



New York State Thruway Authority

(A Component Unit of the State of New York)

Financial Statements

December 31, 2020 and 2019

New York State Thruway Authority

(A Component Unit of the State of New York)

Financial Statements

December 31, 2020 and 2019

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Independent Auditor's Report

Members of the Board
New York State Thruway Authority
Albany, New York

Report on the Financial Statements

We have audited the accompanying 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, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the information listed under required supplementary information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021, 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. The purpose of that report is solely 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BST+Co.CPAs, LLP

Albany, New York
March 29, 2021



New York State Thruway Authority

(A Component Unit of the State of New York)

Management's Discussion and Analysis

December 31, 2020 and 2019

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 years ended December 31, 2020 and 2019. 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.

2020 Financial Highlights

- Total operating revenue was \$670.2 million, a decrease of \$143.9 million, or 17.7% compared to 2019. Tolls and related revenue for the year was \$648.7 million, a decrease of \$126.3 million, or 16.3% compared to 2019.
- Total operating expenses, excluding depreciation and amortization, were \$462.4 million, an increase of \$0.5 million, or 0.1% compared to 2019.
- Net position as of December 31, 2020 was \$940.1 million, a decrease of \$282.5 million, or 23.1% compared to December 31, 2019.
- Total capital assets (net of depreciation) as of December 31, 2020 were \$7.64 billion, an increase of \$135.8 million, or 1.8% compared to December 31, 2019.
- In November 2020, the Authority completed its conversion of the entire Thruway system to cashless tolling. A total of \$360.3 million has been invested in the project through December 31, 2020, of which \$229.3 million was invested during 2020. Additional information regarding the Authority's transition to cashless tolling is presented in the Other Significant Matters section of the Management's Discussion and Analysis.

2019 Financial Highlights

- Total operating revenue was \$814.1 million, an increase of \$14.7 million, or 1.8% compared to 2018. Tolls and related revenue for the year was \$775.0 million, an increase of \$8.6 million, or 1.1% compared to 2018.
- Total operating expenses, excluding depreciation and amortization, were \$461.8 million, an increase of \$4.6 million, or 1.0% compared to 2018.
- Net position as of December 31, 2019 was \$1.22 billion, an increase of \$111.8 million, or 10.1% compared to December 31, 2018.
- Total capital assets (net of depreciation) as of December 31, 2019 were \$7.51 billion, an increase of \$195.0 million, or 2.7% compared to December 31, 2018.

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Management's Discussion and Analysis December 31, 2020 and 2019

Overview of the Financial Statements

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

The financial statements provide summary information about the Authority's overall financial condition, including the Authority's net position and related changes. The notes provide explanation and additional disclosures about 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 conformity with accounting principles generally accepted in the United States of America (U.S. 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 Position

The Authority's net position at December 31, 2020 was approximately \$940.1 million, a 23.1% decrease compared to December 31, 2019 (see Table A-1). In 2020, total assets increased 2.9% to \$9.0 billion, and total liabilities increased 10.0% to \$8.3 billion. The Authority's net position at December 31, 2019 was approximately \$1.22 billion, a 10.1% increase compared to December 31, 2018. In 2019, total assets increased 3.2% to \$8.78 billion and total liabilities increased 0.6% to \$7.52 billion.

Table A-1

Net Position
December 31, 2020, 2019, and 2018
(In millions of dollars)

	2020	2019	2018	Percentage Change 2020-2019
Unrestricted current assets	\$ 545.6	\$ 473.9	\$ 480.3	15.1
Restricted assets	853.7	803.2	719.7	6.3
Capital assets	7,642.0	7,506.2	7,311.2	1.8
Total assets	<u>9,041.3</u>	<u>8,783.3</u>	<u>8,511.2</u>	<u>2.9</u>
Deferred outflows	<u>282.9</u>	<u>113.3</u>	<u>149.2</u>	<u>149.7</u>
Current liabilities	665.0	584.0	604.6	13.9
Noncurrent liabilities	7,606.8	6,935.1	6,868.6	9.7
Total liabilities	<u>8,271.8</u>	<u>7,519.1</u>	<u>7,473.2</u>	<u>10.0</u>
Deferred inflows	<u>112.3</u>	<u>154.9</u>	<u>76.4</u>	<u>(27.5)</u>
Total net position	<u>\$ 940.1</u>	<u>\$ 1,222.6</u>	<u>\$ 1,110.8</u>	<u>(23.1)</u>

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Management's Discussion and Analysis December 31, 2020 and 2019

Financial Analysis of the Authority - Continued

Net Position - Continued

Unrestricted assets increased \$71.7 million, or 15.1% compared to 2019. In response to the COVID-19 pandemic, the Authority used proceeds from General Revenue Bonds, Series N issued in March 2020 to refund certain capital program costs that were originally funded in late 2019 and early 2020 with Authority revenues and Thruway Stabilization program funds. In addition, the Authority drew \$50 million of proceeds from a revolving credit agreement with JP Morgan Chase. Additional information regarding the Authority's response to the COVID-19 pandemic is presented in the Other Significant Matters section of the Management's Discussion and Analysis. Additional information regarding short-term debt and the Thruway Stabilization Program is presented in Notes 6 and 11, respectively.

Restricted assets increased \$50.5 million, or 6.3% compared to 2019. The increase is primarily due to the issuance of General Revenue Bonds, Series N which generated \$536.7 million of proceeds that will be primarily used to fund the Authority's capital program. This increase was partially offset by the use of restricted assets, consisting primarily of General Revenue Junior Indebtedness Obligations, Series 2019B proceeds to fund the Governor Mario M. Cuomo Bridge project costs, as well as to fund certain debt service payments. Additional information regarding restricted assets and issuance of General Revenue Bonds, Series N, is presented in Notes 4 and 5, respectively.

Capital assets increased \$135.8 million, or 1.8% compared to 2019. The increase is primarily due to the Authority's significant investment in cashless tolling in 2020 and ongoing investment in infrastructure. Additional information regarding capital assets is presented in Note 3.

Current liabilities increased \$81.0 million, or 13.9% compared to 2019. The increase is primarily due to \$50 million payable to JP Morgan Chase in June 2021 related to funds drawn in 2020 on a revolving credit agreement. An increase in principal and interest due in 2021 compared to 2020 on long-term debt also contributed to the increase. Additional information regarding long-term and short-term debt is presented in Notes 5 and 6, respectively.

Noncurrent liabilities increased \$671.7 million, or 9.7% compared to 2019. The increase is primarily due to the issuance of General Revenue Bonds, Series N, as well as increases in retirement and other postemployment benefit obligations. Additional information regarding long-term debt, retirement and other postemployment benefit obligations is presented in Notes 5, 8 and 10, respectively.

Changes in Net Position

Net position decreased by \$282.5 million in 2020 (see Table A-2). The Authority's total operating revenues for 2020 were \$670.2 million, a decrease of \$143.9 million, or 17.7% compared to 2019. Total operating expenses for 2020 were \$818.2 million, an increase of \$28.4 million, or 3.6% compared to 2019. Net Position increased by \$111.8 million in 2019. The Authority's total operating revenues for 2019 were \$814.1 million, an increase of \$14.7 million, or 1.8% compared to 2018. Total operating expenses for 2019 were \$789.8 million, a decrease of \$21.1 million, or 2.6% compared to 2018.

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Management's Discussion and Analysis December 31, 2020 and 2019

Financial Analysis of the Authority - Continued

Changes in Net Position - Continued

Table A-2

Changes in Net Position Years ended December 31, 2020, 2019, and 2018 (In millions of dollars)

	2020	2019	2018	Percentage Change 2020-2019
OPERATING REVENUE				
Tolls and related revenues	\$ 648.7	\$ 775.0	\$ 766.4	(16.3)
Concessions	6.8	14.8	14.9	(54.1)
Other	14.7	24.3	18.1	(39.5)
Total operating revenue	<u>670.2</u>	<u>814.1</u>	<u>799.4</u>	<u>(17.7)</u>
OPERATING EXPENSES				
Salaries	137.0	143.6	146.0	(4.6)
Post employment obligations	88.4	60.0	83.3	47.3
Employee benefits	93.0	70.9	64.6	31.2
State Police - Troop T services	56.4	62.6	58.1	(9.9)
Professional and other services	47.1	61.8	51.1	(23.8)
Supplies, materials and rentals	17.0	27.9	26.2	(39.1)
Maintenance and repairs	13.2	20.3	16.6	(35.0)
Utilities	6.0	6.0	6.3	0.0
Insurance and claims	3.2	7.6	4.3	(57.9)
Equipment	0.4	1.0	0.6	(60.0)
Other	0.7	0.1	0.1	600.0
Depreciation and amortization	355.8	328.0	353.7	8.5
Total operating expenses	<u>818.2</u>	<u>789.8</u>	<u>810.9</u>	<u>3.6</u>
Operating income (loss)	<u>(148.0)</u>	<u>24.3</u>	<u>(11.5)</u>	<u>(709.1)</u>
NON-OPERATING ITEMS				
Investment income	4.5	6.1	5.5	(26.2)
Interest expense	(206.5)	(205.7)	(178.9)	0.4
Debt issuance expense	(0.8)	(13.0)	(2.9)	(93.8)
Non-operating revenue	0.6	3.4	8.1	(82.4)
Loss on disposals and other	(0.1)	(0.8)	(0.5)	(87.5)
Net non-operating items	<u>(202.3)</u>	<u>(210.0)</u>	<u>(168.7)</u>	<u>(3.7)</u>
Loss before capital contributions	<u>(350.3)</u>	<u>(185.7)</u>	<u>(180.2)</u>	<u>88.6</u>
Capital contributions	<u>67.8</u>	<u>297.5</u>	<u>496.9</u>	<u>(77.2)</u>
CHANGE IN NET POSITION	<u>(282.5)</u>	<u>111.8</u>	<u>316.7</u>	<u>(352.7)</u>
NET POSITION, beginning of year	<u>1,222.6</u>	<u>1,110.8</u>	<u>794.1</u>	<u>10.1</u>
NET POSITION, end of year	<u>\$ 940.1</u>	<u>\$ 1,222.6</u>	<u>\$ 1,110.8</u>	<u>(23.1)</u>

New York State Thruway Authority

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Management's Discussion and Analysis

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Financial Analysis of the Authority - Continued

Changes in Net Position - Continued

Tolls and related revenues decreased \$126.3 million, or 16.3% compared to 2019. This decrease is primarily due to reduced passenger traffic resulting from the COVID-19 pandemic.

Concession revenues decreased \$8.0 million, or 54.1% compared to 2019. This decrease is primarily due to reduced traffic resulting from the COVID-19 pandemic.

Other revenues decreased \$9.6 million or 39.5% compared to 2019. This decrease is primarily due to lower interest rates; as well as interest earned in 2019 on \$1.6 billion of Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan proceeds. Additional information regarding the TIFIA Loan is presented in Note 5.

Salary costs decreased \$6.6 million, or 4.6% compared to 2019. This decrease is primarily due to the elimination of toll collection staff in conjunction with the implementation of cashless tolling in November 2020. A reduction in overtime costs due to milder winter weather in 2020 also contributed to the decrease.

Postemployment benefit obligations increased \$28.4 million, or 47.3% compared to 2019. Postemployment benefit obligations consist primarily of health insurance benefits provided to retirees. Additional information regarding postemployment benefits other than pensions is presented in Note 10.

Employee benefit costs increased \$22.1 million, or 31.1% compared to 2019. This increase is primarily due to higher costs related to the Authority's participation in the New York State and Local Employees' Retirement System (ERS). Additional information regarding the Authority's participation in ERS is presented in Note 8.

State Police Troop T costs decreased \$6.2 million, or 9.9%. State Police Troop T is dedicated exclusively to the patrol of the Thruway system. This decrease is primarily due to a reduction in Troop T staffing and overtime costs.

