west causeway spans fabricated (27.7%)
- 88 out of 288 panels on the west causeway spans fabricated (30.6%)
- 272 total panels fabricated (24.9%)
- 84 out of 1092 panels installed (7.7%)

### **Steel**

- 744 out of 1328 west causeway stringers fabricated (56.0%)
- 294 out of 332 permanent edge beams fabricated (88.6%)
- 536 out of 576 main span stringers fabricated (93.1%)
- 1,012 out of 1,152 main span stringer support brackets fabricated (87.9%)
- The total steel components fabricated by the end of 2007 was approximately 76%

### **Barrier**

- 44 barrier sections out of 334 total barrier sections on the west causeway span fabricated (13.2%)
- 103 barrier sections out of 144 total barrier sections of the main span fabricated (71.5%)

Scheduled to be completed in 2008, the new deck, along with related repairs to the superstructure, lighting and rail, will provide more reliable service, increase safety and add convenience for motorists using this vital east-west corridor. The Authority has implemented a number of strategies to minimize the impact of this project on travelers:

- \* Deck replacement work will be conducted primarily during off-peak, overnight shifts, generally from 8 p.m. until 6 a.m.
- \* The Authority will limit the contractor's day work, permitting single lane closures only as needed.
- \* Deck replacement materials will be manufactured off-site, reducing noise on-site.

For more information visit: [www.nysthruway.gov/projectsandstudies/projects/tzbdeck/index.html](http://www.nysthruway.gov/projectsandstudies/projects/tzbdeck/index.html)

### **C. I-84/I-87 Interchange 17 Reconstruction Project**

Phase II of the I-84/I-87 Interchange Reconstruction Project commenced in March 2006 and continued throughout 2007. This Phase has included utility work and construction of a number of new facilities. During the 2007 construction season, the new cold storage building and vehicle storage building were completed. In addition, the new maintenance building and State Police building were essentially completed. Those two buildings are expected to be fully operational and occupied by midyear 2008. Construction on the new toll facilities, detention ponds and landscaping is scheduled to be completed by 2009.

Phase III of the I-84/I-87 Interchange Reconstruction Project commenced in March 2007. Phase III includes construction of all remaining service roadways, several new ramps, six new bridges and one bridge widening in the interchange to directly connect I-84 and I-87, two traffic signals on Route 300 and construction of a new, larger tandem lot. During the 2007 construction season the foundation work and new substructures were completed at several bridge construction locations and structural steel was erected at two bridge construction locations. The installation of the approach fills that will be the foundation of the new ramps is also underway. Construction on three adjoining bridges and ramps are scheduled to be completed in 2008. Construction is also scheduled to begin on the other bridges, ramps, landscaping, Route 300 and the tandem in 2008. Phase III is expected to be completed, providing a new direct connection between I-84 and I-87, by Fall of 2009.

#### **D. The Williamsville Toll Barrier Improvement Project**

The existing Williamsville Toll Barrier (“WTB”) is the western terminus of the ticketed portion of the Thruway that runs from Harriman to Buffalo. The WTB Improvement Project proposes to address traffic congestion, safety and operational concerns at the existing WTB by replacing the existing barrier with a modern mainline toll facility that will incorporate Highway Speed E-ZPass and serve as the new end of the ticketed system to the east of Buffalo. The location of the existing barrier is in close proximity to the intersection of the eastern terminus of I-290 and Thruway Interchange 50. The limited sight distance and insufficient weaving distance between these two complex highway facilities, combined with increasing daily and peak hour traffic volumes, causes daily congestion on this segment of the Thruway. Additionally, the capacity of the existing Barrier cannot be increased due to the lack of right-of-way and the adjacent dense residential development.

In May 2006, the Authority announced that the WTB Draft Environmental Impact Statement (DEIS) was formally accepted by the Federal Highway Administration (FHWA). The DEIS identifies the three leading candidate sites for relocation of the barrier as:

- Milepost 410, Towns of Clarence, Lancaster and Newstead;
- Milepost 408-409, Town of Newstead;
- Milepost 404-405, Towns of Newstead and Pembroke.

The DEIS identifies the preferred alternative, which is to relocate the barrier from its present location to a site between Interchanges 48A and 49; the proposed new facility would be located between North Millgrove Road and South Newstead Road in the Town of Newstead (milepost 408-409).

The WTB Project is incorporated into the Authority’s multi-year Capital Program and is scheduled for a 2010 letting. For more information visit: <http://www.nysthruway.gov/projectsandstudies/projects/williamsville/index.html>

## **E. Innovation**

### **1. *TRANSsystem***

In August 2006, the Authority announced a newly available network of services offering motorists a combination of current and advance traveler information through email and text message alerts. The network, known as Transportation Regional Advisory Network System (*TRANSsystem*), has been designed to provide customers with real-time traffic, weather, construction and emergency information, including unscheduled lane closures in specific areas and during specific time frames.

Since its implementation, the Authority has been requesting and receiving suggestions from its customers about the TRANSalert system.

Based on this customer feedback, the Authority made a number of modifications to the TRANSalert system in 2007. One such modification is the TRANSalerts now provide more specific locations of events with mileposts indicating the range affected by the incident, in addition to identification of the roadway, impacted so that customers receive more targeted information.

In addition, the Authority has modified the system so that customers will now be able to select the timeframes most suited to their travel needs by the hour, for example: 4 p.m. to 5 p.m., 5 p.m. to 6 p.m., 7 a.m. to 8 a.m., 10 a.m. to 11 a.m., etc.

By the end of 2007, more than 4,700 people had subscribed to the TRANSalert service.

For more information about *TRANSsystem* and the 1-800-THRUWAY information line, or to sign up for the *TRANSalerts*, please visit the Authority's website at [www.nysthruway.gov/tas/](http://www.nysthruway.gov/tas/)

### **2. E-ZPass**

In 2007, more than 103,000 Thruway E-ZPass accounts were opened and the Authority issued over 307,000 tags. E-ZPass is now used by over 15 million motorists throughout North America. As of December 2007, there were 2,282,478 active Thruway Authority issued E-ZPass tags.

Introduced in 2004, the E-ZPass-On-the-Go Program has made obtaining an E-ZPass more convenient for Thruway motorists. By the end of 2007, there were 535 retail locations offering E-ZPass On-the-Go throughout the State, including several gift shops located in Thruway travel plazas. The Program has been successful in that nearly 40 percent of Thruway E-ZPass accounts opened in 2007 were E-ZPass On-the-Go accounts.

In August 2007, the Authority participated in the 161st Great New York State Fair, where customers were able to obtain E-ZPass On-the-Go tags, immediately available for use in twelve states. In addition, the Authority ran an E-ZPass Plus pilot program at the 2007 State Fair by which tag holders were able to utilize E-ZPass to park in the main lots at the fairgrounds. For more information visit: [www.nysthruway.gov/ezpass/index.html](http://www.nysthruway.gov/ezpass/index.html)

### **3. Highway Speed E-ZPass**

In January 2007, the Authority activated its first Highway Speed E-ZPass facility for commercial motorists along the Thruway at the Spring Valley Toll Barrier, in Rockland County. This major milestone was a step forward in the Authority's ongoing effort to improve customer service along the Thruway.

In addition, the Authority began work on Highway Speed E-ZPass at the Woodbury Toll Barrier in Orange County in March 2007. Construction on Contract 1 of the Woodbury Mobility Improvement Project began in early March 2007 and was essentially completed in late December 2007.

The main goal of Contract 1 was to widen the southbound roadway entering the Thruway from Harriman from one lane to two lanes. In September 2007, the new traffic pattern was implemented providing two lanes of southbound traffic on the Thruway entrance ramp at Interchange 16 (Harriman).

The Authority installed a permanent overhead Dynamic Message Sign (DMS) at milepost 50 southbound. Also, the fiber optic conduit throughout the entire project limits was moved to the edge of the Authority's Right of Way in order to accommodate the roadway realignment that is scheduled to take place in Contract 2.



Contract 2 of the Woodbury Mobility Improvement Project was let in November 2007 and construction is scheduled to begin in Spring 2008. Contract 2 will encompass the remainder of the project to install Highway Speed E-ZPass at the Woodbury Toll Facility. For more information regarding this Project please visit: <http://www.nysthruway.gov/projectsandstudies/projects/springvalley/index.html>

#### **4. Wireless Fidelity (WiFi)**

In March 2007, the Authority began to offer free Wireless Internet Service (WiFi) access to motorists at all 27 Thruway Travel Plazas, 24 hours a day, 7 days a week. WiFi provides the ability to utilize wireless technology to access the Internet. Motorists traveling along the Thruway with a WiFi enabled device with a standard internet browser such as a laptop, cell phone, or some personal digital assistant (PDA) devices can now connect to the Internet when inside the seating areas of the Travel Plazas.

This WiFi service has enhanced the ability of Thruway customers, whether they are traveling professionals, truck drivers, commuters or vacationers, to better manage their time and their business from the road. WiFi access also provides motorists with a convenient means to adjust travel plans, research road conditions, check email and access internet applications.

In 2007, more than 85,000 patrons used the WiFi service available at Thruway travel plazas. On average, the Thruway travel plazas have nearly 300 WiFi users each day.

#### **5. Suicide Prevention Call Boxes**

In August 2007, the Authority installed and activated Suicide Prevention Call Boxes on both approaches of the Tappan Zee Bridge. The suicide prevention phones utilize a direct connection to Lifeline (suicide prevention hotline) for 24/7/365 assistance. Lifeline routes the call to one of two crisis centers that can provide qualified crisis counseling and assistance. The primary crisis center is Lifenet; the Covenant House provides secondary coverage. In the event of an emergency, the responding crisis center would contact the State Police Troop T Technical Sergeant on duty, located at the Authority Statewide Operations Center. State Police would then dispatch Troopers to the appropriate call box to assist the caller. Signage and language for the phones was developed in conjunction with mental health professionals and NYS Bridge Authority representatives. The signage has been placed well before the call boxes on the approaches to the Bridge and in mid-span, directing distressed individuals to the call box at either end. Signage has also been placed on the phones themselves.



## **6. Webcasting Meeting**

In 2007, pursuant to Executive Order No. 3, all New York State agencies and public authorities were required to begin broadcasting meetings subject to the Open Meetings Law via the internet. The Authority has complied with this Executive Order. The first webcasting of an Authority meeting was on December 19, 2007. To access webcast Authority meetings visit: <http://www.nysthruway.gov/news/boardmtgs.html>

## **F. Customer Focus**

### **1. Tappan Zee Bridge/I-287 Corridor Study (the Study)**

The long-term needs of the Tappan Zee Bridge (TZB) and the adjacent I-287 Corridor are being address in a multi-agency study. In April 2001, the Authority and Metro-North initiated a comprehensive study of regional transportation needs and mobility in the 30-mile corridor along I-287 from Suffern to Port Chester, including the TZB. The focus of the Study is on the structural condition of the bridge and identifying alternatives for improving corridor mobility. In December 2005, the New York State Department of Transportation (NYSDOT) was formally included in the Study as the Team Leader. In May 2007, NYSDOT formally became the Project Director, responsible for all study management efforts and outcomes.

In January 2006, the Study's first major milestone was reached with the issuance of the Alternative Analysis (AA) report. This report identified six alternatives to be studied in more detail during the development of the Draft Environmental Impact Statement (DEIS), anticipated to be completed by early 2008.

In February 2007, open houses were held in both Rockland and Westchester Counties which provided the public with its first look at the results to date of the ongoing preliminary engineering work for all six alternatives under consideration in the DEIS. This "work in progress" showed each of the six alternatives on 50-foot-long maps. Each map included specific highway and transit features of an alternative including various sub-options for several of the alternatives.

Throughout most of 2007 technical work on the Study progressed. Reactions from the public during the open houses and other stakeholder meetings were considered and will most likely result in some alternative options being introduced in 2008. In addition, the Study team renewed regular meetings with the two federal co-lead partners, the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA). As a result, process improvements were developed in 2007, and formally announced in 2008 along with an extended schedule that anticipates completion of the DEIS being early in 2009.

For more information visit: [www.tzbsite.com/](http://www.tzbsite.com/)

## **2. Albany Corridor Study**

The Albany Corridor Study, which covers the section on the Thruway between Interchanges 21A (Berkshire Connector) and 25A (Schenectady, I-88) in Albany and Schenectady Counties, was completed in 2005. The study forecasted structural, safety, capacity and operational needs, and developed potential alternative solutions over the next 20 years for this portion of the Thruway.

The first project to come out of the Albany Corridor Study is the Thruway Reconstruction between Interchanges 23 and 24. This project has been programmed into the Authority Multi-year Capital Program and environmental work is underway for this project. Construction is scheduled to begin in late 2010. As this and future projects progress, there will be opportunities for public input. For more information on this project please visit: [www.nysthruway.gov/projectsandstudies/studies/albany/index.html](http://www.nysthruway.gov/projectsandstudies/studies/albany/index.html)

## **3. Advanced Traffic Management System (ATMS)**

The Authority continues to implement the ATMS, automation of services to provide more accurate and timely information to travelers, thus increasing the level of service provided. The ATMS automatically updates the Authority's website with incident information, provides real-time information to NYSDOT for the statewide real-time transportation status website, and sends an email regarding high priority traffic alerts to subscribers (TRANSalerts).

Upon full implementation, ATMS will automate the Authority's 1-800 number, Highway Advisory Radio (HAR), monitor the TRANSMIT system, automatically update Dynamic Message Signs (DMS), and improve dissemination of AMBER Alert information to HAR and DMS. These system improvements will continue to be implemented in 2008 and 2009, and are scheduled to be fully operational by 2010.

#### **4. Dynamic Message Signs (DMS)**

DMS provide the traveling public with real time messages that can be continuously updated, enabling motorists to make more informed travel decisions.

Early in 2007, the Authority purchased ten new portable DMS as part of an effort to provide more real-time information to travelers. These signs were installed prior to intersections with major connectors that did not have permanent DMS. These priority locations are scheduled to receive new permanent signs beginning in the 2008 construction season. The Authority plans to install 13 DMS under the current Multi-year Capital Program.

#### **5. Maintenance**

The Authority's maintenance forces had a very productive year in 2007. Regular preventive and corrective maintenance efforts were conducted on many Thruway assets including pavement, bridges and buildings. Maintenance crews attended to daily tasks, such as guide rail and pavement repairs, bridge repairs, assisting with accidents, bridge washing, mowing and litter removal. Crews also continued to respond successfully to emergencies, major property damage incidents and snow and ice events including two major statewide snow storms that hit the region in February and March.

Maintenance personnel were involved in many significant efforts to improve safety and enhance customer service. For example, two Tappan Zee Bridge employees prevented a patron from jumping off the bridge in an apparent suicide attempt. Subsequently, suicide prevention hotline phones were installed and activated on the approaches to the Tappan Zee Bridge. In response to the I-35 bridge collapse in Minnesota, Authority and consultant staff performed inspections on all Thruway deck truss bridges including visual inspections and hands on inspections of fracture critical and special emphasis areas. Signs to designate wide lane locations were put up at all toll plazas in coordination with the Authority's new commercial truck permitting procedures.

## **G. Safety**

### **1. State Police Troop T**

New York State Police Troop T Commander Major George P. Beach was promoted to inspector and discontinued his service with Troop T in December 2007, at which point Major Robert C. Meyers became Commander of Troop T.

Troop T, whose members patrol the 570-mile Thruway and 71 miles of I-84 exclusively, conducted numerous safety initiatives in 2007, including: “Operation Work Brake,” aimed at curbing aggressive driving, especially through work zones; “Buckle Up New York,” a 14-day Statewide seatbelt enforcement initiative; “Operation Spring Brake” and “Operation Summer Brake,” targeting the prevention of crash-causing habits such as aggressive driving, speeding and DWI; Safety Break Demonstrations, aimed at educating motorists about safely sharing the road with trucks; and “Pumpkin Patrol,” aimed at preventing dangerous Halloween pranks. In addition, the Commercial Vehicle Enforcement Unit inspected thousands of these vehicles in 2007 ensuring that those with faulty equipment were placed out of service. In 2007, Troop T’s efforts to reduce speeding and DWI resulted in over 197,000 tickets issued, approximately 104,000 of which were for speeding violations, and approximately 1,300 DWI arrests. For more information visit: [www.troopers.state.ny.us/](http://www.troopers.state.ny.us/)

### **2. Snow and Ice Program**

It is the Authority’s policy to provide its customers with a roadway that is safely drivable at a reasonable speed under the given weather conditions. The ultimate goal is to remove snow and ice from all pavement and facilities as soon as possible. To achieve this goal, the Authority uses more than 600 dedicated winter maintenance personnel assigned to 23 highway maintenance sections along the Thruway and approximately 800 pieces of motorized snow removal equipment to plow and de-ice the pavement. The Authority also provides 24 hour/7 day a week staffing coverage during the winter season which allows for a timely and effective response to winter conditions.

The 2006-2007 snow and ice season (November - April) was more active than other years, and busy across the system. The individual maintenance units responded to an average of 35 snow and ice events, ranging from short duration, localized squalls, to statewide, multi-day events. Material usage for the season was higher than the 2005-2006 season, but consistent with historical averages. In addition, due to several large events during the season, overall labor hours for snow and ice control were higher than in each of the three previous seasons.

The Authority maintains covered storage capacity for approximately 135,000 tons of dry de-icing materials in more than 60 buildings strategically placed along the Thruway. Bulk storage tanks located across the System also provide storage capacity for approximately 100,000 gallons of liquid deicers. Authority maintenance forces use these liquids in combination with the traditional de-icing materials to improve the performance and efficiency of snow and ice-fighting operations.

Pre-treatment of the road with liquid de-icing chemicals is used in some locations to assist in achieving a proactive response to a predicted winter storm event. The Authority's trucks are also equipped with an automatic spreader control system that adjusts the rate of application of de-icing materials to the speed of the vehicle. In addition, many trucks are also equipped with de-icing liquid that can be added to the salt as it is applied to the roadway, increasing effectiveness under certain conditions.

Weather forecasting information obtained from professional meteorological services is provided on the internet and to all Authority maintenance sections and the Thruway Statewide Operations Center. Other local resources are also regularly used to fine tune weather forecasts and responses. In addition, there are more than 40 pavement, air temperature and humidity sensors installed along the Thruway which are used to monitor current conditions and trends on the roadway. These sensors are used in conjunction with weather information to more accurately predict the need to apply (and terminate) snow and ice control procedures.

