



(A Component Unit of the State of New York)

Financial Statements

December 31, 2024 and 2023

New York State Thruway Authority

(A Component Unit of the State of New York)

Financial Statements December 31, 2024 and 2023

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Independent Auditor's Report

Members of the Board
New York State Thruway Authority

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, 2024 and 2023, 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, 2024 and 2023, 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 (*Government Auditing Standards*). 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.

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 GAAS, 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 April 23, 2025, 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
April 23, 2025



New York State Thruway Authority

(A Component Unit of the State of New York)

Management's Discussion and Analysis December 31, 2024 and 2023

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, 2024 and 2023. Please read it in conjunction with the Authority's financial statements that follow this section. This discussion and analysis are intended to serve as an introduction to the Authority's financial statements, which comprise the basic financial statements and the notes to the financial statements.

2024 Financial Highlights

- Total operating revenue was \$1.08 billion, an increase of \$165.0 million or 18.1% compared to 2023. Tolls and related revenues for the year were \$1.05 billion, an increase of \$159.4 million or 18.0% compared to 2023.
- Total operating expenses, excluding depreciation and amortization, were \$488.9 million, an increase of \$40.1 million or 8.9% compared to 2023.
- Net position as of December 31, 2024 was \$498.8 million, an increase of \$83.4 million or 20.1% compared to 2023.
- Total capital assets (net of depreciation) as of December 31, 2024 were \$7.7 billion, an increase of \$120.0 million or 1.6% compared to December 31, 2023.
- During the year ended December 31, 2024, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and GASB Statement No. 101, *Compensated Absences*. Additional information is presented in Notes 1e and 1f, respectively.

2023 Financial Highlights

- Total operating revenue was \$910.3 million, an increase of \$10.4 million or 1.2% compared to 2022. Tolls and related revenues for the year were \$887.1 million, an increase of \$6.4 million or 0.7% compared to 2022.
- Total operating expenses, excluding depreciation and amortization, were \$448.8 million, a decrease of \$99.6 million or 18.2% compared to 2022.
- Net position as of December 31, 2023 was \$415.4 million, a decrease of \$40.3 million or 8.8% compared to December 31, 2022.
- Total capital assets (net of depreciation) as of December 31, 2023 were \$7.6 billion, an increase of \$64.0 million or 0.9% compared to December 31, 2022.
- During the year ended December 31, 2023, the Authority implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Additional information is presented in Note 1u and Note 11 to the financial statements.

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

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Management's Discussion and Analysis December 31, 2024 and 2023

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 they are earned, and expenses are recognized in the period they are incurred.

Financial Analysis of the Authority

Net Position

The Authority's net position at December 31, 2024 was approximately \$498.8 million, a 20.1% increase compared to December 31, 2023 (see Table A-1). In 2024, total assets increased 3.7% to \$9.42 billion, and total liabilities increased 0.6% to \$8.26 billion. The Authority's net position at December 31, 2023 was approximately \$415.4 million, an 8.8% decrease compared to December 31, 2022. In 2023, total assets decreased 1.3% to \$9.09 billion, and total liabilities decreased 5.3% to \$8.21 billion.

Table A-1
Net Position
December 31, 2024, 2023, and 2022
(in millions of dollars)

	2024	2023	2022	Percentage Change 2024-2023
Unrestricted current assets	\$ 652.0	\$ 659.9	\$ 632.8	(1.2)
Unrestricted non-current assets	72.0	113.0	155.5	(36.3)
Restricted assets	1,017.8	756.9	922.7	34.5
Capital assets	7,680.5	7,560.5	7,496.3	1.6
Total assets	9,422.3	9,090.3	9,207.3	3.7
Deferred outflows of resources	110.8	182.1	287.8	(39.2)
Current liabilities	709.4	692.2	663.0	2.5
Noncurrent liabilities	7,548.2	7,514.6	8,007.5	0.4
Total liabilities	8,257.6	8,206.8	8,670.5	0.6
Deferred inflows of resources	776.7	650.2	368.9	19.5
Total net position	\$ 498.8	\$ 415.4	\$ 455.7	20.1

Unrestricted non-current assets decreased \$41.0 million or 36.3% compared to 2023. This decrease is primarily due to a change in the balance of long-term lease receivables. Additional information regarding the Authority's leases is presented in Note 10 to the financial statements.

New York State Thruway Authority

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Management's Discussion and Analysis December 31, 2024 and 2023

Financial Analysis of the Authority - Continued

Net Position - Continued

Restricted assets increased \$260.9 million or 34.5% compared to 2023. This increase is primarily due to the issuance of General Revenue Bonds, Series P, which included funds to pay capital project costs in February 2024. Additional information regarding restricted assets and General Revenue Bonds, Series P, is presented in Note 4 and Note 5 to the financial statements, respectively.

Deferred outflows of resources decreased \$71.3 million or 39.2% compared to 2023. This decrease is primarily due to a change in the Authority's liability for other postemployment benefit obligations. Additional information regarding postemployment benefits other than pensions is presented in Note 9 to the financial statements.

Deferred inflows of resources increased \$126.5 million or 19.5% compared to 2023. This increase is primarily due to the deferred gains associated with the issuance of General Revenue Bonds, Series P, and General Revenue Refunding Bonds, Series Q, in 2024, as well as private investment in the Authority's service areas under the terms of a public-private partnership agreement. Additional information regarding General Revenue Bonds, Series P, and General Revenue Refunding Bonds, Series Q, is presented in Note 5 to the financial statements. Additional information regarding the service areas is presented in Note 10 to the financial statements.

Changes in Net Position

Net position increased by \$83.4 million in 2024 (see Table A-2). The Authority's total operating revenues for 2024 were \$1.08 billion, an increase of \$165.0 million or 18.1% compared to 2023. Total operating expenses for 2024 were \$864.6 million, an increase of \$53.4 million or 6.6% compared to 2023. Net position decreased by \$40.3 million in 2023. The Authority's total operating revenues for 2023 were \$910.3 million, an increase of \$10.4 million or 1.2% compared to 2022. Total operating expenses for 2023 were \$811.2 million, a decrease of \$79.3 million or 8.9% compared to 2022.

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Management's Discussion and Analysis December 31, 2024 and 2023

Financial Analysis of the Authority - Continued

Changes in Net Position - Continued

Table A-2
Changes in Net Position
Years ended December 31, 2024, 2023, and 2022
(in millions of dollars)

	2024	2023	2022	Percentage Change 2024-2023
OPERATING REVENUE				
Tolls and related revenues	\$ 1,046.5	\$ 887.1	\$ 880.7	18.0
Lease revenues	18.3	15.2	11.7	20.4
Other	10.5	8.0	7.5	31.3
Total operating revenue	1,075.3	910.3	899.9	18.1
OPERATING EXPENSES				
Salaries	135.6	134.2	117.5	1.0
Postemployment obligations	39.7	27.8	156.1	42.8
Employee benefits	72.9	72.8	41.3	0.1
State Police - Troop T services	65.1	62.8	62.4	3.7
Professional and other services	97.5	86.6	93.1	12.6
Supplies, materials and rentals	22.6	19.6	26.9	15.3
Maintenance and repairs	41.7	29.9	39.8	39.5
Utilities	6.6	7.0	7.0	(5.7)
Insurance and claims	5.4	6.3	5.1	(14.3)
Equipment	1.8	1.8	(0.8)	-
Depreciation and amortization	375.7	362.4	342.1	3.7
Total operating expenses	864.6	811.2	890.5	6.6
Operating income	210.7	99.1	9.4	112.6
NON-OPERATING REVENUES AND EXPENSES				
Investment income	77.1	63.9	20.5	20.7
Interest expense	(203.4)	(202.6)	(210.7)	0.4
Debt issuance expense	(7.4)	(0.1)	-	7,300.0
Federal, state and other aid	2.9	1.5	0.4	93.3
Loss on disposal of assets	(0.1)	(2.6)	(8.0)	(96.2)
Net non-operating items	(130.9)	(139.9)	(197.8)	(6.4)
Income (loss) before capital contributions	79.8	(40.8)	(188.4)	(295.6)
Capital contributions	3.6	0.5	0.3	620.0
CHANGE IN NET POSITION	83.4	(40.3)	(188.1)	(306.9)
NET POSITION, beginning of year	415.4	455.7	643.8	(8.8)
NET POSITION, end of year	\$ 498.8	\$ 415.4	\$ 455.7	20.1

Tolls and related revenues increased \$159.4 million or 18.0% compared to 2023 primarily due to toll adjustments that went into effect on January 1, 2024. Additional information regarding the Authority's 2024-2027 toll plan can be found in the *Other Significant Matters* section of Management's Discussion and Analysis.

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Management's Discussion and Analysis December 31, 2024 and 2023

Financial Analysis of the Authority - Continued

Changes in Net Position - Continued

Passenger traffic increased 1.7% and commercial traffic decreased 0.2% compared to 2023. Passenger toll revenue increased \$97.0 million or 21.1%, and commercial revenue increased \$57.9 million or 15.8%. Fees related to toll collection increased \$4.5 million or 7.4% compared to 2023.

