



(A Component Unit of the State of New York)

Financial Statements

December 31, 2022 and 2021

New York State Thruway Authority

(A Component Unit of the State of New York)

Financial Statements
December 31, 2022 and 2021

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As disclosed in Note 1t, in 2022, the Authority adopted Governmental Accounting Standards Board (GASB) Statements No. 87, *Leases* and No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of other postemployment benefits liability, the schedule of proportionate share of the net pension liability/asset and the schedule of pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 27, 2023, 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

Latham, New York
March 27, 2023



New York State Thruway Authority

(A Component Unit of the State of New York)

Management's Discussion and Analysis December 31, 2022 and 2021

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, 2022 and 2021. 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.

2022 Financial Highlights

- Total operating revenue was \$899.9 million, an increase of \$72.7 million, or 8.8% compared to 2021. Tolls and related revenues for the year was \$880.7 million, an increase of \$76.3 million, or 9.5% compared to 2021.
- Total operating expenses, excluding depreciation and amortization, were \$548.5 million, an increase of \$38.1 million, or 7.5% compared to 2021.
- Net position as of December 31, 2022 was \$455.7 million, a decrease of \$188.1 million, or 29.2% compared to December 31, 2021.
- Total capital assets (net of depreciation) as of December 31, 2022 were \$7.50 billion, a decrease of \$38.5 million, or 0.5% compared to December 31, 2021.
- During the year ended December 31, 2022, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB 87) and GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The Authority is required to restate its net position balance to the earliest year of implementation. Accordingly, the Authority restated January 1, 2021 net position to comply with the new standards. Additional information is presented in Notes 1t and 11.

2021 Financial Highlights

- Total operating revenue was \$827.2 million, an increase of \$160.2 million, or 24.0% compared to 2020. Tolls and related revenues for the year was \$804.4 million, an increase of \$155.7 million, or 24.0% compared to 2020.
- Total operating expenses, excluding depreciation and amortization, were \$510.4 million, an increase of \$48 million, or 10.4% compared to 2020.
- Net position as of December 31, 2021 was \$643.8 million, a decrease of \$295.1 million, or 31.4% compared to December 31, 2020.
- Total capital assets (net of depreciation) as of December 31, 2021 were \$7.53 billion, a decrease of \$107.1 million, or 1.4% compared to December 31, 2020.
- In 2021, the Authority completed the removal of toll booths and reconfiguration of interchanges to allow highway speed cashless tolling system wide. A total of \$553.6 million has been invested in cashless tolling projects through December 31, 2022, of which \$0.8 million and \$136.4 million were invested during 2022 and 2021, respectively. Additional information regarding cashless tolling is presented in the Other Significant Matters section of the Management's Discussion and Analysis.

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.

New York State Thruway Authority

(A Component Unit of the State of New York)

Management's Discussion and Analysis December 31, 2022 and 2021

Overview of the Financial Statements - Continued

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, 2022 was approximately \$455.7 million, a 29.2% decrease compared to December 31, 2021 (see Table A-1). In 2022, total assets decreased 0.8% to \$9.21 billion, and total liabilities decreased 1.0% to \$8.67 billion. The Authority's net position at December 31, 2021 was approximately \$643.8 million, a 31.4% decrease compared to December 31, 2020. In 2021, total assets increased 2.6% to \$9.28 billion and total liabilities increased 5.8% to \$8.75 billion.

Table A-1
Net Position
December 31, 2022, 2021, and 2020
(In millions of dollars)

	2022	2021 (Restated)	2020	Percentage Change 2022-2021
Unrestricted current assets	\$ 632.8	\$ 608.7	\$ 545.6	4.0
Unrestricted non-current assets	155.5	48.1	-	223.3
Restricted assets	922.7	1,087.0	853.7	(15.1)
Capital assets	7,496.3	7,534.9	7,642.0	(0.5)
Total assets	<u>9,207.3</u>	<u>9,278.7</u>	<u>9,041.3</u>	<u>(0.8)</u>
Deferred outflows of resources	<u>287.8</u>	<u>393.8</u>	<u>282.9</u>	<u>(26.9)</u>
Current liabilities	663.0	675.6	665.0	(1.9)
Noncurrent liabilities	8,007.5	8,079.1	7,606.8	(0.9)
Total liabilities	<u>8,670.5</u>	<u>8,754.7</u>	<u>8,271.8</u>	<u>(1.0)</u>
Deferred inflows of resources	<u>368.9</u>	<u>274.0</u>	<u>112.3</u>	<u>34.6</u>
Total net position	<u>\$ 455.7</u>	<u>\$ 643.8</u>	<u>\$ 940.1</u>	<u>(29.2)</u>

Unrestricted non-current assets increased \$107.4 million, or 223.3% compared to 2021. This increase is primarily due to the Authority entering into eleven long-term agreements for the use of its fiber optic system which require users to make annual payments over remaining terms of three to twenty-three years. Additional information regarding the Authority's fiber optic system is presented in the Other Significant Matters section of the Management's Discussion and Analysis and in Note 11.

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Management's Discussion and Analysis December 31, 2022 and 2021

Financial Analysis of the Authority - Continued

Net Position - Continued

Restricted assets decreased \$164.3 million, or 15.1% compared to 2021. This decrease is primarily due to the use of General Revenue Bonds, Series O proceeds to fund capital project costs and certain debt service payments, as well as the use of Junior Indebtedness Obligations, Series 2019B proceeds to fund certain debt service payments. Additional information regarding restricted assets, General Revenue Bonds, Series O and Junior Indebtedness Obligations, Series 2019B is presented in Notes 4 and 5, respectively.

Noncurrent liabilities decreased \$71.6 million, or 0.9% compared to 2021. This decrease is primarily due to the Authority reducing its overall long-term debt obligations in 2022. Additional information regarding long-term debt and other postemployment benefit obligations is presented in Notes 5 and 10, respectively.

Changes in Net Position

Net position decreased by \$188.1 million in 2022 (see Table A-2). The Authority's total operating revenues for 2022 were \$899.9 million, an increase of \$72.7 million, or 8.8% compared to 2021. Total operating expenses for 2022 were \$890.5 million, a decrease of \$31.3 million, or 3.4% compared to 2021. Net position decreased by \$295.1 million in 2021. The Authority's total operating revenues for 2021 were \$827.2 million, an increase of \$160.2 million, or 24.0% compared to 2020. Total operating expenses for 2021 were \$921.8 million, an increase of \$103.6 million, or 12.7% compared to 2020.

Table A-2
Changes in Net Position
Years ended December 31, 2022, 2021, and 2020
(In millions of dollars)

	2022	2021 (Restated)	2020	Percentage Change 2022-2021
OPERATING REVENUE				
Tolls and related revenues	\$ 880.7	\$ 804.4	\$ 648.7	\$ 9.5
Lease revenues	11.7	6.6	6.8	77.3
Other	7.5	16.2	11.5	(53.7)
Total operating revenue	<u>899.9</u>	<u>827.2</u>	<u>667.0</u>	<u>8.8</u>
OPERATING EXPENSES				
Salaries	117.5	116.7	137.0	0.7
Postemployment obligations	156.1	144.1	88.4	8.3
Employee benefits	41.3	48.2	93.0	(14.3)
State Police - Troop T services	62.4	61.2	56.4	2.0
Professional and other services	93.1	80.8	47.1	15.2
Supplies, materials and rentals	26.9	21.1	17.0	27.5
Maintenance and repairs	39.8	26.9	13.2	48.0
Utilities	7.0	5.9	6.0	18.6
Insurance and claims	5.1	4.1	3.2	24.4
Equipment	(0.8)	1.4	1.1	(157.1)
Depreciation and amortization	342.1	411.4	355.8	(16.8)
Total operating expenses	<u>890.5</u>	<u>921.8</u>	<u>818.2</u>	<u>(3.4)</u>
Operating income (loss)	<u>9.4</u>	<u>(94.6)</u>	<u>(151.2)</u>	<u>(109.9)</u>

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Management's Discussion and Analysis December 31, 2022 and 2021

Financial Analysis of the Authority - Continued

Changes in Net Position - Continued

Table A-2

Changes in Net Position
Years ended December 31, 2022, 2021, and 2020
(In millions of dollars) – Continued

	2022	2021 (Restated)	2020	Percentage Change 2022-2021
NON-OPERATING REVENUES AND EXPENSES				
Investment income	\$ 20.5	\$ 2.4	\$ 7.6	754.2
Interest expense	(210.7)	(204.9)	(206.5)	2.8
Debt issuance expense	-	(2.3)	(0.8)	(100.0)
Federal, state and other aid	0.4	3.5	0.6	(88.6)
Loss on disposal of assets	(8.0)	(0.3)	(0.1)	2566.7
Net non-operating items	<u>(197.8)</u>	<u>(201.6)</u>	<u>(199.1)</u>	<u>(1.9)</u>
Loss before capital contributions	(188.4)	(296.2)	(350.3)	(36.4)
Capital contributions	<u>0.3</u>	<u>1.1</u>	<u>67.8</u>	<u>(72.7)</u>
CHANGE IN NET POSITION	(188.1)	(295.1)	(282.5)	(36.3)
NET POSITION, beginning of year	<u>643.8</u>	<u>940.1</u>	<u>1,222.6</u>	<u>(31.5)</u>
Restatement of Net position, GASB 87 and 94		(1.2)		
NET POSITION, beginning of year, restated		<u>938.9</u>		
NET POSITION, end of year	<u>\$ 455.7</u>	<u>\$ 643.8</u>	<u>\$ 940.1</u>	<u>\$ (29.2)</u>

Tolls and related revenues increased \$76.3 million, or 9.5% compared to 2021. This increase is primarily due to higher traffic levels in 2022 compared to 2021 and a toll adjustment implemented in January 2022 for traffic using the Governor Mario M. Cuomo Bridge.