Professional and other services decreased \$14.7 million, or 23.8% compared to 2019. This decrease is primarily due to timing of credit card fee reimbursements from toll roads that have E-ZPass reciprocity agreements with the Authority. In addition, reduced traffic levels due to COVID-19 resulted in reduced costs to administer the Authority's Tolls by Mail program.

Supplies, materials, and rentals decreased \$10.9 million, or 39.1% compared to 2019. This decrease is primarily due to a milder winter in 2020 that resulted in less salt and fuel usage. Lower fuel prices also contributed to the decrease.

Maintenance and repairs decreased \$7.1 million, or 35.0% compared to 2019. This decrease is primarily due to a settlement with ExxonMobil in which they agreed to reimburse the Authority \$7.5 million for soil remediation costs at fueling stations they previously operated at Authority owned service areas. A reduction in general maintenance to infrastructure because of the COVID-19 pandemic also contributed to the decrease.

Depreciation and amortization increased \$27.8 million, or 8.5% compared to 2019. This increase is primarily due to the Authority's continued investment in infrastructure.

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Management's Discussion and Analysis

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Financial Analysis of the Authority - Continued

Changes in Net Position - Continued

Debt issuance costs decreased \$12.2 million, or 93.8% compared to 2019. In 2019, the Authority issued General Revenue Bonds, Series M, General Revenue Junior Indebtedness Obligation Anticipation Notes, Series 2019A and General Revenue Junior Indebtedness Obligations, Series 2019B which had combined issuance costs of \$13.0 million. In 2020, the Authority issued General Revenue Bonds, Series N with an issuance cost of \$0.6 million. The difference was due to a decrease in debt issuance transactions, the differing types of debt issued, the par amounts and maturities, the type of sale (negotiated vs. competitive) and market conditions during each issuance.

Capital contributions decreased \$229.7 million, or 77.2% compared to 2019. The decrease is primarily due to a decrease in Thruway Stabilization Program contributions from the State of New York to fund capital projects including the Governor Mario M. Cuomo Bridge project. Additional information regarding the Thruway Stabilization Program is presented in Note 11.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2020, the Authority had invested approximately \$13.15 billion in capital assets, including roads, bridges, buildings, land and equipment. Net of accumulated depreciation, the Authority's capital assets totaled approximately \$7.64 billion (see Table A-3) representing a net increase (including additions, disposals and depreciation) of approximately \$135.8 million or 1.8% compared to December 31, 2019.

As of December 31, 2019, the Authority had invested approximately \$12.76 billion in capital assets, including roads, bridges, buildings, land and equipment. Net of accumulated depreciation, the Authority's capital assets totaled approximately \$7.51 billion (see Table A-3) representing a net increase (including additions, disposals and depreciation) of approximately \$195.0 million, or 2.7% compared to December 31, 2018.

Table A-3

Capital Assets
December 31, 2020, 2019, and 2018
(In millions of dollars)

	2020	2019	2018	Percentage Change 2020-2019
Land and land improvements	\$ 816.6	\$ 815.5	\$ 806.1	0.1
Construction in progress	190.5	497.5	363.3	(61.7)
Thruway System	11,872.8	11,197.2	10,900.0	6.0
Equipment	268.3	246.3	241.2	8.9
Less accumulated depreciation	(5,506.2)	(5,250.3)	(4,999.4)	4.9
Total net capital assets	<u>\$ 7,642.0</u>	<u>\$ 7,506.2</u>	<u>\$ 7,311.2</u>	<u>1.8</u>

New York State Thruway Authority

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Management's Discussion and Analysis December 31, 2020 and 2019

Capital Assets and Debt Administration

Capital Assets - Continued

In 2020, construction work in progress decreased \$307 million, or 61.7%. This decrease is primarily due to the completion of maintenance and state police buildings at the Governor Mario M. Cuomo Bridge, as well as a shared use path on the bridge and the conversion of the mainline of the Thruway System to cashless tolling. Significant projects in progress as of December 31, 2020 include a project to rehabilitate Interstate 95 from Port Chester to the Connecticut state line and a safety upgrade project near Amsterdam.

Net additions to the Thruway System during 2020 were \$675.5 million, or 6.0%. This increase was primarily due to the completion of cashless tolling, as well as the shared use path on the Governor Mario M. Cuomo Bridge. New maintenance and state police buildings adjacent to the Governor Mario M Cuomo Bridge, as well as replacement of the Interstate 287 ramp over Interstate 95 also contributed to the increase.

In 2019, construction work in progress increased \$134.2 million, or 36.9%. This increase is primarily due to the ongoing construction of new maintenance and state police buildings at the Governor Mario M. Cuomo Bridge, as well as a shared use path on the bridge. Other significant projects in progress as of December 31, 2019 include a project to convert the mainline of the Thruway System to cashless tolling and a project to rehabilitate Interstate 95 from Port Chester to the Connecticut state line.

Net additions to the Thruway System during 2019 were \$297.2 billion and 2.7%. This increase was primarily due to the completion of five bridge replacements at various locations across the system and a pavement rehabilitation project between mileposts 427.7 and 430.4 in Buffalo. Additional investments in 2020 for assets previously put into service also contributed to this increase. These assets include the Governor Mario M. Cuomo Bridge, as well as cashless tolling implementations at the New Rochelle, Harriman, Spring Valley and Yonkers barriers in the lower Hudson Valley region and at the Grand Island Bridges in western New York.

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

General revenue bonds are issued pursuant to the Authority's General Revenue Bond Resolution, adopted August 3, 1992, as amended on January 5, 2007. General revenue bonds may be issued for the purposes described in the General Revenue Bond Resolution, as amended, including funding the Authority's Multi-Year Capital Plan. Junior indebtedness obligations are issued pursuant to the Authority's Resolution Authorizing General Revenue Junior Indebtedness Obligations, adopted November 7, 2013, as amended August 6, 2014. Junior indebtedness obligations are subordinate to the senior general revenue bonds and are special obligations of the Authority secured by a pledge of certain funds and accounts established in the Junior Indebtedness Fund. Proceeds from junior indebtedness obligations issued were used solely to fund New NY Bridge project costs incurred through project completion.

Long-term debt includes general revenue bonds and junior indebtedness obligations of varying rates and maturities issued primarily to fund a portion of the Authority's Multi-Year Capital Plan and New NY Bridge Project costs for construction of the Governor Mario M. Cuomo Bridge. At December 31, 2020, the Authority had approximately \$6.43 billion in general revenue bonds and junior indebtedness obligations outstanding, an increase of \$397.6 million or approximately 6.6% compared to the amount of general revenue bonds and junior indebtedness obligations outstanding as of December 31, 2019 (see Table A-4).

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Management's Discussion and Analysis

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Capital Assets and Debt Administration - Continued

Debt Administration – Continued

Short-term debt includes subordinated indebtedness of varying rates and maturities up to two years from the date of agreement and were entered into to provide liquidity to the Authority during the COVID-19 pandemic. At December 31, 2020, the Authority had \$50 million outstanding and an additional \$175 million in unused commitments available under short term debt agreements (see Table A-4).

In March 2020, the Authority issued General Revenue Bonds, Series N which generated proceeds of \$536.7 million. The proceeds were used to fund a portion of the Multi-Year Capital Plan, fund capitalized interest and provide for a required deposit to the Senior Debt Service Reserve Fund. These bonds mature in various amounts through January 1, 2050.

In June 2020, the Authority executed a Revolving Credit Agreement providing a line of credit with an available commitment not to exceed \$125 million dollars. A draw of this line in the amount of \$50 million was made in June 2020 and was used to partially defease debt service due in July 2020. The remaining line of credit commitment amount available is \$75 million and expires in June 2021.

In October 2020, the Authority executed a Noteholder's Agreement providing liquidity funding through a drawdown process to issue and sell short-term notes up to a total combined commitment not to exceed \$100 million. The Authority has not drawn on the commitment, and the full commitment amount is available. The agreement expires in October 2022.

Of the \$3.60 billion in general revenue bonds outstanding, approximately \$25.1 million are insured by Assured Guaranty Municipal (formerly Financial Security Assurance Inc.) and are rated A1 by Moody's and AA by Standard and Poor's (S&P). The Authority's remaining general revenue bonds are rated A1 by Moody's and A by S&P. Of the \$2.83 billion in junior indebtedness obligations outstanding, approximately \$362.2 million are insured by Assured Guaranty Municipal Corp and are rated A2 by Moody's and AA by S&P. The remaining junior indebtedness obligations are rated A2 by Moody's and A- by S&P.

At December 31, 2019, the Authority had approximately \$6.03 billion in general revenue bonds and junior indebtedness obligations, an increase of \$169.7 million, or 2.9% from December 31, 2018. The Authority had no short-term debt outstanding as of December 31, 2019.

Table A-4

Outstanding Debt Years ended December 31, 2020 and 2019 (In millions of dollars)

	Year Ended December 31, 2020			Ending Balance
	Beginning Balance	Additions	Reductions	
General revenue bonds	\$ 3,190.4	\$ 536.7	\$ (126.4)	\$ 3,600.7
Junior indebtedness obligations	2,837.4	-	(12.7)	2,824.7
Total bonds and notes	6,027.8	536.7	(139.1)	6,425.4
Revolving credit agreement	-	50.0	-	50.0
Total bonds, notes and other debt	\$ 6,027.8	\$ 586.7	\$ (139.1)	\$ 6,475.4

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Capital Assets and Debt Administration - Continued

Debt Administration - Continued

Table A-4 (Continued)

Outstanding Debt
Years ended December 31, 2020 and 2019
(In millions of dollars)

	Year Ended December 31, 2019			Ending Balance
	Beginning Balance	Additions	Reductions	
General revenue bonds	\$ 3,274.2	\$ 857.6	\$ (941.4)	\$ 3,190.4
Junior indebtedness obligations	2,583.9	5,072.4	(4,818.9)	2,837.4
Total bonds and notes	<u>\$ 5,858.1</u>	<u>\$ 5,930.0</u>	<u>\$ (5,760.3)</u>	<u>\$ 6,027.8</u>

More detailed information regarding the Authority's debt is presented in Notes 5 and 6.

Other Significant Matters

COVID-19

The COVID-19 pandemic that began affecting the United States in March 2020 had an adverse and material impact on the financial condition and operating results of the Authority. Operating revenues in 2020 were \$670.2 million, a decrease of \$143.9 million, or 17.7% compared to 2019. This decrease was primarily due to a reduction in passenger traffic caused by stay at home orders and travel restrictions implemented to control the spread of the virus. Toll revenue generated by passenger traffic was \$317.7 million, a decrease of \$118.1 million, or 27.1% compared to 2019. Commercial traffic levels remained relatively stable compared to 2019. Toll revenue generated by commercial traffic was \$297.6 million, a decrease of \$6.5 million, or 2.1% compared to 2019.

Several actions were taken in 2020 to counter the loss of revenues caused by COVID-19. The Authority entered into credit agreements with JP Morgan Chase and the Royal Bank of Canada that together provide a credit commitment of \$225 million. As of December 31, 2020, the Authority has drawn \$50 million of proceeds using these agreements. In addition, the Authority used proceeds from General Revenue Bonds, Series N issued in March 2020 to refund certain capital program costs that were originally funded in late 2019 and early 2020 with Authority revenues and Thruway Stabilization program funds.