Lease revenues increased \$3.1 million or 20.4% compared to 2023. The increase in lease revenues is primarily due to the reopening of 11 service areas in 2024. Additional information regarding the Authority's service area projects can be found in the *Other Significant Matters* section of Management's Discussion and Analysis.

Postemployment benefit obligations expenses increased \$11.9 million or 42.8% compared to 2023. The increase is primarily due to the decrease in the discount rate to calculate these obligations. Postemployment benefit obligations consist primarily of health insurance benefits provided to retirees. Additional information regarding postemployment benefits other than pensions is presented in Note 9 to the financial statements.

State Police – Troop T services increased \$2.3 million or 3.7% from 2023. The increase is primarily due to an increase in salary and benefit costs related to a new collective bargaining agreement.

Professional and other services increased \$10.9 million or 12.6% compared to 2023. This increase is primarily due to cashless tolling costs and marketing fees associated with the Authority's fiber optic system.

Supplies, materials, and rental costs increased \$3.0 million or 15.3% compared to 2023. This increase is primarily due to increased costs for snow and ice control in 2024.

Maintenance and repair costs increased \$11.8 million or 39.5% compared to 2023. This increase is primarily due to costs related to accidents from bridge hits and annual bridge inspections.

Investment income increased \$13.2 million or 20.7% compared to 2023. This increase is primarily due to an increase in cash invested during 2024.

Debt issuance expense totaled \$7.4 million, compared to an immaterial expense in 2023. This increase is due to the issuance of General Revenue Bonds, Series P, and General Revenue Refunding Bonds, Series Q, in 2024. Additional information about these bond issuances is presented in Note 5 to the financial statements.

Federal, state, and other aid increased \$1.4 million or 93.3% compared to 2023. The increase is primarily due to federal grants used to partially fund both the Authority's drone program and improvements to the Castleton on the Hudson Bridge.

New York State Thruway Authority

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Management's Discussion and Analysis December 31, 2024 and 2023

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2024, the Authority had invested approximately \$14.4 billion in capital assets, including roads, bridges, buildings, land, and equipment. Net of accumulated depreciation, the Authority's capital assets totaled approximately \$7.7 billion (see Table A-3), representing a net increase (including additions, disposals, and depreciation) of approximately \$120.0 million or 1.6% compared to December 31, 2023.

As of December 31, 2023, the Authority had invested approximately \$14.0 billion in capital assets, including roads, bridges, buildings, land, and equipment. Net of accumulated depreciation, the Authority's capital assets totaled approximately \$7.6 billion, representing a net increase (including additions, disposals, and depreciation) of approximately \$64.2 million or 0.9% compared to December 31, 2022.

Table A-3

Capital Assets December 31, 2024, 2023, and 2022 (in millions of dollars)

	2024	2023	2022	Percentage Change 2024-2023
Land and land improvements	\$ 822.5	\$ 822.4	\$ 819.3	0.0
Construction in progress	361.5	196.3	265.5	84.2
Thruway System	12,911.1	12,715.2	12,265.5	1.5
Leased assets	7.6	8.7	6.3	(12.6)
Subscription-based information technology arrangements	4.8	4.6	-	4.3
Equipment	310.7	284.7	282.7	9.1
Less accumulated depreciation	(6,737.7)	(6,471.4)	(6,143.0)	4.1
Total net capital assets	<u>\$ 7,680.5</u>	<u>\$ 7,560.5</u>	<u>\$ 7,496.3</u>	<u>1.6</u>

In 2024, construction work in progress increased \$165.2 million or 84.2%. This increase is primarily due to continued work on the Grand Island Bridges and North Avenue Bridge, as well as highway resurfacing projects throughout the system.

Net additions to the Thruway System during 2024 were \$195.9 million or 1.5%. This increase was primarily due to the completion of 11 newly reconstructed service area restaurants and the completion of various highway resurfacing projects in the New York Division.

Leased assets decreased \$1.1 million or 12.6% in 2024. This decrease is primarily due to a lease being terminated for office space prior to the expiration of the lease agreement.

In 2024, equipment increased \$26.0 million or 9.1%. This increase is primarily due to the purchase of highway equipment and E-ZPass tags.

In 2023, construction work in progress decreased \$69.2 million or 26.1%. This decrease is primarily due to the completion of several highway resurfacing projects and portions of an ongoing project to rehabilitate the Castleton on the Hudson Bridge.

New York State Thruway Authority

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Management's Discussion and Analysis December 31, 2024 and 2023

Capital Assets and Debt Administration - Continued

Capital Assets - Continued

Net additions to the Thruway System during 2023 were \$449.7 million or 3.7%. This increase was primarily due to the completion of nine newly reconstructed service area restaurants, completed work as part of ongoing project to rehabilitate the Castleton on the Hudson Bridge, and work to rehabilitate and resurface portions of Interstate 90 in the Syracuse area.

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 on August 3, 1992 and 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 on November 7, 2013 and amended on 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. As of December 31, 2024, the Authority had approximately \$6.53 billion in general revenue bonds and junior indebtedness obligations outstanding, an increase of \$47.1 million or approximately 0.7% compared to the amount of general revenue bonds and junior indebtedness obligations outstanding as of December 31, 2023 (see Table A-4).

In February 2024, the Authority issued General Revenue Bonds, Series P, which generated proceeds of \$1.15 billion. The proceeds were used to fund a portion of the Multi-Year Capital Program; make a required deposit to the Senior Debt Service Reserve Fund; fund capitalized interest; refund certain outstanding General Revenue Bonds, Series J; purchase certain tendered General Revenue Bonds, Series M; and pay bond issuance costs. The Series P bonds mature in various amounts through January 1, 2054.

In October 2024, the Authority issued General Revenue Refunding Bonds, Series Q, which generated proceeds of \$576.6 million. The proceeds were used to refund certain outstanding General Revenue Bonds, Series K, and pay bond issuance costs. The Series Q bonds mature in various amounts through January 1, 2032.

At December 31, 2023, the Authority had approximately \$6.48 billion in general revenue bonds and junior indebtedness obligations outstanding, a decrease of \$158.8 million or 2.4% from December 31, 2022. The Authority had no short-term debt outstanding as of December 31, 2023.

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Management's Discussion and Analysis December 31, 2024 and 2023

Capital Assets and Debt Administration - Continued

Debt Administration - Continued

None of the \$3.76 billion in general revenue bonds outstanding carry bond insurance. The Authority's general revenue bonds are rated Aa3 by Moody's and A+ by Standard and Poor's (S&P). Of the \$2.78 billion in junior indebtedness obligations outstanding, approximately \$362.2 million are insured by Assured Guaranty Municipal Corp. and are rated A1 by Moody's and AA by S&P. The remaining junior indebtedness obligations are rated A1 by Moody's and A by S&P.

Table A-4

Outstanding Debt Years ended December 31, 2024 and 2023 (in millions of dollars)

	Year Ended December 31, 2024			Ending Balance
	Beginning Balance	Additions	Reductions	
General revenue bonds	\$ 3,699.7	\$ 1,723.9	\$ (1,663.7)	\$ 3,759.9
Junior indebtedness obligations and notes	2,783.3	-	(13.1)	2,770.2
	<u>\$ 6,483.0</u>	<u>\$ 1,723.9</u>	<u>\$ (1,676.8)</u>	<u>\$ 6,530.1</u>

	Year Ended December 31, 2023			Ending Balance
	Beginning Balance	Additions	Reductions	
General revenue bonds	\$ 3,844.5	\$ -	\$ (144.8)	\$ 3,699.7
Junior indebtedness obligations and notes	2,797.3	-	(14.0)	2,783.3
	<u>\$ 6,641.8</u>	<u>\$ -</u>	<u>\$ (158.8)</u>	<u>\$ 6,483.0</u>

More detailed information regarding the Authority's debt is presented in Note 5 and Note 6 to the financial statements.

Other Significant Matters

Toll Plan

In September 2023, the Authority approved a toll plan for fiscal years 2024 through 2027. Systemwide, excluding the Governor Mario M. Cuomo Bridge, the approved toll plan included a 5% increase to base NY E-ZPass rates that went into effect on January 1, 2024, with another 5% increase to base NY E-ZPass rates scheduled for January 1, 2027. Out-of-state E-ZPass and Tolls by Mail tolls were increased from 15% and 30% differentials above the NY E-ZPass rate, respectively, to 75% above the NY E-ZPass rate on January 1, 2024.

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Other Significant Matters - Continued

Toll Plan - Continued

In addition, at the Governor Mario M. Cuomo Bridge, the base NY E-ZPass passenger car toll was increased by 50 cents in January 2024 and will be increased by an additional 50 cents each January through 2027. Passenger cars on the Westchester and Rockland Resident Plan saw their discount change from the prior 17% to 20% on January 1, 2024, and the 40% commuter discount program has been maintained through 2027. Commercial rates for the bridge were increased proportionately to the passenger car toll in January 2024, and proportional increases will be similarly applied annually in January through 2027.

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, 2024, the Authority has opened 24 of the newly reconstructed or renovated 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 12g to the financial statements.

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.