Lease revenues increased \$5.1 million, or 77.3%, and other revenues decreased by \$8.7 million, or 53.7% compared to 2021. In 2021 the Authority permitted the use of its fiber optic system via short-term permits that are not considered leases and therefore categorized as an Other revenue. The shift in revenues between these two categories is primarily due to the execution of long-term agreements in 2022 with users of the Authority's fiber optic system. The establishment of a receivable for doubtful accounts also contributed to the decrease in other revenues.

Postemployment benefit obligations expenses increased \$12.0 million, or 8.3% compared to 2021. 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 decreased \$6.9 million, or 14.3% compared to 2021. This decrease is primarily due to lower 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. Higher costs for unemployment insurance partially offset the decrease.

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Management's Discussion and Analysis December 31, 2022 and 2021

Financial Analysis of the Authority - Continued

Changes in Net Position - Continued

Professional and other services increased \$12.3 million, or 15.2% compared to 2021. This increase is primarily due to marketing fees associated with the leasing of our fiber optic system and professional services retained for business consulting and implementation services.

Supplies, materials, and rental costs increased \$5.8 million, or 27.5% compared to 2021. This increase is primarily due to higher usage of salt and fuel, as well as higher fuel prices.

Maintenance and repair costs increased \$12.9 million, or 48.0% compared to 2021. This increase is primarily due to soil and asbestos remediation costs associated with the ongoing reconstruction of service areas restaurants.

Depreciation and amortization decreased \$69.3 million, or 16.8% compared to 2021. This decrease is primarily due to the acceleration of depreciation in 2021 for service area restaurant buildings scheduled to be reconstructed and a 2022 adjustment that assigned longer useful lives to cashless tolling assets.

Investment income increased \$18.1 million, or 754.2% compared to 2021. This increase is primarily due to a combination of higher interest rates and more cash invested in 2022 compared to 2021.

Interest expense increased \$5.8 million, or 2.8% compared to 2021. General Revenue Bonds, Series O (Series O) were issued in October 2021. This increase is primarily due to a full year of interest on the Series O bonds in 2022 compared to three months in 2021. Additional information regarding the Series O bonds is presented in Note 5.

Debt issuance costs decreased \$2.3 million, or 100% compared to 2021. The Authority issued the previously discussed Series O bonds in October 2021. The Authority did not issue debt in 2022.

Federal, state, and other aid decreased \$3.1 million, or 88.6% compared to 2021. The decrease is primarily due to federal funding received in 2021 for highway maintenance work and reimbursement of costs associated with storm responses.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2022, the Authority had invested approximately \$13.64 billion in capital assets, including roads, bridges, buildings, land, and equipment. Net of accumulated depreciation, the Authority's capital assets totaled approximately \$7.50 billion (see Table A-3) representing a net decrease (including additions, disposals and depreciation) of approximately \$38.5 million or 0.5% compared to December 31, 2021.

As of December 31, 2021, the Authority had invested approximately \$13.35 billion in capital assets, including roads, bridges, buildings, land and equipment. Net of accumulated depreciation, the Authority's capital assets totaled approximately \$7.53 billion (see Table A-3) representing a net decrease (including additions, disposals and depreciation) of approximately \$107.1 million or 1.4% compared to December 31, 2020.

New York State Thruway Authority

(A Component Unit of the State of New York)

Management's Discussion and Analysis December 31, 2022 and 2021

Capital Assets and Debt Administration - Continued

Capital Assets - Continued

Table A-3

Capital Assets December 31, 2022, 2021, and 2020 (In millions of dollars)

	2022	2021 (Restated)	2020	Percentage Change 2022-2021
Land and land improvements	\$ 819.3	\$ 819.1	\$ 816.6	0.0
Construction in progress	265.5	187.9	190.5	41.3
Thruway System	12,265.5	12,062.2	11,872.8	1.7
Leased Assets	6.3	6.8	-	(7.4)
Equipment	282.7	269.2	268.3	5.0
Less accumulated depreciation	<u>(6,143.0)</u>	<u>(5,810.3)</u>	<u>(5,506.2)</u>	<u>5.7</u>
Total net capital assets	<u>\$ 7,496.3</u>	<u>\$ 7,534.9</u>	<u>\$ 7,642.0</u>	<u>(0.5)</u>

In 2022, construction work in progress increased \$77.6 million, or 41.3%. This increase is primarily due to an ongoing project to rehabilitate the Castleton on the Hudson Bridge, as well as numerous active projects system wide to replace or resurface sections of the highway.

Net additions to the Thruway System during 2022 were \$203.3 million, or 1.7%. This increase was primarily due to the completion of work to rehabilitate and resurface portions of Interstate 95 from New York City to the Connecticut state line, and from Westfield to the Pennsylvania state line. Numerous other highway resurfacing projects were also completed. In addition, three newly reconstructed service area restaurant buildings were re-opened in 2022.

In 2021, construction work in progress decreased \$2.6 million, or 1.4%. This decrease is primarily due to the completion of projects that replaced four bridges, as well as a safety upgrade project near Amsterdam. Significant projects in progress as of December 31, 2022 include projects to rehabilitate portions of Interstate 95 from New York City to the Connecticut state line and a project to rehabilitate the Castleton on the Hudson Bridge.

Net additions to the Thruway System during 2021 were \$189.4 million, or 1.6%. This increase was primarily due to investments made in 2022 to remove toll booths and reconfigure interchanges following the conversion to Cashless Tolling. In addition, the completion of projects that replaced four bridges, as well as a project that improved safety near Amsterdam also contributed to the increase. These increases were partially offset by the retirement of service area buildings demolished in 2021 as part of a multi-year project to replace the Authority's service areas. Additional information regarding the Cashless Tolling and Service Area Projects can be found in the Other Significant Matters section of the Management Discussion and Analysis.

New York State Thruway Authority

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Management's Discussion and Analysis December 31, 2022 and 2021

Capital Assets and Debt Administration - Continued

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, 2022, the Authority had approximately \$6.64 billion in general revenue bonds and junior indebtedness obligations outstanding, a decrease of \$147.7 million or approximately 2.2% compared to the amount of general revenue bonds and junior indebtedness obligations outstanding as of December 31, 2021 (see Table A-4).

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, 2022, the Authority had no outstanding short-term debt obligations or unused commitments (see Table A-4).

In October 2021, the Authority issued General Revenue Bonds, Series O which generated proceeds of \$648.5 million. The proceeds were used to fund a portion of the Multi-Year Capital Plan, fund capitalized interest, provide for a required deposit to the Senior Debt Service Reserve Fund, and refund certain outstanding General Revenue Bonds, Series I. The Series O bonds mature in various amounts through January 1, 2051.

In June 2020, the Authority executed a Revolving Credit Agreement (the "RCA") 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 Authority amended the RCA in June 2021 to extend the agreement for 120 additional days, and subsequently paid the outstanding balance and effectively terminated the RCA in August 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. No notes were sold, and the agreement was terminated in October 2022.

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Capital Assets and Debt Administration - Continued

Debt Administration - Continued

Of the \$3.84 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 \$2.80 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, 2021, the Authority had approximately \$6.79 billion in general revenue bonds and junior indebtedness obligations outstanding, an increase of \$364.1 million, or 5.7% from December 31, 2020. The Authority had no short-term debt outstanding as of December 31, 2021.

Table A-4

Outstanding Debt Years ended December 31, 2022 and 2021 (In millions of dollars)

	Year Ended December 31, 2022			Ending Balance
	Beginning Balance	Additions	Reductions	
General revenue bonds	\$ 3,978.2	\$ -	\$ (133.7)	\$ 3,844.5
Junior indebtedness obligations and notes	2,811.3	-	(14.0)	2,797.3
Total bonds and notes	6,789.5	-	(147.7)	6,641.8
Revolving credit agreement	-	-	-	-
Total bonds, notes and other debt	\$ 6,789.5	\$ -	\$ (147.7)	\$ 6,641.8
	Year Ended December 31, 2021			Ending Balance
	Beginning Balance	Additions	Reductions	
General revenue bonds	\$ 3,600.7	\$ 648.4	\$ (270.9)	\$ 3,978.2
Junior indebtedness obligations and notes	2,824.7	-	(13.4)	2,811.3
Total bonds and notes	6,425.4	648.4	(284.3)	6,789.5
Revolving credit agreement	50.0	-	(50.0)	-
Total bonds, notes and other debt	\$ 6,475.4	\$ 648.4	\$ (334.3)	\$ 6,789.5

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

New York State Thruway Authority

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Management's Discussion and Analysis December 31, 2022 and 2021

Other Significant Matters

Service Area Project

In 2021, the Authority entered into a 33-year agreement with Empire State Thruway Partners, LLC (Empire) for the design, construction, finance, operation, and maintenance of the Authority's 27 Service Areas. Empire will rebuild 23 of the 27 service area restaurant buildings and perform significant renovations to the remaining four. Empire's initial investment to rebuild and renovate the service areas is estimated to be \$300 million. Additionally, over the life of the agreement Empire will invest another \$99 million into future renovations and improvements.