Cashless Tolling

In November 2020, the Authority implemented cashless tolling on the interchange (ticketed) portion of the Thruway system and with it completed a system-wide conversion to cashless tolling. Tolling at the Governor Mario M. Cuomo and Grand Island Bridges, as well as Harriman, Yonkers, New Rochelle, and Spring Valley locations were converted to cashless tolling prior to 2020. Cashless tolling allows customers to pay their tolls at highway speed without stopping at a toll booth. Customers with an E-ZPass account have their toll information collected via an E-ZPass tag installed in their vehicles. Customers without E-ZPass have an image of their license plate captured and the registered owner of the vehicle is sent an invoice for their tolls (Tolls by Mail). A total of \$360.3 million has been invested in cashless tolling infrastructure improvements and equipment through December 31, 2020, of which \$229.3 million was invested during 2020. Work to remove toll booths and reconfigure interchanges is ongoing and expected to be completed during 2021.

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Management's Discussion and Analysis December 31, 2020 and 2019

Other Significant Matters - Continued

Governor Mario M. Cuomo Bridge and Tappan Zee Constructors, LLC

In January 2013, the Authority entered into a design-build agreement with Tappan Zee Constructors, LLC to construct the Governor Mario M. Cuomo Bridge (then known as the New NY Bridge) to replace the existing Tappan Zee Bridge. The Governor Mario M. Cuomo Bridge is a twin-span structure crossing the Hudson River between Rockland and Westchester Counties. The bridge has a 100-year design life and consists of eight general purpose lanes, as well as emergency access lanes. The bridge conforms to current seismic, safety, and geometric requirements; has adequate shoulders to manage traffic incidents and emergencies; and a shared use path to accommodate bicycle and pedestrian use on the bridge. New maintenance and state police buildings were also constructed adjacent to the bridge as part of the project. The westbound span of the bridge was placed in service in 2017 and the eastbound span was placed in service in 2018. The shared use path, as well as the new maintenance and state police buildings were completed in 2020. Since 2013, the Authority has invested \$3.7 billion in the project. Additional investments in the project include capitalized interest costs of \$168.4 million, as well as planning costs of \$152.8 million incurred prior to 2013.

Tappan Zee Constructors, LLC has submitted requests for payment to the Authority claiming they are owed, as of December 31, 2020, \$923 million, plus interest, in excess of their approved contract value and anticipated change orders. Their claims relate to issues of time, extra work, and oversight of the project. The Authority disputes these claims.

In February 2021, Tappan Zee Constructors, LLC filed a claim against the Authority in the NYS Court of Claims with respect to the dispute. Additional information regarding Tappan Zee Constructors, LLC's claims is presented in Note 12a.

Additional information regarding the Governor Mario M. Cuomo Bridge is available at www.newnybridge.com.

Thruway Stabilization Program

In 2015, the State of New York created the \$1.285 billion Thruway Stabilization Program to partially fund the Governor Mario M. Cuomo Bridge, as well as other Thruway capital projects. In 2016, the State committed an additional \$700 million to the program bringing the total commitment to \$1.985 billion. As of December 31, 2020, all program funds have been received. The program provided \$1.2 billion for the Governor Mario M. Cuomo Bridge, \$752.8 million for other Thruway capital projects and \$32.2 million for working capital needs. Additional information regarding the Thruway Stabilization Program is presented in Note 11.

Contacting the New York State Thruway Authority's Financial Management

This financial report is designed to provide our bondholders, customers, 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, New York 12201-0189 or visit our website at www.thruway.ny.gov.

New York State Thruway Authority

(A Component Unit of the State of New York)

Statements of Net Position (in thousands of dollars)

	December 31,	
	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	\$ 441,304	\$ 379,282
Investments	1,346	6,288
Receivables, net	78,696	64,150
Material and other supplies	19,603	20,129
Prepaid items	4,635	4,047
Restricted assets	328,261	299,702
Total current assets	<u>873,845</u>	<u>773,598</u>
NON-CURRENT ASSETS		
Restricted assets	525,454	503,462
Capital assets, not being depreciated	1,007,110	1,313,048
Capital assets, net of accumulated depreciation	6,634,861	6,193,156
Total non-current assets	<u>8,167,425</u>	<u>8,009,666</u>
Total assets	<u>9,041,270</u>	<u>8,783,264</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>282,920</u>	<u>113,344</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	224,946	257,348
Unearned revenue	119,588	112,888
Accrued interest payable	125,339	87,308
Revolving credit agreement	50,000	-
Bonds payable, due within one year	145,170	126,482
Total current liabilities	<u>665,043</u>	<u>584,026</u>
NON-CURRENT LIABILITIES		
Bonds payable	6,280,239	5,901,315
Other long-term liabilities	1,326,498	1,033,718
Total non-current liabilities	<u>7,606,737</u>	<u>6,935,033</u>
Total liabilities	<u>8,271,780</u>	<u>7,519,059</u>
DEFERRED INFLOWS OF RESOURCES	<u>112,280</u>	<u>154,930</u>
NET POSITION		
Net investment in capital assets	1,669,892	1,948,527
Restricted for		
Debt service	96,602	96,644
Capital	98,438	45,103
Unrestricted (deficit)	<u>(924,802)</u>	<u>(867,655)</u>
Total net position	<u>\$ 940,130</u>	<u>\$ 1,222,619</u>

See accompanying 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 Position (in thousands of dollars)

	Years Ended December 31,	
	2020	2019
OPERATING REVENUES		
Tolls and related revenues	\$ 648,715	\$ 774,979
Concessions	6,760	14,778
Other	14,679	24,400
Total operating revenues	670,154	814,157
OPERATING EXPENSES		
Salaries	136,964	143,552
Postemployment obligations	88,381	60,033
Employee benefits	93,030	70,931
State Police - Troop T services	56,374	62,563
Professional and other services	47,117	61,838
Supplies, materials and rentals	17,016	27,933
Maintenance and repairs	13,171	20,284
Utilities	6,044	6,047
Insurance and claims	3,188	7,584
Equipment	375	1,007
Other	727	94
Depreciation and amortization	355,788	327,953
Total operating expenses	818,175	789,819
Operating income (loss)	(148,021)	24,338
NON-OPERATING REVENUES AND EXPENSES		
Investment income	4,479	6,104
Interest expense	(206,453)	(205,742)
Debt issuance cost	(817)	(12,994)
Federal, state and other aid	608	3,371
Loss on disposal of assets	(62)	(783)
Net non-operating items	(202,245)	(210,044)
Loss before capital contributions	(350,266)	(185,706)
CAPITAL CONTRIBUTIONS	67,777	297,522
CHANGE IN NET POSITION	(282,489)	111,816
NET POSITION, <i>beginning of year</i>	1,222,619	1,110,803
NET POSITION, <i>end of year</i>	\$ 940,130	\$ 1,222,619

See accompanying Notes to Financial Statements.

New York State Thruway Authority

(A Component Unit of the State of New York)

Statements of Cash Flows (in thousands of dollars)

	Years Ended December 31,	
	2020	2019
CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from collection of tolls and related revenues	\$ 641,504	\$ 804,881
Cash received from concession sales	5,966	14,485
Other operating cash receipts	14,635	23,214
Personal service payments	(140,048)	(144,041)
Employee benefits payments	(98,199)	(101,850)
E-ZPass and Tolls by Mail account management payments	(41,833)	(47,006)
Payments to New York State for Troop T services	(57,298)	(63,722)
Cash payments to vendors and contractors	(49,029)	(48,081)
	<u>275,698</u>	<u>437,880</u>
CASH FLOWS PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES		
Federal, state and other aid	2,272	1,277
Proceeds from revolving credit agreement	50,000	-
	<u>52,272</u>	<u>1,277</u>
CASH FLOWS PROVIDED (USED) FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of debt	536,718	4,329,992
Proceeds from TIFIA Loan	-	1,600,000
Federal, state and other capital contributions	70,896	246,745
Acquisition/construction of capital assets	(503,783)	(411,740)
Principal paid on debt	(100,945)	(5,709,258)
Interest and issuance costs paid on debt	(211,320)	(318,286)
Proceeds from sale of capital assets	3	1,006
	<u>(208,431)</u>	<u>(261,541)</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Purchase of investments	(827,982)	(748,291)
Proceeds from sales and maturities of investments	698,256	846,442
Interest and dividends on investments	3,731	6,521
	<u>(125,995)</u>	<u>104,672</u>
Net increase (decrease) in cash and cash equivalents	(6,456)	282,288
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>958,611</u>	<u>676,323</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 952,155</u>	<u>\$ 958,611</u>

See accompanying Notes to Financial Statements.

New York State Thruway Authority

(A Component Unit of the State of New York)

Statements of Cash Flows - Continued (in thousands of dollars)

	Years Ended December 31,	
	2020	2019
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (148,021)	\$ 24,338
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	355,788	327,953
Net changes in assets, liabilities, deferred outflows and deferred inflows		
Receivables	(16,211)	14,125
Material and other supplies	526	(1,147)
Other assets	(780)	(62)
Accounts payables and accrued expenses	286,955	(56,607)
Deferred outflows	(170,934)	34,286
Deferred inflows	(38,324)	80,089
Unearned revenue	6,700	14,905
	<u>\$ 275,698</u>	<u>\$ 437,880</u>
RECONCILIATION TO STATEMENTS OF NET POSITION		
Cash and cash equivalents	\$ 441,304	\$ 379,282
Restricted cash and cash equivalents	<u>510,851</u>	<u>579,329</u>
	<u>\$ 952,155</u>	<u>\$ 958,611</u>
NON-CASH CAPITAL ACTIVITIES		
Payments made to vendors by the State of New York under Thruway Stabilization Program	<u>\$ 12,733</u>	<u>\$ 149,078</u>

See accompanying Notes to Financial Statements.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements December 31, 2020 and 2019

Note 1 - Organization and Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. An overview of the more significant accounting policies is described below:

a. Financial Reporting Entity

The New York State Thruway Authority (Authority) is a Public Benefit Corporation created by the New York State Legislature in 1950 to build, operate, and maintain the Thruway System. The Board of the Authority consists of seven members, appointed by the Governor, with the consent of the New York State Senate.

The Authority is responsible for a 570-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) was added to the Thruway in 1991, and the Authority is prohibited from imposing any tolls or other charges for the use of the CWE.

The State may, from time to time, also 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 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.

b. 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, deferred outflows of resources, deferred inflows of resources, net position, revenues, and expenses are accounted for through a single enterprise fund with revenue recorded when earned and expenses recorded at the time liabilities are incurred.

The principal revenue of the Authority is toll revenue received from customers. The Authority also recognizes as operating revenue toll related fees, rent 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 include all costs required to operate, maintain, and administer the Thruway. All revenue and expenses not meeting this definition are reported as non-operating items.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements December 31, 2020 and 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

b. Basis of Accounting - Continued

The Authority's bond resolution requires that certain funds and accounts be established and maintained. The Authority consolidates these funds and accounts for the purpose of providing its basic financial statements in accordance with U.S. GAAP.

c. Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits. Cash equivalents include all highly liquid investments with original maturities of three months or less when purchased. All cash deposits and repurchase agreements are fully collateralized or covered by federal deposit insurance.