### **3. Construction**

In 2007, the Authority completed three large-scale projects, as well as the first year of a two-year project on the Castleton Bridge, in the Albany Division. The first pavement resurfacing project began south of Interchange 24 (Albany), and continued to just west of Interchange 26 (Rotterdam). This \$10 million project included upgrading the guide rail, extending the cross culverts, reconstructing portions of the shoulder, full-depth pavement repairs in certain areas and a complete pavement resurfacing of the 17-mile section. A similar project was completed on the Berkshire Connector between Interchange B1 and the Canaan Toll Barrier. This 11-mile, \$7 million project, included guide rail upgrades, drainage improvements, new signage, full-depth pavement repairs in certain areas and complete pavement resurfacing. A rock blasting project was completed at milepost 129, north of Interchange 21B (Coxsackie). This \$2 million project, designed to provide a safe clear zone, included the removal of 10,000 cubic meters of rock and resulted in a new rock face with a more moderate slope. The first year of a two-year \$32 million project on the Castleton Bridge, located between the mainline Thruway Interchange 21A and Interchange B1 on the Berkshire Connector, has been completed. This portion of the project included substructure repairs, bearing replacement and Tram rail replacement.

The New York Division performed work on nine major projects in 2007, four of which were completed, the largest project being the redecking of the Tappan Zee Bridge. The majority of a major repaving job on the Thruway from the west end of the Tappan Zee Bridge to just south of Interchange 15 (NJ I-287 South, Route 17 South) was completed, except for paving on the bridges. Repaving on I-87 from Interchange 16 (Harriman, Route 17, US 6) to Interchange 17 (Newburgh, I-84, Route 17K, Stewart Airport) was started. The direct connection between I-84 and I-87 is scheduled for completion in late 2009. The New England Section (I-95) repaving project from Exit 8 (Orchard Beach, City Island) to Exit 17 (Larchmont) is underway and likely to be completed by the end of 2008. Work was completed on the rehabilitation of the Scotland Hill Road bridge project, the rehabilitation of the Union Avenue Bridge, the bridge over the Saw Mill River Parkway and the repaving of I-87 from Interchange 15 (NJ I-287, Route 17S) to seven miles south of Interchange 16 (Harriman, Route 17, US 6).

The Authority completed two large-scale projects and a number of important smaller projects in the Buffalo Division in 2007. A selective mill and inlay with safety improvements project between Interchange 57 (Hamburg, Route 75) and Interchange 58 (Silver Creek, Irving) and between Interchange 58 (Silver Creek, Irving) and Interchange 59 (Dunkirk, Fredonia) both eastbound and westbound was completed in November 2007 at a cost of \$16.68 million. Reconstruction of the Interchange 56 (Blasdell) ramps and the addition of a 20-MPH higher speed E-ZPass lane were completed in September 2007 at a cost of \$8.26 million. The rehabilitation of the Thruway bridge over Abbott Road was completed in December 2007 at a cost of \$3.25 million. Drainage improvements and shoulder widening on the Niagara Section was completed in September 2007 for \$ 1.79 million. The toll barriers at Black Rock and Buffalo City Line were removed in September 2007 for \$1 million. Sidewalk and curb rehabilitation on the South Grand Island Bridge, southbound, was completed in October 2007 for \$1.5 million. Rehabilitation of Catersville waste weir was completed in December 2007 for \$ 1 million. Twelve culverts at various locations were rehabilitated by December 2007 for \$ 1.6 million. Selective mill and inlay and full-depth pavement repairs were performed at various locations throughout the Buffalo Division. This project was completed in June 2007 at a cost of \$2.4 million. Additionally the truck parking lot at the Clarence Travel Plaza was expanded in November 2007 for \$1.3 million.



In 2007, the Syracuse Division completed two large-scale bridge reconstruction projects. The first took place between Interchanges 43 (Manchester, Palmyra) and 44 (Canastota, Victor) at a cost of \$6.4 million for the replacement of the Hook Road and Farmington Road Bridges with post tensioned precast concrete bridges. The second project was a \$5.7 million replacement of the Thruway bridges over Paines Hollow Road between Interchanges 30 (Herkimer, Mohawk) and 29A (Little Falls). Several paving projects were also completed including a \$6.8 paving and safety upgrade project between Interchanges 32 (Westmoreland) and 31 (Utica), a \$4 million paving and full depth pavement repair project between Interchanges 39 (Syracuse, Fulton) and 41 (Waterloo, Clyde), and a \$1.5 million paving and full depth pavement repair project between Interchanges 39 and 34. A \$1.6 million construction of a salt shed and fueling facility also took place at Interchange 29A (Little Falls). In addition, several Canal projects including a \$1.3 million Canalway Trail between Jordan and Port Byron, a \$0.6 million project for the replacement of a sheeting wall in Lyons, and a \$1 million wall repair project in Oswego were all completed. For more information visit: [www.nysthruway.gov/travelers/construction/index.html](http://www.nysthruway.gov/travelers/construction/index.html)

## **H. Statistics**

### **1. Commercial Traffic**

Commercial traffic for 2007 totaled 27,741,596 trips, representing a 4.33 percent decrease from 2006.

### **2. Passenger Traffic**

Passenger traffic for 2007 totaled 228,223,724 trips, representing a 5.06 percent decrease from 2006. (This number does not include traffic on I-287 or I-84.)

Both passenger and commercial traffic were affected by the permanent closing and subsequent removal of the Buffalo Black Rock and City Line Barriers on October 30, 2006. Despite the statistical decrease in overall traffic on the Thruway System wide, the Authority has noticed an increase in traffic in the areas around the former Black Rock and City Line Barriers. However, with the removal of the barriers in these areas, there is no longer a way to accurately count traffic at the former Black Rock and City Line toll collection points.



### **3. Maintenance**

During the 2006-2007 winter maintenance season (November - April), the Authority used approximately 178,000 tons of salt at a cost of approximately \$6.25 million. Based on a 15 year historical average, the Authority estimates usage for the 2007-2008 Season will be approximately 180,000 tons, at an estimated cost of more than \$6.9 million.

In 2007, the Authority's Central Sign Shop, responsible for producing nearly all of the signs along the Thruway, produced more than 57,000 square feet of signage, resulting in more than 35,000 individual signs. In addition to producing standard, regulatory, warning and directional signs, the Sign Shop also produced specialty signs and graphics for the Thruway Authority, Canal Corporation, State Police as well as other agencies. Signs for the Erie Canalway National Heritage Corridor were provided to the National Park Service. Stretching 524 miles across upstate New York, the corridor encompasses New York's Canal System and the communities that grew along its shores.

### **4. Fatalities**

Statistics indicate that 2007 was the fourth-safest year in the Thruway's 50-year history. A primary measure of safety is the fatality rate, which is calculated as the number of fatalities per 100 million vehicle miles (MVM) traveled. In 2007, there were 32 fatal accidents on the Thruway resulting in 35 deaths, reflecting a fatality rate of 0.34, the fourth lowest rate in Thruway history.

The fatality rate along the Thruway remains significantly below the national average as calculated by the National Center for Statistics and Analysis (NCSA) of the National Highway Traffic Safety Administration. According to NCSA, the United States had more than 42,600 fatalities in 2006 that resulted in a fatality rate of 1.41 fatalities per 100 MVM. In New York State there were more than 1,400 fatalities in 2006 that resulted in a fatality rate of 1.03 fatalities per 100 MVM. For more information please visit: <http://www.nhtsa.dot.gov/>

## 5. E-ZPass

In 2007, 61.39 percent of Thruway customers utilized E-ZPass, (electronic toll collection) for their toll transactions. More than 66.47 percent of the Authority's toll revenue in 2007 came from E-ZPass users.

The E-ZPass Interagency Group, formed in 1990 to develop an interoperable electronic toll collection system in New York, New Jersey and Pennsylvania, has grown to include 23 toll agencies/authorities in 12 states.

For more information visit <http://www.e-zpassNY.com/>

### I. Environmental Stewardship

The Authority's Bureau of Environmental Services ("Bureau") continues to work to meet air, land and water-based environmental requirements. The Bureau has been developing the Environmental Stewardship Project Implementation and Planning Report ("Report") for both the Authority and Canal Corporation; implementation of this Report is on-going with an updated report and recommendations developed in January 2007.

To assist all four Divisions in their operation and maintenance oversight, environmental reminders were prepared for supervisors' use during implementation of day-to-day projects and activities. A similar document is currently being developed for construction inspectors.

The Division Environmental Specialists provide field staff with compliance support and assistance with environmental enhancement projects such as:

- A Peregrine Falcon nesting area on the Grand Island Bridge.
- Living snow fencing at critical highway locations in the Silver Creek Maintenance Section.
- A Water Quality Pilot Improvement project on the Canal at Gridley Creek, Syracuse Division (Utica Section).

## **1. Recycling Containers**

In August 2007, the Authority launched a pilot program which provided recycling containers for glass, plastic, newsprint and aluminum cans, at Thruway Travel Plazas. These clearly marked containers, made from 100% recycled plastic, were placed at six of the busiest Thruway Travel Plazas in highly visible locations outside the main entrance. The Authority also began the process of placing recycling containers in the remaining 21 Travel Plazas.

## **2. Alternative Fuel**

In 2007, the Authority installed an E85 fueling station in Syracuse in furtherance of the Federal Energy Policy Act of 1992 and New York State Executive Orders 111 and 142, which urge State agencies and authorities to become less dependent on foreign oil and to provide cleaner air.

The Authority has been prepared to open the first E85 fueling station to the public at the New Baltimore Travel Plaza (approximately 15 miles south of Albany) since the Fall of 2006. Upon approval from Underwriters Laboratory (UL) the Authority plans to implement retail sale of E85 fuel at the New Baltimore Travel Plaza. The Authority also has preliminary plans to construct additional E85 fuel facilities at the Clarence and Slootsburg Travel Plazas.

## **3. Invasive Species**

New legislation was passed by the State Legislature and signed by the Governor that established a statewide Invasive Species Council. The Authority/Corporation is a member of this newly established Council that is charged with implementing specific initiatives to protect native species and prevent the spread of invasive plants and animals. For more information on the Council visit: <http://www.dec.ny.gov/environmentdec/38219.html>.

## **4. US Army Corps of Engineers nationwide Permit Program**

In September 2006, the U.S. Army Corps of Engineers proposed to reissue and modify the 2002 nationwide permit program. In March 2007, the Corps executed the modified permits. Authority staff continues to work with the Corps and project design and maintenance staff to ensure compliance with these new permit conditions.

## **5. Municipal Separate Storm Sewer Systems (MS4)**

The Authority and Corporation have a public outreach campaign called Connecting the Drops. This initiative is part of a comprehensive Stormwater Management Program intended to educate New Yorkers on the importance of water quality and stormwater pollution prevention and remind them that what is released into the environment can reach water bodies and put aquatic life, recreation and even drinking water at risk. The Connecting the Drops effort includes educating Authority and Corporation employees, as well as all the motorists and boaters who use the Thruway and Canal Systems. During the Spring of 2007, the Authority/Corporation provided educational materials including “Help Keep the Canal Clean” brochures, Children’s Activity Booklets and Connecting the Drops Fact Sheets at the Canal Clean Sweep event. In June 2007, fourth and fifth graders were educated about the importance of not polluting stormwater runoff at a public outreach event at the Thruway’s Guilderland Travel Plaza. These students learned what they can do to prevent stormwater pollution and stenciled storm drains to remind New Yorkers that the pollution that collects on roads, parking lots or other areas can eventually reach our waterways. Four additional community outreach events were held in July and August at strategically located Travel Plazas in each division at which the Connecting the Drops campaign was promoted through brochures, activity books, etc. Starting in December, a video about stormwater pollution prevention was made available to travelers for viewing at all Thruway Travel Plazas.

## **II. CANAL CORPORATION**

Historically, New York State's Canal System has produced significant economic growth for the State and the nation, creating inland trade and propelling economic development. The mule-towed barges of the Erie Canal and the steam-powered tugboats of the Barge Canal of years past have given way to pleasure boats, hikers, bicyclists and landside visitors of every kind. Over the last decade, implementation of the Canal Revitalization Program, administered by the NYS Canal Corporation, has begun transforming the Canal System into a first class tourist destination, bringing new energy to its surrounding communities.

### **A. Operations and Maintenance**

#### **1. Capital Program**

Several critical Capital Projects were completed in 2007. These projects included the replacement of miter gates at Lock E-4 in Waterford, repairs to walls between Locks O-7 and O-8 in Oswego, rehabilitation of the Washington Street Lift Bridge in Ogden and the Ingersoll Road Lift Bridge in Albion, replacement of the range tower on Cayuga Lake and the sheeting wall in Lyons, steel repairs at Movable Dam 5 in Rotterdam and emergency slope restoration and dredging in Pendleton.

Additionally, the rehabilitation of Movable Dam 10 in Canajoharie was initiated in 2007. Several rehabilitation projects also continued from prior years into 2007, including Movable Dam 6 in Cranesville, the taintor gate and dam at Lock E-26 in Clyde and the waste weir in Cartersville.

#### **2. Flood Recovery**

The flood of June 2006 was the worst high water event in the history of the modern Canal System. Staff worked around the clock to clean debris and make the necessary repairs for a system-wide recovery and re-opening.

The restoration effort that began immediately following the 2006 event continued during 2007. Electrical rehabilitation was completed at Locks E-9, E-11, E-12, E-13, E-14 and E-15 in Schenectady and Montgomery Counties. Also completed were steel and scour repairs at Movable Dam 7 in Amsterdam and scour repairs at Lock E-12 in Tribes Hill.

Projects initiated during 2007 included site and building rehabilitation at Locks E-9, and E-1 through E-15 in Schenectady and Montgomery Counties, and steel and concrete repairs at Locks E-8, E-9 and E-11 through E-15 in Schenectady and Montgomery counties.

The flood recovery repair work will continue in 2008 and complete recovery is expected to take one to two more years.

### **3. Rebuild and Renew New York Transportation Bond Act of 2005**

In November of 2005, voters approved the Rebuild and Renew New York Transportation Bond Act of 2005 which included \$50 million for specific Canal related projects. Three Bond Act projects were completed in 2007, including scour repairs at Lock E-17 in Little Falls, electrical repairs at the dry dock in Waterford and Phase 1 of the bank failure restoration project in Medina. Bank repairs were also initiated in 2007. The miter gates replacement project at Lock C-6 in Fort Miller, begun in 2006, was continued in 2007.

### **4. Structure Inspections**

By the end of 2007, Spectra Engineering, P.C. and its sub consultants completed 187 water inspections of Canal structures. In 2008, the final year of this two-year contract, Spectra Engineering, P.C. will have to complete 90 more inspections to reach the total of 277 inspections.

Collins Engineers, Inc. and its sub consultants completed diving inspection of 100 underwater structures out of a total of 106 structures in the Contract. The remaining six structures will be inspected when high water flows subside to allow safe inspection conditions.

The remainder of Canal structures – those structures not considered “major” and without underwater elements – are inspected periodically by Division Canal personnel.

### **5. Dredging Program**

The Canal Corporation continued its upward trend of dredging volumes with a total of 777,626 cubic yards (cy) dredged from the navigation channel, which marks the highest dredge volume since 1981. While routine dredging occurred at many locations, 2007 continued the emphasis on restoring long sections of the Canal System channel to full depth. Three such sections included Vischer Ferry (Lock 6-7 pool), Indian Castle (Lock 16-17 pool), and Utica (Lock 19-20 pool). Dry dredging operations took place at several creek mouths with the goal of removing the dredge material before it migrated into the navigation channel. The dry dredging extended the dredge season throughout the winter and had a significant impact on the condition of the channel.

In 2007 a new hydraulic dredge for the Utica Floating Plant Section was purchased to replace the existing 1927 DeLaVergne hydraulic dredge. The Utica Floating Plant Staff was able to operate both hydraulic dredges in 2007 to make significant progress on the Corporation's dredging needs. The DeLaVergne dredge will remain in production until no longer feasible to operate or completion of the major channel restoration projects. Also, during 2007 two hydraulic dredge attachments for existing Canal Corporation track excavators were ordered. These attachments will be in service in 2008 and will be capable of barge offloading of dredge material and dredging small projects.

The total volumes dredged by the respective floating plants during 2007 were:  
238,882cy dredged by the Waterford Floating Plant  
334,862cy dredged by the Utica Floating Plant  
112,732cy dredged by the Syracuse Floating Plant  
91,150cy dredged by the Albion Floating Plant  
777,626cy - Total

## **6. Water Management**

Safe and reliable navigation throughout the Canal System was maintained throughout the 2007 navigation season. The Erie Canal between Locks E-7 through E-20 was operated on a modified schedule for recreational vessels between September 18 and October 11 to conserve water as drought conditions persisted in the Mohawk Valley. These locks were open for eastbound traffic on the hour and westbound traffic on the half hour.

## **7. GE Hudson River Dredging**

The Canal Corporation complied with an access order issued by the United States Environmental Protection Agency (USEPA) for three properties controlled by the Corporation which will be used to support the environmental remediation of the Hudson River. Construction on two properties proximate to Lock C-8 is underway, with a two-mile access road completed on one parcel, and construction of a wharf (part of the dewatering facility) underway on the other. Staff continued to participate in this process by attending Community Advisory Group (CAG) meetings, Hudson River Dredging State Task Force meetings, and agency monthly coordination meetings including USEPA, the New York State Department of Environmental Conservation (NYSDEC), the New York State Office of the Attorney General and the New York State Department of Health. Staff has worked closely with NYSDEC on issues related to the project including flood plain remediation and alternate water supply to communities during dredging. Staff is also working with USEPA on the creation of a seasonal Canal Corporation position which will be funded by USEPA and coordinate Canal operations during the dredging project. Dredging is scheduled to begin in spring 2009.



## **8. State Police Troop T**

During 2007, State Police – Troop T Canal Detail continued to provide a Recreational Vehicle Enforcement Unit assigned to the Canal waterways and trails. The nine-member unit utilized All-Terrain Vehicles, bikes, boats, Personal Water Crafts and snowmobiles to patrol Canal properties and waters. In 2007, the Canal Detail realized a 36 percent increase in activity from 2006. The Troopers issued over 1,800 tickets for violations including, speed/reckless operation, alcohol related offenses and other safety violations. Troop T added six ATVs to its fleet of specialized vehicles. The ATVs were utilized to assist in searches for lost/missing persons, criminal investigations and to assist patrols on the Thruway during severe winter storms.

### **B. Office of Community Relations (OCR)**

During 2007, efforts to increase and improve local Canal-side amenities were enhanced by the implementation of the Erie Canal Greenway Grant Program, and by active participation in State, federal and local partnerships involved in revitalizing canal communities. The OCR participated as a member on Local Waterfront Revitalization Program (LWRP) Advisory Committees for numerous canal communities, including Fonda/Fultonville, Schuylerville, Saratoga, Glens Falls, Rome, Little Falls, and Brewerton.