The construction work is occurring in two phases. Phase 1 began in July 2021 when Empire assumed control of 16 service areas previously operated by HMSHost Corporation and Delaware North Corporation. Phase 2 began in January 2023 when Empire assumed control of the remaining 11 service areas that were operated by McDonald's Corporation through December 2022. As of December 31, 2022, the Authority has opened three of the newly reconstructed service area restaurant buildings.

Under the terms of the agreement the Authority is financially responsible for Regulated Site Condition costs. These costs primarily consist of soil remediation and asbestos mitigation associated with the demolition of the existing service area restaurants. Additional information regarding environmental remediation liabilities is presented in Note 12e.

Commencing with the reopening of each new restaurant building, the agreement requires Empire to pay rent calculated as a percentage of gross sales, subject to a guaranteed annual minimum per location. In addition, the agreement has ancillary rent provisions tied to the operation of commercial vehicle fueling stations at five of the service areas and advertising opportunities at all service areas. Sales generated by Empire during the operation of a restaurant prior to reconstruction (interim operations) are not subject to rent provisions. Over the life of the agreement, base rent calculated as a percentage of sales is forecasted to be \$85 million, of which \$51 million is guaranteed.

During the year ended December 31, 2022, the Authority implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The Authority's agreement with Empire is subject to the provisions of GASB 94. Additional information regarding GASB 94 and the agreement with Empire is presented in Notes 1t and 11.

Fiber Optic System

The Authority owns a fiber optic system consisting of 550 miles of duct and fiber optic cable located primarily within the right-of-way of the Thruway System. During 2021 and 2022, the Authority entered into twelve agreements with various parties for the irrevocable right to use the system for terms ranging from 3 to 23 years. These agreements generally require users to make a one-time lump sum payment upon execution followed by annual recurring payments that escalate based on the lesser of the year over year change in the consumer price index or 3%. Total income over the life of the agreements is estimated to be \$161.3 million. For the year ended December 31, 2022 the Authority recognized total revenue from these agreements of \$6.4 million, consisting of \$4.9 million of lease revenue and \$1.5 million of interest income. Revenue from these agreements for the year ended December 31, 2021 was immaterial. Additional information regarding the Authority's leasing activity is presented in Notes 1t and 11.

Prior to executing long-term use agreements, the Authority allowed use of its fiber optic system through the issuance of short-term use permits cancellable by either party with thirty days' notice. For the years ending December 31, 2022 and 2021, short-term permits for the use of the fiber optic system generated revenues of \$3.9 million and \$7.9 million, respectively. Short-term permit revenues are included in Other revenues on the Statement of Revenues, Expenses and Changes in Net Position.

New York State Thruway Authority

(A Component Unit of the State of New York)

Management's Discussion and Analysis December 31, 2022 and 2021

Other Significant Matters - Continued

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

In 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, a twin-span structure crossing the Hudson River between Rockland and Westchester Counties was fully in service as of 2018. As part of the project a shared use path on the bridge and new maintenance and state police buildings adjacent the bridge were completed in 2020. Since 2013, the Authority has invested \$3.74 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, 2022, \$944.5 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.

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.

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). Work to remove toll booths and reconfigure interchanges on what was formerly the ticketed portion of the Thruway system was completed in 2021. A total of \$553.6 million has been invested in cashless tolling infrastructure improvements and equipment through December 31, 2022, of which \$0.8 million and \$136.4 million were invested during 2022 and 2021, respectively.

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 \$667.0 million, a decrease of \$147.2 million, or 18.1% 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 in 2020 generated by passenger traffic was \$317.7 million, a decrease of \$118.1 million, or 27.1% compared to 2019. Commercial traffic levels in 2020 remained relatively stable compared to 2019. Toll revenue generated by commercial traffic in 2020 was \$297.6 million, a decrease of \$6.5 million, or 2.1% compared to 2019. Over the course of 2021 the negative impact COVID-19 had on passenger traffic diminished and by the end of 2021 passenger traffic was only slightly less than 2019 levels for comparable periods. The recovery in passenger traffic continued into 2022 with levels again being only slightly less than that of 2019 levels for comparable periods.

New York State Thruway Authority

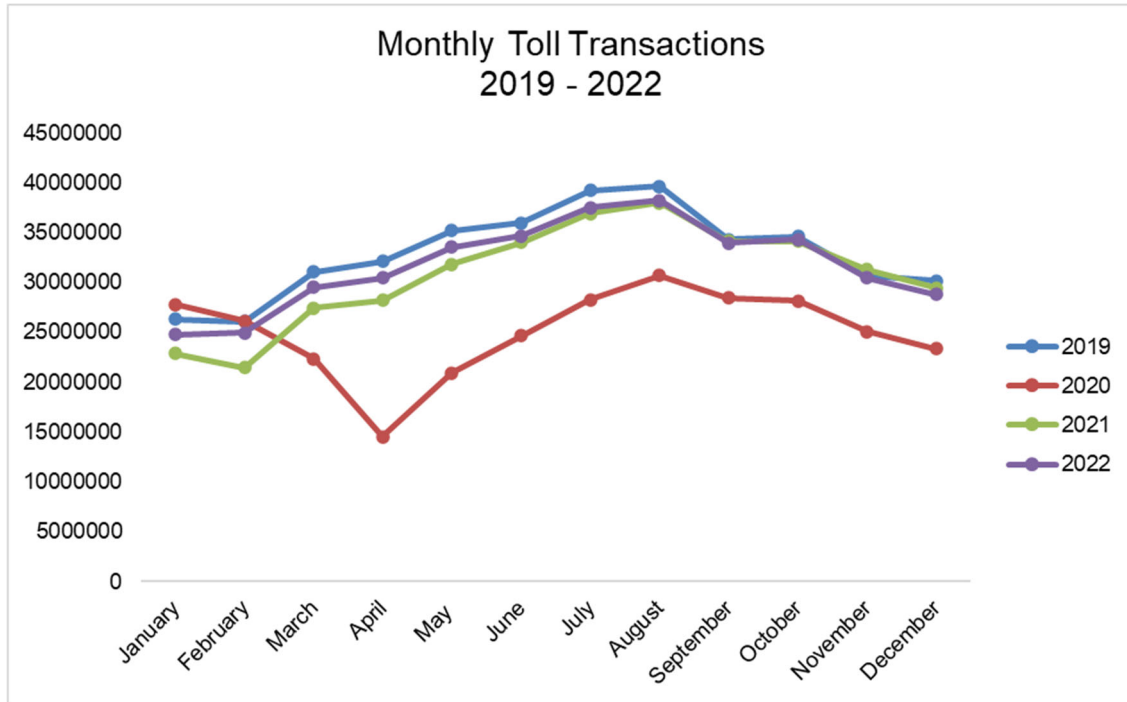
(A Component Unit of the State of New York)

Management's Discussion and Analysis December 31, 2022 and 2021

Other Significant Matters - Continued

COVID-19 - Continued

A comparison of total monthly toll transactions for the years 2019 through 2022 is shown below.



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, please contact:

New York State Thruway Authority
Department of Finance and Accounts
P.O. Box 189, Albany
New York 12201-0189
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,	
	2022	2021
		(Restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	\$ 464,693	\$ 461,314
Investments	29,024	901
Receivables, net	109,462	119,888
Material and other supplies	25,346	22,400
Prepaid items	4,209	4,240
Restricted assets	286,615	313,069
Total current assets	919,349	921,812
NON-CURRENT ASSETS		
Unrestricted assets	155,533	48,117
Restricted assets	636,061	773,914
Capital assets, not being depreciated	1,084,868	1,006,985
Capital assets, net of accumulated depreciation	6,411,470	6,527,874
Total non-current assets	8,287,932	8,356,890
Total assets	9,207,281	9,278,702
DEFERRED OUTFLOWS OF RESOURCES	287,786	393,825
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	242,922	269,405
Unearned revenue	133,100	133,623
Accrued interest payable	128,155	124,882
Bonds payable, due within one year	158,812	147,705
Total current liabilities	662,989	675,615
NON-CURRENT LIABILITIES		
Bonds payable	6,483,008	6,641,820
Other long-term liabilities	1,524,441	1,437,321
Total non-current liabilities	8,007,449	8,079,141
Total liabilities	8,670,438	8,754,756
DEFERRED INFLOWS OF RESOURCES	368,899	274,023
NET POSITION		
Net investment in capital assets	1,235,738	1,444,153
Restricted for		
Debt service	105,212	101,426
Capital	230,466	93,473
Unrestricted (deficit)	(1,115,686)	(995,304)
Total net position	\$ 455,730	\$ 643,748