Investments include financial instruments with original maturities of more than three months and are recorded at amortized cost, which approximates fair value. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. These investments are not included in cash and cash equivalents in the statements of cash flows.

d. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows, deferred inflows, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e. Receivables

Receivables consist primarily of amounts attributable to the Authority's cashless tolling system, receivables from commercial transportation companies and Federal and State governments under various grant programs. Receivables attributable to commercial transportation companies with post-paid accounts are guaranteed by surety bonds and/or cash deposits. Receivables are reported net of an allowance for uncollectible amounts. The allowance for doubtful receivables amounted to \$18,493,000 and \$12,895,000 at December 31, 2020 and 2019, respectively.

f. Materials and Other Supplies

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

g. Unearned Revenue

Unearned revenue consists of prepaid deposits made by private and commercial customers into E-ZPass accounts held by the Authority and annual permit revenues collected in advance. E-ZPass customer accounts with negative balances (amounts due to the Authority) are reported as an offset to unearned revenue. At December 31, 2020 and 2019, E-ZPass accounts with negative balances, net of allowances for doubtful accounts, amount to \$1,816,000 and \$1,765,000, respectively.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements December 31, 2020 and 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

h. Restricted Assets

Certain proceeds of Thruway revenue bonds and notes, as well as certain Thruway revenues, 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 that are due on a semi-annual and annual basis, respectively, and for the purpose of maintaining reserve funds at required levels.

i. Toll Revenues

Toll revenues are stated net of volume and other discounts of \$29,021,000 and \$28,010,000 for the years ended December 31, 2020 and 2019, respectively.

j. Pensions

The Authority is a participating employer in the New York State and Local Retirement System (ERS). Employees in permanent positions are required to enroll in ERS, and employees in part-time or seasonal positions have the option of enrolling in ERS. ERS is a cost sharing, multiple-employer, public employee defined benefit retirement system. The impact on the Authority's financial position and results of operations due to its participation in ERS is more fully disclosed in Note 8.

k. Other Postemployment Benefits

The Authority recognizes in its financial statements the financial impact of other postemployment benefits, principally employer funded retiree health care costs. The impact on the Authority's financial position and results of operations is more fully disclosed in Note 10.

l. Compensated Absences

Permanent employees of the Authority accrue vacation leave as part of their benefit package. Unused vacation days up to a maximum of 30 days are considered vested and paid upon retirement or termination. The liability for vested vacation leave approximates \$9,597,000 and \$9,007,000 at December 31, 2020 and 2019, respectively, and is recorded as a long-term liability.

Permanent employees of the Authority also accrue sick leave as part of their benefit package. Upon retirement, unused sick days up to a maximum of 200 days are converted to a monthly credit that is used to offset the employee's share of postemployment benefit costs. The Authority's liability for postemployment benefits is discussed further in Note 10.

m. Bond and Note Premiums

Bond and note premiums are presented as components of bonds payable. The premiums are amortized over the life of the bonds and notes on a basis that approximates the effective interest method. Net amortization related to bond and note premiums were approximately \$38,161,000 and \$48,430,000 for 2020 and 2019, respectively, and are included as an offset to interest expense.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements December 31, 2020 and 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

n. *Deferred Outflows and Deferred Inflows of Resources*

Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred outflows include amounts related to pensions (Note 8), other postemployment benefit obligations (Note 10), losses related to bond refunding's (Note 5) and obligations associated with the retirement of certain assets (Note 12f).

The following schedule summarizes the Authority's deferred outflows of resources as of December 31, 2020 and 2019 (in thousands):

	<u>2020</u>	<u>2019</u>
Net pension liability	\$ 104,530	\$ 43,951
Postemployment benefit obligation	167,691	57,335
Loss on bond refundings	7,499	8,333
Asset retirement obligations	<u>3,200</u>	<u>3,725</u>
Totals	<u>\$ 282,920</u>	<u>\$ 113,344</u>

Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows include amounts related to pensions (Note 8), other postemployment benefit obligations (Note 10) and gains related to bond refunding's (Note 5).

The following schedule summarizes the Authority's deferred inflows of resources as of December 31, 2020 and 2019 (in thousands):

	<u>2020</u>	<u>2019</u>
Net pension liability	\$ 4,203	\$ 13,042
Postemployment benefit obligation	88,452	117,936
Gain on bond refundings	<u>19,625</u>	<u>23,952</u>
Totals	<u>\$ 112,280</u>	<u>\$ 154,930</u>

o. *Net Position*

Net position is classified as follows:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances attributable to the acquisition of capital assets.
- *Restricted net position* has externally placed constraints on use.
- *Unrestricted net position* consists of assets, liabilities, deferred outflows and deferred inflows that do not meet the definition of "net investment in capital assets" or "restricted net position."

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements December 31, 2020 and 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

p. Capital Contributions

Capital contributions consist primarily of funds provided by the State of New York. Additional information regarding the State of New York's Thruway Stabilization Program is presented in Note 11.

q. 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 relatable 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, 2020 and 2019.

r. 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.

s. Non-Exchange Transactions

The Authority's non-exchange transactions include fees charged to customers as violation fees, late fees and administrative fees. The distinguishing characteristic of these non-exchange fees is they are assessed against customers who have failed to pay their toll and/or follow the terms of their E-ZPass account agreement or regulations governing the Tolls by Mail program. The Authority's policy for recognizing revenue associated with non-exchange fees is to record the revenue at the time the fee is collected.

Tolls and related revenues include fees of \$33,422,000 and \$35,095,000 for the years ended December 31, 2020 and 2019, respectively.

Other non-exchange transactions of the Authority are disclosed in Note 11.

t. Reclassification

Certain amounts have been reclassified in the previously issued 2019 financial statements. Payments made to the State of New York for State Police Troop T services were previously included in Cash Payments to Vendors and Contractors on the Statement of Cash Flows. Payments of \$63,722,000 have been reclassified as Payments to New York State for Troop T services. Other reclassifications are immaterial.

u. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through March 29, 2021, the date the financial statements were available to be issued.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements December 31, 2020 and 2019

Note 2 - Cash and Investments - Continued

	Carrying Value	
	2020	2019
Investments		
Unrestricted		
U.S. treasury securities	\$ -	\$ 5,467
Time deposits	1,346	821
Total unrestricted investments	<u>\$ 1,346</u>	<u>\$ 6,288</u>
Restricted		
Commercial paper	\$ -	\$ 23,883
U.S. treasury securities	333,257	174,545
Total restricted investments	<u>\$ 333,257</u>	<u>\$ 198,428</u>

At December 31, 2020 and 2019, the fair value of the Authority's cash and investments approximated the carrying value (amortized cost).

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 also requires delivery to its trustee/custodian of all securities purchased and collateral for repurchase agreements, regardless of the seller institution. All Authority investment securities are classified as securities acquired by a financial institution for the Authority and held by the Authority's trustee/custodian in the Authority's name. Bank balances, which are comprised of demand and other deposits, are fully insured or collateralized as of December 31, 2020 and 2019. Amounts are collateralized with securities transferred to and held by the Authority's trustee/custodian in the Authority's name.

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.

The Authority's investment policy has established criteria that mitigate 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 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.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements December 31, 2020 and 2019

Note 2 - Cash and Investments - Continued

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. The Authority owns approximately \$74,900,000 in U.S. Government investments at December 31, 2020 that mature in 2022 and beyond.

As of December 31, 2020, the Authority had the following concentrations of cash equivalents and investments:

	Credit Exposure <u>Security</u>	% of Total <u>(Rating)</u>
Certificates of Deposit		0.18%
<u>Commercial Paper</u>		
Toronto Dominion HDG USA, INC	A-1+/P-1/na	6.87%
<u>U.S. Government Securities</u>		
Treasury Bills	A-1+/P-1/F1+	92.95%

Note 3 - Capital Assets

The Authority's capital assets principally include the Thruway System and equipment. The Thruway System includes infrastructure assets consisting of bridges, highways, buildings, toll equipment, and intelligent transportation systems. Equipment includes vehicles, machinery, software systems, and E-ZPass tags.

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	45-100 years	\$ 50,000
Bridge improvements	15 years	50,000
Highways	30 years	50,000
Highway improvements	8-10 years	50,000
Buildings	30 years	50,000
Fiber optic system	17 years	50,000
Equipment	2-12 years	5,000 - 50,000

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements December 31, 2020 and 2019

Note 3 - Capital Assets - Continued

The following schedules summarize the capital assets of the Authority and related changes for the years ended December 31, 2020 and 2019 (in thousands):

	December 31, 2019	Additions	Reductions	December 31, 2020
Capital assets, not being depreciated				
Land and land improvements	\$ 815,530	\$ 1,084	\$ (17)	\$ 816,597
Construction in progress	497,518	459,627	(766,632)	190,513
Total capital assets, not being depreciated	<u>1,313,048</u>	<u>460,711</u>	<u>(766,649)</u>	<u>1,007,110</u>
Capital assets, being depreciated				
Thruway System	11,197,183	774,534	(98,988)	11,872,729
Equipment	246,328	22,345	(371)	268,302
Total capital assets, being depreciated	<u>11,443,511</u>	<u>796,879</u>	<u>(99,359)</u>	<u>12,141,031</u>
Less accumulated depreciation for				
Thruway System	(5,120,617)	(333,937)	98,999	(5,355,555)
Equipment	(129,738)	(21,184)	307	(150,615)
Total accumulated depreciation	<u>(5,250,355)</u>	<u>(355,121)</u>	<u>99,306</u>	<u>(5,506,170)</u>
Net value of capital assets, being depreciated	<u>6,193,156</u>	<u>441,758</u>	<u>(53)</u>	<u>6,634,861</u>
Capital assets, net	<u>\$ 7,506,204</u>	<u>\$ 902,469</u>	<u>\$ (766,702)</u>	<u>\$ 7,641,971</u>
	December 31, 2018	Additions	Reductions	December 31, 2019
Capital assets, not being depreciated				
Land and land improvements	\$ 806,165	\$ 9,469	\$ (104)	\$ 815,530
Construction in progress	363,335	420,571	(286,388)	497,518
Total capital assets, not being depreciated	<u>1,169,500</u>	<u>430,040</u>	<u>(286,492)</u>	<u>1,313,048</u>
Capital assets, being depreciated				
Thruway System	10,899,960	348,263	(51,040)	11,197,183
Equipment	241,211	31,939	(26,822)	246,328
Total capital assets, being depreciated	<u>11,141,171</u>	<u>380,202</u>	<u>(77,862)</u>	<u>11,443,511</u>
Less accumulated depreciation for				
Thruway System	(4,865,787)	(305,973)	51,143	(5,120,617)
Equipment	(133,652)	(21,102)	25,016	(129,738)
Total accumulated depreciation	<u>(4,999,439)</u>	<u>(327,075)</u>	<u>76,159</u>	<u>(5,250,355)</u>
Net value of capital assets, being depreciated	<u>6,141,732</u>	<u>53,127</u>	<u>(1,703)</u>	<u>6,193,156</u>
Capital assets, net	<u>\$ 7,311,232</u>	<u>\$ 483,167</u>	<u>\$ (288,195)</u>	<u>\$ 7,506,204</u>

Depreciation expense related to capital assets was \$355,121,000 and \$327,075,000 for the years ended December 31, 2020 and 2019, respectively. The Authority periodically reviews and, when deemed necessary, adjusts the estimated useful lives of its capital assets.

The Authority monitors events and circumstances that cause significant and unexpected declines to the useful life of capital assets. When required, a loss is recognized to reduce the carrying value of an impaired capital asset. Impairment loss is reflected as a component of depreciation expense.

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Notes to Financial Statements December 31, 2020 and 2019

Note 4 - Restricted Assets

Restricted assets are established pursuant to bond resolutions and other agreements and are classified as current or non-current based upon the underlying restrictions. Restricted assets are comprised of the following as of December 31, 2020 and 2019 (in thousands):

The related balances at December 31, 2020 and 2019 are as follows:

	2020	2019
Restricted current		
Cash and cash equivalents	\$ 267,397	\$ 220,745
Investments	60,082	63,830
Interest receivable	782	109
Receivables	-	15,018
Total	<u>328,261</u>	<u>299,702</u>
Restricted non-current		
Cash and cash equivalents	243,454	358,584
Investments	273,175	134,598
Interest receivable	973	1,059
Receivables	4,395	2,697
Prepaid items	3,457	6,524
Total	<u>525,454</u>	<u>503,462</u>
Total restricted assets	<u>\$ 853,715</u>	<u>\$ 803,164</u>

Senior Debt Service Fund: Established to receive funds from Authority revenues to make periodic payments of interest and principal. Amounts held in this restricted fund at December 31, 2020 and 2019 were \$177,198,000 and \$152,313,000, 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 General Revenue Bonds secured by the Senior Debt Service Reserve Fund. Amounts held in this restricted fund at December 31, 2020 and 2019 were \$198,619,000 and \$180,843,000, respectively.