In addition, OCR provided technical assistance to the Erie Canalway National Heritage Commission's 2007 grant program; served on the steering committee for the Great Lakes Basin NYS Land Use Roundtable; and performed active community outreach at venues such as the annual Association of Towns Conference, Conference of Mayors Legislative Meeting, and regional planning commission conferences across the Canal corridor.

### **1. Erie Canal Greenway Grant Program**

The Corporation continues to implement the 2006 Erie Canal Greenway Grant Program, which was funded by \$10 million in the 2006-2007 New York State Budget. The Program provides matching grants to municipalities and not-for-profit corporations for capital projects consistent with the recommendations in the *Report on the Future of New York State Canals and the 1995 Canal Recreationway Plan*. The Corporation solicited grant applications from municipalities and non-profits for capital projects along the Canal System to preserve and rehabilitate canal infrastructure; enhance recreational opportunities for water and land-based users; and promote tourism, historic interpretation and community revitalization. Fifty-seven were selected for \$8.9 million in funding.

To date, the Corporation has executed contracts with 53 municipalities and not-for-profit corporations for projects currently in various stages of design and construction. The Welcome Center at the Fort Plain Free Library and the construction of floating docks along the Geneva Lakefront/Cayuga-Seneca Canal in the City of Geneva were completed in 2007.

Grant funding included \$150,000 to help reconstruct and rehabilitate the main building at Matton's Shipyard, transforming it into a classroom and exhibit space. In 2007, work to stabilize and rehabilitate the site's most significant structure, the carpenter shop, was begun. Staff met routinely with representatives from the New York State Museum (NYSM), New York State Office of Parks, Recreation, and Historic Preservation (NYSOPRHP), and the Erie Canalway National Heritage Corridor Commission (ECNHCC) during 2007 to plan a concept and design charrette for the site with experts from around the United States. The charette will take place in May 2008. Crews from the Corporation's Waterford facility also assisted NYSOPRHP staff in preparing the former Cohoes Terminal at the Shipyard for the docking of the Day Peckinpah and for public visitation.

Grant funding through the Erie Canal Greenway Grant program totaling \$75,000 was also provided to support the 2007 Grand Canal Journey of the *Lois McClure*.

The Corporation partnered with ECNHC and the Lake Champlain Maritime Museum to sponsor this 1,000-mile voyage in 100 days. During the journey to more than 25 canal communities, more than 30,000 visitors toured the McClure.

## **2. Canal Recreationway Activities**

In 1992, "Thruway 2000" legislation was enacted, transferring responsibility for the New York State Canal System to the Thruway Authority and establishing the New York State Canal Corporation as the Authority's subsidiary. The legislation also created the 24-member Canal Recreationway Commission (CRC) to advise the Authority/Corporation on canal-related activities. The CRC membership consists of 10 individuals involved in Canal use, development, preservation or enhancement, and local governments from counties adjacent to or intersected by the Canal System, six New York State agencies and the eight regional planning commissions located within the Canal System.

During 2007, the CRC approved two transfers of jurisdiction of Canal Corporation lands to the Department of Transportation for highway improvements, and six abandonments. Additionally, the CRC approved the Canal System Development Fund Budget for Fiscal Year 2008.

In addition, pursuant to New York State Executive Order Number 3 of 2007, *Promotion of Public Access to Government Decisionmaking*, the Canal Corporation began webcasting its public meetings in August 2007. CRC meetings of the Canal Recreationway Commission are also simultaneously webcast and remain posted on the Corporation's website for a four-month period following the meeting.

## **C. Government Partnerships**

### **1. Erie Canalway National Heritage Corridor (ECNHC)**

As discussed (see "Erie Canal Greenway Grant Program") the Corporation partnered with the Erie Canalway National Heritage Corridor (ECNHC) and the Lake Champlain Maritime Museum to sponsor the 1,000 mile voyage of the Lois McClure.

### **2. New York State Department of State (DOS)**

The Corporation worked closely with DOS on its Local Waterfront Revitalization Program (LWRP) and sits on the advisory committee for LWRPs that include Canal communities. Canal LWRPs developed during 2007 included (1) four riverfront communities in Montgomery County, (2) the City of Little Falls in Herkimer County, (3) the upper Hudson and Champlain Region, (4) the city of Oswego and (5) the town and village of Waterford. Canal LWRP updates were progressed in places like Pittsford, Rome, Rochester and Lockport.

### **3. New York State Environmental Facilities Corporation**

The Corporation partnered with the Environmental Facilities Corporation to conduct an updated analysis of pump out facilities on the Canal System, and the Corporation will be looking at opportunities for additional pump-out grants, as well as clean water educational initiatives, in 2008.

## **D. Canalway Trail**

2007 brought further progress on the multi-year plan to complete the Erie Canalway Trail across New York State from the Hudson River to Lake Erie. When complete, the 338-mile Erie portion of the Canalway Trail will be the longest multi-use recreational trail in the United States.

More than 260 miles of Erie Canalway Trail were completed by the end of 2007. The Palmyra to Newark link, in Wayne County, was completed early in 2007, adding six miles of new trail to the statewide system. The Port Byron to Jordan trail connection in Onondaga and Cayuga Counties was also completed, along with the trail realignment project in Pittsford.

Construction also began on the Tonawanda to Amherst trail segment in Erie County in 2007. The project will add four miles of new Canalway Trail and will be completed in early 2008.

### **1. Cycle the Erie Canal**

The Corporation sponsored Parks and Trails NY's 9th annual Cycle the Erie Canal bike tour from Buffalo to Albany. The July event drew nearly 500 participants from across the United States and abroad. Hundreds of volunteers in communities along the route welcomed the riders and provided food and refreshments. Participants also had the opportunity to participate in boat rides on the Canal, museum tours and visits to the many historic sites along the corridor. More than half of the 400-mile tour was on completed sections of the Erie Canalway Trail.

### **2. Canalway Trail Celebration**

The Corporation once again partnered with Parks and Trails NY to sponsor the annual Canalway Trail Celebration in conjunction with National Trails Day, held in June 2007.

## **E. Land Management**

### **1. Transfers of Jurisdiction & Sales of Surplus Lands**

In 2007 the Canal Corporation focused its Real Property activities on transfer of jurisdiction (TOJ) of numerous tracts of Corporation lands requested by other state agencies deemed surplus to Corporation needs.

Accordingly, the Canal Corporation continued efforts to transfer surplus property to the Office of Parks, Recreation and Historic Preservation (OPRHP), Department of Transportation (NYSDOT) and Department of Environmental Conservation (NYSDEC), in accordance with Sections 50 and 51 of Canal Law.

Specifically, in 2007 the official order transferring 719 acres at Twin Lake and Chub Pond to the DEC was complete. Additionally, the Corporation Board approved and/or extended the approval of the following transfers of jurisdiction to State agencies:

- 34 acres of Old Erie Canal land in the City of Rome, Oneida County to the New York State Office of Parks, Recreation and Historic Preservation (OPRHP);
- 25 acres located near Lock E-7, Town of Niskayuna, Schenectady County, to OPRHP;
- 10 acres at Moss Island in the City of Little Falls, Herkimer County to OPRHP;
- 14 acres in the Village of Schuylerville, Saratoga County Old Champlain Canal land to OPRHP;
- 18 acres in the Village of Fayetteville, Onondaga County to OPRHP;
- 1700 acres at Delta Lake (land and land under water) to OPRHP;
- 719 acres at Twin Lake and Chubb Pond to DEC;
- .79 acres in the Village of Fort Ann, Washington County to DOT;
- .24 acre in the Village of Canajoharie, Montgomery County to DOT

The Corporation Board also approved and/or renewed the approval for the following sales of surplus Corporation property:

- 2,638 s.f. in the Town of Glenville, Schenectady County to Pasquale Popolizio;
- .32 acre in the Town of Forestport, Oneida County to Gardner and Donna Broadbent;
- .23 acre in the Town of Pendleton, Niagara County to Edward Trowse;
- 14,810 s.f. in the Town of Arcadia, Wayne County to Helen Fellows;
- 12,197 s.f. in the Town of Arcadia, Wayne County to June Renner;
- 16,117 s.f. in the Town of Arcadia, Wayne County to Christina Robertson; and
- 13,504 s.f. in the Town of Arcadia, Wayne County to Robert and June Wage.

Additionally, the Corporation closed on the sale of 1,375 sq. ft. to the Town of Seneca Falls, Seneca County, previously approved by the Corporation Board.

## **F. Recreational Boating**

Although built to facilitate the transport of goods, the Canal System has evolved into a major recreational boating destination. Recreational use of the Canal has mirrored industry trends over the years, peaking in 1989 with 159,141 recreational lockings recorded that year.

Recreational traffic increased in 2007 with 123,358 lockings, a 33 percent increase over 2006 when severe flooding forced closures along portions of the System during the height of the 2006 season. When compared to the same time period in 2005, one of the better seasons along the Canal, the 2007 recreational traffic figures were up nearly four percent.

Additionally, for the second navigation season in a row, tolls for recreational boaters were waived during 2007; the lost revenue was replaced by funding from the New York State Department of Transportation and a reduction in seasonal staff.

## **G. Statistics \***

1. Cargo/Commercial: Cargo vessel traffic increased by 108 percent from 1,658 in 2006 to 3,362 in 2007, and increased by 36 percent from 2,468 in 2005 to 3,362 in 2007.\*
2. Recreational Traffic: Recreational traffic increased by 33.2 percent from 92,642 in 2006 to 123,358 in 2007, and increased by 3.7 percent from 119,113 in 2005 to 123,358 in 2007.\*
3. Tour Boat: Tour boat traffic increased by 6.6 percent from 7,471 in 2006 to 7,966 in 2007, and decreased by 2.4 percent from 8,163 in 2005 to 7,966 in 2007.\*
4. Hire Boat: Hire boat traffic increased by 15.2 percent from 6,561 in 2006 to 7,557 in 2007, and increased by 7 percent from 7,063 in 2005 to 7,557 in 2007.\*

Note: The traffic figures above are measured by cumulative vessel lockings, representing each time a vessel passed through a Lock.

\* Due to severe flooding of the Erie Canal in the Mohawk River Valley region during the 2006 navigation season, comparative figures from both 2005 and 2006 seasons are utilized.

## **H. Events**

The Corporation's two major statewide annual promotional events experienced growth in their second year.

### **1. Canal Clean Sweep**

In recognition of Earth Day, the second annual "Canal Clean Sweep" was held the weekend of April 21-22, 2007. This event encouraged communities, businesses and non-profit organizations along the entire Canal Corridor to help prepare for the opening of the New York State Canal System on May 1, by participating in cleanup and beautification activities along the Canal and the Canalway Trail. Roughly 50 clean-up events were held in preparation for the 182nd navigation season.

### **2. Canal Splash!**

During the weekend of August 10-12, 2007, the Corporation held the second annual statewide signature event, "Canal Splash!" to highlight the history, beauty, culture and recreational appeal of the New York State Canal System. In 2007, the "Canal Splash!" featured more than 100 local events, guided walks, bike tours, discounted kayak and canoe rentals, canal cruises, cultural offerings and much more throughout the Canal Corridor. The two-day, multi-location celebration attracted tens of thousands of people to the events organized by State agencies, communities, non-profits and local businesses. The event was widely publicized throughout the Canal Corridor through distribution of more than 10,000 "Canal Splash" brochures. The Corporation partnered with Erie Canalway National Heritage Corridor Commission (ECNHCC) and Parks and Trails New York to organize the event.

## **I. Tugboat Urger Education Program**

The Tugboat Urger, the Corporation's flagship vessel, continued to serve as the focal point of a program to educate school children and adults regarding the importance of New York's historic Canal System. In the spring and fall, the Urger visited communities along the Canal and students in fourth-grade classes at local schools participate in field trips to the Tug to participate in shore-side "hands-on" educational sessions. The students learned about the history of the Canals and the role construction of the Erie Canal played in making New York the "Empire State."



In 2007, the Urger was visited by more than 5,000 school children throughout the Canal Corridor. For the fourth consecutive year, the Urger program partnered with the Waterford Maritime Historical Society and Peebles Island Visitor Center for the “Canalways Program”, a full day of educational activities related to the Canal System. This successful program was expanded to four days in 2007 and accommodated nearly 800 students.

The Tug Urger was also part of the “Grand Canal Experience 2007”, a summer workshop for fourth grade teachers from throughout New York State. Additionally, in 2007 the Tug Urger participated in seven Canal festivals and entertained and educated thousands of visitors.

#### **J. Day Peckinpaugh**

In 2007, staff worked closely with the New York State Museum (NYSM), OPRHP, and the ECNHCC on the Day Peckinpaugh program. The last remaining Barge canal motorship in existence, the Peckinpaugh was acquired by the NYSM and returned to the Canal in 2005 through a partnership between the Corporation and these agencies. In 2007, staff assisted with the Peckinpaugh’s trip to the Port of Albany to participate in the Port’s anniversary celebration, and to Troy, NY. Staff has also worked closely with the New York State Quadricentennial Commission (NYSQC) on the Peckinpaugh’s proposed voyage from New York Harbor to Rouses Point on Lake Champlain for 2009. The Corporation contributed mooring space and use of the Waterford dry dock during the 2007 season and continued to be an active partner in this project.

# FINANCE

Each September, the Authority Board approves the Authority/Canal 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 projects and debt service requirements. The financing components are primarily Thruway revenues, bond proceeds, Federal Aid and Other funds. On October 30, 2006, the Buffalo City Line and Black Rock toll barriers were permanently closed, eliminating tolls at these locations.

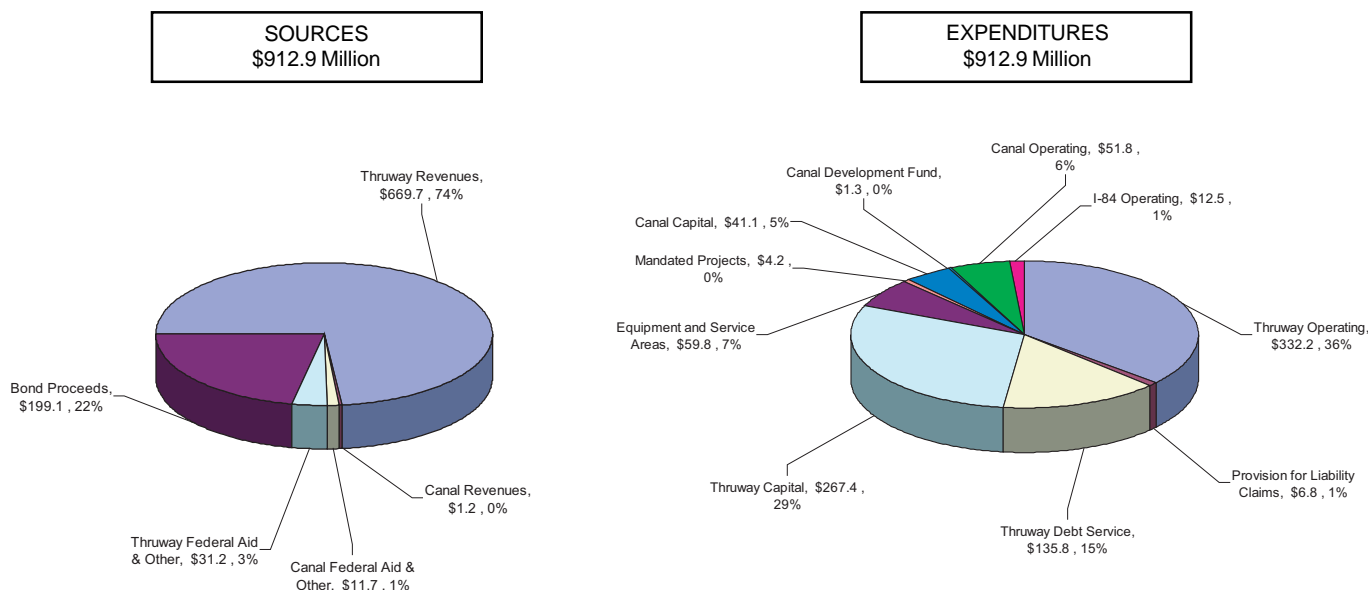
For the 2007 calendar year, the Authority expended a total of \$912.9 million. Of this amount, \$308.5 million is attributed to the Thruway and Canal Capital Program, which includes the Highway and Bridge Rehabilitation Program, the Canal Infrastructure Program, Mandated Projects and Equipment Replacement.

Debt service requirements for 2007 were \$135.8 million for the Authority's General Revenue Bonds.

Thruway operating expenses totaled \$332.2 million plus an additional \$6.8 million provided for the Claims Liability due to the resolution of several personal injury claims. Total Canal, Canal Development Fund and I-84 operating expenses were \$65.6 million. Canal operating expenses were partially funded by \$6.7 million in Federal ISTEIA Enhancement funds and \$1.5 million of FEMA funding to reimburse for costs relative to 2006 and 2007 floods and emergency events. During 2007, the Authority entered into a one year agreement with the Department of Transportation to have Authority staff operate and maintain I-84 and will reimburse all costs as of November 1, 2007. Another agreement with Division of State Police provides for reimbursement for all costs to continue to have Troop T police I-84. In 2007 these reimbursements totaled \$2.2 million.

During 2007, the Capital Program was funded through a financing plan, which incorporates the use of Authority Revenues, Bond Proceeds and Federal Aid and Other funds.

## 2007 FUNDING SOURCES AND EXPENDITURES



# SOURCES OF THRUWAY REVENUE

Total Revenues for 2007 were \$581,664,051, a decrease of \$12,334,721 or 2.08 percent from 2006. Total Thruway operating expenses for the same period were \$338,967,043, an increase of \$8,204,362 or 2.48 percent from 2006.

Revenues from tolls totaled \$540,321,258, a decrease of \$14,041,815, which is primarily due to the permanent closing of the Buffalo City Line and Black Rock Toll Barriers on October 30, 2006. Passenger and commercial toll revenues were \$324,730,185 and \$215,591,073 respectively.

Other revenues amounted to \$41,342,793 including \$2,784,258 from the 28 Thruway gasoline stations, \$10,215,407 from the 27 restaurants, \$10,902,295 of interest on the Authority's investments in the Revenue Fund, \$3,556,757 in special hauling permits and \$13,884,076 in sundry receipts.

During 2007, \$20,748,644 was provided to the Reserve Maintenance Fund from revenues.

For 2007, \$135,822,037 was remitted to the Authority's trustees for Debt Service requirements.