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,	
	2022	2021 (Restated)
OPERATING REVENUES		
Tolls and related revenues	\$ 880,717	\$ 804,434
Lease revenues	11,670	6,574
Other	7,552	16,210
Total operating revenues	899,939	827,218
OPERATING EXPENSES		
Salaries	117,504	116,673
Postemployment obligations	156,103	144,104
Employee benefits	41,268	48,221
State Police - Troop T services	62,414	61,200
Professional and other services	93,128	80,818
Supplies, materials and rentals	26,881	21,104
Maintenance and repairs	39,794	26,921
Utilities	6,965	5,866
Insurance and claims	5,178	4,120
Equipment and Other	(772)	1,402
Depreciation and amortization	342,079	411,356
Total operating expenses	890,542	921,785
Operating income (loss)	9,397	(94,567)
NON-OPERATING REVENUES AND EXPENSES		
Investment income	20,535	2,439
Interest expense	(210,700)	(204,953)
Debt issuance cost	(2)	(2,396)
Federal, state and other aid	430	3,534
Other	(8,060)	(328)
Net non-operating items	(197,797)	(201,704)
Loss before capital contributions	(188,400)	(296,271)
CAPITAL CONTRIBUTIONS	382	1,132
CHANGE IN NET POSITION	(188,018)	(295,139)
NET POSITION, <i>beginning of year</i>	643,748	938,887
NET POSITION, <i>end of year</i>	\$ 455,730	\$ 643,748

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,	
	2022	2021 (Restated)
CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from collection of tolls and related revenues	\$ 878,629	\$ 826,590
Cash received from leasing activities	53,837	6,158
Other operating cash receipts	5,157	9,625
Personal service payments	(116,098)	(117,826)
Employee benefits payments	(91,747)	(94,963)
E-ZPass and Tolls by Mail account management payments	(86,002)	(60,255)
Payments to New York State for Troop T services	(63,799)	(54,400)
Cash payments to vendors and contractors	(84,938)	(60,883)
	495,039	454,046
CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES		
Federal, state and other aid	7,529	5,405
Payments on revolving credit agreement	-	(50,000)
	7,529	(44,595)
CASH FLOWS PROVIDED (USED) FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of debt	-	648,446
Federal, state and other capital contributions	565	204
Acquisition/construction of capital assets	(300,038)	(321,727)
Principal paid on debt	(105,345)	(232,125)
Interest and issuance costs paid on debt	(253,997)	(254,140)
Proceeds from sale of capital assets	6,699	944
	(652,116)	(158,398)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Purchase of investments	(1,456,978)	(965,362)
Proceeds from sales and maturities of investments	1,558,285	846,290
Interest and dividends on investments	21,327	3,342
	122,634	(115,730)
Net increase (decrease) in cash and cash equivalents	(26,914)	135,323
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	1,087,478	952,155
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 1,060,564	\$ 1,087,478

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,	
	2022	2021 (Restated)
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 9,397	\$ (94,567)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	342,079	411,356
Net changes in assets, liabilities, deferred outflows and deferred inflows		
Receivables	(67,129)	(70,211)
Material and other supplies	(2,945)	(2,798)
Other assets	(37,124)	202
Accounts payables and accrued expenses	69,110	173,317
Deferred outflows	104,806	(112,138)
Deferred inflows	77,368	134,368
Unearned revenue	(523)	14,517
	<u>\$ 495,039</u>	<u>\$ 454,046</u>
RECONCILIATION TO STATEMENTS OF NET POSITION		
Cash and cash equivalents	\$ 464,693	\$ 461,314
Restricted cash and cash equivalents	595,871	626,164
	<u>\$ 1,060,564</u>	<u>\$ 1,087,478</u>

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements

December 31, 2022 and 2021

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 Authority also owns a fiber optic network that resides within and/or on the Authority's right-of-way.

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.

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.

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, 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.

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.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements

December 31, 2022 and 2021

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

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. Investments with original maturities of more than three months 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 leases, cashless tolling, 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 \$48,883,000 and \$26,703,000 at December 31, 2022 and 2021, 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, annual permit revenues collected in advance and amounts collected from users of the Authority's fiber optic system that apply to future periods. E-ZPass customer accounts with negative balances (amounts due to the Authority) are reported as an offset to unearned revenue. At December 31, 2022 and 2021, E-ZPass accounts with negative balances, net of allowances for doubtful accounts, amount to \$1,414,000 and \$1,756,000, respectively.

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.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements December 31, 2022 and 2021

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

i. Toll Revenues

Toll revenues are stated net of volume and other discounts of \$32,127,000 and \$29,855,000 for the years ended December 31, 2022 and 2021, 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 \$9,084,000 and \$9,662,000 at December 31, 2022 and 2021, 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 \$42,360,000 and \$41,779,000 for 2022 and 2021, respectively, and are included as an offset to interest expense.

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).

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements

December 31, 2022 and 2021

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

n. *Deferred Outflows and Deferred Inflows of Resources - Continued*

The following schedule summarizes the Authority's deferred outflows of resources as of December 31, 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Net pension asset/liability	\$ 84,290	\$ 119,584
Postemployment benefit obligation	195,263	264,774
Loss on bond refundings	5,833	6,667
Asset retirement obligations	<u>2,400</u>	<u>2,800</u>
Totals	<u>\$ 287,786</u>	<u>\$ 393,825</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), gains related to bond refunding's (Note 5) and leases (Note 11).

The following schedule summarizes the Authority's deferred inflows of resources as of December 31, 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u> (Restated)
Net pension asset/liability	\$ 129,615	\$ 139,563
Postemployment benefit obligation	29,484	58,968
Gain on bond refundings	19,419	24,251
Leases	<u>190,381</u>	<u>51,241</u>
Totals	<u>\$ 368,899</u>	<u>\$ 274,023</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."

p. *Capital Contributions*

Capital contributions consist primarily of funds provided by the State of New York.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements

December 31, 2022 and 2021

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

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, 2022 and 2021.

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 \$60,319,000 and \$44,164,000 for the years ended December 31, 2022 and 2021, respectively.

Other non-exchange transactions of the Authority include federal and state grants.

t. Leases and Public-Private Partnerships

The Authority's financial statement as of and for the years ending December 31, 2022 and 2021 include the adoption of GASB Statement No. 87, *Leases* and GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.

The primary objective of these statements is to enhance the relevance and consistency of information about governments' leasing activities. The statements establish a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset.

Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset for obligations that are fixed in nature, and a lessor is required to recognize a lease receivable and a deferred inflow of resources for revenues that are fixed in nature.

Under GASB 94, lessors follow the provisions of GASB 87 for revenues that are fixed in nature. In addition, if a government is a lessor in a public-private partnership that requires the lessee to make a significant capital investment to construct assets on behalf of the government, the government is required to recognize the capital assets at the time they are placed in service with a corresponding deferred inflow equal to the amount invested by a lessee.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements

December 31, 2022 and 2021

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

t. Leases and Public-Private Partnerships - Continued

The adoption of GASB 87 and GASB 94 required the following restatement of the Authority's net position as of January 1, 2021:

Assets		
Lease receivables		\$ 20,968
Leased assets, net		<u>847</u>
Total Assets		<u><u>21,815</u></u>
Liabilities and Deferred Inflows of Resources		
Lease liabilities		792
Unearned revenue		(482)
Deferred inflows of resources		<u>22,750</u>
Total liabilities and deferred inflows of resources		<u>23,060</u>
Effect on January 1, 2021 net position		<u><u>\$ (1,243)</u></u>

In addition, certain balances reported as of and for the year ended December 31, 2021 have been restated to conform to the requirements of GASB 87 and GASB 94 as follows:

	As Previously Reported	As Restated	Adjustment
Statement of Net Position Adjustments			
CURRENT ASSETS			
Receivables, net	\$ 117,517	\$ 119,888	\$ 2,371
Restricted assets	312,025	313,069	1,044
NON-CURRENT ASSETS			
Unrestricted assets	-	48,117	48,117
Restricted assets	774,957	773,914	(1,043)
Capital assets, not being depreciated	1,007,250	1,006,985	(265)
Capital assets, net of accumulated depreciation	6,521,876	6,527,874	<u>5,998</u>
Total Adjustment to Assets and Deferred Outflows of Resources			<u>56,222</u>
CURRENT LIABILITIES			
Accounts payable and accrued expenses	268,369	269,405	1,036
Unearned revenue	134,996	133,623	(1,373)
NON-CURRENT LIABILITIES			
Other long-term liabilities	1,432,284	1,437,321	5,037
DEFERRED INFLOWS OF RESOURCES	222,781	274,023	<u>51,242</u>
Total Adjustment to Liabilities and Deferred Inflows of Resources			<u>55,942</u>
NET POSITION			
Net investment in capital assets	1,438,420	1,444,153	5,733
Restricted for			
Debt service	101,426	101,426	-
Capital	99,553	93,473	(6,080)
Unrestricted (deficit)	<u>(995,931)</u>	<u>(995,304)</u>	<u>627</u>
Total net position	<u>\$ 643,468</u>	<u>\$ 643,748</u>	<u>\$ 280</u>