The Authority's agreement with Empire is subject to the provisions of GASB Statement No. 94. Additional information regarding GASB Statement No. 94 and the agreement with Empire is presented in Note 1t and Note 10 to the financial statements.

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 to the bridge were completed in 2020. Since 2013, the Authority has invested \$3.76 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.

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Management's Discussion and Analysis December 31, 2024 and 2023

Other Significant Matters - Continued

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

In August 2024, the Authority filed a lawsuit against Tappan Zee Constructors, LLC, its affiliated entities, and its sureties in New York State Supreme Court, Albany County to recover damages for non-conforming work, including main span anchor pipes, that requires remediation. Preliminary cost estimates for the remedial work range from \$45 million to \$80 million.

In October 2024, Tappan Zee Constructors, LLC filed a lawsuit in the New York State of Claims claiming that it is owed \$920.0 million, plus interest, in excess of the approved contract value and anticipated change orders. The 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 to the financial statements.

Additional information regarding the Governor Mario M. Cuomo Bridge is available at <https://mariomcuomobridge.ny.gov>.

Litigation Regarding Land Claims

Both the Seneca Nation of Indians and the Cayuga Nation of Indians have commenced litigation against the Authority alleging unlawful use of land for the Thruway system. Both claims are filed in the United States District Court for the Western District of New York. The Authority filed a motion for summary judgment in the Seneca claim and a motion to dismiss in the Cayuga claim. The motions are pending. Additional information regarding these claims is presented in Notes 12b and 12c, respectively.

Work Zone Safety

To ensure the safety of Thruway employees and motorists, the Authority, in a joint initiative with the New York State Department of Transportation, implemented an Automated Work Zone Speed Enforcement program in October 2022. The program's objective is to have motorists reduce their speed in work zones to make highways safer. As of December 31, 2024, the program generated \$5.5 million in fines paid by motorists speeding in work zones.

After accounting for costs of operating the program, 60% of the remaining funds are required to be invested in worker safety initiatives, including the purchase of work zone equipment and traffic control safety supplies.

Emergency Communication System Upgrade

In 2024, the Authority entered into a 10-year agreement with L3Harris Technologies, Inc. for the design, construction, operation and maintenance of a new systemwide emergency communication system. Approximately \$45 million will be invested in the design and construction of the new system, with additional provisions for operating and maintaining the system once in service. The new system will provide enhanced voice quality, security, and a significant boost in both coverage and capacity, ensuring that the system provides a resilient, scalable platform for critical communications.

New York State Thruway Authority

(A Component Unit of the State of New York)

Management's Discussion and Analysis December 31, 2024 and 2023

Other Significant Matters - Continued

Contacting the New York State Thruway Authority's Financial Management

This financial report is designed to provide the Authority's 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,	
	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	\$ 490,107	\$ 482,178
Investments	3,850	7,401
Receivables, net	117,764	138,137
Material and other supplies	26,406	27,135
Prepaid items	13,862	5,084
Restricted assets	275,508	301,151
Total current assets	927,497	961,086
NON-CURRENT ASSETS		
Unrestricted assets	72,024	112,975
Restricted assets	742,307	455,757
Capital assets, not being depreciated	1,184,047	1,018,754
Capital assets, net of accumulated depreciation	6,496,414	6,541,766
Total non-current assets	8,494,792	8,129,252
Total assets	9,422,289	9,090,338
DEFERRED OUTFLOWS OF RESOURCES	110,837	182,078
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	277,210	284,250
Unearned revenue	155,452	117,223
Accrued interest payable	120,832	125,362
Bonds payable, due within one year	155,900	165,388
Total current liabilities	709,394	692,223
NON-CURRENT LIABILITIES		
Bonds payable	6,374,159	6,317,620
Other long-term liabilities	1,174,008	1,196,969
Total non-current liabilities	7,548,167	7,514,589
Total liabilities	8,257,561	8,206,812
DEFERRED INFLOWS OF RESOURCES	776,715	650,200
NET POSITION		
Net investment in capital assets	1,391,540	1,248,940
Restricted for		
Debt service	90,088	138,477
Capital	176,271	138,042
Unrestricted (deficit)	(1,159,049)	(1,110,055)
Total net position	\$ 498,850	\$ 415,404

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,	
	2024	2023
OPERATING REVENUES		
Tolls and related revenues	\$ 1,046,536	\$ 887,061
Lease revenues	18,320	15,190
Other	10,450	7,983
Total operating revenues	<u>1,075,306</u>	<u>910,234</u>
OPERATING EXPENSES		
Salaries	135,662	134,172
Postemployment obligations	39,697	27,832
Employee benefits	72,859	72,759
State Police - Troop T services	65,110	62,772
Professional and other services	97,486	86,563
Supplies, materials and rentals	22,563	19,581
Maintenance and repairs	41,661	29,924
Utilities	6,551	7,003
Insurance and claims	5,406	6,312
Equipment and other	1,859	1,808
Depreciation and amortization	375,752	362,411
Total operating expenses	<u>864,606</u>	<u>811,137</u>
Operating income	<u>210,700</u>	<u>99,097</u>
NON-OPERATING REVENUES AND EXPENSES		
Investment income	77,119	63,944
Interest expense	(203,428)	(202,571)
Debt issuance cost	(7,396)	(90)
Federal, state and other aid	2,886	1,514
Other	(100)	(2,676)
Net non-operating revenues and expenses	<u>(130,919)</u>	<u>(139,879)</u>
Income (loss) before capital contributions	<u>79,781</u>	<u>(40,782)</u>
CAPITAL CONTRIBUTIONS	<u>3,665</u>	<u>456</u>
CHANGE IN NET POSITION	<u>83,446</u>	<u>(40,326)</u>
NET POSITION, <i>beginning of year</i>	<u>415,404</u>	<u>455,730</u>
NET POSITION, <i>end of year</i>	<u><u>\$ 498,850</u></u>	<u><u>\$ 415,404</u></u>

See Accompanying Notes to Financial Statements

New York State Thruway Authority

(A Component Unit of the State of New York)

Statements of Cash Flows (in thousands of dollars)

	Years Ended December 31,	
	2024	2023
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from collection of tolls and related revenues	\$ 1,112,975	\$ 869,538
Cash received from leasing activities	12,701	8,757
Other operating cash receipts	8,059	6,329
Personal service payments	(146,510)	(128,319)
Employee benefits payments	(110,049)	(94,829)
E-ZPass and Tolls by Mail account management payments	(72,683)	(69,730)
Payments to New York State for Troop T services	(66,525)	(62,181)
Cash payments to vendors and contractors	(114,858)	(81,145)
	623,110	448,420
CASH FLOWS PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES		
Federal, state and other aid	718	465
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of debt	1,723,870	-
Federal, state and other capital contributions	413	413
Acquisition/construction of capital assets	(357,805)	(317,790)
Principal paid on debt	(1,573,050)	(114,360)
Interest and issuance costs paid on debt	(234,028)	(253,607)
Proceeds from sale of capital assets	1,741	2,873
	(438,859)	(682,471)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Purchase of investments	(1,011,050)	(1,086,448)
Proceeds from sales and maturities of investments	911,284	1,124,287
Interest and dividends on investments	76,493	64,353
	(23,273)	102,192
Net increase (decrease) in cash and cash equivalents	161,696	(131,394)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	929,170	1,060,564
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 1,090,866	\$ 929,170

See Accompanying Notes to Financial Statements

New York State Thruway Authority

(A Component Unit of the State of New York)

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

	Years Ended December 31,	
	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$ 210,700	\$ 99,097
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	375,752	362,411
Net changes in assets, liabilities, deferred outflows of resources and deferred inflows of resources		
Receivables	63,492	(22,033)
Material and other supplies	729	(1,789)
Other assets	(8,971)	35,894
Accounts payable and accrued expenses	(44,321)	(289,405)
Deferred outflows of resources	65,841	104,475
Deferred inflows of resources	(78,341)	175,646
Unearned revenue	38,229	(15,876)
	\$ 623,110	\$ 448,420
RECONCILIATION TO STATEMENTS OF NET POSITION		
Cash and cash equivalents	\$ 490,107	\$ 482,178
Restricted cash and cash equivalents	600,759	446,992
	\$ 1,090,866	\$ 929,170

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements

December 31, 2024 and 2023

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 (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 and New Jersey, and to highways that lead to the Midwest and Canada. In accordance with legislation passed by the New York 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 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 6.

b. Basis of Accounting

The Authority's activities are accounted for like 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 oversized 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, 2024 and 2023

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 of resources and deferred inflows of resources; 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. Management has determined that lease and grant receivables are fully collectible. Prior to 2024, the allowance for tolling receivables was determined by management based on limited historical data in relation to collection rates of cashless tolling. Beginning in 2024, management determines this allowance based on the status of outstanding tolls and collection statistics readily available since the implementation of cashless tolling in 2021. The allowance for doubtful receivables amounted to \$220,506,000 and \$58,660,000 as of December 31, 2024 and 2023, 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, 2024 and 2023, E-ZPass accounts with negative balances, net of allowances for doubtful accounts, amount to \$1,378,000 and \$1,875,000, respectively.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements

December 31, 2024 and 2023

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

h. Restricted Assets

Certain proceeds of Thruway revenue bonds and notes, as well as certain Thruway revenues, are restricted by applicable bond covenants for construction or set aside as reserves to ensure the 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 semiannual and annual basis, respectively, and for the purpose of maintaining reserve funds at required levels.

i. Toll Revenues

Toll revenues are stated net of volume and other discounts of \$35,236,000 and \$31,555,000 for the years ended December 31, 2024 and 2023, respectively.

j. Pensions

The Authority is a participating employer in the New York State and Local Employees' 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 7.

k. Other Postemployment Benefits (OPEB)

The Authority recognizes in its financial statements the financial impact of OPEB, 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 9.