In 2007, the Government Accounting Standards Board issued Statement #45 that requires the entity to recognize the future Retiree Health Insurance costs of current employees as a liability. The Authority recognizes the current year's Retiree Health Insurance costs but has not funded this liability, which an actuary has determined to be \$38,968,237 in 2007.

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

	2007	2006
<b>MAINTENANCE:</b>		
Highway.....	\$ 41,007,752	\$ 37,783,491
Highway and Equipment.....	29,940,712	28,031,515
Snow and Ice Control.....	18,985,965	8,207,239
Headquarters and Division Staff.....	17,500,386	17,110,497
Buildings.....	16,526,965	14,776,121
Bridges and Structures.....	19,282,756	15,899,708
Toll Equipment.....	5,486,207	5,108,977
<b>TOTAL MAINTENANCE COSTS</b>	<b>148,730,743</b>	<b>126,917,548</b>
<b>OPERATING:</b>		
Toll Collection.....	81,497,893	83,777,610
Administrative and General.....	34,308,336	48,759,970
Policing.....	46,638,431	45,875,690
Finance and Accounts.....	14,554,246	12,345,587
Traffic Administration.....	13,237,394	13,086,276
<b>TOTAL OPERATING COSTS</b>	<b>190,236,300</b>	<b>203,845,133</b>
<b>TOTAL MAINTENANCE AND OPERATING COSTS.....</b>	<b>\$ 338,967,043</b>	<b>\$ 330,762,681</b>
<b>Unfunded Retiree Health Insurance.....</b>	<b>38,968,237</b>	<b>-</b>
<b>GRAND TOTALS.....</b>	<b>\$377,935,280</b>	<b>\$330,762,681</b>

## TAXES COLLECTED ON THRUWAY

State and Federal taxes collected on the Thruway totaled \$40,977,564 in 2007, compared with \$40,988,829 in 2006. These came from the following sources:

	2007	2006
State 8 cent-per-gallon tax on gasoline and diesel fuel	\$ 5,680,406	\$ 5,741,995
Federal 18.4 cent-per-gallon tax on gasoline and 24.4 cent-per-gallon tax on diesel fuel	\$ 13,460,813	\$ 13,587,110
State sales tax collected at restaurants	\$ 8,350,405	\$ 8,042,429
State sales tax collected at gasoline stations	\$ 13,485,940	\$ 13,617,295

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

# INVESTMENTS AND BONDS DEBT SERVICE

## 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, 2007:

	(millions)
Thruway Funds	\$695.4
State Infrastructure Bank	10.4
Local Highway and Bridge Service Contract Bonds	76.9
State Personal Income Tax Revenue Bonds	144.2
Highway and Bridge Trust Fund Bonds	270.3

## BONDS DEBT SERVICE AUTHORITY REVENUE BACKED BONDS (in thousands)

Type	Series	Date Sold	Final Maturity	True Interest Cost	Principal Amount	Outstanding 12/31/2006	Additions	Redemptions	Outstanding 12/31/2007
<b>General Revenue Bonds</b>				(Repayment - Secured by first lien on all tolls, rents, fees and other income.)					
	Series D	5/1997	1/2009	5.68%	\$ 350,000	\$ 17,030	\$ -	\$ 8,300	\$ 8,730
	Series E	6/1998	1/2009	5.08%	575,555	490,975	-	469,960	21,015
	Series F	3/2005	1/2030	4.41%	624,570	614,000	-	10,870	603,130
	Series G	9/2005	1/2032	4.68%	738,925	738,500	-	445	738,055
	Series H	10/2007	1/2037	4.48%	1,008,910	-	1,008,910	-	1,008,910
	TOTAL				\$ 3,297,960	\$ 1,860,505	\$ 1,008,910	\$ 489,575	\$ 2,379,840

# BONDS DEBT SERVICE *(Continued)*

## STATE OF NEW YORK SUPPORTED BONDS

*(in thousands)*

Type	Series	Date Sold	Final Maturity	True Interest Cost*	Principal Amount	Outstanding 12/31/2006	Additions	Redemptions	Outstanding 12/31/2007
<b>Local Highway and Bridge Service Contract Bonds</b>					(Repayment - Secured by a service contract with the State of NY)				
	1995A	9/1995	1/2008	5.74%	\$ 77,530	\$ 30,190	\$ -	\$ 19,375	\$ 10,815
	1996	9/1996	4/2007	5.97%	279,010	13,735	-	13,735	-
	1997	9/1997	4/2009	5.35%	452,800	229,855	-	166,550	63,305
	1998A	9/1998	4/2018	4.97%	429,845	142,680	-	46,220	96,460
	1998B	9/1998	4/2014	4.96%	133,245	127,515	-	370	127,145
	1999	8/1999	4/2011	5.56%	370,920	37,275	-	19,120	18,155
	2000	9/2000	4/2012	5.26%	364,465	31,475	-	4,405	27,070
	2001	11/2001	4/2015	4.56%	205,145	55,520	-	7,890	47,630
	2002	8/2002	4/2017	4.18%	650,000	527,445	-	34,320	493,125
	2003	11/2003	3/2021	3.96%	754,045	680,035	-	-	680,035
	2007	5/2007	4/2017	3.98%	203,760	-	203,760	-	203,760
TOTAL					\$ 3,920,765	\$ 1,875,725	\$ 203,760	\$ 311,985	\$ 1,767,500

<b>Highway and Bridge Trust Fund Bonds</b>					(Repayment - Secured by a Cooperative Agreement with the State of NY)				
	1998B	3/1998	4/2014	5.03%	\$ 127,375	\$ 104,555	\$ -	\$ 500	\$ 104,055
	1999A	3/1999	4/2012	4.62%	380,040	78,755	-	20,385	58,370
	1999B	6/1999	4/2011	4.84%	504,915	7,645	-	-	7,645
	2000A	3/2000	4/2011	5.57%	337,910	9,810	-	-	9,810
	2000B	7/2000	4/2012	5.27%	451,865	27,735	-	11,070	16,665
	2001A	3/2001	4/2014	4.71%	421,355	117,575	-	26,900	90,675
	2001B	10/2001	4/2017	4.35%	338,715	141,595	-	21,045	120,550
	2002A	3/2002	4/2018	4.49%	437,910	205,195	-	26,955	178,240
	2002B	6/2002	4/2019	4.37%	435,805	202,675	-	27,055	175,620
	2002C	8/2002	4/2020	4.28%	628,130	588,575	-	25,595	562,980
	2003A	4/2003	4/2023	4.07%	476,375	150,725	-	-	150,725
	2003B	7/2002	4/2023	3.73%	532,755	271,075	-	-	271,075
	2004A	3/2004	4/2024	3.59%	328,565	202,825	-	-	202,825
	2004B	7/2004	4/2024	4.17%	406,915	233,445	-	-	233,445
	2005A	3/2005	4/2025	4.11%	194,740	150,295	-	-	150,295
	2005B	9/2005	4/2025	4.12%	2,786,000	2,783,500	-	13,015	2,770,485
	2006A	7/2006	4/2026	4.54%	350,895	350,895	-	16,240	334,655
	2007A	3/2007	4/2027	4.22%	356,390	-	356,390	-	356,390
	2007B	6/2007	4/2027	4.45%	360,115	-	360,115	-	360,115
TOTAL					\$ 9,856,770	5,626,875	\$ 716,505	\$ 188,760	\$ 6,154,620

<b>State Personal Income Tax Revenue Bonds (Transportation)</b>					(Repayment - Secured by a Financing Agreement with the State of NY)				
	2002A	8/2002	3/2022	4.53%	\$ 250,915	\$ 124,675	\$ -	\$ 22,415	\$ 102,260
	2003A	7/2003	3/2023	4.13%	347,880	314,090	-	95,245	218,845
	2004A	10/2004	3/2024	4.09%	352,300	334,485	-	67,525	266,960
	2005A	7/2005	3/2025	4.04%	333,245	327,910	-	31,705	296,205
	2006A	8/2006	3/2026	4.34%	338,270	338,270	-	6,265	332,005
	2007A	8/2007	3/2027	4.67%	325,160	-	325,160	-	325,160
	2007A (Ref)	8/2007	3/2018	4.12%	171,070	-	171,070	-	171,070
TOTAL					\$ 2,118,840	\$ 1,439,430	\$ 496,230	\$ 223,155	\$ 1,712,505

\* As of Issue Date

# AUTHORITY BOND 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 \$5.426 billion and for state and local projects is \$19.707 billion. The following describes these bond programs:

**GENERAL REVENUE 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 Series 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 Series F bonds were issued to pay at maturity the CP-1 Notes, to refund portions of the outstanding Series B, D and E bonds at a present value savings of \$18.6 million, and to provide \$25 million for the Authority's Capital Program. The Series G bonds were issued to pay at maturity the 2004A BANs and the CP-2 Notes and to provide \$200 million for the Authority's Capital Program. As of 12/31/05, all BANs and CP issuances have been retired. The Series H bonds were issued to refund a portion of the outstanding Series E bonds at a net present value savings of \$18.4 million, and to provide \$537 million for the Authority's Capital Program. The amount issued for capital projects and refunding is \$4.170 billion with \$2.380 billion currently outstanding. The final maturity of these bonds is January 1, 2037.

**LOCAL HIGHWAY AND BRIDGE SERVICE CONTRACT BONDS** - The bonds have no pledge on Thruway revenues and are secured solely by payments made by the State under a service contract. These bonds were issued between 1991 and 2003 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. Additionally, in 2007 the Authority issued \$203.8 million of bonds,

which refunded certain outstanding bonds and produced \$7.2 million in net present value savings. The total amount of bonds issued since 1991 is \$4.930 billion with \$1.768 billion currently outstanding. The final maturity is March 15, 2021.

**STATE PERSONAL INCOME TAX REVENUE BONDS (TRANSPORTATION)** - The bonds have no pledge on Thruway 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 Authority has issued state personal income tax bonds (PIT) each year since August, 2002 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. In 2007, the Authority issued two series of these bonds totaling \$496.2 million, which refunded certain outstanding bonds and produced \$4.6 million in net present value savings. The total amount issued since 2002 is \$2.119 billion with \$1.713 billion currently outstanding. The final maturity of these bonds is March 15, 2027.

**HIGHWAY AND BRIDGE TRUST FUND BONDS** - 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. 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. In 2007, the Authority issued two series of these bonds totaling \$716.5 million. The total amount of bonds issued since 1994 is \$12.658 billion with \$6.155 billion currently outstanding. The final maturity of the bonds is April 1, 2027.

# COMPARATIVE EARNINGS - THRUWAY SYSTEM

	2007	2006	2005	2004	2003
<b>TOLL REVENUES</b>					
<b>PASSENGER</b>					
Woodbury—Buffalo-St. 15-50 Inc.....	\$ 150,746,208	\$ 150,912,396	\$ 141,934,214	\$ 125,358,740	\$ 121,845,641
Erie Section—Sta. 55-61 Inc.....	17,259,306	17,237,239	16,314,082	14,303,436	13,868,196
Grand Island Bridges .....	11,550,730	11,438,089	9,978,973	7,464,501	7,167,917
Tappan Zee Bridge.....	82,113,202	81,962,250	73,843,908	59,093,327	57,676,558
Yonkers Barrier.....	12,306,488	12,249,951	11,354,654	9,026,284	8,616,775
Berkshire Section.....	11,363,333	11,482,563	10,872,177	9,259,448	9,096,967
New Rochelle Barrier.....	22,527,981	22,528,684	21,289,062	19,022,132	18,412,186
Spring Valley Barrier.....	104,358	118,296	88,976	0	0
Harriman Barrier.....	12,757,777	12,789,089	11,567,220	9,149,613	8,747,161
Niagara Section.....	1,395	8,886,947	9,723,156	8,067,770	7,682,842
	<u>\$ 320,730,778</u>	<u>\$ 329,605,504</u>	<u>\$ 306,966,422</u>	<u>\$ 260,745,251</u>	<u>\$ 253,114,243</u>
Permits-Sta. 15-61 Inc. B1-B3.....	3,999,407	4,043,995	4,108,232	4,041,632	4,107,221
	<u>\$ 324,730,185</u>	<u>\$ 333,649,499</u>	<u>\$ 311,074,654</u>	<u>\$ 264,786,883</u>	<u>\$ 257,221,464</u>
<b>COMMERCIAL</b>					
Woodbury—Buffalo-St. 15-50 Inc.....	\$ 141,141,571	\$ 141,144,373	\$ 127,268,998	\$ 108,336,648	\$ 105,602,439
Erie Section—Sta. 55-61 Inc.....	29,168,377	29,739,425	26,980,688	22,431,588	21,657,374
Grand Island Bridges .....	3,398,473	3,516,581	3,354,142	2,824,097	2,751,045
Tappan Zee Bridge.....	21,528,070	21,858,659	20,387,600	16,949,280	16,685,690
Yonkers Barrier.....	4,108,167	3,930,335	3,468,644	2,908,775	2,900,918
Berkshire Section.....	16,710,071	17,147,293	15,676,378	13,347,047	12,701,520
New Rochelle Barrier.....	11,086,334	11,037,951	9,787,934	7,855,238	7,331,869
Spring Valley Barrier.....	6,594,188	6,684,711	6,122,016	4,643,354	4,404,839
Harriman Barrier.....	3,005,528	2,970,430	2,772,516	2,247,178	2,129,568
Niagara Section.....	0	3,794,261	4,191,930	3,413,518	3,182,624
	<u>\$ 236,740,779</u>	<u>\$ 241,824,019</u>	<u>\$ 220,010,846</u>	<u>\$ 184,956,723</u>	<u>\$ 179,347,886</u>
Less Volume Discount.....	(21,149,706)	(21,110,445)	(19,894,719)	(10,160,700)	(9,385,567)
	<u>\$ 215,591,073</u>	<u>\$ 220,713,574</u>	<u>\$ 200,116,127</u>	<u>\$ 174,796,023</u>	<u>\$ 169,962,319</u>
<b>SUMMARY</b>					
Woodbury—Buffalo-St. 15-50 Inc.....	\$ 291,887,779	\$ 292,056,769	\$ 269,203,212	\$ 233,695,388	\$ 227,448,080
Erie Section—Sta. 55-61 Inc.....	46,427,683	46,976,664	43,294,770	36,735,024	35,525,570
Grand Island Bridges .....	14,949,203	14,954,670	13,333,115	10,288,598	9,918,962
Tappan Zee Bridge.....	103,641,272	103,820,909	94,231,508	76,042,607	74,362,248
Yonkers Barrier.....	16,414,655	16,180,286	14,823,298	11,935,059	11,517,693
Berkshire Section.....	28,073,404	28,629,856	26,548,555	22,606,495	21,798,487
New Rochelle Barrier.....	33,614,315	33,566,635	31,076,996	26,877,370	25,744,055
Spring Valley Barrier.....	6,698,546	6,803,007	6,210,992	4,643,354	4,404,839
Harriman Barrier.....	15,763,305	15,759,519	14,339,736	11,396,791	10,876,729
Niagara Section.....	1,395	12,681,208	13,915,086	11,481,288	10,865,466
Permits-Sta. 15-61 Inc. B1-B3.....	3,999,407	4,043,995	4,108,232	4,041,632	4,107,221
	<u>\$ 561,470,964</u>	<u>\$ 575,473,518</u>	<u>\$ 531,085,500</u>	<u>\$ 449,743,606</u>	<u>\$ 436,569,350</u>
Less Volume Discount.....	(21,149,706)	(21,110,445)	(19,894,719)	(10,160,700)	(9,385,567)
	<u>\$ 540,321,258</u>	<u>\$ 554,363,073</u>	<u>\$ 511,190,781</u>	<u>\$ 439,582,906</u>	<u>\$ 427,183,783</u>
<b>NET TOLL REVENUE</b>					
<b>CONCESSION REVENUE:</b>					
Gasoline Stations.....	\$ 2,784,258	\$ 3,420,675	\$ 3,542,596	\$ 3,800,537	\$ 3,698,533
Restaurants.....	10,215,407	9,620,589	11,480,428	11,151,715	11,011,622
<b>TOTAL CONCESSION REVENUE</b> .....	<u>\$ 12,999,665</u>	<u>\$ 13,041,264</u>	<u>\$ 15,023,024</u>	<u>\$ 14,952,252</u>	<u>\$ 14,710,155</u>
<b>SUNDRY REVENUE, INTEREST</b> .....	<u>\$ 28,343,128</u>	<u>\$ 26,594,435</u>	<u>\$ 21,094,545</u>	<u>\$ 15,485,171</u>	<u>\$ 12,697,586</u>
<b>TOTAL REVENUES (1)</b> .....	<u>\$ 581,664,051</u>	<u>\$ 593,998,772</u>	<u>\$ 547,308,350</u>	<u>\$ 470,020,329</u>	<u>\$ 454,591,524</u>
<b>OPERATING EXPENSES</b>					
Toll Collection.....	\$ 81,497,893	\$ 83,777,610	\$ 78,314,954	\$ 76,351,205	\$ 72,245,534
Policing.....	46,638,431	45,875,690	45,280,901	38,234,673	34,054,101
Traffic Administration.....	13,237,394	13,086,276	12,646,933	12,805,620	12,484,120
Maintenance:					
Highway and Building .....	113,303,824	93,777,056	97,161,615	94,854,136	91,300,636
Equipment.....	35,426,919	33,140,492	31,367,011	29,488,775	26,157,999
Finance and Accounts.....	14,554,246	12,345,587	11,830,536	11,459,340	10,321,557
Administrative and General.....	34,308,336	48,759,970	28,708,443	29,536,066	25,925,646
<b>TOTAL OPERATING EXPENSES</b> .....	<u>\$ 338,967,043 (2)</u>	<u>\$ 330,762,681</u>	<u>\$ 305,310,393</u>	<u>\$ 292,729,815</u>	<u>\$ 272,489,593</u>
Excluding Unfunded Retiree Health Insurance	242,697,008	263,236,091	241,997,957	177,290,514	182,101,931
Net Revenues Before Adjustments.....	0	7,049,546	(1,994,950)	(7,500,000)	0
Provision for Liability Claims.....	(3,923,420) (8)	(5,980,754) (7)	4,893,439 (6)	(4,144,899) (5)	(24,532,384) (3)
Adjustments .....	<u>\$ 238,773,588</u>	<u>\$ 264,304,883</u>	<u>\$ 244,896,446</u>	<u>\$ 165,645,615</u>	<u>\$ 157,569,547</u>
Net Revenues after Adjustments.....					
<b>USE OF NET REVENUES</b>					
Debt Service.....	\$ 135,822,037	\$ 127,370,042	\$ 103,821,733	\$ 88,602,049	\$ 90,327,800
Reserve Maintenance Fund.....	20,748,644	69,794,167	60,900,100	36,693,986	10,068,501
Other Authority Projects.....	56,159,240	54,340,674	50,674,613	20,023,693	51,153,199 (4)
General Reserve Fund.....	26,043,667	12,800,000	29,500,000	20,325,887	6,020,047
<b>TOTAL</b> .....	<u>\$ 238,773,588</u>	<u>\$ 264,304,883</u>	<u>\$ 244,896,446</u>	<u>\$ 165,645,615</u>	<u>\$ 157,569,547</u>

(1) Excludes Canal Corporation revenue and interest not deposited in the Revenue Fund.