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements

December 31, 2022 and 2021

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

t. Leases and Public-Private Partnerships - Continued

	As Previously Reported	As Restated	Adjustment
Statement of Revenues, Expenses, and Changes in Net Position Adjustments			
OPERATING REVENUES			
Concessions	\$ 5,737	\$ -	\$ (5,737)
Lease revenues	-	6,574	6,574
Other	16,242	16,210	<u>(32)</u>
Adjustment to Operating Revenues			<u>805</u>
OPERATING EXPENSES			
Supplies, materials and rentals	21,937	21,104	(833)
Depreciation and amortization	410,235	411,356	<u>1,121</u>
Adjustment to Operating Expenses			<u>288</u>
Adjustment to Operating Loss			517
NON-OPERATING REVENUES AND EXPENSES			
Investment Income	1,325	2,439	1,114
Interest Expense	(204,846)	(204,953)	<u>(107)</u>
Adjustment to Net non-operating items			<u>1,007</u>
CHANGE IN NET POSITION			1,524
NET POSITION, beginning of the year	940,130	938,887	<u>(1,243)</u>
NET POSITION, end of the year	<u>\$ 643,468</u>	<u>\$ 643,748</u>	<u>\$ 280</u>

Additional information regarding leases and public-private partnership is presented in Note 11.

u. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through March 27, 2023, the date the financial statements were available to be issued.

Note 2 - Cash and Investments

The Authority's cash and investments as of December 31, 2022 and 2021, were as follows (in thousands):

	Carrying Value	
	2022	2021
Unrestricted		
Cash		
Demand deposits	\$ 158,582	\$ 411,316
Cash equivalents		
U.S. treasury securities	134,595	-
Commercial paper	171,516	49,998
Total unrestricted cash equivalents	<u>306,111</u>	<u>49,998</u>
Total unrestricted cash and cash equivalents	<u>\$ 464,693</u>	<u>\$ 461,314</u>

New York State Thruway Authority

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Notes to Financial Statements

December 31, 2022 and 2021

Note 2 - Cash and Investments - Continued

	Carrying Value	
	2022	2021
Restricted		
Cash		
Demand deposits	\$ 273,928	\$ 389,048
Other deposits	2,003	2,135
Total restricted cash	275,931	391,183
Cash equivalents		
U.S. treasury securities	121,622	94,998
Commercial paper	198,318	139,983
Total restricted cash equivalents	319,939	234,981
Total restricted cash and cash equivalents	\$ 595,871	\$ 626,164
Investments		
Unrestricted		
Commercial paper	\$ 8,515	\$ -
U.S. treasury securities	19,939	-
Time deposits	570	901
Total unrestricted investments	\$ 29,024	\$ 901
Restricted		
Commercial paper	\$ 23,136	\$ -
U.S. treasury securities	300,159	453,039
Total restricted investments	\$ 323,295	\$ 453,039

At December 31, 2022 and 2021, 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, 2022 and 2021. 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.

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Notes to Financial Statements

December 31, 2022 and 2021

Note 2 - Cash and Investments - Continued

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.

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 has no investments at December 31, 2022 with a remaining maturity of more than one year.

As of December 31, 2022, the Authority had the following concentrations of cash equivalents and investments:

	<u>Credit Exposure</u> <u>Security</u>	<u>% of Total</u> <u>(Rating)</u>
Certificate of Deposit		0.06%
<u>Commercial Paper</u>		
Toronto Dominion HDG USA, INC	A-1+/P-1/F1+	15.68%
Koch Industries, Inc	A-1+/P-1/na	4.14%
Roche Holdings, Inc	A-1+/P-1/F1+	4.65%
Toyota Motor Credit Corp	A-1+/P-1/F1	17.16%
<u>U.S. Government Securities</u>		
Treasury Bills	A-1+/WR/F1+	58.31%

Note 3 - Capital Assets

The Authority's capital assets principally include the Thruway System, equipment, and leased assets. The Thruway System includes infrastructure assets consisting of bridges, highways, buildings, toll equipment, intelligent transportation systems and a fiber optic system. Equipment includes vehicles, machinery, software systems, and E-ZPass tags. Leased assets consist of office space and communication tower leases.

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Notes to Financial Statements

December 31, 2022 and 2021

Note 3 - Capital Assets - Continued

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

Category	Useful Life	Capitalization Threshold
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
Toll collection system	15-45 years	50,000
Fiber optic system	17 years	50,000
Equipment	2-12 years	5,000 - 50,000
Bridges	45-100 years	50,000

The following schedules summarize the capital assets of the Authority and related changes for the years ended December 31, 2022 and 2021 (in thousands):

	December 31, 2021 (Restated)	Additions	Reductions	December 31, 2022
Capital assets, not being depreciated				
Land and land improvements	\$ 819,121	\$ 469	\$ (233)	\$ 819,357
Construction in progress	187,864	303,469	(225,822)	265,511
Total capital assets, not being depreciated	1,006,985	303,938	(226,055)	1,084,868
Capital assets, being depreciated				
Thruway System	12,062,237	212,745	(9,478)	12,265,504
Equipment	269,174	21,328	(7,772)	282,730
Leased assets	6,797	-	(525)	6,272
Total capital assets, being depreciated	12,338,208	234,073	(17,775)	12,554,506
Less accumulated depreciation for				
Thruway System	(5,659,323)	(318,014)	1,194	(5,976,143)
Equipment	(150,211)	(22,119)	6,918	(165,412)
Leased assets	(800)	(1,206)	525	(1,481)
Total accumulated depreciation	(5,810,334)	(341,339)	8,637	(6,143,036)
Net value of capital assets, being depreciated	6,527,874	(107,266)	(9,138)	6,411,470
Capital assets, net	\$ 7,534,859	\$ 196,672	\$ (235,193)	\$ 7,496,338

New York State Thruway Authority

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Notes to Financial Statements

December 31, 2022 and 2021

Note 3 - Capital Assets - Continued

	December 31, 2020	Additions	Reductions	December 31,
	(Restated)	(Restated)	(Restated)	(Restated)
Capital assets, not being depreciated				
Land and land improvements	\$ 816,597	\$ 2,531	\$ (7)	\$ 819,121
Construction in progress	190,513	283,560	(286,209)	187,864
Total capital assets, not being depreciated	1,007,110	286,091	(286,216)	1,006,985
Capital assets, being depreciated				
Thruway System	11,872,729	272,912	(83,404)	12,062,237
Equipment	268,302	24,697	(23,825)	269,174
Leased assets	847	6,272	(322)	6,797
Total capital assets, being depreciated	12,141,878	303,881	(107,551)	12,338,208
Less accumulated depreciation for				
Thruway System	(5,355,555)	(387,179)	83,411	(5,659,323)
Equipment	(150,615)	(22,321)	22,725	(150,211)
Leased assets	-	(1,122)	322	(800)
Total accumulated depreciation	(5,506,170)	(410,622)	106,458	(5,810,334)
Net value of capital assets, being depreciated	6,635,708	(106,741)	(1,093)	6,527,874
Capital assets, net	\$ 7,642,818	\$ 179,350	\$ (287,309)	\$ 7,534,859

Depreciation and amortization expense related to capital assets was \$341,339,000 and \$410,622,000 for the years ended December 31, 2022 and 2021, 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.

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, 2022 and 2021 (in thousands):

	2022	2021
		(Restated)
Restricted current		
Cash and cash equivalents	\$ 272,481	\$ 248,397
Investments	14,025	61,047
Interest receivable	109	478
Receivables	-	3,147
Total	286,615	313,069

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Notes to Financial Statements December 31, 2022 and 2021

Note 4 - Restricted Assets - Continued

	2022	2021
Restricted non-current		
Cash and cash equivalents	323,390	377,767
Investments	309,270	391,992
Interest receivable	-	109
Receivables	833	1,015
Prepaid items	2,568	3,031
Total	636,061	773,914
Total restricted assets	\$ 922,676	\$ 1,086,983

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, 2022 and 2021 were \$187,585,000 and \$175,313,000, 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, 2022 and 2021 were \$216,392,000 and \$216,009,000, 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. Amounts held in this restricted fund at December 31, 2022 and 2021 were \$159,920,000 and \$432,132,000, 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, 2022 and 2021 were \$227,767,000 and \$84,648,000, respectively.

Junior Indebtedness Fund: Established to hold moneys received from the sale of Junior Indebtedness Obligations and Authority revenues received for debt service purposes. 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 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. Amounts held in this restricted fund at December 31, 2022 and 2021 were \$118,033,000 and \$162,711,000, 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. Amounts held in this restricted fund at December 31, 2022 and 2021, were \$10,976,000 and \$14,036,000, respectively.

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Notes to Financial Statements

December 31, 2022 and 2021

Note 4 - Restricted Assets - Continued

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. Amounts held in the account at December 31, 2022 and 2021 were \$2,003,000 and \$2,133,000, respectively.