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 \$10,118,000 and \$9,979,000 as of December 31, 2024 and 2023, respectively, and is recorded as a long-term liability. Additional information is presented in Note 5.

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 OPEB costs. The Authority's liability for OPEB is discussed further in Note 9.

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 \$43,324,000 and \$44,452,000 for 2024 and 2023, respectively, and are included as an offset to interest expense.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements

December 31, 2024 and 2023

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

n. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net assets 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 (see Note 7), OPEB obligations (see Note 9), losses related to bond refundings (see Note 5) and obligations associated with the retirement of certain assets (see Note 12h).

The following schedule summarizes the Authority's deferred outflows of resources as of December 31, 2024 and 2023 (in thousands):

	2024	2023
Net pension liability	\$ 65,113	\$ 72,794
OPEB obligation	44,124	102,284
Loss on bond refundings	-	5,000
Asset retirement obligations	1,600	2,000
Totals	<u>\$ 110,837</u>	<u>\$ 182,078</u>

Deferred inflows of resources represent an acquisition of net assets 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 (see Note 7), OPEB obligations (see Note 9), gains related to bond refundings (see Note 5) and leases (see Note 10).

The following schedule summarizes the Authority's deferred inflows of resources as of December 31, 2024 and 2023 (in thousands):

	2024	2023
Net pension liability	\$ 33,942	\$ 7,751
OPEB obligation	274,122	341,758
Gain on bond refundings	94,416	14,596
Leases	374,235	286,095
Totals	<u>\$ 776,715</u>	<u>\$ 650,200</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.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements December 31, 2024 and 2023

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

o. Net Position - Continued

- 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 Federal Highway Administration.

q. Arbitrage

The Tax Reform Act of 1986 (Act) imposed additional restrictive regulations, reporting requirements, and an arbitrage rebate liability on issuers of tax-exempt debt. This Act requires the remittance to the Internal Revenue Service 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, 2024 or 2023.

r. Income Taxes

The Authority is a public benefit corporation of the State. 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 that 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 \$66,187,000 and \$61,603,000 for the years ended December 31, 2024 and 2023, respectively.

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

t. Leases and Public-Private Partnerships

The Authority is a lessor for various noncancellable leases related to fiber optic systems, the operation of fueling stations and public-private partnerships to operate the Thruway's service areas. For leases with a maximum possible term of 12 months or less, the Authority recognizes revenue based on the provisions of the agreement. For leases with a term greater than 12 months, the Authority recognizes a lease receivable at the present value of lease payments expected to be received during the lease term and a deferred inflow of resources at the amount of the initial measurement of the lease receivable, adjusted for any lease payments received prior to the commencement of the lease term.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements

December 31, 2024 and 2023

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

t. Leases and Public-Private Partnerships - Continued

The Authority is a lessee for various noncancellable leases. For leases with a maximum possible term of 12 months or less, the Authority recognizes an expense based on the provisions of the agreement. For leases with a term greater than 12 months, the Authority recognizes a lease liability and an intangible right-to-use asset at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service.

The Authority discounts leases using the Authority's approximated cost of borrowing. The table below reflects the period and discount rate used:

<u>Time Period</u>	<u>Discount Rate</u>
On or before March 31, 2022	2.78%
April 1, 2022 through on or before December 31, 2023	4.50%
On and after January 1, 2024	4.21%

Additional information regarding leases and public-private partnership is presented in Note 10.

u. Subscription-Based Information Technology Arrangements (SBITA)

The Authority recognizes a subscription-based liability and a subscription-based asset for agreements that have a maximum possible term, including options, greater than 12 months. For agreements with a maximum possible term of 12 months or less, the Authority recognizes an expense based on the provisions of the agreement.

Additional information regarding SBITAs is presented in Note 11.

v. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through April 23, 2025, the date the financial statements were available to be issued.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements December 31, 2024 and 2023

Note 2 - Cash and Investments

The Authority's cash and investments as of December 31, 2024 and 2023 were as follows (in thousands):

	Carrying Value	
	2024	2023
Unrestricted		
Cash		
Demand deposits	\$ 107,257	\$ 105,177
Cash equivalents		
U.S. government agency notes	85,745	63,843
U.S. Treasury securities	184,117	210,012
Commercial paper	112,989	103,146
Total unrestricted cash equivalents	382,850	377,001
Total unrestricted cash and cash equivalents	\$ 490,107	\$ 482,178
Restricted		
Cash		
Demand deposits	\$ 45,832	\$ 40,113
Other deposits	1,951	1,887
Total restricted cash	47,783	42,000
Cash equivalents		
U.S. government agency notes	124,489	19,828
U.S. Treasury securities	214,971	311,552
Commercial paper	213,516	73,612
Total restricted cash equivalents	552,976	404,992
Total restricted cash and cash equivalents	\$ 600,759	\$ 446,992
Investments		
Unrestricted		
Commercial paper	\$ 3,630	\$ 6,868
Time deposits	221	533
Total unrestricted investments	\$ 3,850	\$ 7,401
Restricted		
U.S. government agency notes	\$ 14,837	\$ -
U.S. Treasury securities	395,259	306,780
Total restricted investments	\$ 410,095	\$ 306,780

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements December 31, 2024 and 2023

Note 2 - Cash and Investments - Continued

At December 31, 2024 and 2023, 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 comprise demand and other deposits, are fully insured or collateralized as of December 31, 2024 and 2023. Amounts are collateralized with securities transferred to, and held by, the Authority's trustee/custodian in the Authority's name.

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

The Authority's investment policy has established criteria that mitigate certain credit 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 that 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, 2024 with a remaining maturity of more than one year.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements December 31, 2024 and 2023

Note 2 - Cash and Investments - Continued

As of December 31, 2024, the Authority had the following concentrations of cash equivalents and investments:

	Credit Exposure Security	% of Total (Rating)
Certificate of Deposit		0.04%
<u>Commercial Paper</u>		
Koch Industries, Inc	A-1+/P-1/na	5.48%
MetLife Short-Term Funding	A-1+/P-1/F1+	1.27%
Microsoft Corporation	A-1+/P-1/WD	9.96%
<u>U.S. Government Securities</u>		
Treasury Bills	A-1+/WR/F1+	75.64%
Federal Home Loan Bank	A-1+/P-1/na	7.61%

Note 3 - Capital Assets

The Authority's capital assets principally include the Thruway System, equipment, leased assets and SBITAs. 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, as well as SBITAs.

New York State Thruway Authority

(A Component Unit of the State of New York)

Notes to Financial Statements

December 31, 2024 and 2023

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 \$100,000. Depreciation and amortization 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
SBITA	1-5 years	100,000

The following schedules summarize the capital assets of the Authority and related changes for the years ended December 31, 2024 and 2023 (in thousands):

	December 31, 2023	Additions	Reductions	December 31, 2024
Capital assets not being depreciated				
Land and land improvements	\$ 822,416	\$ 113	\$ -	\$ 822,529
Construction in progress	196,338	473,973	(308,793)	361,518
Total capital assets not being depreciated	1,018,754	474,086	(308,793)	1,184,047
Capital assets being depreciated				
Thruway System	12,715,150	296,642	(100,662)	12,911,130
Equipment	284,727	28,242	(2,301)	310,668
Leased assets	13,295	1,466	(2,410)	12,351
Total capital assets being depreciated	13,013,172	326,350	(105,373)	13,234,149
Less accumulated depreciation and amortization for				
Thruway System	(6,300,306)	(351,753)	105,212	(6,546,847)
Equipment	(167,198)	(20,672)	2,208	(185,662)
Leased assets	(3,902)	(2,994)	1,670	(5,226)
Total accumulated depreciation	(6,471,406)	(375,419)	109,090	(6,737,735)
Net value of capital assets being depreciated	6,541,766	(49,069)	3,717	6,496,414
Capital assets, net	\$ 7,560,520	\$ 425,017	\$ (305,076)	\$ 7,680,461

New York State Thruway Authority

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Notes to Financial Statements December 31, 2024 and 2023

Note 3 - Capital Assets - Continued

	December 31, 2022	Additions	Reductions	December 31, 2023
Capital assets not being depreciated				
Land and land improvements	\$ 819,357	\$ 3,540	\$ (481)	\$ 822,416
Construction in progress	265,511	410,667	(479,840)	196,338
Total capital assets not being depreciated	1,084,868	414,207	(480,321)	1,018,754
Capital assets being depreciated				
Thruway System	12,265,504	466,251	(16,605)	12,715,150
Equipment	282,730	23,614	(21,617)	284,727
Leased assets	6,272	7,178	(155)	13,295
Total capital assets being depreciated	12,554,506	497,043	(38,377)	13,013,172
Less accumulated depreciation and amortization for				
Thruway System	(5,976,143)	(337,101)	12,938	(6,300,306)
Equipment	(165,412)	(22,002)	20,216	(167,198)
Leased assets	(1,481)	(2,576)	155	(3,902)
Total accumulated depreciation	(6,143,036)	(361,679)	33,309	(6,471,406)
Net value of capital assets being depreciated	6,411,470	135,364	(5,068)	6,541,766
Capital assets, net	\$ 7,496,338	\$ 549,571	\$ (485,389)	\$ 7,560,520

Depreciation and amortization expense related to capital assets was \$375,419,000 and \$361,679,000 for the years ended December 31, 2024 and 2023, respectively. The Authority periodically reviews and, when deemed necessary, adjusts the estimated useful lives of its capital assets.