(2) Includes \$6,750,302 of Claims Liability Expense funded via transfers to the Public Liability Claims Reserve and excludes \$38,968,237 in 2007 Unfunded Retiree Health Insurance Costs.

(3) Includes revenue retained from prior year Operating Reserves and expenditures to be funded from revenues in a subsequent year.

(4) Provided funds for previous year's operating expense shortfall.

(5) Includes revenue retained for 2005 Operating Reserves less Claims and Indemnity expenses funded via transfers to the Public Liability Claims Reserve.

(6) Includes revenue retained from prior year Operating Reserves and excess funds from CWE Debt Service.

(7) Includes revenue retained for 2007 Operating Reserves.

(8) Includes revenue retained from prior year Operating Reserves less revenues retained for 2008 Operating Reserves.



# THRUWAY STATISTICS

	2007	2006	2005	2004	2003
<b>TRAFFIC</b>					
Miles Traveled (1).....	10,414,180,022	10,487,222,156	10,698,582,256	11,076,541,209	10,800,325,570
Miles in Operation-Year's End.....	641	641	641	641	641
Daily Average Miles (1).....	28,532,000	28,732,115	29,311,184	30,263,774	29,589,933
Average Trip (Controlled System).....	41	41	41	43	43
Passenger.....	38	38	38	38	39
Commercial.....	61	62	63	65	64
<b>TOLL</b>					
Total Toll Transactions.....	255,965,320	269,390,856	274,016,131	281,843,428	272,038,024
Passenger.....	228,223,724	240,393,130	241,531,800	243,184,612	234,778,009
Commercial.....	27,741,596	28,997,726	32,484,331	38,658,816	37,260,015
Daily Average Toll Transactions.....	701,275	738,057	750,729	770,064	745,310
Permits Sold.....	35,446	35,832	36,889	37,163	37,238
Permit Trips.....	9,620,327	9,838,057	9,977,286	10,152,296	10,342,956
Permit Miles.....	217,115,608	222,111,417	226,551,491	231,431,678	235,503,136
<b>REVENUE</b>					
Total Income.....	\$581,664,051	\$593,998,772	\$547,308,350	\$470,020,329	\$454,591,524
Passenger Tolls.....	324,730,185	333,649,499	311,074,654	264,786,883	257,221,464
Commercial Tolls.....	215,591,073	220,713,574	200,116,127	174,796,023	169,962,319
Restaurants.....	10,215,407	9,620,589	11,480,428	11,151,715	11,011,622
Gasoline Stations.....	2,784,258	3,420,675	3,542,596	3,800,537	3,698,533
Interest.....	10,902,295 (2)	11,466,236 (2)	6,549,724 (2)	1,995,175 (2)	1,604,213
Other.....	17,440,833	15,128,199	14,544,821	13,489,996	11,093,373
<b>EXPENSES</b>					
Operating Costs (3).....	\$332,216,741 (8)	\$310,713,135 (7)	\$303,805,343 (6)	\$291,710,725 (5)	\$306,123,535 (4)
Transfers to Other Funds.....	102,951,551	136,934,841	141,074,713	77,043,566	67,241,747
Total Debt Service.....	137,140,090	131,401,890	118,909,514	103,417,590	104,299,320
Principal.....	39,530,000	37,675,000	43,535,000	38,740,000	36,815,000
Interest.....	97,610,090	93,726,890	75,374,514	64,677,590	67,484,320
<b>ACCIDENTS AND INCIDENTS (1)</b>					
Fatal.....	32	37	28	35	35
(Fatalities).....	35	47	30	44	36
Personal Injury.....	2,107	1,989	2,161	2,099	2,228
(Persons Injured).....	2,873	2,835	3,095	3,072	3,348
Property Damage.....	9,484	8,107	8,579	8,970	9,416
<b>ACCIDENT RATES</b>					
<b>Per 100,000,000 Miles Traveled (1)</b>					
Fatal Accidents.....	0.31	0.35	0.26	0.32	0.32
Personal Injury Accidents.....	20.23	18.97	20.20	18.95	20.63
Property Damage.....	91.07	77.30	80.19	80.98	87.18
Total Accidents.....	111.61	96.62	100.65	100.25	108.14
<b>FATALITY RATES</b>					
<b>Per 100,000,000 Miles Traveled (1)</b>					
Annual.....	0.34	0.45	0.28	0.40	0.33
Cumulative.....	0.92	0.94	0.96	0.98	1.01
<b>MISCELLANEOUS</b>					
Gallons Fuel Delivered.....	71,047,628	71,896,885	73,872,045	79,116,911	76,864,851
Emergency Service Calls.....	66,828	82,801	94,664	100,006	104,009

(1) Due to the toll class realignment on May 15, 2005, passenger traffic now includes passenger vehicles with trailers which were previously counted under commercial vehicles. Also, commercial traffic has decreased because certain commercial vehicles (tandem trailers and 53' tractor trailers) that previously counted as two transactions are now counted as one.

(2) Total interest was \$15,612,679 for 2007 of which the Revenue Fund received \$10,902,295. Total interest was \$18,122,172 for 2006 of which the Revenue Fund received \$11,466,236. Total interest was \$10,926,746 for 2005 of which the Revenue Fund received \$6,549,724.

(3) Includes CWT maintenance expenses.

(4) Represents 2003 operating expenses and includes funding of 2002 operating expenses that were not funded in the previous year and to provide \$7,376,415 for working capital.

(5) Excludes Claims and Indemnity expense of \$1,019,090 which was funded via Transfers to the Public Liability Claims Reserve.

(6) Excludes Claims and Indemnity expense of \$1,505,050, which was funded via Transfers to the Public Liability Claims Reserve.

(7) Excludes Claims and Indemnity expense of \$20,049,545, which was funded via Transfers to the Public Liability Claims Reserve.

(8) Excludes Claims and Indemnity expense of \$6,750,302 which was funded via transfers to the Public Liability Claims Reserve and Unfunded Retiree Health Insurance costs of \$38,968,237, recognized in 2007 as a result of implementation of GASB 45.

# BRIDGE AND BARRIER TRAFFIC AND REVENUE SUMMARY

STATION	TRAFFIC 2007	TRAFFIC 2006	REVENUE 2007	REVENUE 2006
Grand Island Bridges --				
Passenger	21,999,216	21,828,968	\$ 11,550,730	\$ 11,438,089
Commercial	1,438,771	1,478,547	3,398,473	3,516,581
<b>Total</b>	<b>23,437,987</b>	<b>23,307,515</b>	<b>\$ 14,949,203</b>	<b>\$ 14,954,670</b>
Tappan Zee Bridge <sup>(1)</sup> --				
Passenger	23,681,680	23,578,841	\$ 82,113,202	\$ 81,962,250
Commercial	1,491,025	1,489,669	21,528,070	21,858,659
<b>Total</b>	<b>25,172,705</b>	<b>25,068,510</b>	<b>\$ 103,641,272</b>	<b>\$ 103,820,909</b>
Yonkers Barrier --				
Passenger	17,529,241	17,417,338	\$ 12,306,488	\$ 12,249,951
Commercial	2,078,657	1,995,979	4,108,167	3,930,335
<b>Total</b>	<b>19,607,898</b>	<b>19,413,317</b>	<b>\$ 16,414,655</b>	<b>\$ 16,180,286</b>
New Rochelle Barrier <sup>(1)</sup> --				
Passenger	19,059,574	19,027,930	\$ 22,527,981	\$ 22,528,684
Commercial	2,507,768	2,498,291	11,086,334	11,037,951
<b>Total</b>	<b>21,567,342</b>	<b>21,526,221</b>	<b>\$ 33,614,315</b>	<b>\$ 33,566,635</b>
Spring Valley Barrier <sup>(1)</sup> --				
Passenger	37,529	40,423	\$ 104,358	\$ 118,296
Commercial	1,247,311	1,270,358	6,594,188	6,684,711
<b>Total</b>	<b>1,284,570</b>	<b>1,310,781</b>	<b>\$ 6,698,546</b>	<b>\$ 6,803,007</b>
Harriman Barrier --				
Passenger	18,258,645	18,256,210	\$ 12,757,777	\$ 12,789,089
Commercial	1,297,184	1,278,688	3,005,528	2,970,430
<b>Total</b>	<b>19,555,829</b>	<b>19,534,898</b>	<b>\$ 15,763,305</b>	<b>\$ 15,759,519</b>
Buffalo City Line <sup>(1)(2)</sup> --				
Passenger	0	5,890,121	\$ 717	\$ 4,211,469
Commercial	0	851,514	0	2,630,157
<b>Total</b>	<b>0</b>	<b>6,741,635</b>	<b>\$ 717</b>	<b>\$ 6,841,626</b>
Black Rock Barrier <sup>(1)(2)</sup> --				
Passenger	0	6,602,705	\$ 678	\$ 4,675,478
Commercial	0	438,411	0	1,164,104
<b>Total</b>	<b>0</b>	<b>7,041,116</b>	<b>\$ 678</b>	<b>\$ 5,839,582</b>
Total Bridges and Barriers --				
Passenger	100,565,615	112,642,536	\$ 141,361,931	\$ 149,973,306
Commercial	10,060,716	11,301,457	49,720,760	53,792,928
Total Toll Traffic	110,626,331	123,943,993	\$ 191,082,691	\$ 203,766,234
Non-Revenue	435,930	488,394	-	-
<b>Total</b>	<b>111,062,261</b>	<b>124,432,387</b>	<b>\$ 191,082,691</b>	<b>\$ 203,766,234</b>

(1) One Way Trips

(2) On October 30, 2006, the tolls at City Line and Black Rock Barriers were eliminated.

## DAILY THRUWAY RECORDS

### REVENUE:

Thruway System.....	June 30, 2006
	\$2,205,741
Controlled System.....	June 30, 2006
	\$1,530,870
Grand Island Bridge South....	August 3, 2007
	\$30,700
Grand Island Bridge North....	August 3, 2007
	\$25,055
Tappan Zee Bridge.....	June 24, 2005
	\$338,598
Yonkers Barrier.....	March 2, 2007
	\$64,834
New Rochelle Barrier.....	June 29, 2007
	\$114,417
Spring Valley Barrier.....	July 7, 2005
	\$32,638
Harriman Barrier.....	June 1, 2005
	\$62,187

### TRAFFIC - (Trips)

Thruway System	September 3, 2004
	1,015,283
Controlled System	September 3, 2004
	573,175
Grand Island Bridge South	August 8, 2003
	49,027 *
Grand Island Bridge North	July 1, 2005
	38,713 *
Tappan Zee Bridge	June 24, 2005
	85,977 *
Yonkers Barrier	March 2, 2007
	80,563
New Rochelle Barrier	August 24, 2001
	81,455 *
Spring Valley Barrier	October 17, 2001
	7,571 **
Harriman Barrier	November 24, 2006
	76,540

\* One Way Trips

\*\* One Way Commercial Trips Only

# CONTROLLED SYSTEM TRAFFIC SUMMARY - 2007

			EXIT TRAFFIC				
INTERCHANGES			ENTRY TRAFFIC TOTAL	Passenger		Non Revenue	Total
No.	Name	Mile Post		Full Fare	Permits		
15	Woodbury	45	8,014,229	6,327,426	230,084	1,237,164	7,820,039
16	Harriman	45	1,078,200	1,019,665	39,582	55,153	1,133,835
17	Newburgh	60	5,899,500	4,694,603	326,060	902,308	5,977,172
18	New Paltz	76	2,654,505	2,357,197	173,723	147,385	2,700,337
19	Kingston	91	3,152,280	2,753,711	233,708	224,881	3,237,424
20	Saugerties	101	1,575,539	1,222,037	144,867	91,621	1,477,685
21	Catskill	114	1,688,256	1,343,816	188,295	138,894	1,692,476
21B	Coxsackie	124	1,161,878	715,866	258,330	126,382	1,116,107
22	Selkirk	135	813,718	559,605	105,150	101,846	791,819
23	Boulevard	142	5,021,475	3,921,301	642,441	405,718	5,088,927
24	Washington	148	13,194,392	11,636,788	800,013	1,194,280	13,735,325
25	Schenectady	154	6,925,033	5,837,800	567,404	228,286	6,692,975
25A	Schenectady I-88	159	3,698,519	2,885,711	50,525	550,775	3,516,617
26	Rotterdam	162	1,187,872	929,888	153,188	112,406	1,211,623
27	Amsterdam	174	1,705,690	1,229,803	256,887	185,655	1,695,243
28	Fultonville	182	973,582	544,499	65,509	347,723	973,285
29	Canajoharie	194	503,709	357,232	57,839	49,139	473,471
29A	Little Falls	211	214,175	176,997	22,586	32,334	238,260
30	Herkimer	220	729,603	599,318	52,291	75,852	744,947
31	Utica	233	1,879,306	1,462,203	116,188	249,073	1,867,352
32	Westmoreland	243	1,177,148	934,173	146,769	91,133	1,193,045
33	Verona	253	2,527,584	2,048,978	242,263	199,108	2,512,157
34	Canastota	262	1,590,028	1,065,148	291,473	110,166	1,502,169
34A	Collamer	277	3,187,925	2,574,599	362,191	312,309	3,282,326
35	Thompson	279	2,006,249	1,490,086	265,174	248,350	2,031,119
36	Mattydale	283	3,118,037	2,444,332	194,104	398,694	3,058,494
37	Electronics	284	1,116,237	913,075	165,594	65,685	1,160,012
38	Liverpool	286	1,295,009	915,022	132,146	109,848	1,166,485
39	State Fair	290	3,076,371	2,423,468	223,805	470,214	3,139,866
40	Weedsport	304	1,312,167	915,561	182,523	177,320	1,293,549
41	Waterloo	320	1,457,077	1,003,654	85,648	346,228	1,447,456
42	Geneva	327	1,703,203	1,372,462	136,798	197,792	1,723,036
43	Manchester	340	1,437,599	1,100,742	173,979	115,563	1,402,404
44	Canandaigua	347	3,424,642	2,909,694	216,971	162,834	3,309,163
45	Victor	351	5,639,884	5,111,834	358,100	300,177	5,790,006
46	Henrietta	362	3,613,094	2,872,002	295,745	499,171	3,685,161
47	LeRoy	379	2,560,093	2,045,060	131,065	309,376	2,499,662
48	Batavia	390	1,707,341	1,261,636	147,165	225,203	1,659,338
48A	Pembroke	402	1,853,091	1,216,604	117,660	445,745	1,793,810
49	Depew	417	4,052,894	3,590,511	98,247	316,492	4,024,267
50	Williamsville	420	9,333,553	7,554,232	256,024	1,663,378	9,532,812
<b>SUBTOTAL</b>			<b>119,260,687</b>	<b>96,338,339</b>	<b>8,708,114</b>	<b>13,221,661</b>	<b>119,391,256</b>
B1	Post Road	B7	2,810,836	2,246,452	63,121	398,042	2,734,051
B2	Taconic	B15	877,282	775,851	21,434	8,507	819,272
B3	Canaan	B18	4,142,214	3,180,071	36,841	914,937	4,146,440
<b>SUBTOTAL</b>			<b>7,830,332</b>	<b>6,202,374</b>	<b>121,396</b>	<b>1,321,486</b>	<b>7,699,763</b>
55	Lackawanna	429	8,383,200	6,016,993	274,894	1,297,741	7,638,719
56	Blasdell	432	1,550,597	2,036,819	68,573	140,473	2,267,793
57	Hamburg	436	2,297,277	1,963,481	125,828	153,533	2,260,929
57A	Angola	445	960,763	779,859	86,561	53,341	932,604
58	Silver Creek	456	1,023,852	854,143	106,144	80,927	1,061,463
59	Dunkirk	468	1,717,343	1,366,301	102,678	210,245	1,704,303
60	Westfield	485	284,107	236,670	9,093	30,879	284,545
61	State Line	496	3,378,568	2,242,803	17,046	1,170,594	3,445,351
<b>SUBTOTAL</b>			<b>19,595,707</b>	<b>15,497,069</b>	<b>790,817</b>	<b>3,137,733</b>	<b>19,595,707</b>
<b>GRAND TOTAL</b>			<b>146,686,726</b>	<b>118,037,782</b>	<b>9,620,327</b>	<b>17,680,880</b>	<b>146,686,726</b>



## **NEW YORK STATE THRUWAY AUTHORITY**

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2007 and 2006

# NEW YORK STATE THRUWAY AUTHORITY

## TABLE OF CONTENTS

	Page
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis</b>	2-8
<b>Basic Financial Statements</b>	
Statements of Net Assets	9
Statements of Revenues, Expenses, and Changes in Net Assets	10
Statements of Cash Flows	11-12
Notes to Basic Financial Statements	13-33
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, Including Compliance with Investment Guidelines, Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</b>	34-35

## 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 (the "Authority"), a component unit of the State of New York, as of and for the years ended December 31, 2007 and 2006, 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 audits.

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 audits provide 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, 2007 and 2006, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

During 2007, as described in Notes 2(m) and 9, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The management's discussion and analysis on pages 2 through 8 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 March 19, 2008 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 grant agreements and other matters, including Compliance with Investment Guidelines. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. 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.

**UHY** LLP

Albany, New York  
March 19, 2008

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

Management's Discussion and Analysis

December 31, 2007 and 2006

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 years ended December 31, 2007 and 2006. 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.

**2007 Financial Highlights**

- Toll revenue for the year was \$540.3 million, a decrease of \$14.0 million or 2.5% compared to 2006. This decrease is primarily due to the permanent closing of the Buffalo City Line and Black Rock Toll Barriers in October, 2006.
- 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 \$458.4 million, an increase of \$57.2 million or 14.3% compared to 2006. This increase is primarily due to the implementation of Government Accounting Standard Board Statement 45 (GASB 45) which establishes new financial reporting standards for post employment health care benefits offered by state and local governments. More detailed information about GASB 45 is presented in Note 9.
- Total net assets as of December 31, 2007 were approximately \$2.48 billion, a decrease of \$121.8 million compared to December 31, 2006.
- Total capital assets (net of depreciation) as of December 31, 2007 were approximately \$4.34 billion, an increase of \$190.2 million compared to December 31, 2006.
- Effective November, 2007 the Authority entered into an agreement with the State of New York (State) whereby the State fully reimburses the Authority for the costs of maintaining and operating Interstate 84.