Construction Fund: Established to hold moneys paid into it from the sale of bonds and notes to pay for costs of the "Facilities" and "Other Authority Projects" as defined in the bond resolutions. Amounts remaining upon completion or abandonment of such projects is required to be transferred to other funds in accordance with the terms outlined in the bond resolutions. As of December 31, 2019, the fund also held in escrow monies received from the State of New York to fund the Authority's Multi-Year Capital Program. The amounts held in this restricted fund at December 31, 2020 and 2019 were \$135,374,000 and \$19,361,000, 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 and certain highway and railroad grade crossings. Amounts held in this restricted fund at December 31, 2020 and 2019 were \$82,115,000 and \$65,094,000, respectively.

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Notes to Financial Statements December 31, 2020 and 2019

Note 4 - Restricted Assets - Continued

Junior Indebtedness Fund: Established to hold moneys received from the sale of Junior Indebtedness Obligations. Amounts in the Junior Indebtedness Fund are used to: 1) fund the Facilities Capital Improvement Fund for a portion of the cost of the Authority's New NY Bridge Project as defined in the Junior Indebtedness Bond Resolution; 2) fund certain debt service payments on the Series 2013A, Series 2016A and Series 2019B Junior Indebtedness Obligations; and 3) satisfy the Junior Indebtedness Debt Service Reserve requirements on the Series 2016A and Series 2019B Junior Indebtedness Obligations. The amounts held in this restricted fund at December 31, 2020 and 2019 were \$229,952,000 and \$334,947,000, respectively.

Facilities Capital Improvement Fund: Established to hold funds determined to be necessary or appropriate by the Authority Board to fund project costs of facilities or to set up reserves to fund such costs. The Authority has elected to use this fund to hold certain revenues, debt proceeds, and other monies dedicated to the Governor Mario M. Cuomo Bridge. The amounts held in this restricted fund at December 31, 2020 and 2019, were \$28,274,000 and \$48,244,000, respectively.

Commercial Charge Surety Account: Established to receive cash surety deposits from Commercial Charge Account customers which are to be used only if the customer does not meet their obligations under the Commercial Charge Account Credit Agreement. The amounts held in the account at December 31, 2020 and 2019 were \$2,183,000 and \$2,362,000, respectively.

Note 5 - Long-Term Liabilities

The Authority's bond indebtedness and other long-term liabilities at December 31, 2020 and 2019, are comprised of the following obligations (in thousands):

	Date of Issuance	December 31, 2019 Balance	Additions	Reductions	December 31, 2020 Balance	Due Within One Year
General revenue bonds						
2012 Series I	7/12	\$ 202,330	\$ -	\$ (24,390)	\$ 177,940	\$ 25,560
2014 Series J	2/14	623,220	-	(14,725)	608,495	15,355
2014 Series K	12/14	739,040	-	(25,470)	713,570	26,760
2018 Series L	3/18	566,625	-	(36,360)	530,265	38,050
2019 Series M	10/19	857,625	-	-	857,625	-
2020 Series N	3/20	-	450,000	-	450,000	-
Unamortized bond premiums		201,598	86,718	(25,526)	262,790	25,983
		<u>3,190,438</u>	<u>536,718</u>	<u>(126,471)</u>	<u>3,600,685</u>	<u>131,708</u>
Junior indebtedness obligations and notes						
Series 2016 A	5/16	850,000	-	-	850,000	250
Series 2019 B	10/19	1,693,245	-	-	1,693,245	580
Unamortized bond premiums		294,114	-	(12,635)	281,479	12,632
		<u>2,837,359</u>	<u>-</u>	<u>(12,635)</u>	<u>2,824,724</u>	<u>13,462</u>
		<u>\$ 6,027,797</u>	<u>\$ 536,718</u>	<u>\$ (139,106)</u>	<u>\$ 6,425,409</u>	<u>\$ 145,170</u>
Other long-term liabilities						
Postemployment benefit obligation		\$ 983,462	\$ 228,222	\$ (30,482)	\$ 1,181,202	\$ -
Net pension liability		37,249	115,698	(21,249)	131,698	-
Compensated absences		9,007	590	-	9,597	-
Asset retirement obligations		4,500	-	(270)	4,230	229
Service based retention-incentive		3,621	-	3,621	-	-
		<u>\$ 1,037,839</u>	<u>\$ 344,510</u>	<u>\$ (48,380)</u>	<u>\$ 1,326,727</u>	<u>\$ 229</u>

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Notes to Financial Statements December 31, 2020 and 2019

Note 5 - Long-Term Liabilities - Continued

	Date of Issuance	December 31, 2018 Balance	Additions	Reductions	December 31, 2019 Balance	Due Within One Year
General revenue bonds						
2012 Series I	7/12	\$ 1,019,500	\$ -	\$ (817,170)	\$ 202,330	\$ 24,390
2014 Series J	2/14	637,250	-	(14,030)	623,220	14,725
2014 Series K	12/14	743,865	-	(4,825)	739,040	25,470
2018 Series L	3/18	596,220	-	(29,595)	566,625	36,360
2019 Series M	10/19	-	857,625	-	857,625	-
Unamortized bond premiums		<u>277,350</u>		<u>(75,752)</u>	<u>201,598</u>	<u>15,031</u>
General revenue bonds and unamortized premiums		<u>3,274,185</u>	<u>857,625</u>	<u>(941,372)</u>	<u>3,190,438</u>	<u>115,976</u>
Junior indebtedness obligations and notes						
Series 2013 A	12/13	1,600,000	-	(1,600,000)	-	-
Series 2016 A	5/16	850,000	-	-	850,000	-
Series 2019 A Notes	4/19	-	1,587,210	(1,587,210)	-	-
Series 2013 B (TIFIA)	9/19	-	1,600,000	(1,600,000)	-	-
Series 2019 B	10/19	-	1,693,245	-	1,693,245	-
Unamortized bond premiums		<u>133,872</u>	<u>191,912</u>	<u>(31,670)</u>	<u>294,114</u>	<u>10,506</u>
Junior indebtedness obligations and unamortized premiums		<u>2,583,872</u>	<u>5,072,367</u>	<u>(4,818,880)</u>	<u>2,837,359</u>	<u>10,506</u>
Total bonds and unamortized premiums		<u>\$ 5,858,057</u>	<u>\$ 5,929,992</u>	<u>\$ (5,760,252)</u>	<u>\$ 6,027,797</u>	<u>\$ 126,482</u>
Other long-term liabilities						
Postemployment benefit obligation		\$ 1,083,760	\$ -	\$ (100,298)	\$ 983,462	\$ -
Net pension liability		15,619	21,630	-	37,249	-
Compensated absences		8,970	37	-	9,007	-
Asset retirement obligations		4,500	-	-	4,500	500
Service based retention- incentive		<u>3,506</u>	<u>115</u>	<u>-</u>	<u>3,621</u>	<u>3,621</u>
Total other long-term liabilities		<u>\$ 1,116,355</u>	<u>\$ 21,782</u>	<u>\$ (100,298)</u>	<u>\$ 1,037,839</u>	<u>\$ 4,121</u>

No other long-term liabilities were due within one year at December 31, 2020.

The debt service requirements for the Authority's senior bonds as of December 31, 2020 are as follows (in thousands):

Due	Principal	Interest	Total
2021	\$ 105,725	\$ 140,105	\$ 245,830
2022	104,005	134,978	238,983
2023	131,705	129,221	260,926
2024	126,545	123,123	249,668
2025	137,085	117,181	254,266
2026-2030	771,300	481,860	1,253,160
2031-2035	888,090	294,118	1,182,208
2036-2040	561,130	153,516	714,646
2041-2045	352,385	53,595	405,980
2046-2050	159,925	12,935	172,860
Unamortized premiums	<u>262,790</u>	<u>-</u>	<u>262,790</u>
	<u>\$ 3,600,685</u>	<u>\$ 1,640,632</u>	<u>\$ 5,241,317</u>

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Note 5 - Long-Term Liabilities - Continued

The debt service requirements for the Authority's junior indebtedness obligations as of December 31, 2020 are as follows (in thousands):

Due	Principal	Interest	Total
2021	830	107,424	108,254
2022	1,340	107,373	108,713
2023	1,390	107,307	108,697
2024	1,450	107,239	108,689
2025	3,260	107,122	110,382
2026-2030	120,545	526,733	647,278
2031-2035	102,095	493,039	595,134
2036-2040	474,825	433,690	908,515
2041-2045	562,990	324,945	887,935
2046-2050	690,705	198,575	889,280
2051-2055	524,470	59,850	584,320
2056	59,345	1,433	60,778
Unamortized premiums	281,479	-	281,479
	<u>\$ 2,824,724</u>	<u>\$ 2,574,730</u>	<u>\$ 5,399,454</u>

General Revenue Bonds - Series I (Series I Bonds): During July 2012, the Authority issued \$1,122,560,000 in Series I Bonds which provided funds to: (1) retire \$868,045,000 in General Revenue Bond Anticipation Notes - Series 2011A; (2) fund a portion of the Authority's Multi-Year Capital Plan; and (3) make a deposit to the Senior Debt Service Reserve Fund; and (4) pay bond issuance costs.

The Series I Bonds are comprised of both Serial Bonds and Term Bonds with varying rates and maturities. The amounts outstanding at December 31, 2020, are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	4.00% to 5.00%	2021 - 2023	\$ 80,495
Term Bonds	4.13%	2037	27,445
Term Bonds	4.13%	2042	70,000
			<u>\$ 177,940</u>

Principal payments under the Series I Serial Bonds began in 2014. The Series I Term Bonds require sinking fund installments in 2036 through 2042, in amounts ranging from \$12,700,000 to \$15,370,000 annually. The Series I Bonds maturing on or after January 1, 2023, are callable at the option of the Authority, in whole or in part, beginning January 1, 2022, at par plus accrued interest. The Series I bonds were partially defeased in October 2019 using the proceeds of the General Revenue Bonds – Series M – Federally Taxable.

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Notes to Financial Statements December 31, 2020 and 2019

Note 5 - Long-Term Liabilities - Continued

General Revenue Bonds - Series J (Series J Bonds): During February 2014, the Authority issued \$677,460,000 in Series J Bonds which provided funds to: (1) fund a portion of the Authority's Multi-Year Capital Plan; (2) provide funds to refund a portion of the Authority's General Revenue Bonds, Series F and General Revenue Bonds, Series G (for a net present value savings of \$19,184,000) (3) make a deposit to the Senior Debt Service Reserve Fund; and (4) pay bond issuance costs.

The Series J Bonds are comprised of both Serial Bonds and Term Bonds with varying rates and maturities. The amounts outstanding at December 31, 2020, are as follows:

<u>Type</u>	<u>Rates</u>	<u>Maturity</u>	<u>Amount (in thousands)</u>
Serial Bonds	3.00% to 5.00%	2021 - 2036	\$ 457,975
Term Bonds	5.00%	2041	87,235
Term Bonds	4.63%	2044	63,285
			<u>\$ 608,495</u>

Principal payments under the Series J Serial Bonds began in 2015. The Series J Term Bonds require sinking fund installments in 2037 through 2044, in amounts ranging from \$15,790,000 to \$22,055,000 annually. The Series J Bonds maturing on or after January 1, 2025, are callable at the option of the Authority, in whole or in part, beginning January 1, 2024, at par plus accrued interest.

General Revenue Bonds - Series K (Series K Bonds): During December 2014, the Authority issued \$743,865,000 in Series K Bonds which provided funds to: (1) refund a portion of the Authority's General Revenue Bonds, Series F, Series G and Series I (for a net present value savings of \$101,044,000); and (2) and pay bond issuance costs.