Note 5 - Long-Term Liabilities

The Authority's bond indebtedness and other long-term liabilities at December 31, 2022 and 2021, are comprised of the following obligations (in thousands):

	Date of Issuance	December 31, 2021 Balance (Restated)	Additions	Reductions	December 31, 2022 Balance	Due Within One Year
General revenue bonds						
2012 Series I	7/12	\$ 26,810	\$ -	\$ (26,810)	\$ -	\$ -
2014 Series J	2/14	593,140	-	(16,145)	576,995	16,940
2014 Series K	12/14	686,810	-	(28,040)	658,770	29,395
2018 Series L	3/18	492,215	-	(33,010)	459,205	57,245
2019 Series M	10/19	857,625	-	-	857,625	-
2020 Series N	3/20	450,000	-	-	450,000	-
2021 Series O	10/21	549,480	-	-	549,480	9,390
Unamortized bond premiums		322,183	-	(29,732)	292,451	31,829
General revenue bonds and unamortized premiums		3,978,263	-	(133,737)	3,844,526	144,799
Junior indebtedness obligations and notes						
Series 2016 A	5/16	849,750	-	(250)	849,500	250
Series 2019 B	10/19	1,692,665	-	(1,090)	1,691,575	1,140
Unamortized bond premiums		268,847	-	(12,628)	256,219	12,623
Junior indebtedness obligations and unamortized premiums		2,811,262	-	(13,968)	2,797,294	14,013
Total bonds and unamortized premiums		<u>\$ 6,789,525</u>	<u>\$ -</u>	<u>\$ (147,705)</u>	<u>\$ 6,641,820</u>	<u>\$ 158,812</u>
Other long-term liabilities						
Postemployment benefit obligation		\$ 1,418,155	\$ 116,075	\$ (36,279)	\$ 1,497,951	\$ -
Net pension liability		467	-	(467)	-	-
Compensated absences		9,662	-	(578)	9,084	-
Lease liability		6,080	-	(1,037)	5,043	921
Environmental remediation		8,685	12,479	-	21,164	11,880
Asset retirement obligations		4,230	-	-	4,230	230
Total other long-term liabilities		<u>\$ 1,447,279</u>	<u>\$ 128,554</u>	<u>\$ (38,361)</u>	<u>\$ 1,537,472</u>	<u>\$ 13,031</u>

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Notes to Financial Statements

December 31, 2022 and 2021

Note 5 - Long-Term Liabilities - Continued

	Date of Issuance	December 31, 2020 Balance (Restated)	Additions (Restated)	Reductions (Restated)	December 31, 2021 Balance (Restated)	Due Within One Year (Restated)
General revenue bonds						
2012 Series I	7/12	\$ 177,940	\$ -	\$ (151,130)	\$ 26,810	\$ 26,810
2014 Series J	2/14	608,495	-	(15,355)	593,140	16,145
2014 Series K	12/14	713,570	-	(26,760)	686,810	28,040
2018 Series L	3/18	530,265	-	(38,050)	492,215	33,010
2019 Series M	10/19	857,625	-	-	857,625	-
2020 Series N	3/20	450,000	-	-	450,000	-
2021 Series O	10/21	-	549,480	-	549,480	-
Unamortized bond premiums		<u>262,790</u>	<u>98,966</u>	<u>(39,573)</u>	<u>322,183</u>	<u>29,732</u>
General revenue bonds and unamortized premiums		<u>3,600,685</u>	<u>648,446</u>	<u>(270,868)</u>	<u>3,978,263</u>	<u>133,737</u>
Junior indebtedness obligations and notes						
Series 2016 A	5/16	850,000	-	(250)	849,750	250
Series 2019 B	10/19	1,693,245	-	(580)	1,692,665	1,090
Unamortized bond premiums		<u>281,479</u>	<u>-</u>	<u>(12,632)</u>	<u>268,847</u>	<u>12,628</u>
Junior indebtedness obligations and unamortized premiums		<u>2,824,724</u>	<u>-</u>	<u>(13,462)</u>	<u>2,811,262</u>	<u>13,968</u>
Total bonds and unamortized premiums		<u>\$ 6,425,409</u>	<u>\$ 648,446</u>	<u>\$ (284,330)</u>	<u>\$ 6,789,525</u>	<u>\$ 147,705</u>
Other long-term liabilities						
Postemployment benefit obligation		\$ 1,181,202	\$ 270,671	\$ (33,718)	\$ 1,418,155	\$ -
Net pension liability		131,698	-	(131,231)	467	-
Compensated absences		9,597	65	-	9,662	-
Lease liability		792	5,854	(566)	6,080	1,043
Environmental remediation		4,260	4,425	-	8,685	8,685
Asset retirement obligations		4,230	-	-	4,230	230
Total other long-term liabilities		<u>\$ 1,331,779</u>	<u>\$ 281,015</u>	<u>\$ (165,515)</u>	<u>\$ 1,447,279</u>	<u>\$ 9,958</u>

No other long-term liabilities were due within one year at December 31, 2022.

The debt service requirements for the Authority's senior bonds as of December 31, 2022 are as follows (in thousands):

Due	Principal	Interest	Total
2023	\$ 112,970	\$ 146,210	\$ 259,180
2024	126,545	140,567	267,112
2025	137,085	134,626	271,711
2026	152,000	128,144	280,144
2027	159,600	121,113	280,713
2028-2032	872,115	493,661	1,365,776
2033-2037	815,495	307,607	1,123,102
2038-2042	640,185	166,271	806,456
2043-2047	314,585	66,180	380,765
2048-2051	221,495	12,619	234,114
Unamortized premiums	<u>292,451</u>	<u>-</u>	<u>292,451</u>
	<u>\$ 3,844,526</u>	<u>\$ 1,716,998</u>	<u>\$ 5,561,524</u>

New York State Thruway Authority

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Notes to Financial Statements

December 31, 2022 and 2021

Note 5 - Long-Term Liabilities - Continued

The debt service requirements for the Authority's junior indebtedness obligations as of December 31, 2022 are as follows (in thousands):

Due	Principal	Interest	Total
2023	\$ 1,390	\$ 107,307	\$ 108,697
2024	1,450	107,239	108,689
2025	3,260	107,122	110,382
2026	5,325	106,908	112,233
2027	7,390	106,590	113,980
2028-2032	143,765	513,579	657,344
2033-2037	226,890	477,040	703,930
2038-2042	524,405	393,447	917,852
2043-2047	611,625	277,221	888,846
2048-2052	741,710	140,690	882,400
2053-2056	273,865	22,790	296,655
Unamortized premiums	256,219	-	256,219
	<u>\$ 2,797,294</u>	<u>\$ 2,359,933</u>	<u>\$ 5,157,227</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; (3) make a deposit to the Senior Debt Service Reserve Fund; and (4) pay bond issuance costs.

The Series I Bonds were partially refunded by the General Revenue Bonds Series M in 2019 and Series O in 2021, and the remaining balance was paid off in 2022.

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, 2022, are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	3.00% to 5.00%	2023 - 2036	\$ 426,475
Term Bonds	5.00%	2041	87,235
Term Bonds	4.625%	2044	63,285
			<u>\$ 576,995</u>

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Notes to Financial Statements

December 31, 2022 and 2021

Note 5 - Long-Term Liabilities - Continued

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) pay bond issuance costs.

The Series K Bonds are comprised of Serial Bonds with varying rates and maturities. The amounts outstanding at December 31, 2022, are as follows:

<u>Type</u>	<u>Rates</u>	<u>Maturity</u>	<u>Amount (in thousands)</u>
Serial Bonds	3.25% to 5.00%	2023 - 2032	<u>\$ 658,770</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.

The Series L Bonds are comprised of Serial Bonds with varying rates and maturities. The amounts outstanding at December 31, 2022 are as follows:

<u>Type</u>	<u>Rates</u>	<u>Maturity</u>	<u>Amount (in thousands)</u>
Serial Bonds	3.00% to 5.00%	2023 - 2037	<u>\$ 459,205</u>

Principal payments under the Series L Bonds began in 2019. 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.

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 amounts of the Authority's outstanding Series I Bonds (for a net present value savings of \$92,477,000); and (2) pay bond issuance costs.

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Notes to Financial Statements

December 31, 2022 and 2021

Note 5 - Long-Term Liabilities - Continued

The Series M Bonds are comprised of Serial Bonds and Term Bonds with varying rates and maturities. The amounts outstanding at December 31, 2022 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	344,095
			<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: (1) fund a portion of the Authority's Multi-Year Capital Program; (2) make a deposit to the Senior Debt Service Reserve Fund; (3) fund capitalized interest on the Series N Bonds; and (4) pay bond issuance costs.

The Series N Bonds are comprised of Serial Bonds with varying rates and maturities. The amounts outstanding at December 31, 2022 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>

Principal payments under the Series N Bonds begin in 2033. 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.

General Revenue Refunding Bonds - Series O (Series O Bonds): During October 2021, the Authority issued \$549,480,000 of Series O Bonds to: (1) fund a portion of the Authority's Multi-Year Capital Program; (2) make a deposit to the Senior Debt Service Reserve Fund; (3) fund capitalized interest on the Series O Bonds; (4) refund certain amounts of the Authority's outstanding Series I Bonds (for a net present value savings of \$20,386,000); and (5) pay bond issuance costs.