**2006 Financial Highlights**

- Toll revenue for the year was \$554.4 million, an increase of \$43.2 million or 8.5% compared to 2005. This increase is primarily due to 2006 being the first full year of revenues to be impacted by the toll adjustment implemented in May, 2005. The adjustment increased passenger rates by 25% and commercial rates by 35%. From the increased toll rates, E-ZPass passenger customers receive a 10% discount while E-ZPass commercial customers receive a 5% discount.
- 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 \$401.2 million, an increase of \$29.5 million or 7.9% compared to 2005. This increase is primarily due to the resolution of several personal injury claims brought against the Authority.
- Interest expense for the year was \$85.3 million, an increase of \$14.6 million or 20.7% compared to 2005. This increase is primarily due to a full year's impact of the higher interest rates related to the Series F and G bonds which were issued in March and September, 2005, respectively.
- Capital contributions for the year were \$29.4 million, a decrease of \$16.0 million or 35.2% compared to 2005. This decrease is due to a continued reduction in the amount of federal funding provided to the Authority for its Capital Program.
- Total net assets as of December 31, 2006 were approximately \$2.60 billion, a decrease of \$43.6 million compared to December 31, 2005.
- Total capital assets (net of depreciation) as of December 31, 2006 were approximately \$4.15 billion, an increase of \$59.0 million compared to December 31, 2005.



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

Management's Discussion and Analysis

December 31, 2007 and 2006

**Overview of the Financial Statements**

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

The financial statements provide summary information about the Authority's overall financial condition including the Authority's net assets and changes to them. 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.

**Financial Analysis of the Authority**

**Net Assets**

The Authority's total net assets at December 31, 2007 (See Table A-1) were approximately \$2.48 billion, a 4.7% decrease compared to December 31, 2006. Total assets increased 11.1% to \$5.20 billion and total liabilities increased 30.9% to \$2.72 billion. The Authority's total net assets at December 31, 2006 were approximately \$2.60 billion, a 1.7% decrease compared to December 31, 2005. Total assets decreased 1% to \$4.68 billion and total liabilities decreased 0.1% to \$2.08 billion.

**Table A-1**

**Net Assets**

December 31, 2007, 2006 and 2005  
(In millions of dollars)

	2007	2006	2005	Percentage Change 2007-2006
Unrestricted current assets	\$ 194.1	\$ 195.1	\$ 175.6	(0.5)
Restricted current assets	622.0	301.6	424.5	106.2
Capital assets	4,342.8	4,152.6	4,093.6	4.6
Noncurrent assets	39.8	28.7	30.0	38.7
<b>Total assets</b>	<b>5,198.7</b>	<b>4,678.0</b>	<b>4,723.7</b>	<b>11.1</b>
Current liabilities	251.9	204.0	169.6	23.5
Noncurrent liabilities	2,468.8	1,874.2	1,910.7	31.7
<b>Total liabilities</b>	<b>2,720.7</b>	<b>2,078.2</b>	<b>2,080.3</b>	<b>30.9</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	2,312.1	2,337.7	2,398.3	(1.1)
Restricted for debt service	86.8	50.2	50.1	72.9
Restricted for reserve maintenance	46.2	127.2	107.5	(63.7)
Restricted for construction	9.2	13.8	16.5	(33.3)
Unrestricted	23.7	70.9	71.0	(66.6)
<b>Total net assets</b>	<b>\$ 2,478.0</b>	<b>\$ 2,599.8</b>	<b>\$ 2,643.4</b>	<b>(4.7)</b>

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

Management's Discussion and Analysis

December 31, 2007 and 2006

Restricted current assets increased \$320.4 million or 106.2% in 2007 compared to 2006. This increase is primarily due to the issuance of General Revenue Bonds Series H in October, 2007. This issuance generated \$550.9 million of net proceeds to fund the Authority's capital program which appear as restricted current assets. In addition to generating restricted net proceeds, the bond issuance was used to refund \$450 million of General Revenue Bonds Series E and to fund a required increase of \$36.2 million in the Authority's Senior Debt Service Reserve Fund.

Current liabilities increased \$47.9 million or 23.5% compared to 2006. This increase is primarily due to a greater amount of capital work performed but not paid for as of December 31, 2007 compared to December 31, 2006; as well as an increase in the amount of principal due within one year on the General Revenue Bonds.

Non-current liabilities increased \$594.6 million or 31.7 % compared to 2006. This increase is primarily due to the issuance of General Revenue Bonds Series H as noted above. The implementation of GASB 45 which establishes new financial reporting standards for post employment benefits offered by state and local governments also contributed to the increase. More detailed information about GASB 45 is presented in Note 9.

Net assets invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, rehabilitation, or improvement of those assets.

Net Assets Restricted for Debt Service increased by \$36.6 million compared to 2006. This increase is primarily due to a higher debt service reserve fund requirement resulting from the issuance of General Revenue Bonds Series H. Net Assets Restricted for Reserve Maintenance decreased by \$81 million compared to 2006. This decrease is primarily due to the drawdown of Reserve Maintenance Funds to pay for capital projects and equipment. Unrestricted net assets decreased by \$47.2 million compared to 2006. This decrease is primarily due to the implementation of GASB 45 as noted above.

**Changes in Net Assets**

Net assets decreased by \$121.8 million in 2007 compared to 2006 (See Table A-2). The Authority's total operating revenues for 2006 were \$583.6 million, a decrease of \$12.4 million or 2.1% compared to 2006. Total operating expenses including depreciation and amortization were \$669.6 million, an increase of \$63.5 million or 10.5% compared to 2006. Net assets decreased by \$43.6 million in 2006 compared to 2005. The Authority's total operating revenues for 2006 were \$596.0 million, an increase of \$45.1 million or 8.2% compared to 2005. Total operating expenses including depreciation and amortization were \$606.1 million, an increase of \$38.6 million or 6.8% compared to 2005.

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

Management's Discussion and Analysis

December 31, 2007 and 2006

**Table A-2**  
**Changes in Net Assets**

Years ended December 31, 2007, 2006 and 2005  
(In millions of dollars)

	2007	2006	2005	Percentage Change 2007-2006
Operating Revenues:				
Toll revenue	\$ 540.3	\$ 554.4	\$ 511.2	\$ (2.5)
Concession revenue	13.0	13.0	15.0	-
Miscellaneous	30.3	28.6	24.7	5.9
Total operating revenues	<u>583.6</u>	<u>596.0</u>	<u>550.9</u>	<u>(2.1)</u>
Operating Expenses:				
Administrative	20.0	21.0	20.0	(4.8)
Engineering services	6.0	5.8	5.4	3.4
Maintenance	107.6	89.0	93.7	20.9
Finance and accounts	7.3	6.3	6.1	15.9
Operations	83.4	83.7	82.5	(0.4)
General charges	155.7	128.8	103.1	20.9
Canals	61.6	54.0	46.9	14.1
Interstate 84	12.6	11.8	12.7	6.8
Other Authority projects	4.2	0.8	1.4	425.0
Depreciation and amortization	211.2	204.9	195.7	3.1
Total operating expenses	<u>669.6</u>	<u>606.1</u>	<u>567.5</u>	<u>10.5</u>
Operating loss	<u>(86.0)</u>	<u>(10.1)</u>	<u>(16.6)</u>	<u>(751.5)</u>
Non-operating revenue (expenses):				
Interest expense	(83.9)	(85.3)	(70.7)	(1.6)
Non-operating revenues	16.8	22.4	15.0	(25.0)
Net non-operating expenses	<u>(67.1)</u>	<u>(62.9)</u>	<u>(55.7)</u>	<u>6.7</u>
Loss before other revenue and special items	(153.1)	(73.0)	(72.3)	(109.7)
Capital contribution	<u>31.3</u>	<u>29.4</u>	<u>45.4</u>	<u>6.5</u>
Change in net assets	(121.8)	(43.6)	(26.9)	(179.4)
Total net assets, beginning of the year	<u>2,599.8</u>	<u>2,643.4</u>	<u>2,670.3</u>	<u>(1.7)</u>
Total net assets, end of the year	<u>\$ 2,478.0</u>	<u>\$ 2,599.8</u>	<u>\$ 2,643.4</u>	<u>\$ (4.7)</u>

Toll revenue for 2007 decreased \$14.0 million or 2.5%. Passenger toll revenue decreased \$8.9 million or 2.7% and commercial toll revenue decreased \$5.1 million or 2.1%. This decrease is primarily due to the permanent closing of the Buffalo City Line and Black Rock Toll Barriers in October, 2006.

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

Management's Discussion and Analysis

December 31, 2007 and 2006

Maintenance expenses increased by \$18.6 million or 20.9% compared to 2006. This increase is due to higher snow and ice expenses, property damage claim reimbursements, a reduction in the amount of capital work performed by maintenance forces and higher personal service costs.

General charges increased by \$26.9 million or 20.9% compared to 2006. This increase is primarily due to the implementation of GASB 45 which established new financial reporting standards for post employment health care benefits offered by state and local governments. More detailed information about GASB 45 is presented in Note 9. The increase was partially offset by a reduction in claim and indemnity costs.

Canal operating expenses increased by \$7.6 million compared to 2006. This increase is primarily due to the implementation of GASB 45.

**Capital Assets and Debt Administration**

**Capital Assets**

As of December 31, 2007, the New York State Thruway Authority had invested approximately \$7.51 billion in capital assets, including roads, bridges, canal structures, buildings, land and equipment. Net of accumulated depreciation, the Authority's capital assets at December 31, 2007, totaled approximately \$4.34 billion (See Table A-3) representing a net increase (including additions, disposals and depreciation) of approximately \$190 million or 4.6% over December 31, 2006.

As of December 31, 2006, the New York State Thruway Authority had invested approximately \$7.23 billion in capital assets, including roads, bridges, canal structures, buildings, land and equipment. Net of accumulated depreciation, the Authority's capital assets at December 31, 2006, totaled approximately \$4.15 billion (See Table A-3) representing a net increase (including additions, disposals and depreciation) of approximately \$59 million or 1.4% compared to December 31, 2005.

**Table A-3**  
**Capital Assets**

December 31, 2007, 2006 and 2005  
(In millions of dollars)

	2007	2006	2005	Percentage Change 2007-2006
Land and land improvements	\$ 804.3	\$ 804.8	\$ 804.8	\$ -
Construction work in progress	450.9	275.2	182.0	63.8
Thruway System	5,694.3	5,608.9	5,505.0	1.5
Canal System	348.2	332.0	322.7	4.9
Equipment	210.0	205.3	201.6	2.3
Less accumulated depreciation	(3,164.9)	(3,073.6)	(2,922.5)	3.0
Total net capital assets	<u>\$ 4,342.8</u>	<u>\$ 4,152.6</u>	<u>\$ 4,093.6</u>	<u>\$ 4.6</u>

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

Management's Discussion and Analysis

December 31, 2007 and 2006

In 2007, Construction in progress increased \$175.7 million as the Authority continued to invest in infrastructure improvements based on a multi-year capital plan. Significant projects in progress as of December 31, 2007 include the re-decking of the Tappan Zee Bridge, reconstruction of Interchange 17, rehabilitation of the Castleton Bridge, Tappan Zee Bridge/I-287 Environmental Review, rehabilitation of movable dams at Locks E-10 and E-14 and several pavement rehabilitation projects at various locations. The Thruway System capital asset value increased by \$85.4 million compared to 2006. This increase was primarily due to the completion of a number of projects including steel repairs on the South Grand Island Bridges, replacement of bridges at mileposts 213.9 and 345.0, reconstruction of Interchange 56, and several multi-million dollar pavement rehabilitation projects.

In 2006, the Thruway System capital asset value increased by \$103.9 million. This increase was primarily due to the completion of a number of projects including painting of the Tappan Zee Bridge, replacement of the Route 300 bridge which crosses over the Thruway, installation of Variable Message Signs (VMS) and traffic monitoring equipment, as well as, several pavement rehabilitation projects. Construction work in progress increased \$93.2 million as the Authority commenced a seven year capital plan.

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 comply with rules and regulations of the United States Treasury Department and the United States Securities and Exchange Commission. The terms and conditions of Authority bond and note sales must also be approved by the New York State Office of the State Comptroller.

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. At December 31, 2007, the Authority had approximately \$2,454 million in general revenue bonds outstanding, an increase of \$558.1 million from December 31, 2006 (See Table A-4). Of the \$2,454 million in general revenue bonds outstanding, approximately \$835 million are insured and rated Aaa by Moody's and AAA by Standard and Poor's (S&P). The remaining revenue bonds are rated Aa3 by Moody's and AA- by S&P.

During 2007, the Authority issued \$1,009 million in General Revenue Bonds, Series H, whose proceeds were issued to fund a portion of the Authority's multi-year Capital Program and to refund \$450 million of the Authority's General Revenue Bonds, Series E, for a present value savings of \$18.6 million.

At December 31, 2006, the Authority had approximately \$1,896 million in general revenue bonds and notes outstanding, a 2% decrease from December 31, 2005 (See Table A-4). Of the \$1,896 million in general revenue bonds outstanding, approximately \$1,356 million were insured and rated Aaa by Moody's and AAA by Standard and Poor's (S&P). The remaining revenue bonds were rated Aa3 by Moody's and AA- by S&P.

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

Management's Discussion and Analysis

December 31, 2007 and 2006

**Table A-4**  
**Outstanding Debt**

Year ended December 31, 2007  
(In millions of dollars)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Ending Balance</u>
General Revenue Bonds	<u>\$ 1,895.9</u>	<u>\$ 1,050.3</u>	<u>\$ (492.2)</u>	<u>\$ 2,454.0</u>

Year ended December 31, 2006  
(In millions of dollars)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Ending Balance</u>
General Revenue Bonds	<u>\$ 1,934.4</u>	<u>\$ 0.4</u>	<u>\$ (38.9)</u>	<u>\$ 1,895.9</u>

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 and Accounts, P.O. Box 189, Albany, NY 12201-0189.

# NEW YORK STATE THRUWAY AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## STATEMENTS OF NET ASSETS

December 31, 2007 and 2006

	2007	2006
	(In thousands)	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 103,118	\$ 114,995
Investments	11,852	11,822
Accrued interest receivable	4,989	1,887
Accounts receivable, net	47,717	44,608
Materials and supplies	17,407	16,386
Prepaid insurance and deferred items	9,025	5,427
Restricted:		
Cash and cash equivalents	154,203	176,463
Investments	446,791	109,274
Accrued interest receivable	1,089	713
Accounts receivable, net	9,707	13,974
Other	10,201	1,124
Total current assets	<u>816,099</u>	<u>496,673</u>
<b>Non-current assets</b>		
Capital assets, net of accumulated depreciation	4,342,760	4,152,610
Investment in State Infrastructure Bank	3,000	3,000
Bond issuance costs, net of accumulated amortization	36,830	25,723
Total non-current assets	<u>4,382,590</u>	<u>4,181,333</u>
Total assets	<u>\$ 5,198,689</u>	<u>\$ 4,678,006</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 143,949	\$ 98,407
Accrued wages and employee benefits	7,339	8,512
Deferred revenue	42,289	39,769
Current amount due on bonds and other long-term liabilities	58,277	57,289
Total current liabilities	<u>251,854</u>	<u>203,977</u>
<b>Non-current liabilities</b>		
Bonds payable	2,399,983	1,855,373
Other long-term liabilities	68,846	18,827
Total non-current liabilities	<u>2,468,829</u>	<u>1,874,200</u>
Total liabilities	<u>2,720,683</u>	<u>2,078,177</u>
<b>Net assets</b>		
Invested in capital assets, net of related liabilities	2,312,052	2,337,687
Restricted for:		
Debt service	86,802	50,228
Reserve maintenance	46,188	127,182
Construction	9,233	13,824
Unrestricted	23,731	70,908
Total net assets	<u>\$ 2,478,006</u>	<u>\$ 2,599,829</u>

See notes to financial statements.



# NEW YORK STATE THRUWAY AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Years Ended December 31, 2007 and 2006

	2007	2006
	<i>(In thousands)</i>	
<b>Operating revenues</b>		
Tolls	\$ 540,321	\$ 554,363
Concessions	13,000	13,041
Other	30,268	28,630
Total operating revenues	<u>583,589</u>	<u>596,034</u>
<b>Operating expenses</b>		
Administrative	20,029	20,993
Engineering services	6,025	5,784
Maintenance engineering:		
Thruway maintenance	79,281	62,741
Equipment maintenance	28,304	26,357
Finance and accounts	7,246	6,285
Operations:		
Traffic and services	7,177	7,049
State police	33,004	33,013
Toll collection	43,179	43,679
General charges	155,728	128,782
Canals	61,597	53,991
Interstate 84	12,629	11,763
Other Authority projects	4,161	802
Depreciation and amortization	<u>211,220</u>	<u>204,872</u>
Total operating expenses	<u>669,580</u>	<u>606,111</u>
<b>Operating loss</b>	<u>(85,991)</u>	<u>(10,077)</u>
<b>Non-operating items</b>		
Interest revenue on investments	4,301	6,267
Interest expense	(83,930)	(85,306)
Federal and other aid	12,486	16,094
Net non-operating items	<u>(67,143)</u>	<u>(62,945)</u>
<b>Loss before capital contributions</b>	(153,134)	(73,022)
<b>Capital contributions</b>	<u>31,311</u>	<u>29,439</u>
<b>Change in net assets</b>	(121,823)	(43,583)
Total net assets, beginning of year	<u>2,599,829</u>	<u>2,643,412</u>
Total net assets, end of year	<u><u>\$ 2,478,006</u></u>	<u><u>\$ 2,599,829</u></u>

See notes to financial statements.

# NEW YORK STATE THRUWAY AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
	<i>(In thousands)</i>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from toll collections	\$ 546,810	\$ 559,375
Cash received from concession sales	13,282	14,102
Other operating cash receipts	29,729	23,151
Personal service payments	(165,596)	(166,746)
Fringe benefit payments	(66,490)	(64,104)
E-ZPass account management payments	(19,614)	(24,951)
Cash payments to vendors and contractors	<u>(168,045)</u>	<u>(132,622)</u>
Net cash provided by operating activities	<u>170,076</u>	<u>208,205</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Federal aid and other reimbursements	11,280	11,116
Other items	<u>1,694</u>	<u>2,064</u>
Net cash provided by non-capital financing activities	<u>12,974</u>	<u>13,180</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from issuance of debt	1,058,618	-
Federal aid and other capital contributions	35,490	31,646
Acquisition/construction of capital assets	(369,847)	(243,876)
Principal paid on capital debt	(496,903)	(40,125)
Interest paid on capital debt	(113,545)	(93,844)
Proceeds from sale of capital assets	<u>816</u>	<u>768</u>
Net cash provided by (used in) capital and related financing activities	<u>114,629</u>	<u>(345,431)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(574,528)	(476,371)
Proceeds from sale and maturities of investments	236,981	642,135
Interest and dividends on investments	<u>5,731</u>	<u>13,169</u>
Net cash (used in) provided by investing activities	<u>(331,816)</u>	<u>178,933</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(34,137)	54,887
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>291,458</u>	<u>236,571</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 257,321</u></u>	<u><u>\$ 291,458</u></u>

See notes to financial statements.