The Series K Bonds are comprised of Serial Bonds with varying rates and maturities. The amounts outstanding at December 31, 2020, are as follows:

<u>Type</u>	<u>Rates</u>	<u>Maturity</u>	<u>Amount (in thousands)</u>
Serial Bonds	3.25% to 5.00%	2021 - 2032	<u>\$ 713,570</u>

Principal payments under the Series K Serial Bonds began in 2019. The Series K Bonds maturing on or after January 1, 2026, are callable at the option of the Authority, in whole or in part, beginning January 1, 2025, at par plus accrued interest.

General Revenue Refunding Bonds - Series L (Series L Bonds): During March 2018, the Authority issued \$596,220,000 of Series L Bonds to: (1) refund the Authority's outstanding General Revenue Bonds, Series H (for a net present value savings of \$83,145,000) and (2) pay bond issuance costs. Series L Bonds maturing on or after January 1, 2029, are callable at the option of the Authority, in whole or in part, beginning January 1, 2028, at par plus accrued interest.

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Notes to Financial Statements December 31, 2020 and 2019

Note 5 - Long-Term Liabilities - Continued

The Series L Bonds are comprised of Serial Bonds with varying rates and maturities. The amounts outstanding at December 31, 2020 are as follows:

<u>Type</u>	<u>Rates</u>	<u>Maturity</u>	<u>Amount (in thousands)</u>
Serial Bonds	3.00% to 5.00%	2021 - 2037	<u>\$ 530,265</u>

General Revenue Bonds - Series M – Federally Taxable (Series M Bonds): During October 2019, the Authority issued \$857,625,000 of Series M Bonds to: (1) provide funds to refund certain of the Authority's outstanding Series I Bonds (for a net present value savings of \$92,477,000); and (2) pay bond issuance costs.

The Series M Bonds are comprised of Serial Bonds and Term Bonds with varying rates and maturities. The amounts outstanding at December 31, 2020 are as follows:

<u>Type</u>	<u>Rates</u>	<u>Maturity</u>	<u>Amount (in thousands)</u>
Serial Bonds	2.12% to 2.55%	2024 - 2028	\$ 133,500
Term Bonds	2.90%	2035	380,030
Term Bonds	3.50%	2042	<u>344,095</u>
			<u>\$ 857,625</u>

Principal payments under the Series M Bonds begin in 2024. Series M Term Bonds require sinking fund installments in 2031 through 2042, in amounts ranging from \$42,800,000 to \$102,235,000 annually. Series M Bonds maturing on or prior to January 1, 2035 are callable at the option of the Authority, in whole or in part, subject to make whole redemption provisions. Series M Bonds maturing on January 1, 2042, are: (i) callable at the option of the Authority, in whole or in part, prior to January 1, 2030, subject to make whole redemption provisions; and (ii) callable at the option of the Authority, in whole or in part, on or after January 1, 2030 at par plus accrued interest.

General Revenue Refunding Bonds - Series N (Series N Bonds): During March 2020, the Authority issued \$450,000,000 of Series N Bonds to: (i) fund a portion of the Authority's Multi-Year Capital Program; (ii) make a deposit to the Senior Debt Service Reserve Fund; (iii) fund capitalized interest on the Series N Bonds; and (iv) pay the Costs of Issuance of the Series N Bonds. Series N Bonds maturing on or after January 1, 2033, are callable at the option of the Authority, in whole or in part, beginning January 1, 2030, at par plus accrued interest.

The Series N Bonds are comprised of Serial Bonds with varying rates and maturities. The amounts outstanding at December 31, 2020 are as follows:

<u>Type</u>	<u>Rates</u>	<u>Maturity</u>	<u>Amount (in thousands)</u>
Serial Bonds	3.00% to 5.00%	2033 - 2050	<u>\$ 450,000</u>

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Notes to Financial Statements December 31, 2020 and 2019

Note 5 - Long-Term Liabilities - Continued

General Revenue Senior Bonds - Revenue Pledge and Security: The General Revenue Bonds (Series I through N) are all direct obligations of the Authority, secured by a pledge of tolls and other revenue as established under the Bond Resolution. In accordance with the Bond Resolution, a Senior Debt Service Reserve Fund was established to be funded with cash and/or surety in an amount equal to the maximum aggregate debt service for any 12-month period. At both December 31, 2020 and 2019, the Senior Debt Service Reserve Fund, which may be used should amounts in the Senior Debt Service Fund be insufficient to pay debt service payments, was fully funded.

General Revenue Junior Indebtedness Obligations (JIO) - Series 2013A (Series 2013A JIO's): During December 2013, the Authority issued \$1,600,000,000 of Series 2013A Junior Indebtedness Obligations to: (1) fund a portion of the cost of the Authority's New NY Bridge Project, a twin-span replacement of the Tappan Zee Bridge, (2) provide funds to refinance the principal and interest on the Authority's General Revenue Bond Anticipation Notes, Series 2013B, (3) pay capitalized interest on the Series 2013A Junior Indebtedness Obligations through December 31, 2018, and (4) pay the costs of issuance.

Series 2013A JIO's were term bonds, payable in a single bullet maturity on May 1, 2019, with varying interest rates from 3.00% to 5.00% and were not subject to redemption prior to maturity.

The Series 2013A JIO's were fully repaid on April 30, 2019 using the proceeds of the Series 2019A General Revenue Junior Indebtedness Obligation Anticipation Notes.

General Revenue Junior Indebtedness Obligations (JIO) - Series 2016A (Series 2016A JIO's): During May 2016, the Authority issued \$850,000,000 of Series 2016A Junior Indebtedness Obligations to: (1) fund a portion of the cost of the Authority's New NY Bridge Project; (2) pay capitalized interest on the Series 2016A JIO's; (3) make a deposit to the Series 2016A Subaccount of the Junior Indebtedness Debt Service Reserve Account; and (4) pay the costs of issuance.

The Series 2016A JIO's are comprised of both Serial and Term Bonds with varying rates and maturities. The amounts outstanding at December 31, 2020 are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	3.00% to 5.00%	2021 - 2038	\$ 190,665
Term Bonds	5.00%	2041	71,830
Term Bonds	5.00%	2046	145,745
Term Bonds	4.00% to 5.00%	2051	184,960
Term Bonds	4.00% to 5.25%	2056	256,800
			<u>\$ 850,000</u>

Series 2016A JIO Term Bonds require sinking fund installments in 2041 through 2056, in amounts ranging from \$10,000,000 to \$39,345,000 annually. Series 2016A JIO's maturing on or after January 1, 2027, are callable at the option of the Authority, in whole or in part, beginning January 1, 2026, at par plus accrued interest.

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Notes to Financial Statements December 31, 2020 and 2019

Note 5 - Long-Term Liabilities - Continued

General Revenue Junior Indebtedness Obligation Anticipation Notes – Series 2019A (Series 2019A JIO Anticipation Notes): During April 2019, the Authority issued \$1,587,210,000 Series 2019A JIO Anticipation Notes to: (1) pay the principal of the Authority's General Revenue Junior Indebtedness Obligations, Series 2013A; and (2) pay note issuance costs.

The Series 2019A JIO Anticipation Notes were payable on February 1, 2020. The Series 2019A JIO Anticipation Notes bore interest at a rate of 4.00%.

The Series 2019A JIO Anticipation Notes were partially defeased on September 17, 2019 in the amount of \$400,000,000 and fully defeased on October 24, 2019 using the proceeds of the Transportation Infrastructure Finance and Innovation Act Loan (TIFIA Loan) secured by General Revenue Junior Indebtedness Obligations, Series 2013B.

General Revenue Junior Indebtedness Obligations (JIO) - Series 2013B (Series 2013B JIO's) and TIFIA Loan: During 2013, the Authority entered into a TIFIA Loan with the United States Department of Transportation (USDOT) authorizing a loan for an amount up to \$1,600,000,000 to finance a portion of the cost of the New NY Bridge Project, a twin-span replacement of the Tappan Zee Bridge. Series 2013B JIO's were issued to secure the TIFIA Loan. During September 2019, USDOT disbursed \$1,600,000,000 of TIFIA Loan proceeds to the Authority. As a result, the Series 2013B JIO's became outstanding in the amount of \$1,600,000,000. The TIFIA Loan proceeds were used to defease the Series 2019A JIO Anticipation Notes in part on September 17, 2019, and in full on October 24, 2019.

The TIFIA Loan bore interest at a rate of 3.89%. Payment of TIFIA Loan debt service interest was scheduled to begin in 2022 with principal payments of various amounts payable beginning in 2024 and ending in 2053. The TIFIA Loan was eligible for prepayment at any time without penalty. The TIFIA Loan was fully defeased on October 30, 2019 using the proceeds of General Revenue Junior Indebtedness Obligations, Series 2019B.

General Revenue Junior Indebtedness Obligations (JIO) - Series 2019B: During October 2019, the Authority issued \$1,693,245,000 of Series 2019B Junior Indebtedness Obligations to: (1) refund the outstanding General Revenue Junior Indebtedness Obligations, Series 2013B (TIFIA Loan), (2) fund or reimburse approximately \$75,000,000 of costs related to the Authority's New NY Bridge Project, (3) fund capitalized interest on the Series 2019B Junior Indebtedness Obligations, (4) purchase a Reserve Credit Facility for the Series 2019B Subaccount of the Junior Indebtedness Debt Service Reserve Account, and (5) pay bond issuance costs incurred in connection with the issuance of the Series 2019B Junior Indebtedness Obligations, including the premium on an insurance policy for certain maturities of the Series 2019B Junior Indebtedness Obligations.

The Series 2019B JIO's are comprised of both Serial and Term Bonds with varying rates and maturities. The amounts outstanding at December 31, 2020 are as follows:

<u>Type</u>	<u>Rates</u>	<u>Maturity</u>	<u>Amount (in thousands)</u>
Serial Bonds	3.00% to 5.00%	2021 - 2046	\$ 438,345
Term Bonds	4.00%	2041	75,855
Term Bonds	4.00%	2045	330,685
Term Bonds	3.00%	2046	96,505
Term Bonds	4.00%	2050	410,945
Term Bonds	3.00% to 4.00%	2053	340,910
			<u>\$ 1,693,245</u>

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Note 5 - Long-Term Liabilities - Continued

Series 2019B JIO's Term Bonds require sinking fund installments in 2040 through 2053, in amounts ranging from \$10,000,000 to \$109,045,000 annually. Series 2019B JIO's maturing on or after January 1, 2031, are callable at the option of the Authority, in whole or in part, beginning January 1, 2030, at par plus accrued interest.

The Authority's General Revenue Junior Indebtedness Obligations are subordinate to the Authority's General Revenue Bonds.

The Authority has defeased certain obligations under financing arrangements whereby proceeds of new obligations were placed in irrevocable trusts to provide all future debt service payments on the defeased obligations. At December 31, 2020, approximately \$793,860,000 of such defeased obligations were outstanding. The assets and liabilities related to defeased obligations are not reported in the accompanying financial statements.

Note 6 - Short-term Debt

The Authority's short-term debt at December 31, 2020 and 2019, are comprised of the following obligations (in thousands):

	Agreement Date	December 31, 2019 Balance	Draws	Repayments	December 31, 2020 Balance
JP Morgan Chase	6/2020	\$ -	\$ 50,000	\$ -	\$ 50,000
Royal Bank of Canada	10/2020	-	-	-	-
		<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>

JP Morgan Chase Revolving Credit Agreement: During June 2020, the Authority entered into a Revolving Credit Agreement with JP Morgan Chase that provides the Authority with a revolving credit line of up to \$125 million through June 2021. The Authority drew \$50 million of tax-exempt proceeds from this line of credit. These proceeds were used to partially fund an escrow to defease a portion of General Revenue Bond interest due on July 1, 2020. An unused commitment of \$75 million remains available under this agreement. The interest rate on the agreement is based on 80% of the greater of the agreement's Adjusted Daily LIBOR rate or 1.00%, plus an applicable rate based on Junior Indebtedness Obligations ratings of 1.70%. Additionally, a commitment fee of .50% per annum is calculated quarterly on the unused balance of the line. Agreements are collateralized by pledged revenues but subordinated to senior and junior indebtedness.