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

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Notes to Financial Statements December 31, 2024 and 2023

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 comprise the following as of December 31, 2024 and 2023 (in thousands):

	2024	2023
Restricted current		
Cash and cash equivalents	\$ 182,815	\$ 301,151
Investments	92,693	-
Total	<u>275,508</u>	<u>301,151</u>
Restricted non-current		
Cash and cash equivalents	417,944	145,841
Investments	317,402	306,780
Receivables	4,757	876
Prepaid items	2,204	2,260
Total	<u>742,307</u>	<u>455,757</u>
Total restricted assets	<u>\$ 1,017,815</u>	<u>\$ 756,908</u>

Senior Debt Service Fund: Established to receive funds from Authority revenues to make periodic payments of interest and principal. Amounts held in this restricted fund at December 31, 2024 and 2023 were \$126,667,000 and \$202,231,000, respectively.

Senior Debt Service Reserve Fund: Established to retain funds equal to the maximum amount of aggregate debt service for any 12-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, 2024 and 2023 were \$261,616,000 and \$229,480,000, respectively.

Construction Fund: Established to hold monies 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 the completion or abandonment of such projects are 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, 2024 and 2023 were \$209,773,000 and \$31,321,000, 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, 2024 and 2023 were \$270,249,000 and \$157,282,000, respectively.

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Notes to Financial Statements

December 31, 2024 and 2023

Note 4 - Restricted Assets - Continued

Junior Indebtedness Fund: Established to hold monies 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, 2024 and 2023 were \$120,352,000 and \$118,109,000, 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, 2024 and 2023 were \$27,208,000 and \$16,597,000, respectively.

Commercial Charge Surety Account: Established to receive cash surety deposits from Commercial Charge Account customers, which are to be used only if the customer does not meet their obligations under the Commercial Charge Account Credit Agreement. Amounts held in the account at December 31, 2024 and 2023 were \$1,950,000 and \$1,888,000, respectively.

Note 5 - Long-Term Liabilities

The Authority's bond indebtedness and other long-term liabilities at December 31, 2024 and 2023 comprise the following obligations (in thousands):

	Date of Issuance	December 31, 2023 Balance	Additions	Reductions	December 31, 2024 Balance	Due Within One Year
General revenue bonds						
2014 Series J	2/14	\$ 560,055	\$ -	\$ (560,055)	\$ -	\$ -
2014 Series K	12/14	629,375	-	(629,375)	-	-
2018 Series L	3/18	401,960	-	(35,675)	366,285	37,450
2019 Series M	10/19	857,625	-	(346,495)	511,130	14,295
2020 Series N	3/20	450,000	-	-	450,000	-
2021 Series O	10/21	540,090	-	-	540,090	-
2024 Series P	02/24	-	1,024,320	-	1,024,320	55,365
2024 Series Q	10/24	-	520,145	-	520,145	-
Unamortized bond premiums		260,622	179,405	(92,089)	347,938	33,866
General revenue bonds and unamortized premiums		3,699,727	1,723,870	(1,663,689)	3,759,908	140,976
Junior indebtedness obligations and notes						
Series 2016 A	5/16	849,250	-	(250)	849,000	2,000
Series 2019 B	10/19	1,690,435	-	(1,200)	1,689,235	1,260
Unamortized bond premiums		243,596	-	(11,680)	231,916	11,664
Junior indebtedness obligations and unamortized premiums		2,783,281	-	(13,130)	2,770,151	14,924
Total bonds and unamortized premiums		\$ 6,483,008	\$ 1,723,870	\$ (1,676,819)	\$ 6,530,059	\$ 155,900
Other long-term liabilities						
Postemployment benefit obligation		\$ 1,081,793	\$ 65,798	\$ (52,943)	\$ 1,094,648	\$ -
Net pension liability		88,630	-	(31,002)	57,628	-
Compensated absences		9,979	139	-	10,118	-
Lease liability		6,307	-	(886)	5,421	781
Subscription-based information technology arrangements		2,937	1,466	(2,910)	1,493	934
Environmental remediation		11,672	-	(7,168)	4,504	2,089
Asset retirement obligations		4,000	-	-	4,000	-
Total other long-term liabilities		\$ 1,205,318	\$ 67,403	\$ (94,909)	\$ 1,177,812	\$ 3,804

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Notes to Financial Statements December 31, 2024 and 2023

Note 5 - Long-Term Liabilities - Continued

	Date of Issuance	December 31, 2022 Balance	Additions	Reductions	December 31, 2023 Balance	Due Within One Year
General revenue bonds						
2014 Series J	2/14	\$ 576,995	\$ -	\$ (16,940)	\$ 560,055	\$ 42,090
2014 Series K	12/14	658,770	-	(29,395)	629,375	30,860
2018 Series L	3/18	459,205	-	(57,245)	401,960	35,675
2019 Series M	10/19	857,625	-	-	857,625	17,920
2020 Series N	3/20	450,000	-	-	450,000	-
2021 Series O	10/21	549,480	-	(9,390)	540,090	-
Unamortized bond premiums		292,451	-	(31,829)	260,622	25,713
General revenue bonds and unamortized premiums		3,844,526	-	(144,799)	3,699,727	152,258
Junior indebtedness obligations and notes						
Series 2016 A	5/16	849,500	-	(250)	849,250	250
Series 2019 B	10/19	1,691,575	-	(1,140)	1,690,435	1,200
Unamortized bond premiums		256,219	-	(12,623)	243,596	11,680
Junior indebtedness obligations and unamortized premiums		2,797,294	-	(14,013)	2,783,281	13,130
Total bonds and unamortized premiums		\$ 6,641,820	\$ -	\$ (158,812)	\$ 6,483,008	\$ 165,388
Other long-term liabilities						
Postemployment benefit obligation		\$ 1,497,951	\$ 78,257	\$ (494,415)	\$ 1,081,793	\$ -
Net pension liability		-	88,630	-	88,630	-
Compensated absences		9,084	895	-	9,979	-
Lease liability		5,043	2,397	(1,133)	6,307	886
Subscription-based information technology arrangements		-	4,781	(1,844)	2,937	1,997
Environmental remediation		21,164	-	(9,492)	11,672	5,466
Asset retirement obligations		4,230	-	(230)	4,000	-
Total other long-term liabilities		\$ 1,537,472	\$ 174,960	\$ (507,114)	\$ 1,205,318	\$ 8,349

No other long-term liabilities were due within one year at December 31, 2024.

For both of the years ended December 31, 2024 and 2023, compensated absences are shown as a net increase.

The debt service requirements for the Authority's senior bonds as of December 31, 2024 are as follows (in thousands):

Due	Principal	Interest	Total
2025	\$ 107,110	\$ 139,998	\$ 247,108
2026	147,640	142,194	289,834
2027	149,065	135,371	284,436
2028	156,025	128,360	284,385
2029	142,895	121,323	264,218
2030-2034	845,795	487,698	1,333,493
2035-2039	735,030	303,219	1,038,249
2040-2044	575,395	164,294	739,689
2045-2049	364,455	75,312	439,767
2050-2054	188,560	14,876	203,436
Unamortized premiums	347,938	-	347,938
	<u>\$ 3,759,908</u>	<u>\$ 1,712,645</u>	<u>\$ 5,472,553</u>

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Notes to Financial Statements

December 31, 2024 and 2023

Note 5 - Long-Term Liabilities - Continued

The debt service requirements for the Authority's junior indebtedness obligations as of December 31, 2024 are as follows (in thousands):

Due	Principal	Interest	Total
2025	\$ 3,260	\$ 107,122	\$ 110,382
2026	5,325	106,908	112,233
2027	7,390	106,590	113,980
2028	9,460	106,169	115,629
2029	46,765	104,763	151,528
2030-2034	131,885	498,889	630,774
2035-2039	363,430	450,945	814,375
2040-2044	573,765	348,808	922,573
2045-2049	662,910	225,867	888,777
2050-2054	618,075	83,667	701,742
2055-2056	115,970	5,660	121,630
Unamortized premiums	231,916	-	231,916
	<u>\$ 2,770,151</u>	<u>\$ 2,145,388</u>	<u>\$ 4,915,539</u>

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) 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.