# NEW YORK STATE THRUWAY AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## STATEMENTS OF CASH FLOWS (Continued)

Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
	<i>(In thousands)</i>	
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (85,991)	\$ (10,077)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization expense	211,220	204,872
Capitalized interest	3,365	1,934
Net changes in assets and liabilities:		
Receivables	(58)	(6,305)
Materials and supplies	(1,021)	(568)
Other assets	(3,598)	(1,272)
Accounts payable and accrued expenses	44,829	21,810
Accrued wages and benefits	(1,189)	(4,155)
Deferred revenue	<u>2,519</u>	<u>1,966</u>
Net cash provided by operating activities	<u>\$ 170,076</u>	<u>\$ 208,205</u>
<b>RECONCILIATION TO STATEMENT OF NET ASSETS</b>		
Cash and cash equivalents	\$ 103,118	\$ 114,995
Restricted cash and cash equivalents	<u>154,203</u>	<u>176,463</u>
Total cash and cash equivalents	<u>\$ 257,321</u>	<u>\$ 291,458</u>

See notes to financial statements.

# **NEW YORK STATE THRUWAY AUTHORITY**

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2007 and 2006**

### ***NOTE 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 in August 1992 to accept jurisdiction and control over the State Canal System from the State. The Boards of both the Authority and the Canal Corporation each consist of seven 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. Under the 1991 legislation, the Authority is prohibited from imposing any toll, fee, rental or charge for the use of the CWE or I-84. The 1992 legislation, which transferred responsibility for maintenance of the Canal System to a subsidiary corporation of 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." On October 30, 2006, in accordance with the 1991 legislation, the Authority provided the State with one year's notice of its intent to return the operations of I-84 to the State. Additional legislation in 2007 authorized the Authority and the State's Department of Transportation (DOT) to enter into an agreement under which the Authority will continue to maintain and operate I-84 through October 31, 2008 at DOT's expense, subject to certain monetary caps. Similarly, the Authority entered into an agreement with the Division of State Police (DSP) to maintain Troop T services on I-84 through March 31, 2008 with the costs to be borne by DSP.

The accounts and activities of the Canal Corporation and the "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 (the 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 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 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 backed solely from Authority revenues. However, under the criteria specified in Government Accounting Standards Board Statement (GASB) 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.



# NEW YORK STATE THRUWAY AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2007 and 2006

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with the provisions of the GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the Authority has elected to apply all Financial Accounting Standards Board statements and interpretations issued on or before November 30, 1989 unless these standards and interpretations conflict with or contradict the GASB pronouncements. The more significant accounting policies are described below:

#### (a) **Basis of Accounting**

The Authority's activities are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net assets, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

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 certain revenue collected from the lease of property. Operating expenses for the Authority include maintenance costs, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating items.

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

#### (b) **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 include financial instruments with an original maturity of more than three months and are recorded at amortized cost. These investments are not included in cash and cash equivalents in the Statement of Cash Flows.

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, including obligations of the United States and its Federal agencies, collateralized time deposits, commercial paper, bankers acceptances and repurchase agreements.

# NEW YORK STATE THRUWAY AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2007 and 2006

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

The Authority's investment policy has established criteria that mitigates certain credit risks and interest rate risks. The policy has established investment concentration limits for each of the Authority's investment portfolios. The policy also requires that deposits and investments be held by a third-party custodian who may not otherwise be a counter-party to the transactions, and that securities are held in the name of the Authority.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy to address this risk requires the custodian or depository bank to provide collateral in an amount equal to or greater than the amount on deposit, with a third-party custodian in the Authority's name.

Interest rate risk is also addressed in the Authority's policy which requires the purchase of securities with the intention of holding them to maturity and does not limit the term of any investment. It is the Authority's practice to invest funds to the date of the anticipated need of the funds. Consequently, the Authority's investments have maturities of 12 months or less.

#### **(c) Accounts Receivable**

Accounts receivable consist primarily of receivables from commercial transportation companies and Federal and State governments under various Federal and State grant programs. All commercial accounts receivable are guaranteed by surety bonds and/or cash deposits. An allowance of \$100,000 was established at both December 31, 2007 and 2006 for estimated uncollectible accounts receivable.

#### **(d) Materials and Supplies**

Materials and supplies are principally valued at weighted average cost. The cost of such items is recognized as an expense when used.

#### **(e) Deferred Revenue**

Deferred revenue consists of prepaid deposits made by private and commercial customers into E-ZPass accounts held by the Authority and 2008 and 2007 annual permit revenues collected in 2007 and 2006, respectively.

#### **(f) 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 Authority's bonds. Certain other assets are accumulated and restricted in accordance with the bond resolutions for the purpose of paying interest and principal debt payments that are due on a semi-annual and annual basis, respectively, and for the purpose of maintaining reserve funds at required levels. Payments from restricted funds are governed by the bond resolutions and, as such, expenses which do not meet these standards are paid from unrestricted funds.

# NEW YORK STATE THRUWAY AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2007 and 2006

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### **(g) Toll Revenues**

Toll revenues are stated net of volume and other discounts approximating \$21.1 million in both 2007 and 2006.

#### **(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 liability for vested compensated absences has been computed to approximate \$11,075,000 and \$11,091,000 at December 31, 2007 and 2006, respectively, and is classified as a long term liability.

#### **(j) Bond Discounts/Premiums, Deferred Losses on Advanced and Current Refunding and Bond Issuance Costs**

Bond discounts/premiums and deferred losses on advanced and current refunding are presented as components of bonds payable and bond issuance costs are presented as a component of non-current assets on the Statements 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. Deferred losses on advanced and current refunding are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. Net amortization related to net bond discounts/premiums and deferred losses on advanced and current refunding were approximately \$2,225,000 and \$853,000 for 2007 and 2006, respectively, and was included as an offset of interest expense. Depreciation and amortization expense includes amortization of bond issuance costs for 2007 and 2006 of \$1,726,000 and \$1,324,000, respectively.



**NEW YORK STATE THRUWAY AUTHORITY**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2007 and 2006

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**(k) Arbitrage**

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and an 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 to annually record a liability representing 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 years ended December 31, 2007 and 2006.

**(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) Implementation of New Accounting Pronouncement**

During 2007, the Authority adopted, on a prospective basis, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*. Statement No. 45 requires governmental entities, including the Authority, to recognize in its financial statements the financial impact of post employment benefits, principally employer funded health care costs. The impact on the Authority's financial position and results of operations is more fully disclosed under Note 9.

**(n) 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.

**NEW YORK STATE THRUWAY AUTHORITY**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2007 and 2006

**NOTE 3 – CASH AND INVESTMENTS**

The Authority's cash and investments as of December 31, 2007 and 2006 were as follows (in thousands):

	2007		2006
	Carrying Value	Fair Value	Carrying Value
<b><u>Cash and cash equivalents</u></b>			
Unrestricted:			
Cash:			
Demand deposits	\$ 6,511	\$ 6,511	\$ 5,142
Toll change funds	116	116	121
Total unrestricted cash	<u>6,627</u>	<u>6,627</u>	<u>5,263</u>
Cash equivalents:			
Government discount notes	57,298	57,438	35,203
Repurchase agreements	38,216	37,062	73,502
Time deposits	977	977	1,027
Total unrestricted cash equivalents	<u>96,491</u>	<u>97,477</u>	<u>109,732</u>
Total unrestricted cash and cash equivalents	<u>\$103,118</u>	<u>\$104,104</u>	<u>\$114,995</u>
Restricted:			
Cash:			
Demand deposits	\$ 3,557	\$ 3,557	\$ 8,224
Other deposits	2	2	185
Total restricted cash	<u>3,559</u>	<u>3,559</u>	<u>8,409</u>
Cash equivalents:			
Government discount notes	125,747	126,362	137,234
Repurchase agreements	14,124	14,422	21,859
Time deposits	353	353	418
Other deposits	10,420	10,443	8,543
Total restricted cash equivalents	<u>150,644</u>	<u>151,580</u>	<u>168,054</u>
Total restricted cash and cash equivalents	<u>\$154,203</u>	<u>\$155,139</u>	<u>\$176,463</u>
<b><u>Investments</u></b>			
Unrestricted:			
Time deposits	<u>\$ 11,852</u>	<u>\$ 11,852</u>	<u>\$ 11,822</u>
Total unrestricted Investments	<u>\$ 11,852</u>	<u>\$ 11,852</u>	<u>\$ 11,822</u>
Restricted:			
Government discount notes	\$394,332	\$399,129	\$109,274
Other notes	52,459	53,397	-
Total restricted investments	<u>\$446,791</u>	<u>\$452,526</u>	<u>\$109,274</u>

At December 31, 2006, the fair value of the Authority's cash and investments approximated the carrying value.

# NEW YORK STATE THRUWAY AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2007 and 2006

### NOTE 3 – CASH AND INVESTMENTS (Continued)

The Authority requires collateral, in the form of federal government obligations or agency instruments guaranteed by the federal government, for all investments in repurchase agreements. The Authority requires delivery to its trustee (or agent) 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, which are comprised of demand and other deposits approximated \$10,070,000 and \$13,551,000 as of December 31, 2007 and 2006, respectively, and are fully insured or collateralized. Amounts are collateralized with securities transferred to and held by the Authority's trustee in the Authority's name.

As of December 31, 2007, the Authority had the following concentrations of investments in Federal agency discount notes and coupon notes:

<u>Security</u>	<u>Credit Exposure (Rating)</u>	<u>% of Total Investments</u>
Federal National Mortgage Association	AAA/Aaa	46%
Federal Home Loan Bank	AAA/Aaa	21%
Federal Home Loan Mortgage Corporation	AAA/Aaa	23%
Federal Farm Credit Bank	AAA/Aaa	Less than 1%

### NOTE 4 – CAPITAL ASSETS

The Authority's capital assets principally include the Thruway System, Canal System and equipment. The Thruway System includes 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:

<u>Category</u>	<u>Useful life</u>	<u>Capitalization Threshold</u>
Bridges	45 years	\$50,000
Bridge Improvements	15 years	50,000
Highways	30 years	50,000
Highway Improvements	10 years	50,000
Buildings	30 years	20,000
Fiber Optic System	17 years	50,000
Canal Structures	100 years	50,000
Equipment	2-12 years	5,000

# NEW YORK STATE THRUWAY AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2007 and 2006

### NOTE 4 – CAPITAL ASSETS (Continued)

The following schedule summarizes the capital assets of the Authority and related changes from December 31, 2006 to December 31, 2007 (in thousands):

	December 31 2006 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	December 31 2007 <u>Balance</u>
<b>Capital assets, not being depreciated:</b>				
Land and land improvements	\$ 804,800	\$ 28	\$ (535)	\$ 804,293
Construction in progress	<u>275,175</u>	<u>353,089</u>	<u>(177,346)</u>	<u>450,918</u>
Total capital assets, not being depreciated	<u>1,079,975</u>	<u>353,117</u>	<u>(177,881)</u>	<u>1,255,211</u>
<b>Capital assets, being depreciated:</b>				
Thruway System	5,608,852	184,670	(99,267)	5,694,255
Canal System	331,960	16,261	-	348,221
Equipment	<u>205,433</u>	<u>33,782</u>	<u>(29,253)</u>	<u>209,962</u>
Total capital assets, being depreciated	<u>6,146,245</u>	<u>234,713</u>	<u>(128,520)</u>	<u>6,252,438</u>
<b>Less accumulated depreciation for:</b>				
Thruway System	(2,924,143)	(180,664)	99,267	(3,005,540)
Canal System	(35,812)	(3,889)	-	(39,701)
Equipment	<u>(113,655)</u>	<u>(24,940)</u>	<u>18,947</u>	<u>(119,648)</u>
Total accumulated depreciation	<u>(3,073,610)</u>	<u>(209,493)</u>	<u>118,214</u>	<u>(3,164,889)</u>
Net value of capital assets, being depreciated	<u>3,072,635</u>	<u>25,220</u>	<u>(10,306)</u>	<u>3,087,549</u>
<b>Net value of all capital assets</b>	<u>\$ 4,152,610</u>	<u>\$ 378,337</u>	<u>\$ (188,187)</u>	<u>\$ 4,342,760</u>

Depreciation expense related to capital assets was \$209,493,000 and \$203,548,000 for the years ended December 31, 2007 and 2006, respectively.

**NEW YORK STATE THRUWAY AUTHORITY**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2007 and 2006

**NOTE 5 – RESTRICTED ASSETS**

Restricted assets established pursuant to bond resolutions and the related balances at December 31, 2007 and 2006 are as follows:

Senior Debt Service Fund: Established to receive funds from Authority revenues to make periodic payments of interest and principal. The amounts held in this restricted fund at December 31, 2007 and 2006 were \$46,000 and \$10,000, respectively.

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, principally Series F, Series G and Series H General Revenue Bonds. The amounts held in this restricted fund at December 31, 2007 and 2006 were \$86,757,000 and \$50,218,000, respectively.

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 the terms outlined in the bond resolutions. The amounts held in this restricted fund at December 31, 2007 and 2006 were \$477,954,000 and \$115,575,000, respectively.

Reserve Maintenance Fund: Established to hold funds required to be deposited each year into the Reserve Maintenance Fund. Funds 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 on the bonds, when deficiencies exist. The amounts held in this restricted fund at December 31, 2007 and 2006 were \$46,813,000 and \$127,017,000, respectively.

State Infrastructure Bank Fund (SIB): Established through a joint venture with the Federal Government, the NYS Department of Transportation and the Metropolitan Transportation Authority to hold funds and record transactions associated with an infrastructure funding program established by the National Highway System Designation Act of 1995. This funding program was created to provide states with the financial resources to make loans and provide other assistance to qualified public and private transportation projects. The amounts held in the SIB restricted fund at December 31, 2007 and 2006 were \$10,421,000 and \$8,728,000, respectively.



**NEW YORK STATE THRUWAY AUTHORITY**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2007 and 2006

**NOTE 6 – LONG TERM LIABILITIES**

The Authority's bond indebtedness and other long-term liabilities as of December 31, 2007 and 2006 are comprised of the following obligations (in thousands):

	Date of Issuance	December 31 2006 Balance	Additions	Deletions	December 31 2007 Balance	Due Within One Year
<b>General Revenue Bonds</b>						
1997 Series D	5/97	\$ 17,030	\$ -	\$ (8,300)	\$ 8,730	\$ 8,730
1998 Series E	6/98	490,975	-	(469,960)	21,015	21,015
2005 Series F	3/05	614,000	-	(10,870)	603,130	11,165
2005 Series G	9/05	738,500	-	(445)	738,055	460
2007 Series H	10/07	-	1,008,910	-	1,008,910	10,395
Unamortized bond discounts/ premiums		64,277	49,918	(4,591)	109,604	4,222
Deferred loss on advanced refunding		(28,913)	-	1,522	(27,391)	(1,522)
Deferred loss on current refunding		<u>-</u>	<u>(8,556)</u>	<u>475</u>	<u>(8,081)</u>	<u>(475)</u>
Total bonds, net of unamortized discounts/ premiums and deferred losses		<u>\$ 1,895,869</u>	<u>\$ 1,050,272</u>	<u>\$ (492,169)</u>	<u>\$ 2,453,972</u>	53,990
<b>Other Long-Term Liabilities</b>						
SIB loan payable		\$ 1,000	\$ -	\$ (1,000)	\$ -	-
NITTEC loan payable		793	-	(793)	-	-
Claims liability		22,736	6,750	(14,825)	14,661	4,287
Post retirement benefit obligation		-	66,054	(18,658)	47,396	-
Compensated absences		<u>11,091</u>	<u>22</u>	<u>(38)</u>	<u>11,075</u>	<u>-</u>
Total other long-term liabilities		<u>\$ 35,620</u>	<u>\$ 72,826</u>	<u>\$ (35,314)</u>	<u>\$ 73,132</u>	<u>4,287</u>
Total classified as current						<u>\$ 58,277</u>

**NEW YORK STATE THRUWAY AUTHORITY**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2007 and 2006

**NOTE 6 – LONG TERM LIABILITIES** (Continued)

The debt service requirements for the Authority's bonds, net of unamortized discounts/premiums and deferred loss on advanced and current refunding, as of December 31, 2007 are as follows (in thousands):

<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 51,765	\$ 115,859	\$ 167,624
2010	54,195	113,423	167,618
2011	56,575	111,045	167,620
2012	59,085	108,535	167,620
2013	61,795	105,828	167,623
2014 – 2018	354,965	483,137	838,102
2019 – 2023	447,055	391,044	838,099
2024 – 2028	570,550	267,545	838,095
2029 – 2033	595,420	111,278	706,698
2034 – 2037	128,435	16,446	144,881
Unamortized discounts/premiums	109,604	-	109,604
Deferred loss on advanced refunding	(27,391)	-	(27,391)
Deferred loss on current refunding	(8,081)	-	(8,081)
	<u>\$2,453,972</u>	<u>\$1,824,140</u>	<u>\$4,278,112</u>

Generally, principal reduction payments are due on January 1 of each year and are paid the previous day (on December 31 of the prior year). Thus, there are no principal/debt service requirements in 2008.

**General Revenue Bonds - Series D:** During May 1997, the Authority issued \$350,000,000 in General Revenue Bonds to fund a portion 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. In 2005, the Series F Bonds refunded \$268,770,000 of outstanding Series D Bonds. The amounts outstanding at December 31, 2007 follow:

<u>Type</u>	<u>Rate</u>	<u>Maturity</u>	<u>Amount</u> (in thousands)
Serial Bonds	5.3%	2009	<u>\$ 8,730</u>

Principal payments under the Series D Serial Bonds began in December 1997 and continue through the year 2009. 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 \$8,300,000 maturing January 1, 2008 was paid in December 2007.