Royal Bank of Canada Noteholder's Agreement: During October 2020, the Authority entered into a Noteholder's Agreement with the Royal Bank of Canada (RBC) that provides the Authority with the ability to sell short term notes to RBC in amounts not to exceed \$100 million in combined notes outstanding. Under the terms of the Noteholder's Agreement, the RBC commitment to purchase notes extends through October 2022. As of December 31, 2020, the Authority has not sold notes or drawn on proceeds from the sale of notes to date, and the full \$100 million remains available. The interest rate on the agreement is based on a SIFMA Index, reset weekly, plus an applicable rate based on Authority ratings assigned to its Senior bonds of 1.45%. Additionally, a commitment fee of 0.75% per annum is calculated quarterly on the unused balance of the commitment. Agreements are collateralized by pledged revenues but subordinated to senior and junior indebtedness.

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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 Authority is an authorized issuer of the following special bond programs: Local Highway and Bridge Service Contract Bonds, Highway and Bridge Trust Fund Bonds, State Personal Income Tax Revenue Bonds (Transportation) and State Sales Tax Revenue Bonds. The Authority has yet to issue State Sales Tax Revenue Bonds.

The following describes the Authority's outstanding debt under the 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. The outstanding CHIPS bonds were defeased as of October 30, 2019. No CHIPS bonds were outstanding at December 31, 2020 and 2019.

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. The Authority did not issue Highway and Bridge Trust Fund Bonds in 2020 or 2019. The Authority receives funds from New York State for debt service on these bonds and related administrative costs. Bonds outstanding under this program were \$899,150,000 and \$1,285,390,000 at December 31, 2020 and 2019, respectively.

State Personal Income Tax Revenue Bonds (Transportation) - The Legislature of the State of New York empowered the Authority to issue Personal Income Tax (PIT) Revenue Bonds to provide funds to municipalities and other project sponsors throughout the State for qualifying local highway, bridge, and multi-modal capital project expenditures under established State programs. The Authority did not issue PIT Revenue Bonds in 2020 and 2019. The Authority receives funds from New York State for debt service on these bonds and related administrative costs. Bonds outstanding under this program were \$553,550,000 and \$1,117,475,000 at December 31, 2020 and 2019, respectively.

Note 8 - Retirement Benefits

a. Plan Description and Benefits Provided

The Authority participates in the New York State and Local Employees' Retirement System (ERS), which is a cost-sharing multiple-employer, public employee retirement system. ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from ERS at www.osc.state.ny.us/retire.

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Notes to Financial Statements December 31, 2020 and 2019

Note 8 - Retirement Benefits - Continued

a. Plan Description and Benefits Provided - Continued

ERS provides retirement, disability, and death benefits for eligible members, including an automatic cost of living adjustment. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

b. Contributions

Employees in ERS Tier I through IV are noncontributory except for employees with less than 10 years of service who contribute 3% of their salary, Tier V employees who contribute 3% of their salary, and Tier VI employees who contribute between 3% and 6% of their salary. The Comptroller annually certifies the rates, expressed as proportions of payroll of members, which are used in computing the contributions required to be made by employers. The Authority's contributions for the preceding ten years can be found in the schedule of pension contributions on page 51.

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Authority reported liabilities of \$131,698,000 and \$37,249,000 at December 31, 2020 and 2019, respectively. The net pension liability was measured as of March 31, 2020 and 2019, respectively, and the total pension liability was determined by actuarial valuations as of April 1, 2019 and 2018, respectively. The proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contribution for the fiscal year ended on the measurement dates. The Thruway Authority's proportionate share was 0.50% and 0.53% as of March 31, 2020 and 2019, respectively.

The Authority recognized pension expense of \$46,279,000 and \$25,859,000 for the years ended December 31, 2020 and 2019, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources for 2020 and 2019 as follows (in thousands):

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,751	\$ -	\$ 7,335	\$ 2,500
Changes of assumptions	2,652	2,290	9,363	-
Net differences between projected and actual investment earnings on pension plan investments	67,515	-	-	9,560
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,363	1,913	5,706	982
Authority contributions subsequent to the measurement date	21,249	-	21,547	-
Totals	<u>\$ 104,530</u>	<u>\$ 4,203</u>	<u>\$ 43,951</u>	<u>\$ 13,042</u>

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Notes to Financial Statements December 31, 2020 and 2019

Note 8 - Retirement Benefits - Continued

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Authority contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year ending December 31,	
2021	\$ 13,950
2022	20,163
2023	25,272
2024	<u>19,693</u>
Total	<u>\$ 79,078</u>

d. Actuarial Assumptions

The pension liabilities at March 31, 2020 and 2019 were determined by using actuarial valuations as of April 1, 2019 and April 1, 2018, respectively, with updated procedures used to roll forward the total pension liability to March 31, 2020 and March 31, 2019. The actuarial valuation used the actuarial experience study for the period April 2010 - March 2015 and the following actuarial assumptions, which were consistent from year to year, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Inflation rate	2.5 percent
Salary scale	3.8 percent, indexed by service (2020) 4.2 percent, indexed by service (2019)
Investment rate of return, including inflation	
2020	6.8 percent compounded annually, net of expenses
2019	7.0 percent compounded annually, net of expenses
Cost of living adjustment	1.3 percent
Decrement	Based on FY 2011-2015 experience
Mortality improvement	Society of Actuaries Scale MP-2018

The long-term expected rate of return on ERS's pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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Note 8 - Retirement Benefits - Continued

e. Investment Asset Allocation

Best estimates of arithmetic real rates of return for each major asset class and ERS's target asset allocation as of the applicable valuation dates are summarized as follows:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.0%	4.1%
International equity	14.0%	6.2%
Private equity	10.0%	6.8%
Real estate	10.0%	5.0%
Bonds and mortgages	17.0%	0.8%
Other	13.0%	0.0-5.7%
	100.0%	

f. Discount Rate

The discount rate projection of cash flows assumed that contributions from members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, ERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.8% and the impact of using a discount rate that is 1% higher or lower than the current rate (in thousands):

	1% Decrease (5.8%)	Current Discount (6.8%)	1% Increase (7.8%)
Authority's proportionate share of the net pension liability	\$ 241,703	\$ 131,698	\$ 30,383

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Note 8 - Retirement Benefits - Continued

h. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the New York State and Local Employees' Retirement System as of March 31, 2020 and 2019 respectively, were as follows (amounts in thousands):

	<u>2020</u>	<u>2019</u>
Employers' total pension liability	\$ 194,596,261	\$ 189,803,429
Plan net position	<u>(168,115,682)</u>	<u>(182,718,124)</u>
Employers' net pension liability	<u>\$ 26,480,579</u>	<u>\$ 7,085,305</u>
Ratio of plan net position to the employers' total pension liability	<u>86.4%</u>	<u>96.3%</u>

Note 9 - Deferred Compensation Plan

The Authority participates in the New York State Deferred Compensation Plan (Plan). The plan is a 457(b) retirement plan which is administered by New York State. The Authority does not have any authority to amend or abolish the Plan provisions, and the Authority does not make contributions to the Plan.

Note 10 - Other Postemployment Benefits

The Authority reports in its financial statements the financial impact of other postemployment benefits (OPEB), principally employer funded health care and death benefits which the Authority provides for retired employees. With the exception of Part-time Toll Collectors, substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the Authority.

A summary of participants as of the July 1, 2019 actuarial measurement date is as follows:

Actives	1,955
Vestees	2
Retirees (includes surviving spouse and disabled)	<u>2,409</u>
Total	<u><u>4,366</u></u>

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Notes to Financial Statements December 31, 2020 and 2019

Note 10 - Other Postemployment Benefits - Continued

Plan Description and Benefits Provided

The Authority participates, pursuant to the provisions of Section 163(4) of the New York State Civil Service Law, in the New York State Health Insurance Program (NYSHIP), an Agent Multiple-Employer plan. NYSHIP is administered through the Department of Civil Service, and the Authority pays the cost of administration.

NYSHIP does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan. 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 HMOs, 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 Authority reimburses the retiree and his/her Medicare eligible spouse for the Medicare Part B premium.

b. Eligibility

To be eligible, an employee must (1) retire as a member of the New York State Employees' Retirement System or be at least 55 years old at time of termination; (2) be enrolled in the NYSHIP on date of retirement; and (3) complete at least five years of service for the retiree and dependent to have coverage while the employee is living. Ten years of service are needed for continued dependent coverage upon death of the employee.

c. Benefit/Cost Sharing

The Authority pays 94% (100% for those employees retired prior to April 1, 1991) of the premium for coverage of the retired employee and 75% of the additional premium for the dependent coverage. The premium paid by the Authority is based on the Empire Plan, one of the options available to retirees under the NYSHIP. If a retiree elects for another plan offered under the NYSHIP, the retiree is responsible for costs that exceed the amount of the Empire Plan premium.

d. Survivor Benefit

\$3,000 payable to retiree's designated beneficiary.

e. Funding Policy

The Authority contributes to the plan to satisfy obligations on a pay-as-you-go basis. For the years ended December 31, 2020 and 2019, the Authority paid \$30,482,000 and \$28,636,000, respectively, annually on behalf of retirees.

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Note 10 - Other Postemployment Benefits - Continued

Net OPEB Liability

The total OPEB liability for the Authority's years ended December 31, 2020 and December 31, 2019 were measured as of December 31, 2019 and December 31, 2018, respectively, using an actuarial valuation date of July 1, 2019 adjusted to the measurement date.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	
December 31, 2019 measurement date	2.75 percent
December 31, 2018 measurement date	3.71 percent
Annual payroll growth rate	2.20 percent
Healthcare cost trend rates	Society of Actuaries Long Term Medical Trend Model, updated October 2018. The December 2019 Federal Appropriations Bill eliminated the Excise Tax on high-cost plans that was part of the Affordable Care Act. Accordingly, the Excise Tax was removed from the Trend Assumption.
Mortality rates	Recommended Actuarial Assumptions for New York State for Other Post-Employment Benefit Plan Actuarial Valuations, updated June 2019

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.

Changes in the Net OPEB Liability (in thousands)

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	<u>\$ 983,462</u>	<u>\$ 1,083,760</u>
Changes for the year		
Service cost	30,884	35,341
Interest	35,921	35,398
Benefit payments	(30,482)	(28,636)
Change in assumptions and other inputs	<u>161,417</u>	<u>(142,401)</u>
Net changes	<u>197,740</u>	<u>(100,298)</u>
Balance, end of year	<u>\$ 1,181,202</u>	<u>\$ 983,462</u>

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Note 10 - Other Postemployment Benefits - Continued

Changes in the Net OPEB Liability (in thousands) - Continued

Sensitivity of the OPEB liability to changes in the discount rate: The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 1.75%	Current Discount 2.75%	1% Increase 3.75%
Postemployment benefit obligation	\$ 1,405,524	\$ 1,181,202	\$ 1,005,016

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates (in thousands):

	1% Decrease	Current Medical Trend Rate	1% Increase
Postemployment benefit obligation	\$ 988,663	\$ 1,181,202	\$ 1,431,892

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Authority recognized OPEB expense of \$88,381,000 and \$60,033,000 for the years ended December 31, 2020 and 2019, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources at December 31, 2020 and 2019 related to OPEB as follows (in thousands):

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,011	\$ -	\$ 4,015	\$ -
Changes of assumptions	164,680	88,452	53,320	117,936
Totals	\$ 167,691	\$ 88,452	\$ 57,335	\$ 117,936

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized as expense as follows (in thousands):

Year ending December 31,	
2021	\$ 21,576
2022	21,576
2023	3,803
2024	32,284
Total	\$ 79,239

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Note 11 - Thruway Stabilization Program

The State of New York (State), as part of its 2015-2016 enacted budget, created a \$1.285 billion Thruway Stabilization Program for the payment of costs related to the Governor Mario M. Cuomo Bridge and bridge-related transportation improvements, and for other costs of the Thruway Authority including, but not limited to, its core capital program. As part of its 2016-2017 enacted budget, the State committed an additional \$700 million to the program bringing the total commitment to \$1.985 billion. In 2020 and 2019, capital contributions of \$69.8 million and \$295.3 million resulting from this program were reported in the Authority's statement of revenues, expenses and changes in net position, respectively. As of December 31, 2020, all available program funds have been received. The program contributed a total of \$1.985 billion to the Authority, consisting of \$1.2 billion for the Governor Mario M. Cuomo Bridge, \$752.8 million for other Thruway capital projects and \$32.2 million for working capital needs.