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Note 5 - Long-Term Liabilities - Continued

The Series O Bonds are comprised of Serial Bonds with varying rates and maturities. The amounts outstanding at December 31, 2022 are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	3.00% to 5.00%	2023 - 2051	\$ 549,480

Principal payments under the Series O Bonds begin in 2033. Series O Bonds maturing on or after January 1, 2033, are callable at the option of the Authority, in whole or in part, beginning July 1, 2031, at par plus accrued interest.

General Revenue Senior Bonds - Revenue Pledge and Security: The General Revenue Bonds (Series J through O) 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, 2022 and 2021, 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 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, 2022 are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	4.00% to 5.00%	2023 - 2038	\$ 190,165
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
			\$ 849,500

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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Note 5 - Long-Term Liabilities - Continued

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, 2022 are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	3.00% to 5.00%	2023 - 2046	\$ 436,675
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>\$ 1,691,575</u>

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, 2022, no 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 had no short-term debt at December 31, 2022 and 2021.

JP Morgan Chase Revolving Credit Agreement: During June 2020, the Authority entered into a Revolving Credit Agreement with JP Morgan Chase that provided the Authority with a revolving credit line of up to \$125 million through June 2021. In 2020, 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. During June 2021, the Authority extended the Revolving Credit Agreement for a period of 120 days. During August 2021, the Authority paid the outstanding balance of \$50 million and terminated the Revolving Credit Agreement.

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December 31, 2022 and 2021

Note 6 - Short-Term Debt - Continued

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 provided the Authority with the ability to sell short term notes to RBC in amounts not to exceed \$100 million in combined notes outstanding. No notes were sold, and the agreement was terminated in October 2022.

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 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:

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 2022 or 2021. The Authority receives funds from New York State for debt service on these bonds and related administrative costs. Bonds outstanding under this program were \$222,830,000 and \$587,100,000 at December 31, 2022 and 2021, respectively.

State Personal Income Tax Revenue Bonds - The Legislature of the State of New York empowered the Authority to issue Personal Income Tax (PIT) Revenue Bonds to provide funds to municipalities and other project sponsors throughout the State for qualifying local highway, bridge, and multi-modal capital project expenditures under established State programs. In July 2022, the Authority issued \$2,169,905,000 of State Personal Income Tax Revenue Bonds, Series 2022AB. The State Personal Income Tax Revenue Bonds, Series 2022A were issued to: (1) finance, refinance or reimburse all or a portion of the costs of certain programs and projects within the State; (2) refinance certain State-supported debt previously issued by the Authority; (3) repay certain obligations relating to the Power Authority of the State of New York (PASNY) energy efficiency program, and (4) pay certain costs relating to the issuance. The State Personal Income Tax Revenue Bonds, Series 2022B were issued to: (1) repay certain obligations relating to PASNY's energy efficiency program, and (2) pay certain costs related to the issuance. The Series 2022AB issuance included the refunding of \$319,510,000 in previously issued Authority bonds for a present value savings of \$34,392,000 for the State. The Authority receives funds from New York State for debt service on these bonds and related administrative costs. Additionally, in July 2022, the Authority issued \$732,305,000 of State Personal Income Tax Revenue Green Bonds, Series 2022C. The State Personal Income Tax Revenue Green Bonds, Series 2022C were issued to: (1) finance, refinance or reimburse all or a portion of the costs of transportation projects for the MTA, and (2) pay certain costs relating to the issuance of the Series 2022C Bonds. The Authority receives funds from New York State for debt service on these bonds and related administrative costs. Bonds outstanding under this program were \$5,013,855,000 and \$2,146,600,000 at December 31, 2022 and 2021, respectively.

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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.

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 54.

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

The Authority reported liabilities (assets) of \$(36,962,000) and \$467,000 at December 31, 2022 and 2021, respectively. The net pension liability (asset) was measured as of March 31, 2022 and 2021, respectively, and the total pension liability was determined by actuarial valuations as of April 1, 2021 and 2020, respectively. The proportion of the net pension liability (asset) 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 0.45% and 0.47% as of March 31, 2022 and 2021, respectively.

The Authority recognized pension expense of \$2,832,000 and \$11,930,000 for the years ended December 31, 2022 and 2021, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources for 2022 and 2021 as follows (in thousands):

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,799	\$ 3,631	\$ 5,709	\$ -
Changes of assumptions	61,685	1,041	85,949	1,621
Net differences between projected and actual investment earnings on pension plan investments	-	121,035	-	134,279
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,891	3,908	5,071	3,663
Authority contributions subsequent to the measurement date	14,915	-	22,855	-
Totals	<u>\$ 84,290</u>	<u>\$ 129,615</u>	<u>\$ 119,584</u>	<u>\$ 139,563</u>

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Notes to Financial Statements December 31, 2022 and 2021

Note 8 - Retirement Benefits - Continued

c. Pension Liabilities (Assets), 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 an adjustment of the net pension liability (asset) 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,		
2023	\$	(8,531)
2024		(13,681)
2025		(31,591)
2026		<u>(6,437)</u>
Total	\$	<u><u>(60,240)</u></u>

d. Actuarial Assumptions

The pension liabilities at March 31, 2022 and 2021 were determined by using actuarial valuations as of April 1, 2021 and April 1, 2020, respectively, with updated procedures used to roll forward the total pension liability to March 31, 2022 and March 31, 2021. The actuarial valuation used the actuarial experience study for the period April 2015 – March 2020 and the following actuarial assumptions, which were consistent from year to year, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Inflation rate	2.7 percent
Salary scale	4.4 percent, indexed by service (2022) 4.2 percent, indexed by service (2021)
Investment rate of return, including inflation	5.9 percent compounded annually, net of expenses
Cost of living adjustment	1.4 percent
Decrement	Based on FY 2015-2020 experience
Mortality improvement	Society of Actuaries Scale MP-2020

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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Notes to Financial Statements

December 31, 2022 and 2021

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	32.0%	3.3%
International equity	15.0%	5.9%
Private equity	10.0%	6.5%
Real estate	9.0%	5.0%
Fixed income	23.0%	0.0%
Other	11.0%	(1.0)-5.9%
	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 (Asset) to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9% and the impact of using a discount rate that is 1% higher or lower than the current rate (in thousands):

	1% Decrease (4.90%)	Current Discount (5.90%)	1% Increase (6.90%)
Authority's proportionate share of the net pension liability (asset)	\$ 95,140	\$ (36,962)	\$ (147,459)

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Notes to Financial Statements

December 31, 2022 and 2021

Note 8 - Retirement Benefits - Continued

h. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (asset) of the New York State and Local Employees' Retirement System as of March 31, 2022 and 2021 respectively, were as follows (amounts in thousands):

	<u>2022</u>	<u>2021</u>
Employers' total pension liability	\$ 223,874,888	\$ 220,680,157
Plan net position	<u>(232,049,473)</u>	<u>(220,580,583)</u>
Employers' net pension liability (asset)	<u>\$ (8,174,585)</u>	<u>\$ 99,574</u>
Ratio of plan net position to the employers' total pension liability	<u>103.7%</u>	<u>99.9%</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. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the Authority.

A summary of participants used to value the Authority's OPEB liability is as follows:

Actives	1,679
Vestees	1
Retirees (includes surviving spouse and disabled)	<u>2,526</u>
Total	<u><u>4,206</u></u>

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Notes to Financial Statements

December 31, 2022 and 2021

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, 2022 and 2021, the Authority paid \$36,279,000 and \$33,718,000 respectively, on behalf of retirees.

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Note 10 - Other Postemployment Benefits - Continued

e. Funding Policy - Continued

Net OPEB Liability

The total OPEB liability for the Authority's years ended December 31, 2022 and December 31, 2021 were measured as of December 31, 2021 and December 31, 2020, respectively, using an actuarial valuation date of September 1, 2021 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, 2021 measurement date	1.84 percent	
December 31, 2020 measurement date	2.00 percent	
Annual payroll growth rate	2.20 percent	
Healthcare cost trend rates		Society of Actuaries Long Term Medical Trend Model, updated November 2021
Mortality rates		Recommended Actuarial Assumptions for New York State for Other Post-Employment Benefit Plan Actuarial Valuations, updated August 2020

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)

	2022	2021
Balance, beginning of year	\$ 1,418,155	\$ 1,181,202
Changes for the year		
Service cost	46,835	41,110
Interest	28,000	32,037
Benefit payments	(36,279)	(33,718)
Change in assumptions and other inputs	41,240	197,524
Net changes	79,796	236,953
Balance, end of year	\$ 1,497,951	\$ 1,418,155

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Notes to Financial Statements

December 31, 2022 and 2021

Note 10 - Other Postemployment Benefits - Continued

e. Funding Policy - 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 (0.84%)	Current Discount (1.84%)	1% Increase (2.84%)
Postemployment benefit obligation	\$ 1,796,506	\$ 1,497,951	\$ 1,264,533

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 (2.94%)	Current Medical Trend Rate (3.94%)	1% Increase (4.94%)
Postemployment benefit obligation	\$ 1,247,271	\$ 1,497,951	\$ 1,825,558

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

The Authority recognized OPEB expense of \$156,103,000 and \$144,104,000 for the years ended December 31, 2022 and 2021, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources at December 31, 2022 and 2021 related to OPEB as follows (in thousands):

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,046	\$ -	\$ 8,071	\$ -
Changes of assumptions	190,217	29,484	256,703	58,968
Totals	\$ 195,263	\$ 29,484	\$ 264,774	\$ 58,968

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,	
2023	\$ 63,494
2024	91,975
2025	10,310
Total	\$ 165,779

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Note 11 - Leases

The Authority implemented GASB 87 and GASB 94 for the year beginning January 1, 2021 (Note 1t). Lease receivables and lease liabilities were discounted to the later of the effective date of the lease or January 1, 2021. Leases with an effective date on or before March 31, 2022, were discounted using an interest rate of 2.78% and leases with an effective date after March 31, 2022 were discounted using an interest rate of 4.50%. The rates approximated the Authority's cost of borrowing during the two-year period from January 1, 2021 to December 31, 2022.