Principal payments under the Series J Bonds began in 2015. The Series J Bonds maturing on or after January 1, 2025 were callable at the option of the Authority, in whole or in part, beginning on January 1, 2024, at par plus accrued interest. The Series J Bonds were defeased in February 2024 using the proceeds of General Revenue Bonds, Series P.

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 comprised Serial Bonds with varying rates and maturities.

Principal payments under the Series K 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 on January 1, 2025, at par plus accrued interest. The Series K Bonds were defeased in October 2024 using proceeds of the General Revenue Refunding Bonds, Series Q.

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Notes to Financial Statements December 31, 2024 and 2023

Note 5 - Long-Term Liabilities - Continued

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 comprise Serial Bonds with varying rates and maturities. The amounts outstanding at December 31, 2024 are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	3.00% to 5.00%	2025 - 2037	\$ 366,285

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 on 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.

The Series M Bonds comprise Serial Bonds and Term Bonds with varying rates and maturities. The amounts outstanding at December 31, 2024 are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	2.26% to 2.55%	2025 - 2028	\$ 91,150
Term Bonds	2.90%	2035	180,405
Term Bonds	3.50%	2042	239,575
			<u>\$ 511,130</u>

Principal payments under the Series M Bonds began 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.

The Series M Bonds were partially defeased through a tender offer in February 2024 using the proceeds of the General Revenue Bonds, Series P.

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Notes to Financial Statements

December 31, 2024 and 2023

Note 5 - Long-Term Liabilities - Continued

General Revenue 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 comprise Serial Bonds with varying rates and maturities. The amounts outstanding at December 31, 2024 are as follows:

Type	Rates	Maturity	Amount (in thousands)
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 on January 1, 2030, at par plus accrued interest.

General Revenue 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.

The Series O Bonds comprise Serial Bonds with varying rates and maturities. The amounts outstanding at December 31, 2024 are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	3.00% to 5.00%	2033 - 2051	<u>\$ 540,090</u>

Principal payments under the Series O Bonds began in 2023. Series O Bonds maturing on or after January 1, 2033 are callable at the option of the Authority, in whole or in part, beginning on July 1, 2031, at par plus accrued interest.

General Revenue Bonds, Series P (Series P Bonds): During February 2024, the Authority issued \$1,024,320,000 in Series P Bonds, which provided funds to: (1) fund a portion of the Authority's Multi-Year Capital Plan; (2) refund the Authority's General Revenue Bonds, Series J (for a net present value savings of \$45,539,000); (3) purchase, through a voluntary tender process, a portion of the Authority's General Revenue Bonds, Series M (for a net present value savings of \$37,451,000); (4) fund capitalized interest on the Series P Bonds; (5) make a deposit to the Senior Debt Service Reserve Fund; and (6) pay bond issuance costs.

Principal payments under the Series P Bonds begin in 2025. Series P Bonds maturing on or after January 1, 2035 are callable at the option of the Authority, in whole or in part, beginning on July 1, 2034, at par plus accrued interest.

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Notes to Financial Statements

December 31, 2024 and 2023

Note 5 - Long-Term Liabilities - Continued

General Revenue Refunding Bonds, Series Q (Series Q Bonds): During October 2024, the Authority issued \$520,145,000 in Series Q Bonds, which provided funds to: (1) refund the Authority's General Revenue Bonds, Series K (for a net present value savings of \$59,537,000); and (2) pay bond issuance costs.

Principal payments under the Series Q Bonds begin in 2026.

General Revenue Senior Bonds - Revenue Pledge and Security: The General Revenue Bonds (Series J through Q) are all direct obligations of the Authority and 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, 2024 and 2023, 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: During May 2016, the Authority issued \$850,000,000 of Series 2016A JIOs to: (1) fund a portion of the cost of the Authority's New NY Bridge Project; (2) pay capitalized interest on the Series 2016A JIOs; (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 JIOs comprise Serial Bonds and Term Bonds with varying rates and maturities. The amounts outstanding at December 31, 2024 are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	4.00% to 5.00%	2025 - 2038	\$ 189,665
Term Bonds	5.00%	2041	71,830
Term Bonds	5.00%	2046	145,745
Term Bonds	4.00% to 5.00%	2051	184,960
Term Bonds	4.00% to 5.25%	2056	256,800
			<u>\$ 849,000</u>

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

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Notes to Financial Statements December 31, 2024 and 2023

Note 5 - Long-Term Liabilities - Continued

General Revenue JIO - Series 2019B: During October 2019, the Authority issued \$1,693,245,000 of Series 2019B JIOs to: (1) refund the outstanding General Revenue JIOs, 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 JIOs; (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 JIOs, including the premium on an insurance policy for certain maturities of the Series 2019B JIOs.

The Series 2019B JIOs comprise Serial Bonds and Term Bonds with varying rates and maturities. The amounts outstanding at December 31, 2024 are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	3.00% to 5.00%	2025 - 2046	\$ 434,335
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>\$ 1,689,235</u>

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

The Authority's General Revenue JIOs are subordinate to the Authority's General Revenue Bonds.

Note 6 - 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. The obligation of the State to make such payments is subject to, and dependent upon, annual appropriations by the New York State Legislature. However, these bond programs 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.

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Notes to Financial Statements

December 31, 2024 and 2023

Note 6 - Special Bond Programs - Continued

The following describes the Authority's outstanding debt under the special bond programs:

Highway and Bridge Trust Fund Bond Program: The New York State Legislature 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 2024 or 2023. The Authority receives funds from the State for debt service on these bonds and related administrative costs. Bonds outstanding under this program were \$33,915,000 and \$222,830,000 at December 31, 2024 and 2023, respectively.

State Personal Income Tax Revenue Bonds: The New York State Legislature empowered the Authority to issue Personal Income Tax (PIT) Revenue Bonds to provide funds to municipalities and other project sponsors throughout the State for qualifying local highway, bridge, and multi-modal capital project expenditures under established State programs. The Authority did not issue PIT Revenue Bonds during 2024 or 2023. The Authority receives funds from the State for debt service on these bonds and related administrative costs. Bonds outstanding under this program were \$4,527,725,000 and \$4,599,420,000 at December 31, 2024 and 2023, respectively.

Note 7 - Retirement Benefits

a. Plan Description and Benefits Provided

The Authority participates in 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 governs 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 Tiers 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 10 years can be found in the schedule of pension contributions on page 55.

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Notes to Financial Statements December 31, 2024 and 2023

Note 7 - Retirement Benefits - Continued

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

The Authority reported liabilities of \$57,627,000 and \$88,630,000 at December 31, 2024 and 2023, respectively. The net pension liability was measured as of March 31, 2024 and 2023, respectively, and the total pension liability was determined by actuarial valuations as of April 1, 2023 and 2022, respectively. The proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contribution for the fiscal year ended on the measurement dates. The Authority's proportionate share was 0.39% and 0.41% as of March 31, 2024 and 2023, respectively.

The Authority recognized pension expense of \$24,570,000 and \$31,710,000 for the years ended December 31, 2024 and 2023, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources for 2024 and 2023 as follows (in thousands):

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,562	\$ 1,571	\$ 9,440	\$ 2,489
Changes in assumptions	21,788	-	43,044	476
Net differences between projected and actual investment earnings on pension plan investments	-	28,151	-	521
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,065	4,220	3,820	4,265
Authority contributions subsequent to the measurement date	21,698	-	16,490	-
Totals	<u>\$ 65,113</u>	<u>\$ 33,942</u>	<u>\$ 72,794</u>	<u>\$ 7,751</u>

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

Year ending December 31,	
2025	\$ (11,090)
2026	10,709
2027	16,263
2028	<u>(6,409)</u>
Total	<u>\$ 9,473</u>

New York State Thruway Authority

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Notes to Financial Statements December 31, 2024 and 2023

Note 7 - Retirement Benefits - Continued

d. Actuarial Assumptions

The pension liabilities at March 31, 2024 and 2023 were determined using actuarial valuations as of April 1, 2023 and 2022, respectively, with updated procedures used to roll forward the total pension liability to March 31, 2024 and 2023. 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	2.9%
Salary scale	4.4%, indexed by service
Investment rate of return, including inflation	5.9% compounded annually, net of expenses
Cost-of-living adjustment	1.5%
Decrement	Based on FY 2016 - 2020 experience
Mortality improvement	Society of Actuaries' Scale MP-2021

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 adding expected inflation.

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%	4.0%
International equity	15.0%	6.7%
Private equity	10.0%	7.3%
Real estate	9.0%	4.6%
Fixed income	23.0%	1.5%
Other	11.0%	0.3%-5.8%
	<u>100.0%</u>	

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Notes to Financial Statements

December 31, 2024 and 2023

Note 7 - Retirement Benefits - Continued

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

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

The following presents the Authority's proportionate share of the net pension liability, calculated using the discount rate of 5.90%, 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)	\$ 181,186	\$ 57,627	\$ (45,570)

h. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of ERS as of March 31, 2024 and 2023 were as follows (amounts in thousands):

	2024	2023
Employers' total pension liability	\$ 240,696,851	\$ 232,627,259
Plan net position	(225,972,801)	(211,183,223)
Employers' net pension liability	<u>\$ 14,724,050</u>	<u>\$ 21,444,036</u>
Ratio of plan net position to the employers' total pension liability	<u>93.9%</u>	<u>90.8%</u>

Note 8 - Deferred Compensation Plan

The Authority participates in the New York State Deferred Compensation Plan (Plan). The Plan is a 457(b) retirement plan administered by the 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.