Note 12 - Contingencies, Commitments and Uncertainties

a. Governor Mario M. Cuomo Bridge Claims

In 2013, the Authority entered a \$3.14 billion design-build contract with Tappan Zee Constructors, LLC (TZC) to replace the Tappan Zee Bridge. Both spans of the new Governor Mario M. Cuomo Bridge, the replacement of the Tappan Zee Bridge, are in service. Through December 31, 2020, contract change orders totaling \$340.8 million have been approved, increasing the value of TZC's contract to \$3.48 billion.

In 2018, TZC began submitting claims to the Authority in excess of their approved contract value and anticipated contract change orders. TZC supplemented these claims in 2019 and 2020. As of December 31, 2020, TZC alleges they are owed approximately \$923 million, plus interest, in excess of their approved contract value and anticipated change orders. The claims submitted by TZC relate to issues of time and extra work. The Authority disputes these claims ("Dispute"). Pursuant to the design build contract, TZC's claims are subject to a non-binding contractual dispute resolution procedure consisting of a multi-tiered administrative review process. At the conclusion of the administrative review process, TZC may be entitled to pursue litigation in the New York State Court of Claims.

In February 2021, TZC filed a claim against the Authority in the New York State Court of Claims ("Claim") with respect to the Dispute. The Claim alleges that the Authority made multiple breaches of the contract between the parties. The Claim seeks a declaration that the Authority breached the contract by its failure to render a determination on the Dispute within a reasonable time, and either: (a) imposes a set time frame within which each decision maker set forth in the contract must take action on the Dispute and any other dispute; or (b) finding that the Authority abandoned the contract's administrative dispute resolution process and allowing the claims set forth in the Claim to be heard in the Court of Claims.

While the Authority cannot presently predict the outcome of this matter, the Authority believes it has meritorious defenses and positions with respect thereto. However, an adverse decision could significantly affect the Authority's financial position.

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Note 12 - Contingencies, Commitments and Uncertainties

b. Other 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 estimable. If the range of the liability is probable and estimable, the Authority accrues the amount most likely to be paid. If no single amount in the estimated range is more likely to be paid, the Authority accrues the lowest amount in the range.

The Authority's claims liability approximates \$5.5 million and \$6.5 million at December 31, 2020 and 2019, respectively.

In addition, there are claims where liability is not probable, but is possible and estimable. The estimated loss on these claims approximates a range of \$8.6 million to \$9.3 million at December 31, 2020, none of which has been accrued.

Certain other claims cannot be estimated as they involve complex issues. Often these issues are subject to substantial uncertainties and, therefore, the probability of loss or an estimation of damages cannot be determined.

c. Insurance

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 \$15.0 million). In addition, the Authority purchases insurance for workers' compensation benefits and various liability exposures.

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 \$13.8 million.

Insurance for the Authority's service area facilities is provided by the concessionaires. 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.

d. Construction Commitments

At December 31, 2020, the amounts of remaining unexpended commitments for projects undertaken and the detail by type of contract are as follows:

<u>Project</u>	<u>Commitments (in thousands)</u>
Highway, bridge and facility, construction, and design	\$ 374,800
Personal service and miscellaneous	<u>223,800</u>
Total	<u>\$ 598,600</u>

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Notes to Financial Statements December 31, 2020 and 2019

Note 12 - Contingencies, Commitments and Uncertainties - Continued

e. Environmental Remediation

The Authority records in its financial statements a cost estimate for environmental remediation at a number of sites on Thruway Authority property which have been identified by the New York State Department of Environmental Conservation as locations where operational uses have contributed to various forms of environmental pollution. The estimated costs are developed by Authority engineers and remediation contractors based on the nature of remediation needed and review of comparable clean-up costs at similar sites. The estimates are updated annually to reflect payments made and changes to estimated future costs.

Estimating environmental remediation obligations requires that several assumptions be made. Project cost changes due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, and other factors can result in revisions to these estimates.

From 1984 to 2006, the ExxonMobil Corporation operated fueling stations at twelve service areas owned by the Authority. As a result, ExxonMobil was named by the New York State Department of Environmental Conservation as a potential responsible party for soil contamination at these service areas. As of December 31, 2019, the Authority's environmental remediation liabilities were offset by an estimated recovery from ExxonMobil. In 2020, a settlement was reached with ExxonMobil under which the Authority received \$7,500,000 in exchange for releasing ExxonMobil from remediation liabilities at the locations they previously operated. As part of the settlement, ExxonMobil released the Authority from ExxonMobil's claim for costs of remediation at one of the locations.

The Authority has estimated its environmental remediation liabilities, net of expected recoveries from other responsible parties, to be \$4,260,000 and zero, as of December 31, 2020 and 2019, respectively.

f. Asset Retirement Obligations

The Authority records in its financial statement legally enforceable liabilities associated with the retirement of tangible capital assets. The Authority currently owns and operates seventeen wastewater treatment facilities. The retirement of these facilities is subject to rules and regulations established by the New York State Department of Environmental Conservation. The Authority has measured the estimated cost to comply with these rules and regulations using historical costs for similar work. The Authority retires wastewater treatment facilities when the opportunity arises to tie into municipal sewer systems. The estimated remaining life of the Authority's wastewater treatment facilities ranges between one to ten years. The Authority's liability for asset retirement obligations approximates \$4,230,000 and \$4,500,000 at December 31, 2020 and 2019, respectively.

g. Lease Revenue

The Authority has entered 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, used for antennas and fiber optic cable, under various non-cancelable contracts.

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Notes to Financial Statements December 31, 2020 and 2019

Note 12 - Contingencies, Commitments and Uncertainties - Continued

g. Lease Revenue - Continued

The following schedule summarizes the future minimum rental revenues to be earned as of December 31, 2020:

<u>Year</u>	<u>Future Minimum Lease Revenue (in thousands)</u>
2021	\$ 13,343
2022	4,484
2023	482
2024	482
2025	482
2026 - 2030	2,411
2031 - 2035	2,411
2036 - 2040	2,411
Total	<u>\$ 26,506</u>

h. COVID-19 Pandemic

The COVID-19 pandemic that began affecting the United States in March 2020 had an adverse and material impact on the financial condition and operating results of the Authority. Toll revenues and other operating revenues experienced substantial declines during the year ended December 31, 2020, with decreases continuing into the year ending December 31, 2021. Management of the Authority continues to monitor the impact that the COVID-19 pandemic will have on its financial position and results of operating during the year ending December 31, 2021 and beyond.

Note 13 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: (1) commitments extended by issuers; (2) arrangements associated with conduit debt obligations; and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021.

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Note 13 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public entity risk pools/reinsurance recoveries, fair value measurements, and derivative instrument terminology. Guidance related to leases, reinsurance recoveries and derivative instrument terminology was effective upon the issuance of the standard in January 2020. The remaining components of this standard, as delayed by GASB 95, are effective for periods beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This statement addresses governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallbacks provisions to the reference rate. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of IBOR, such as providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifying the definition of reference rate. The removal of the London IBOR as an appropriate benchmark interest rate is effective for reporting periods beginning after December 31, 2021. The requirements to lease modifications, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021. All other requirements of this statement are effective for reporting periods beginning after June 15, 2020.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a government or nongovernment entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPP's meet the definition of a service concession arrangement (SCA), which GASB defines in this statement as a PPP in which: (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 5, 2022.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements December 31, 2020 and 2019

Note 13 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting of subscription-based information technology arrangements (SBITA) including the definition of a SBITA, establishment of a right-to-use subscription asset and related liability, providing capitalization criteria, and requiring note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, and amendment of GASB Statements No 14 and No. 84, and a supersession of GASB Statement No. 32*. This statement has three objectives: (1) to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board would typically perform; (2) to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans (OPEB), and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) to enhance the relevance, consistency, and comparability of the accounting and financial reporting for the Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. Certain requirements of this statement are effective immediately, and certain requirements are effective for reporting periods beginning after June 15, 2021.

Management has not estimated the extent of the potential impact, if any, of these statements on the Authority's financial statements.

New York State Thruway Authority

(A Component Unit of the State of New York)

Required Supplementary Information Schedule of Other Postemployment Benefits Liability (in thousands of dollars)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning of the year	<u>\$ 983,462</u>	<u>\$ 1,083,760</u>	<u>\$ 959,969</u>
Changes for the year			
Service cost	30,884	35,341	29,485
Interest	35,921	35,398	35,993
Changes in assumptions and other inputs	161,417	(142,401)	88,866
Benefit payments	<u>(30,482)</u>	<u>(28,636)</u>	<u>(30,553)</u>
Net changes	<u>197,740</u>	<u>(100,298)</u>	<u>123,791</u>
End of year	<u>\$ 1,181,202</u>	<u>\$ 983,462</u>	<u>\$ 1,083,760</u>
Covered payroll	138,700	140,500	146,100
OPEB liability as a percentage of covered payroll	851.62%	699.97%	741.79%

Schedule is intended to display ten years of information. Additional years will be displayed as they become available.

New York State Thruway Authority

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Required Supplementary Information Schedule of the Proportionate Share of the Net Pension Liability (in thousands of dollars)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.497338%	0.525726%	0.483932%	0.492207%	0.617656%	0.633266%
Proportionate share of the net pension liability (asset)	\$ 131,698	\$ 37,249	\$ 15,619	\$ 46,249	\$ 99,135	\$ 21,393
Covered-employee payroll	148,723	155,806	148,206	141,550	164,506	173,658
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	88.55%	23.91%	10.54%	32.67%	60.26%	12.32%
Plan fiduciary net position as a percentage of total pension liability	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

The amounts presented for each fiscal year were determined as of March 31.

Years prior to 2017 include the New York State Canal Corporation.

Schedule is intended to display ten years of information. Additional years will be displayed as they become available.

New York State Thruway Authority

(A Component Unit of the State of New York)

Required Supplementary Information

Schedule of Pension Contributions

Years Ended December 31

(in thousands of dollars)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 21,249	\$ 21,547	\$ 22,454	\$ 21,026	\$ 24,795	\$ 28,815	\$ 30,537	\$ 35,800	\$ 34,627	\$ 37,125
Contributions in relation to the contractually required contribution	21,249	21,547	22,454	21,026	24,795	28,815	30,537	35,800	34,627	37,125
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Authority's covered-employee payroll	142,979	150,638	157,528	145,099	163,041	164,994	176,546	174,784	183,464	181,625
Contributions as a percentage of covered-employee payroll	14.9%	14.0%	14.0%	14.0%	15.2%	17.5%	17.3%	20.5%	18.9%	20.4%

Years prior to 2017 include the New York State Canal Corporation.