Lessor agreements

In 2021, the Authority entered into a 33-year public-private partnership agreement with Empire State Thruway Partners, LLC (Empire) for the design, construction, finance, operation, and maintenance of the Authority's 27 Service Areas. Under the terms of the agreement, Empire will invest approximately \$300 million to rebuild 23 of the 27 service area restaurant buildings and perform significant renovations to the remaining four. Additionally, over the life of the agreement Empire will invest another \$99 million into future renovations and improvements to the buildings. Commencing with the re-opening of each new restaurant building Empire is required to pay rent calculated as a percentage of gross sales, subject to a guaranteed annual minimum per location. Guaranteed rent over the term of the agreement is approximately \$51 million.

This agreement coincided with the Authority concluding leases with McDonalds Corporation (ended December 2022), Delaware North Corporation (ended July 2021) and HMS Host Corporation (ended July 2021) the previous operators of the service area restaurants.

As of December 31, 2022, the Authority has twelve irrevocable agreements for the use of its fiber optic system with remaining terms ranging from three to twenty-three years; and two active leases for the operation of fueling stations with remaining terms of approximately four years.

For the year's ended December 31, 2022 and December 31, 2021, the Authority recognized \$11.7 million and \$6.6 million, respectively, in lease revenue and \$2.8 million and \$1.1 million, respectively, in lease interest revenues. For the year's ended December 31, 2022 and December 31, 2021 variable leases revenues of \$0.3 million and \$0.5 million, respectively, were reported as a component of lease revenue. Future payments due to the Authority are as follows for the years ending December 31st (in thousands):

<u>Years Ending December 31,</u>	<u>Revenue</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 11,886	\$ 3,844	\$ 15,730
2024	11,886	3,684	15,570
2025	11,863	3,498	15,361
2026	11,675	3,298	14,973
2027	8,902	3,089	11,991
2028-2032	39,212	13,167	52,379
2033-2037	33,078	9,309	42,387
2038-2042	28,903	4,671	33,574
2043-2047	4,789	2,330	7,119
2048-2052	4,678	1,227	5,905
2053-2057	1,403	102	1,505
Total	\$ 168,275	\$ 48,219	\$ 216,494

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Notes to Financial Statements

December 31, 2022 and 2021

Note 11 - Leases - Continued

Lessee Agreements

The Authority leases office space and space on communication towers for radio equipment. As of December 31, 2022 these leases have remaining terms of one to nine years. As of December 31, 2022 and December 31, 2021 the Authority's lease liability is \$5.0 million and \$6.1 million, respectively. Future rent obligations of the Authority are as follows for the years ending December 31st (in thousands):

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 921	\$ 128	\$ 1,049
2024	778	104	882
2025	562	85	647
2026	452	72	524
2027	489	59	548
2028-2032	1,841	91	1,932
Total	\$ 5,043	\$ 539	\$ 5,582

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, 2022, contract change orders totaling \$344.2 million have been approved, increasing the value of TZC's contract to \$3.49 billion.

In 2018, TZC began submitting claims to the Authority in excess of their approved contract value and anticipated contract change orders and has supplemented these claims at various times since then. As of December 31, 2022, TZC alleges they are owed approximately \$944.5 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 which is ongoing. 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 alleged that the Authority made multiple breaches of the contract between the parties. The Claim sought 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) impose 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) find 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. The Claim was voluntarily discontinued without prejudice by TZC in June 2021.

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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December 31, 2022 and 2021

Note 12 - Contingencies, Commitments and Uncertainties - Continued

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 at both December 31, 2022 and 2021.

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 \$38 million to \$43 million at December 31, 2022, 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 \$5.0 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 \$13.2 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, 2022, the amounts of remaining unexpended commitments for projects undertaken and the detail by type of contract are as follows:

Project	Commitments (in thousands)
Highway, bridge and facility, construction, and design	\$ 441,000
Personal service and miscellaneous	583,100
Total	<u>\$ 1,024,100</u>

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December 31, 2022 and 2021

Note 12 - Contingencies, Commitments and Uncertainties - Continued

e. Environmental Remediation

The Authority records in its financial statements a cost estimate for environmental remediation at numerous 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.

In 2021 the Authority entered into a 33-year agreement with Empire State Thruway Partners, LLC (Empire) for the design, construction, finance, operation, and maintenance of the Authority's 27 Service Areas. Over the course of approximately four years beginning in 2021, Empire will rebuild 23 of the 27 service area restaurant buildings and perform significant renovations to the remaining four. Under the terms of the agreement the Authority is financially responsible for Regulated Site Condition costs consisting primarily of asbestos mitigation and soil remediation associated with the demolition of the existing service area restaurants. The estimated cost for these activities are included in the Authority's environmental remediation obligations.

The Authority has estimated its environmental remediation liabilities, net of expected recoveries from other responsible parties, to be \$21,164,000 and \$8,685,000 as of December 31, 2022 and December 31, 2021, respectively, and are included in accounts payable and accrued expenses within these financial statements.

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 at both December 31, 2022 and 2021.

Note 13 - Accounting Standards Issued But Not Yet Implemented

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.

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Notes to Financial Statements

December 31, 2022 and 2021

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

GASB Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics. The requirements of this statement related to the extension of the use of LIBOR, accounting for Supplement Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, were effective upon issuance of the statement in April 2022. The requirements of this statement related to leases, PPPs and SBITAs are effective for reporting periods beginning after June 15, 2022. The requirements of this statement related to financial guarantees and the classification of reporting of derivative instruments within the scope of GASB 53 are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and change to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for (1) each type of accounting changes and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This statement requires disclosures in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about quantitative effects of beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. For periods that are earlier than those included in the basic financial statements, information presented as required supplementary information and supplementary information should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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Notes to Financial Statements

December 31, 2022 and 2021

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

GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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

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

	2022	2021	2020	2019	2018
Beginning of the year	\$ 1,418,155	\$ 1,181,202	\$ 983,462	\$ 1,083,760	\$ 959,969
Changes for the year					
Service cost	46,835	41,110	30,884	35,341	29,485
Interest	28,000	32,037	35,921	35,398	35,993
Changes in assumptions and other inputs	41,240	197,524	161,417	(142,401)	88,866
Benefit payments	(36,279)	(33,718)	(30,482)	(28,636)	(30,553)
Net changes	79,796	236,953	197,740	(100,298)	123,791
End of year	\$ 1,497,951	\$ 1,418,155	\$ 1,181,202	\$ 983,462	\$ 1,083,760
Covered payroll	127,500	128,800	138,700	140,500	146,100
OPEB liability as a percentage of covered payroll	1175%	1101%	852%	700%	742%

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.452157%	0.469449%	0.497338%	0.525726%	0.483932%	0.492207%	0.617656%	0.633266%
Proportionate share of the net pension liability (asset)	\$ (36,962)	\$ 467	\$ 131,698	\$ 37,249	\$ 15,619	\$ 46,249	\$ 99,135	\$ 21,393
Covered-employee payroll	128,050	142,482	149,775	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	(28.87)%	0.33%	87.93%	23.91%	10.54%	32.67%	60.26%	12.32%
Plan fiduciary net position as a percentage of total pension liability	103.7%	99.9%	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.*

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Required Supplementary Information

Schedule of Pension Contributions

Years Ended December 31

(in thousands of dollars)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 14,915	\$ 22,855	\$ 21,249	\$ 21,547	\$ 22,454	\$ 21,026	\$ 24,795	\$ 28,815	\$ 30,537	\$ 35,800
Contributions in relation to the contractually required contribution	14,915	22,855	21,249	21,547	22,454	21,026	24,795	28,815	30,537	35,800
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Authority's covered-employee payroll	127,094	128,368	147,187	150,638	157,528	145,099	163,041	164,994	176,546	174,784
Contributions as a percentage of covered-employee payroll	11.7%	17.8%	14.4%	14.0%	14.0%	14.0%	15.2%	17.5%	17.3%	20.5%

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