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Notes to Financial Statements

December 31, 2024 and 2023

Note 9 - Other Postemployment Benefits

The Authority reports in its financial statements the financial impact of OPEB, principally employer-funded health care and death benefits that the Authority provides for retired employees. Substantially all employees may become eligible for these benefits if they reach the normal retirement age while working for the Authority.

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

Actives	1,664
Vestees	1
Retirees (includes surviving spouse and disabled)	2,486
Total	<u>4,151</u>

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: NYSHIP includes participation in various insurance plans and HMOs, and 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 ERS or be at least 55 years old at the time of termination; (2) be enrolled in NYSHIP on the 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 the 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 NYSHIP. If a retiree elects another plan offered under NYSHIP, the retiree is responsible for costs that exceed the amount of the Empire Plan premium.

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Notes to Financial Statements

December 31, 2024 and 2023

Note 9 - Other Postemployment Benefits - Continued

d. Survivor's Benefit

The survivor's benefit comprises \$3,000 payable to the 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, 2024 and 2023, the Authority paid \$36,318,000 and \$38,738,000, respectively, on behalf of retirees.

Net OPEB Liability

The Authority's total OPEB liability for the years ended December 31, 2024 and 2023 was measured as of December 31, 2023 and 2022, respectively, using an actuarial valuation date of August 1, 2023 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, 2023 measurement date 3.77%

December 31, 2022 measurement date 4.05%

Annual payroll growth rate

2.50%

Health care cost trend rates

2022 Society of Actuaries' Getzen Long-Term
Healthcare Cost Trend Model

Mortality rates

Recommended Actuarial Assumptions for New York
State for Other Postemployment Benefit Plan Actuarial
Valuations, updated August 2022

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.

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Notes to Financial Statements December 31, 2024 and 2023

Note 9 - Other Postemployment Benefits - Continued

e. Funding Policy – Continued

Changes in the Net OPEB Liability (in thousands)

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 1,081,793	\$ 1,497,951
Changes for the year		
Service cost	21,836	51,002
Interest	43,962	27,255
Benefit payments	(36,318)	(38,738)
Change in assumptions and other inputs	(16,625)	(455,677)
Net changes	<u>12,855</u>	<u>(416,158)</u>
Balance, end of year	<u>\$ 1,094,648</u>	<u>\$ 1,081,793</u>

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):

	<u>1% Decrease (2.77%)</u>	<u>Current Discount (3.77%)</u>	<u>1% Increase (4.77%)</u>
OPEB obligation	\$ 1,281,979	\$ 1,094,648	\$ 945,892

Sensitivity of the OPEB liability to changes in the health care 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 health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rate (in thousands):

	<u>1% Decrease</u>	<u>Current Medical Trend Rate</u>	<u>1% Increase</u>
OPEB obligation	\$ 944,511	\$ 1,094,648	\$ 1,284,922

New York State Thruway Authority

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Notes to Financial Statements

December 31, 2024 and 2023

Note 9 - Other Postemployment Benefits - Continued

e. Funding Policy – Continued

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

The Authority recognized OPEB expense of \$39,697,000 and \$27,832,000 for the years ended December 31, 2024 and 2023, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources at December 31, 2024 and 2023 related to OPEB as follows (in thousands):

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 91,462	\$ 2,021	\$ 67,768
Changes in assumptions	44,124	182,660	100,263	273,990
Totals	<u>\$ 44,124</u>	<u>\$ 274,122</u>	<u>\$ 102,284</u>	<u>\$ 341,758</u>

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,	
2025	\$ (107,765)
2026	(118,076)
2027	<u>(4,157)</u>
Total	<u>\$ (229,998)</u>

Note 10 - Leases

Lessors 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.

As of December 31, 2024, the Authority has 17 irrevocable agreements for the use of its fiber optic system, with remaining terms ranging from three to 30 years, and two active leases for the operation of fueling stations, with remaining terms of approximately three years.

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Notes to Financial Statements December 31, 2024 and 2023

Note 10 - Leases - Continued

For the years ended December 31, 2024 and 2023, the Authority recognized \$18.3 million and \$15.2 million, respectively, in lease revenue and \$3.0 million and \$3.8 million, respectively, in lease interest revenues. For the years ended December 31, 2024 and 2023, variable leases revenues of \$1.4 million and \$1.0 million, respectively, were reported as a component of lease revenue. Future minimum payments due to the Authority are as follows (in thousands):

Year ending December 31,	Revenue	Interest	Total
2025	\$ 10,807	\$ 2,776	\$ 13,583
2026	10,618	2,597	13,215
2027	7,845	2,412	10,257
2028	6,794	2,287	9,081
2029	6,794	2,172	8,966
2030-2034	29,453	9,093	38,546
2035-2039	45,409	6,385	51,794
2040-2044	15,396	3,347	18,743
2045-2049	6,773	2,066	8,839
2050-2054	6,044	731	6,775
Total	<u>\$ 145,933</u>	<u>\$ 33,866</u>	<u>\$ 179,799</u>

Lessee Agreements

The Authority leases office space and space on communication towers for radio equipment. As of December 31, 2024, these leases have remaining terms of one to eight years. As of December 31, 2024 and 2023, the Authority's lease liability is \$5.4 million and \$6.3 million, respectively. Future rent obligations of the Authority are as follows (in thousands):

Year ending December 31,	Principal	Interest	Total
2025	\$ 781	\$ 174	\$ 955
2026	689	150	839
2027	736	127	863
2028	781	101	882
2029	814	74	888
2030-2034	1,620	71	1,691
Total	<u>\$ 5,421</u>	<u>\$ 697</u>	<u>\$ 6,118</u>

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Notes to Financial Statements December 31, 2024 and 2023

Note 11 - Subscription-Based Information Technology Arrangements

The Authority has multiple SBITAs, primarily for the use of software. As the lessee, the Authority recognizes a liability and a related intangible-asset over the remaining term of each agreement. As of December 31, 2024, these agreements have remaining terms that vary from one to three years. As of December 31, 2024 and 2023, the Authority's SBITA liability is \$1.5 million and \$2.9 million, respectively. Future obligations of the Authority are as follows (in thousands):

	Principal	Interest	Total
Year ending December 31,			
2025	\$ 934	\$ 50	\$ 984
2026	468	18	486
2027	91	17	108
Total	<u>\$ 1,493</u>	<u>\$ 85</u>	<u>\$ 1,578</u>

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, 2024, 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. The claims submitted by TZC ("Dispute") relate to issues of time and extra work. Pursuant to the design-build contract, TZC's Dispute is subject to a non-binding contractual dispute resolution procedure consisting of a multi-tiered administrative review process. At the conclusion of the administrative review process, TZC may be entitled to pursue litigation in the New York State Court of Claims.

In July 2021, the first level of the administrative review process was completed when the Project Director for the New NY Bridge Project issued a determination rejecting the Dispute with the exception of granting limited time extensions. TZC appealed this determination to the next tier of administrative review, and it was upheld. Following such denials, TZC submitted the Dispute to the Authority's Executive Director for review and determination. Pursuant to the contract with TZC, in making a determination, the Executive Director sought the advice of an advisory committee to provide a written non-binding recommendation.

In December 2023, the advisory committee, which is independent and partially composed of members chosen by both TZC and the Authority, recommended that the Authority pay TZC \$101.5 million, exclusive of interest, for the claims in the Dispute.

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Notes to Financial Statements December 31, 2024 and 2023

Note 12 - Contingencies, Commitments and Uncertainties - Continued

a. Governor Mario M. Cuomo Bridge Claims - Continued

In March 2024, the Executive Director determined that TZC is entitled to \$15.6 million for the claims in the Dispute. However, the determination further concludes that TZC owes the Authority a minimum of \$111.4 million for liquidated damages and remedial work. After accounting for a contract balance of \$33.1 million, the determination concludes TZC owes the Authority a minimum of \$62.7 million.

TZC appealed the determination of the Executive Director to the next tier of administrative review, which was the Authority's Chief Engineer and General Counsel. In January 2025, the Authority's Chief Engineer and General Counsel issued the final determination of the Authority. Their determination upheld the Executive Director's determination and held that TZC is entitled to \$15.6 million for the claims in the Dispute. However, TZC owes the Authority a minimum of \$111.4 million for liquidated damages and remedial work. After accounting for a contract balance of \$33.1 million, TZC owes the Authority a minimum of \$62.7 million. This amount depends on the amount of remediation work that the Authority is entitled to recover and an additional amount yet to be determined for liquidated damages for TZC's failure to timely achieve Final Acceptance.