# NEW YORK STATE THRUWAY AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2007 and 2006

### NOTE 6 – LONG TERM LIABILITIES (Continued)

**General Revenue Refunding Bonds - Series E:** During June 1998, the Authority issued \$575,555,000 in General Revenue Refunding Bonds to advance refund \$288,080,000 of outstanding Series A Bonds and \$257,835,000 of outstanding Series C Bonds. The 1998 General Revenue Refunding Bonds are comprised of both Serial Bonds and Term Bonds, with varying rates and maturities. In 2005, the Series F Bonds refunded \$28,185,000 of outstanding Series E Bonds. Additionally, in 2007, the Series H Bonds refunded \$450,045,000 of outstanding Series E Bonds. The amounts outstanding at December 31, 2007 follow:

Type	Rate	Maturity	Amount (in thousands)
Serial Bonds	5.25%	2009	<u>\$ 21,015</u>

Principal payments under the Series E Serial Bonds began on December 31, 1998. 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 \$19,915,000 maturing January 1, 2008 was paid in December 2007.

**General Revenue Bonds - Series F:** During March 2005, the Authority issued \$624,570,000 in General Revenue Bonds to provide \$25,000,000 in funding for a portion of the Authority's Capital Plan, to pay \$150,000,000 in then outstanding General Revenue Bond Anticipation Notes, and to advance refund \$147,250,000 of then outstanding Series B Bonds, \$268,770,000 of then outstanding Series D Bonds and \$28,185,000 of then outstanding Series E Bonds. The refunding portion of the transaction provided \$461,056,000 (including net original issue premium of approximately \$24,471,000 and after payment of approximately \$7,490,000 in issuance costs). An additional \$3,464,000 of Series B, Series D, and Series E Debt Service monies were used to purchase U.S. Government Securities to fund future debt service payments on the Series B, Series D, and Series E Bonds. As a result, the refunded portions of the Series B, Series D, and Series E Bonds are considered defeased and the liability for those bonds has been removed from the Authority's financial statements.

This advance refunding reduced debt service payments over the life of the bonds by approximately \$28,051,000, with a net present value gain of \$18,587,000.

**NEW YORK STATE THRUWAY AUTHORITY**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2007 and 2006

**NOTE 6 – LONG TERM LIABILITIES** (Continued)

The General Revenue Bonds Series F are comprised of both serial and term bonds, with varying rates and maturities. Amounts outstanding at December 31, 2007 are as follows:

<u>Type</u>	<u>Rates</u>	<u>Maturity</u>	<u>Amount</u> (in thousands)
Serial Bonds	3.0% to 5.25%	2009 - 2026	\$ 536,475
Term Bonds	4.5%	2030	2,915
Term Bonds	5.0%	2030	<u>63,740</u>
			<u>\$ 603,130</u>

Principal payments under the Series F Serial Bonds began in December 2005. The Series F Term Bonds require sinking fund installments, beginning in the year 2027, through the year 2030, of amounts ranging from \$725,000 to \$31,105,000 annually. The Series F Bonds are callable at the option of the Authority, in whole or in part, beginning January 1, 2015 at par plus accrued interest. Principal of \$10,870,000 maturing January 1, 2008 was paid in December 2007.

**General Revenue Bonds - Series G:** During September 2005, the Authority issued \$738,925,000 in General Revenue Bonds which, when included with net original issue premium of \$36,371,000, provided funds of \$775,296,000. These funds were used to pay (at maturity) \$525,000,000 in General Revenue Bond Anticipation Notes, to provide \$200,000,000 in funding for a portion of the cost of the Authority's Multi-Year Capital Plan, to fund approximately \$36,897,000 in debt service reserves and to pay approximately \$13,399,000 in bond issuance costs. The Series G Bonds are comprised of both Serial Bonds and Term Bonds, with varying rates and maturities. The amounts outstanding at December 31, 2007 follow:

<u>Type</u>	<u>Rates</u>	<u>Maturity</u>	<u>Amount</u> (in thousands)
Serial Bonds	3.25% to 5.25%	2009 - 2029	\$ 324,955
Term Bonds	4.75%	2030	80,000
Term Bonds	5.0%	2030	88,770
Term Bonds	5.0%	2032	<u>244,330</u>
			<u>\$ 738,055</u>

# NEW YORK STATE THRUWAY AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2007 and 2006

### NOTE 6 – LONG TERM LIABILITIES (Continued)

Principal payments under the Series G Serial Bonds began in December 2006. The Series G Term Bonds require sinking fund installments, in 2028 and in 2030 through the year 2032, of amounts ranging from \$30,000,000 to \$125,145,000 annually. The Series G Bonds are callable at the option of the Authority, in whole or in part, beginning July 1, 2015 at par, plus accrued interest. Principal of \$445,000 maturing January 1, 2008 was paid in December 2007.

**General Revenue Bonds - Series H:** During October 2007, the Authority issued \$1,008,910,000 in General Revenue Bonds which, when combined with other available monies, provided funds to refund \$450,045,000 in then outstanding Series E Bonds (for a net present value savings of \$18,429,000), to provide \$536,660,000 to fund a portion of the Authority's Multi-year Capital Plan, to make a \$14,200,000 deposit to the Reserve Maintenance Fund, and to pay costs of issuance in the amount of \$15,956,000. The amounts outstanding at December 31, 2007 are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	4.0% to 5.0%	2009 – 2030	\$ 799,330
Term Bonds	5.0%	2032	52,765
Term Bonds	5.0%	2037	<u>156,815</u>
			<u>\$1,008,910</u>

Principal payments under the Series H Serial Bonds began in December 2008. The Series H Term Bonds require sinking fund installments, beginning in the year 2031, through the year 2037, of amounts ranging from \$25,740,000 to \$34,495,000 annually. The Series H Bonds are callable at the option of the Authority, in whole or in part, beginning January 1, 2018 at par plus accrued interest.

**General Revenue Bonds - Revenue Pledge and Security:** The 1997 (Series D), 1998 (Series E), 2005 (Series F), 2005 (Series G) and 2007 (Series H) General Revenue Bonds are all direct obligations of the Authority, secured by a pledge of revenues and funds established under the Bond Resolution. In accordance with the Bond Resolution, a Senior Debt Service Reserve Fund was established and is funded in an amount equal to the maximum aggregate debt service for any 12 month period. The Senior Debt Service Reserve Fund can be used should amounts in the Senior Debt Service Fund be insufficient to pay debt service when due.

As permitted by the Bond Resolution, the Authority currently has on deposit in the Senior Debt Service Reserve Fund, together with cash and investments, Debt Service Reserve Surety Bonds approximating \$83 million.

**NEW YORK STATE THRUWAY AUTHORITY**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2007 and 2006**

**NOTE 7 – SPECIAL BOND PROGRAMS**

The Authority's special bond 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. 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 provide for no lien on Authority revenues or assets. The following are descriptions of the Authority's special bond programs:

**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, also known as the Consolidated Local Street and Highway Improvement Program (often referred to as the CHIPS Program) 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. In May 2007, the Authority issued \$203,760,000 of Local Highway and Bridge Service Contract Bonds, series 2007, to refund certain outstanding bonds for a present value savings of \$7,155,000. The Authority receives funds from New York State for debt service on these bonds and to fund related administrative costs. Bonds outstanding relating to these issues were \$1,767,500,000 and \$1,875,725,000 at December 31, 2007 and 2006, respectively.

**Highway and Bridge Trust Fund Bond Program:** The Legislature of the State of New York empowered the Authority to issue Highway and Bridge Trust Fund 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. In March 2007, a bond sale was issued with a total par of \$356,390,000, and in June 2007, a bond sale was issued with a total par of \$360,115,000. The Authority receives funds from New York State for debt service on these bonds and to fund related administrative costs. Bonds outstanding relating to these issues were \$6,154,620,000 and \$5,626,875,000 at December 31, 2007 and 2006, 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. In August 2007, the Authority issued \$325,160,000 in bonds for capital projects and, in September 2007, \$171,070,000 in bonds were issued to refund certain outstanding PIT bonds for a net present value savings of \$4,552,000. 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 \$1,712,505,000 and \$1,439,430,000 at December 31, 2007 and 2006, respectively.

**NOTE 8 – RETIREMENT BENEFITS**

The Authority provides its retirees certain 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.

# NEW YORK STATE THRUWAY AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2007 and 2006

### **NOTE 8 – RETIREMENT BENEFITS** (Continued)

**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 year ended December 31, 2007 ranged from 8.9% to 12.1% and during the year ending December 31, 2006 ranged from 9.8% to 13.3%. 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 10.84% for April through December 2007, 11.65% for April 2006 through March 2007, and 11.8% for January through March 2006.

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

	<u>ERS</u>	<u>PFRS</u>
2007	\$18,461	\$3,671
2006	20,625	3,850
2005	19,505	3,785

The Authority's contributions were equal to 100% of the contributions required for each year, plus the fifth year installment of \$2,027,000 on a five year amortization of the of the 2002 early retirement incentive program costs totaling \$8,740,000. These expenses were originally estimated at \$8,902,000 and expensed in 2002, the year they were incurred. The Authority adjusted the estimated early retirement incentive program costs to actual in 2003.



**NEW YORK STATE THRUWAY AUTHORITY**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2007 and 2006

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS**

During 2007, the Authority adopted, on a prospective basis, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*. Statement No. 45 requires governmental entities, including the Authority, to recognize in its financial statements the financial impact of post employment benefits, principally employer funded health care and death benefits which the Authority provides for retired employees. Substantially all of the employees may become eligible for these benefits if they reach normal retirement age while working for the Authority.

The following table summarizes the Authority's actuarial valuation of Other Post Employment Benefit (OPEB) costs and obligations at December 31, 2007 (in thousands):

	<u>Total</u>	<u>Thruway Authority</u>	<u>Canal Corporation</u>
Present Value of Future Benefit Payments	\$1,268,849	\$1,068,803	\$200,046
Unfunded Actuarial Accrued Liability (UAAL)	\$ 985,202	\$ 831,880	\$153,322
Annual Required Contribution (30 year amortization)	\$ 66,054	\$ 55,373	\$ 10,681
Annual OPEB Expense	\$ 66,054	\$ 55,373	\$ 10,681
Valuation Payroll	\$ 160,065	\$ 136,138	\$ 23,927
Annual OPEB Expense (as % of payroll)	41.3%	41.1%	42.4%
Expected Benefit Payment	\$ 18,658	\$ 16,405	\$ 2,253

Actuarial valuations involve estimates and assumptions about the probability of events far into the future and are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. These calculations are designed to reduce short term volatility in actuarial accrued liabilities. Projected benefits are based on the types of benefits provided at the time of each valuation and on the cost sharing provisions then in effect.

The Authority participates, pursuant to the provisions of Section 153(4) of the New York State Civil Service Law, in the New York State Health Insurance Program (NYSHIP). NYSHIP is administered through the Department of Civil Service and the Authority pays the cost of administration. The type of plan is Agent Multiple-Employer.

NYSHIP does not currently issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan. The Authority's specific obligation to pay OPEB costs is dependent on the employee's date of hire and labor agreement. Certain retiree costs, described below, are first applied against the value of the retiree's existing sick leave bank balance. A plan summary follows:

a. Plan Types

**Medical:** New York State Health Insurance Program which includes participation in various insurance plans and HMO's and which also includes drug coverage. Details may be found in the Summary Program Description of the New York State Health Insurance Program Booklet.

**Medicare Part B Reimbursement:** The Thruway Authority and Canal Corporation reimburses the retiree and his/her Medicare eligible spouse for the Medicare Part B premium.

# NEW YORK STATE THRUWAY AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2007 and 2006

### NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

b. <u>Eligibility</u>	At least 55 years old with 5 years of service if date of hire is before April 1, 1975 or 10 years of service if date of hire is after April 1, 1975.
c. <u>Benefit/Cost Sharing</u>	The Authority contributes 80% - 100% of costs for retirees and 75% - 80% for a retiree's spouse.
d. <u>Spouse Benefit</u>	Yes
e. <u>Surviving Spouse Benefit</u>	Coverage continues
f. <u>Survivor Benefit</u>	\$3,000 payable to retiree's designated beneficiary.

The following summary schedule presents the Annual OPEB Cost and Net OPEB Obligation for the year ending December 31, 2007 (in thousands):

	<u>Total</u>	<u>Thruway Authority</u>	<u>Canal Corporation</u>
Normal Cost	\$ 22,761	\$ 18,846	\$ 3,915
Amortization of Unfunded Actuarial Accrued Liability	41,030	34,645	6,385
Interest	2,263	1,882	381
Annual Required Contribution (ARC)	66,054	55,373	10,681
Interest on net OPEB Obligation	-	-	-
Adjustment to ARC	-	-	-
Annual OPEB Cost	66,054	55,373	10,681
Contribution/expected benefit payment	18,658	16,405	2,253
Increase in net OPEB Obligation	47,396	38,968	8,428
Net OPEB Obligation – beginning of year	-	-	-
Net OPEB Obligation – end of year	<u>\$ 47,396</u>	<u>\$ 38,968</u>	<u>\$ 8,428</u>

The annual OPEB costs are recorded in the Authority's 2007 statement of revenues, expenses, and changes in net assets as a component of general changes in the amount of \$66,054,000. The net OPEB obligation is recorded in the Authority's 2007 statement of net assets as a component of other long-term liabilities in the amount of \$47,396,000.

**NEW YORK STATE THRUWAY AUTHORITY**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2007 and 2006

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

The annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007 and 2008 are as follows (in thousands):

Year Ending	Annual OPEB Cost		Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation	
	Thruway	Canal Corporation	Thruway	Canal Corporation	Thruway	Canal Corporation
12/31/2007	\$ 55,373	\$ 10,681	29.6%	21.1%	\$ 38,968	\$ 8,428

The following are the actuarial methods and assumptions used in calculating the obligations related to the Authority post employment benefit plan at December 31, 2007:

Funding Interest Rate	4.155%
2007 Medical Trend Rate (Med/Rx)	10% / 12%
2008 Medical Trend Rate (Med/Rx)	9% / 11%
Ultimate Trend Rate (Med/Rx)	5% / 5%
Year ultimate trend rate reached	2012 / 2013
Annual Payroll Growth Rate	2.50%
Actuarial Cost Method	Attained Age
The remaining amortization period at December 31, 2007	29 years
Amortization method	30 year level percentage of payroll

**NOTE 10 – CONTINGENCIES AND COMMITMENTS**

**Claims and Litigation:** The Authority is a party to various legal proceedings, including negligence suits, some of which involve death or serious injury. Many of these actions arise in the normal course of the Authority's operations. The Authority records accruals for claims liability to the extent that management concludes their occurrence is probable and the related damages are estimatable. If the range of the liability is probable and estimatable, the Authority accrues the minimum of such probable range.

Changes in the Authority's claims liability amounts in years 2005 through 2007 were as follows (in thousands):

	Beginning of Year <u>Liability</u>	Current-Year Claims and Changes in <u>Estimates</u>	Claim Payments	End of Year <u>Liability</u>
2005	\$ 5,479	\$ 473	\$ (2,135)	\$ 3,817
2006	3,817	20,050	(1,131)	22,736
2007	22,736	6,750	(14,825)	14,661



**NEW YORK STATE THRUWAY AUTHORITY**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2007 and 2006**

**NOTE 10 – CONTINGENCIES AND COMMITMENTS** (Continued)

In recent years, the lands subject to certain Native American land claims in New York State have included parts of the Thruway right-of-way. The New York State Attorney General's Office defends these cases on behalf of the State and the Authority. At this time, the Authority is not a party to any litigation.

Certain other claims may not be probable and cannot be estimated as they involve complex issues. Often these issues are subject to substantial uncertainties and, therefore, the probability of loss and an estimation of damages are difficult to ascertain. However, management has estimated the range of loss on these other claims approximates \$7 million to \$22 million.

**Insurance:** The Authority is self-insured for property damage to substantially all buildings 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 \$15.2 million.

Loss of revenues is insured through a use and occupancy policy that covers any interruption in excess of 15 days. 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). In addition, the Authority purchases insurance for workers' compensation benefits and various liability exposures.

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 risk is transferred through contractual indemnification and compliance with Authority insurance requirements.

**Construction Commitments:** At December 31, 2007, the amounts of remaining unexpended commitments for projects undertaken and the detail by type of contract are as follows:

<b>Project</b>	<b>Commitments (in thousands)</b>
Highway, bridge and facility, construction and design	\$282,100
Personal service and miscellaneous	203,700
Economic development and Canal	<u>30,000</u>
Total	<u>\$515,800</u>

# NEW YORK STATE THRUWAY AUTHORITY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2007 and 2006

### NOTE 10 – CONTINGENCIES AND COMMITMENTS (Continued)

**Lease Revenues:** The Authority has entered into various non-cancelable contracts with concessionaires to provide patron services on the Thruway System. These contracts provide the Authority with concession revenue, including minimum rentals and contingent revenues based on sales volume. The Authority also leases land that is used for antennas and fiber optic cable under various non-cancelable contracts. Concession contract terms generally range from 16 to 25 years inclusive of renewal options. Radio tower contract terms generally range from 5 to 10 years, with renewal options up to 10 years, and fiber optic contract terms range from 17 to 20 years.

The following schedule summarizes total future rental revenues to be earned as of December 31, 2007 (in thousands):

<u>Year</u>	<u>Minimum Lease Revenue</u>
2008	\$ 12,100
2009	11,700
2010	9,800
2011	9,200
2012	10,000
Thereafter	<u>68,000</u>
Total	<u>\$120,800</u>

The decline in the minimum lease revenue starting in 2009 is due, in part, to certain expiring communications contracts in 2009 and concessionaire contracts in 2010.

### NOTE 11 – JOINT VENTURES

The Authority has entered into financing mechanisms to assist in the funding of transportation initiatives, which benefit regional, statewide and international transportation systems. These funding mechanisms, as detailed below, are the result of joint ventures between the Authority and federal, state and regional partners to provide innovative new technologies and improve existing transportation systems.

**State Infrastructure Bank:** The 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 was capitalized with 80% Federal Funds and a 20% match provided by the parties to the MOU. As of December 31, 2007, the Authority has contributed \$3 million toward the capitalization of the SIB.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS,  
INCLUDING COMPLIANCE WITH INVESTMENT GUIDELINES, BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Members of the Board  
New York State Thruway Authority

We have audited the financial statements of New York State Thruway Authority (the Authority), a component unit of the State of New York, as of and for the year ended December 31, 2007, and have issued our report thereon dated March 19, 2008. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements, that is more than inconsequential, will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS,  
INCLUDING COMPLIANCE WITH INVESTMENT GUIDELINES, BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS, CONTINUED**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including Investment Guidelines for Public Authorities and the Authority's Investment Guidelines, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Members of the Board of the New York State Thruway Authority, management of the Authority, the United States Department of Transportation, and the New York State Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

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Albany, New York  
March 19, 2008