On August 22, 2024, the Authority commenced litigation against TZC, its affiliated entities, and its sureties in New York State Supreme Court, Albany County to recover damages for non-conforming work installed by TZC, including main span anchor pipes, that requires remediation. The Governor Mario M. Cuomo Bridge has been declared safe by multiple independent engineers and the planned corrective work is not expected to have a material adverse effect on either the operation of The Governor Mario M. Cuomo Bridge or Authority revenue collections therefrom. Preliminary cost estimates for the remedial work range from \$45 million to \$80 million. In the event that the Authority is unsuccessful in recovering from TZC, the Authority has sufficient funds in the bridge budget to complete the identified remediation work.

In October 2024, TZC filed a lawsuit in the New York State Court of Claims alleging that it is owed approximately \$920 million, plus interest, in excess of the approved contract value and anticipated change orders. The lawsuit submitted by TZC relates to issues of time and extra work. The Authority disputes these claims. The litigation is ongoing, and discovery has commenced. While the Authority cannot presently predict the outcome of this matter, the Authority believes that 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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Notes to Financial Statements

December 31, 2024 and 2023

Note 12 - Contingencies, Commitments and Uncertainties - Continued

b. Seneca Nation Claim

The Seneca Nation of Indians filed an action in April 2018, in the United States District Court for the Western District of New York, alleging that the October 1954 permanent easement for a portion of Thruway going through the Seneca Nation's Cattaraugus Reservation was never legally valid or effective because the easement did not comply with federal law requiring approval of the Secretary of the Interior. *Seneca Nation v. Andrew Cuomo, Eric T. Schneiderman, Paul A. Karas, Thomas P. DiNapoli, The New York State Thruway Authority*. The Seneca Nation is seeking an injunction requiring a valid easement, an injunction requiring that the Comptroller of the State of New York segregate and hold in escrow all future toll monies collected on the Thruway System that are fairly attributable to the portion of the easement, and compensation pro rata for future use of its land or to prohibit the collection of tolls on the portion of land through the territory. A motion to dismiss the lawsuit was filed in June 2018. In September 2020, the United States District Court for the Western District of New York denied the Authority/State motion to dismiss. In January 2023, the Second Circuit affirmed the District Court's denial of the Authority/State motion to dismiss. The Authority/State and the Seneca Nation filed motions for summary judgment in February 2025. In its motion for summary judgment, the Seneca Nation seeks an order that "a valid easement be negotiated based on an annual payment of \$21.19 million." The motions for summary judgment are pending.

c. Cayuga Nation Claim

The Cayuga Nation filed an action in December 2023, in the United States District Court for the Western District of New York, alleging that the State's acquisition of land in 1795 and 1807 were invalid and violated the Non-Intercourse Act. The Cayuga Nation alleges that the Thruway is situated on a portion of its territory. The Cayuga Nation is seeking that the Thruway obtain a valid right-of-way, an injunction requiring that the Comptroller of the State of New York segregate and hold in escrow all future toll monies collected on the Thruway System that are fairly attributable to the portion that runs through its territory, and compensation pro rata for future use of its land or to prohibit the collection of tolls on the portion of land through the territory. The Authority/State filed a motion to dismiss in February 2024. The court's decision is pending.

d. 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 that 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 \$2.5 million and \$5.5 million at December 31, 2024 and 2023, respectively.

In addition, there are claims where liability is not probable but is possible and estimable. The estimated loss on these claims approximates a range of \$53 million to \$55 million at December 31, 2024, 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.

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Notes to Financial Statements

December 31, 2024 and 2023

Note 12 - Contingencies, Commitments and Uncertainties - Continued

e. 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 \$14.2 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.

f. Construction Commitments

At December 31, 2024, 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	\$ 565,200
Personal service and miscellaneous	643,600
Total	<u>\$ 1,208,800</u>

g. Environmental Remediation

The Authority records in its financial statements a cost estimate for environmental remediation at numerous sites on Authority property that 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 the 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.

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Notes to Financial Statements

December 31, 2024 and 2023

Note 12 - Contingencies, Commitments and Uncertainties - Continued

g. Environmental Remediation - Continued

In 2021, the Authority entered into a 33-year agreement with 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 \$4,500,000 and \$11,672,000 as of December 31, 2024 and 2023, respectively, and are included in other long-term liabilities, net of the current portion within these financial statements.

The Authority has a funded reserve consisting of \$16,639,000 and \$18,946,000 as of December 31, 2024 and 2023, respectively, to pay for these obligations.

h. Asset Retirement Obligations

The Authority records in its financial statements legally enforceable liabilities associated with the retirement of tangible capital assets. The Authority currently owns and operates 17 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 from one to 10 years. The Authority's liability for asset retirement obligations approximates \$4,000,000 at both December 31, 2024 and 2023.

Note 13 - Subsequent Events

Effective January 1, 2025, the base New York E-ZPass passenger vehicle toll for the Governor Mario M. Cuomo Bridge was increased 50 cents. Commercial rates were increased proportionately to the passenger vehicle rate. Out-of-state E-ZPass and Tolls by Mail tolls were increased proportionately to maintain the 75% differential to the New York E-ZPass rate.

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Notes to Financial Statements

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Note 14 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 102, *Certain Risk Disclosures*: The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. If a government determines that criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this statement are effective for fiscal years beginning after June 15, 2024 and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements*: This statement improves key components of the financial reporting model, including a reiteration of the Management's Discussion and Analysis requirements, description and presentation requirements for unusual or infrequent items, definitions of non-operating revenues and expenses, major component unit presentation requirements, and the requirement that budgetary comparison information be presented as required supplementary information versus as a statement. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*: This statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. It also establishes disclosure requirements for capital assets held for sale, including disclosures relating to debt for which the capital assets held for sale are pledged as collateral. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

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)

	2024	2023	2022	2021	2020	2019	2018
Beginning of the year	<u>\$ 1,081,793</u>	<u>\$ 1,497,951</u>	<u>\$ 1,418,155</u>	<u>\$ 1,181,202</u>	<u>\$ 983,462</u>	<u>\$ 1,083,760</u>	<u>\$ 959,969</u>
Changes for the year							
Service cost	21,836	51,002	46,835	41,110	30,884	35,341	29,485
Interest	43,962	27,255	28,000	32,037	35,921	35,398	35,993
Changes in assumptions and other inputs	(16,625)	(455,677)	41,240	197,524	161,417	(142,401)	88,866
Benefit payments	<u>(36,318)</u>	<u>(38,738)</u>	<u>(36,279)</u>	<u>(33,718)</u>	<u>(30,482)</u>	<u>(28,636)</u>	<u>(30,553)</u>
Net changes	<u>12,855</u>	<u>(416,158)</u>	<u>79,796</u>	<u>236,953</u>	<u>197,740</u>	<u>(100,298)</u>	<u>123,791</u>
End of year	<u><u>\$ 1,094,648</u></u>	<u><u>\$ 1,081,793</u></u>	<u><u>\$ 1,497,951</u></u>	<u><u>\$ 1,418,155</u></u>	<u><u>\$ 1,181,202</u></u>	<u><u>\$ 983,462</u></u>	<u><u>\$ 1,083,760</u></u>
Covered payroll	\$ 124,898	\$ 139,655	\$ 127,500	\$ 128,800	\$ 138,700	\$ 140,500	\$ 146,100
OPEB liability as a percentage of covered payroll	876%	775%	1175%	1101%	852%	700%	742%

Schedule is intended to display 10 years of information. Additional years will be displayed as they become available.

New York State Thruway Authority

(A Component Unit of the State of New York)

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.391383%	0.413306%	0.452157%	0.469449%	0.497338%	0.525726%	0.483932%	0.492207%	0.617656%	0.633266%
Proportionate share of the net pension liability (asset)	\$ 57,627	\$ 88,630	\$ (36,962)	\$ 467	\$ 131,698	\$ 37,249	\$ 15,619	\$ 46,249	\$ 99,135	\$ 21,393
Covered-employee payroll	\$ 144,793	\$ 130,405	\$ 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	39.80%	67.97%	(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	93.9%	90.8%	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
Summary of Changes of Assumptions:										
Inflation	2.9%	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.5%	1.5%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Investment rate of return	5.9%	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries mortality scale	MP-2021	MP-2021	MP-2020	MP-2020	MP-2018	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014

The amounts presented for each fiscal year were determined as of March 31. Years prior to 2017 include the New York State Canal Corporation.

New York State Thruway Authority

(A Component Unit of the State of New York)

Required Supplementary Information Schedule of Pension Contributions Years Ended December 31 (in thousands of dollars)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 21,698	\$ 16,490	\$ 14,915	\$ 22,855	\$ 21,249	\$ 21,547	\$ 22,454	\$ 21,026	\$ 24,795	\$ 28,815
Contributions in relation to the contractually required contribution	\$ 21,698	\$ 16,490	\$ 14,915	\$ 22,855	\$ 21,249	\$ 21,547	\$ 22,454	\$ 21,026	\$ 24,795	\$ 28,815
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 158,163	\$ 140,336	\$ 127,094	\$ 128,368	\$ 147,187	\$ 150,638	\$ 157,528	\$ 145,099	\$ 163,041	\$ 164,994
Contributions as a percentage of covered-employee payroll	13.7%	11.8%	11.7%	17.8%	14.4%	14.0%	14.0%	14.0%	15.2%	17.5%

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